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koala®



Prospectus

Initial Public Offering of Ordinary Shares

The Koala Company Limited
ACN 619 538 671

Offer of 20,043,170 Shares at an issue price of $3.40 per Share to raise $68,146,778

Joint Lead Managers

Barrenjoey morgans

Financial Adviser

HIGHBURY PARTNERSHIP

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Important Notices

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Offer

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares (**Shares**) in The Koala Company Limited ACN 619 538 671 (**Company**).

This Prospectus is issued by the Company and **Koala SaleCo** Limited ACN 695 286 634 (**SaleCo**). See Section 7 for further information on the Offer, including as to details of the securities that will be issued and transferred under this Prospectus.

Lodgement and Listing

This Prospectus is dated 13 March 2026 and was lodged with ASIC on that date (**Prospectus Date**).

The Company will apply to the ASX within seven days after the Prospectus Date for admission of the Company to the Official List and quotation of the Shares on the ASX (**Listing**). Neither ASIC nor the ASX takes any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry date

No Shares will be issued or transferred on the basis of this Prospectus after the expiry date, being 13 months after the Prospectus Date.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Shares. Some of the key risk factors that should be considered by prospective investors are set out in Sections 4 and 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

You should also consider the assumptions underlying the Forecast Financial Information set out in Section 4 and the risk factors set out in Section 5 that could affect the Company's business, financial condition and results of operations.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for, or acquire, Shares offered under this Prospectus (**Applications**) in the seven-day period after lodgement of this Prospectus with ASIC (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with Section 724 of the Corporations Act.

Having regard to the no-action position announced by ASIC in its media release MR25-096 published on 10 June 2025, notwithstanding section 727(3) of the Corporations Act, Applications received during the Exposure Period may be processed during the Exposure Period, although no preference will be conferred upon any Applications received during the Exposure Period.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale or accurately represent the technical aspects of the products.

Disclaimer and forward-looking statements

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, SaleCo, the Directors, the SaleCo Directors, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus when deciding whether to invest in Shares. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

This Prospectus contains forward-looking statements which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties. The Forecast Financial Information is an example of forward-looking statements. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the Prospectus Date, are expected to take place (including the key assumptions set out in Section 4).

Important Notices
continued

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No person who has made any forward-looking statements in this Prospectus (including the Company) has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management of the Company and SaleCo. Forward-looking statements should therefore be read in conjunction with, and are qualified by reference to, Sections 4 and 5, and other information in this Prospectus. The Company and SaleCo cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company, SaleCo, the Company's service provider, Automic Pty Ltd (ACN 152 260 814) (Share Registry) and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Barrenjoey Markets Pty Limited and Morgans Corporate Limited have acted as Joint Lead Managers to the Offer and has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by the Joint Lead Managers or by any of their affiliates or related bodies corporate (as defined in the Corporations Act) (Related Bodies Corporate), or any of their respective officers, directors, employees, partners, advisers or agents. To the maximum extent permitted by law, the Joint Lead Managers, their affiliates and Related Bodies Corporate, and any of their respective officers, directors, employees, partners, advisers or agents expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial information presentation

All references to FY23, FY24 and FY25 appearing in this Prospectus are to the financial years ended or ending 30 June 2023, 30 June 2024 and 30 June 2025 respectively, unless otherwise indicated. All references to 1H25 and 1H26 appearing in this Prospectus are to the half financial years ended 31 December 2024 and 31 December 2025 respectively, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation and presentation of the Financial Information is set out in Section 4.2.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (as adopted by the Australian Accounting Standards Board), which comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

This Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation for the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is unaudited.

The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Section 4 and 5.

Market and industry data based primarily on management estimates

This Prospectus (and in particular Section 2) contains data relating to the industries, segments, sectors and channels in which the Company operates (**Industry Data**).

Such information includes, but is not limited to, statements and data relating to: product segment and category sizes (by number of units and net sales), estimated sector growth (by revenue), channel segmentation and the Company's estimated revenue share and its industry position in specified geographic areas. Unless otherwise stated, this information has been prepared by the Company using both publicly available data and internally generated data (including industry research and interviews with industry participants). The Company's internally generated data is based on estimates and assumptions that both the Directors and the Company's management believe to be reasonable, as at the Prospectus Date.

As indicated in this Prospectus, certain information has been sourced from Euromonitor, IBISWorld and Statista. The Company has not obtained the consent of these authors for the inclusion of such information in reliance on *ASIC Corporations (Consents to Statements) Instrument 2016/72*.

The Industry Data has not been independently prepared or verified and none of the Company, SaleCo or the Joint Lead Managers can assure you as to its accuracy or the accuracy of the underlying assumptions used to estimate such Industry Data. The Company's estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

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Investors should note that industry and sector data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual industry or market conditions. Potential investors should be aware that the industry data sourced from Euromonitor, IBISWorld and Statista is included in this Prospectus as at date that industry data was prepared (which is not disclosed in the data sources). Accordingly, the industry data may not necessarily reflect the impact of all macroeconomic or political developments since the date of its preparation, nor contemplate changes in consumer sentiment as a result of such developments, which could potentially impact the data – including, for example, the future rates of industry growth included in this Prospectus.

In addition to the Industry Data, this Prospectus uses third-party data, estimates and projections. There is no assurance that any of the third-party data, estimates or projections contained in this Prospectus will be achieved. The Company has not independently verified such information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

Obtaining a copy of this Prospectus

This Prospectus is available in electronic form to Australian residents on the Company's offer website, ipo.koala.com. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia and is not available to persons in any other jurisdictions, including the United States.

A hard copy of the Prospectus is available free of charge during the Offer Period to any person in Australia by calling the Koala IPO Offer Information Line on 1300 429 179 (within Australia) or +61 2 7208 4522 (outside Australia) between 8:30am and 7:00pm, Monday to Friday.

Applications for Shares may only be made on the Application Form attached to, or accompanying, this Prospectus in its hard copy form, or in its soft copy form available online at ipo.koala.com together with an electronic copy of this Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

No cooling off rights

Cooling off rights do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

No offering where illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any State of the United States, and may not be offered or sold, directly or indirectly, in the United States, or to or for the account or benefit of, a U.S. Person, except transactions exempt from or not subject to the registration requirements of the US Securities Act and any other applicable US securities laws. The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer.

See Section 9.10 for more detail on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

Privacy

By completing an Application Form, you are providing personal information to the Company and SaleCo through the Share Registry, which is contracted by the Company to manage Applications. The Company and SaleCo, and the Share Registry on their behalf, and their agents and service providers may collect, hold, disclose and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration, and for other purposes related to your investment listed below.

If you do not provide the information requested in the Application Form, the Company, SaleCo and the Share Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

Important Notices
continued

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The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Share register;
- the Joint Lead Managers to assess your Application;
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- market research companies for analysing the Company's shareholder base; and
- legal and accounting firms, auditors, management consultants and other advisers for administering, and advising on, the Shares and for associated actions.

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

You may request access to your personal information held by or on behalf of the Company and SaleCo. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information.

You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry as follows:

Telephone: (outside Australia) +61 2 7208 4522
(within Australia) 1300 429 179

Address: Level 5/126 Phillip Street, Sydney NSW 2000

The Company aims to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

Financial Services Guide

The provider of the Investigating Accountant's Report on the Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to that review under the Corporations Act. The Investigating Accountant's Report and accompanying Financial Services Guide is provided in Section 8.

Intellectual Property

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with us.

Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred in this Prospectus, is incorporated in this Prospectus by reference.

Defined terms and abbreviations

Capitalised terms and abbreviations used in this Prospectus, unless specified otherwise, have the meaning given in the glossary in Schedule 1 – Glossary.

Unless otherwise stated or implied, references to times in this Prospectus are to the time in Sydney, New South Wales, Australia. Unless otherwise stated or implied, references to dates or years are calendar year references.

Questions

If you have any questions in relation to the Offer, contact the Koala IPO Offer Information Line on 1300 429 179 (within Australia) or +61 2 7208 4522 (outside Australia) between 8:30am and 7:00pm, Monday to Friday. This document is important and should be read in its entirety.



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Chair's Letter



Dear Investor,

On behalf of the Board of Directors, I am proud to invite you to become a shareholder in Koala, a uniquely Australian furniture brand.

Founded in 2015 by Dany Milham and Mitch Taylor in Byron Bay, Australia, Koala is now one of Australia's fastest-growing furniture companies.[1] After launching with a single mattress product, Koala's range has evolved following years of experimentation and innovation to now include sitting furniture (sofas, and sofa beds, and armchairs) and non-sitting furniture (bed bases, pillows, outdoor furniture, and more).

Alongside continued product innovation and evolution, the team has also successfully grown the business offshore, launching in Japan (since 2017) and more recently the US (since 2023) and the UK (2025).

As a furniture company, Koala is exposed to the global furniture market, which benefits from tailwinds including the growth of e-commerce, increased time spent at home due to the shift to remote work, a desire to maximise the utilisation of living spaces, a growing emphasis on convenience, premiumisation, and the demand for more sustainable products.

Over the past decade, Koala has achieved significant success from our Australian and international markets.

The business has a significant opportunity before it to grow in Koala's established markets, scale its presence in newer markets and enter into additional markets over time to grow the business. The global furniture market has shown relatively steady and consistent rates of moderate growth in Koala's key categories. Koala's ability to enter new markets and scale is driven by its capital-light business model and in-house innovation capabilities, which enables the team to promptly adapt to changing consumer needs and market trends.

Having spent a significant portion of my professional career working for consumer retail companies, I understand what it takes to build trust with consumers and to have a brand that resonates. I have long admired the Koala business, initially as a competitor, before becoming a strategic adviser in 2020 and joining the Board in 2023. I have always been impressed with Dany and the team's unwavering commitment to quality, creating a unique and memorable customer experience and challenging traditional design and manufacturing techniques. This has underpinned the Company's significant growth over the past decade. As just the second furniture company in Australia certified as a B Corp, Koala has stayed true to its values to amplify its community impact.

As Koala prepares for the next step in its growth journey, a listing on the ASX, the Company has developed a strong management team and experienced Board to steward the next chapter of growth.

An Offer of approximately 20.0 million Shares is being made under this Prospectus. Based on the Offer Price, Koala is expected to have a market capitalisation of approximately $305.3 million upon Listing. The founders, the Board and other major Shareholders, including Perennial and Partners for Growth have agreed that, on the Completion of the Offer, their existing Shares will be subject to voluntary escrow restrictions.

1. Based on revenue growth.

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These restrictions will prevent them from disposing of their Shares until the relevant escrow period has expired (certain exceptions apply – see Section 9.5.3.3 for further details).

Primary proceeds from the Offer will be used for the repayment of debt, settlement of putted Warrants and payment of transaction costs. Proceeds will also be paid to those Existing Securityholders who sell Existing Securities under the Offer. The Offer will also provide ongoing access to capital markets to improve financial flexibility and create a liquid market for the Shares.

This Prospectus contains detailed information about the Offer, the industry and the markets in which Koala operates, and an overview of the Company, and its historical and forecast financial performance. As with any company, an investment in Koala is subject to a range of risks both within and outside of its control, including a failure to operate efficiently, execute its plans or achieve its growth objectives, changes in economic conditions affecting consumer demand, navigating US tariff uncertainty and volatility, increasing competition for customers, an inability to meet its financial forecasts or other forward looking statements, reliance on foreign suppliers (in particular its major China based supplier of almost 70% of its products (by units)) and key manufacturers and changing consumer preferences. Section 5 contains further details on the risks of investing in Koala. I encourage you to read that section and the whole Prospectus carefully and in its entirety before making your investment decision.

I would like to take this opportunity to thank our dedicated team, led by CEO and Co-Founder Dany Milham, as well as Co-Founder Mitch Taylor, whose early vision and ongoing contributions have been foundational to Koala's journey.

Michael Gordon

Michael Gordon
Chair





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CEO's Letter



Dear Investor,

A decade ago, my friend Mitch Taylor and I co-founded Koala in Byron Bay with a simple ambition: to build a better kind of furniture company, grounded in thoughtful design, sustainability, and long-term value. Our name was chosen deliberately to reflect a broader ambition to protect koalas and help remove them from the endangered species list.

We believed the industry could do better for customers, the environment, and the people who use our products. That belief continues to guide everything we do today. Since launching our first product, the Koala Mattress, in 2015, we have grown from a small, passionate team into an internationally recognised furniture brand operating across multiple markets. Today, Koala offers a diversified range spanning mattresses, sofas, sofa beds, bedroom, kids, outdoor, and homewares, supported by more than 200 team members across four continents. Our growth has been driven by a disciplined focus on product quality, customer experience, and operational excellence.

From the beginning, Koala has stood against "fast furniture" and products designed for short-term use. Our mission has been to create durable, adaptable products supported by responsible sourcing and circular design principles. This philosophy has evolved into our vision to be the antidote to single-use furniture, embedding sustainability into our business model.

Our in-house design and product development capability is central to our competitive advantage. By controlling the full product lifecycle, we are able to iterate quickly, improve margins through continuous innovation, and deliver consistent quality across categories and markets.[2] This platform approach enables us to scale efficiently while maintaining the integrity of our brand.

Koala now operates as a global business across Australia, Japan, the United States, and more recently the United Kingdom. While we remain proudly Australian, our success across these markets reflects a broad appeal for Koala's Australian design, innovation, and brand. I am grateful to everyone who has supported Koala in our journey so far, including our customers, team members and shareholders, and I am deeply committed to the long-term success of the company.

As we enter the next phase of our journey, our priorities are clear: strengthening core categories, expanding into international markets, deepening customer relationships, and enhancing operating leverage through scale and innovation. We will pursue growth with discipline and focus on delivering sustainable long-term returns.

I am proud of what we have built and confident in the opportunity ahead. I look forward to continuing this journey with you as shareholders in Koala.

Regards,



Dany Milham
Co-Founder and CEO

2. Koala engages third-party suppliers to manufacture its products. See Section 3.7.1 for details of Koala's manufacturing arrangements and Section 5.2.2 for risk disclosures relating to reliance on Koala's key manufacturer.

Important Dates

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Event	Date
Prospectus lodgement date	13 March 2026
Offer period opens	23 March 2026
Offer period closes	24 March 2026
Settlement	26 March 2026
Issue and transfer of Shares (**Completion**)	27 March 2026
Expected dispatch of holding statements	30 March 2026
Expected commencement of trading of Shares on ASX	31 March 2026

Dates may change

The dates above are indicative only and may change without notice.

Unless otherwise indicated, all times in this Prospectus are stated in Sydney, Australia time.

The Company, in consultation with the Joint Lead Managers, reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notification to any recipient of this Prospectus or any Applicants. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. If the Offer is cancelled or withdrawn before the issue or transfer of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form (other than as expressly provided in this Prospectus).

Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

Questions

If you have any questions in relation to the Offer, contact the Koala IPO Offer Information Line on 1300 429 179 (within Australia) or +61 2 7208 4522 (outside Australia) between 8.30am and 7.00pm, Monday to Friday. If you are unclear in relation to any matter, or you are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

Key Offer Statistics

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Key Offer statistics

Offer Price	$3.40 per Share
Total proceeds under the Offer	$68.1 million
Proceeds of the Offer raised by the issue of new Shares in the Company	$20.0 million
Proceeds of the Offer paid to Selling Shareholders	$48.1 million
Total number of Shares available under the Offer	20.0 million
Total number of Shares on issue at Completion	89.8 million
Total number of Options, Performance Rights and RSUs on issue at Completion	7.7 million
Number of Shares to be held by Existing Shareholders at Completion	69.7 million
Market capitalisation based on the Offer Price	$305.3 million
Pro forma net cash (including lease liabilities) (as at 31 December 2025)	$45.3 million
Enterprise Value[3] at Completion	$259.9 million
Enterprise Value/FY26F[4] Pro Forma Revenue[5]	0.8x
Enterprise Value/FY26F Pro Forma Contribution Margin[6]	3.1x
Enterprise Value/FY26F Pro Forma EBITDA[7]	10.5x
Enterprise Value / FY26F Pro Forma EBIT[8]	13.2x
Market capitalisation at the Offer Price / FY26F Pro Forma NPAT[9]	24.8x

3. Enterprise Value is calculated as the indicative market capitalisation of the Company based on the Offer Price, less Pro Forma net cash (including lease liabilities) as at 31 December 2025 (see Section 4.7.2 for further details).
4. The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4 and Appendix A respectively and is subject to key risks set out in Section 5. There is no guarantee that the Pro Forma Forecast Financial Information will be achieved. Certain financial information in this Prospectus is described as Pro Forma for the reasons described in Section 4.
5. The Enterprise Value/FY26F Pro Forma Revenue multiple is calculated as the Enterprise Value divided by FY26F revenue (see Section 4.9.1 for further details).
6. The Enterprise Value/FY26F Pro Forma Contribution Margin multiple is calculated as the Enterprise Value divided by the FY26F Pro Forma Contribution Margin (see Section 4.9.6 for further details).
7. The Enterprise Value/FY26F Pro Forma EBITDA multiple is calculated as the Enterprise Value divided by the FY26F Pro Forma EBITDA (see Section 4.9.8 for further details).
8. The Enterprise Value/FY26F Pro Forma EBIT multiple is calculated as the Enterprise Value divided by the FY26F Pro Forma EBIT (see Section 4.3.1 for further details).
9. The market capitalisation/FY26F Pro Forma NPAT multiple is calculated as the market capitalisation divided by FY26F Pro Forma NPAT (see Section 4.3.1 for further details).

Section One

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Investment Overview

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1. Investment Overview

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TOPIC	SUMMARY	FOR MORE INFORMATION
1.1 Introduction		
What is Koala?	Founded in 2015, Koala is one of Australia's fastest growing furniture companies[10], differentiated by its innovative design process, functional product range and direct-to-consumer (DTC) business model.	Section 3.1
What is Koala's history?	Koala was founded in November 2015 by Dany Milham (CEO) and Mitch Taylor in Byron Bay, NSW, with a mission to disrupt the furniture industry by creating innovative, functional, and sustainable products with a customer-first approach. Koala saw initial success in Australia with its award-winning Koala Mattress, quickly becoming a leading Australian mattress brand. In 2017, Koala expanded internationally by launching its mattresses in Japan, successfully leveraging its distinctive brand, proven product and marketing strategies to establish a presence in a new region. This move demonstrated Koala's ability to scale its business model and adapt to diverse markets while ensuring operational efficiency and preserving a capital-light operating model. In 2018, Koala successfully launched its first sofa product in Australia and has since launched its core sitting furniture range in Japan. In November 2023, Koala launched in the US market with a targeted expansion and disciplined investment, delivering significant early growth. In 2025, Koala expanded its international footprint further with the launch into the UK market. Today, Koala's focus remains on scaling its operations by executing its product innovation strategy and exploring new markets and furniture categories for growth. Refer Section 3.2 for more details on Koala's history.	Section 3.2
What industry does Koala operate in and who are its competitors?	Koala operates in the global furniture market, which includes categories such as sitting furniture, mattresses and bedroom furniture, living room furniture, kitchen and dining furniture, outdoor furniture, and more. Koala's competitors vary by region but include other DTC brands, traditional retailers such as Nick Scali, and marketplace businesses such as Temple & Webster.	Sections 2.2 and 2.4
What is Koala's business model and how does Koala generate revenue?	Koala's go-to-market strategy is centred around its DTC business model. Customers place orders online via Koala's website (or via third party platforms) and the orders are then dispatched from local third-party logistics (3PL) warehouses, eliminating intermediaries and streamlining the customer experience.	Section 3.4

10. Based on revenue growth.

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TOPIC	SUMMARY	FOR MORE INFORMATION
What products does Koala sell?	Koala's product range includes its core category of sitting furniture (including sofas, sofa beds, and armchairs), mattresses, and other furniture and homeware categories (including outdoor furniture, bedroom furniture, and accessories). The company innovates in new furniture categories to find product-market fit.	Section 3.5.2
Where does Koala operate?	Koala currently operates in four geographies (Australia, Japan, the US, and the UK), and it sees potential to expand into new geographies over time. Koala considers Australia and Japan to be its established markets, having launched in these markets in 2015 and 2017, respectively. Koala entered the US market in 2023 and the UK market in 2025, where it will continue to scale its operations.	Sections 2.1 and 3.2
What is Koala's growth strategy?	Koala's growth strategy is built on five key pillars: growth in established markets, scaling growth in new markets, new product launches, margin expansion, and international expansion. In established markets, Koala sees considerable runway for growth given its relatively low market share in Australia and Japan in both the sitting furniture and mattress categories. To continue maximising growth in these markets, Koala's strategy is to scale its marketing and brand awareness and enhance e-commerce and customer experience, drive operational efficiencies, leverage data and customer insights. In the high potential new markets, the US and the UK, Koala plans to build on its already strong results by increasing its investment and resources. Koala has a well-established product innovation cycle that drives a strong pipeline, supporting category expansion and next-generation product evolution across its range. A strong lineup of new products is set to launch across core, support, other and new categories, with a continued focus on advancing the modular platform. Innovation, efficiency, scale, and operating leverage underpin Koala's margin expansion by delivering higher-value products, structurally improving gross margins, leveraging fixed operating costs and marketing efficiencies across a growing global revenue base. Koala will continue to regularly assess the viability of entering new geographies, leveraging its capital-light and efficient business model.	Section 3.11

1. Investment Overview
continued

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TOPIC	SUMMARY	FOR MORE INFORMATION
1.2 Key strengths		
Proven in-house product innovation capabilities	Product innovation and design is central to Koala's business model and gives Koala advantages against many other furniture retailers and marketplaces. In addition to its innovation cycle, Koala's approach to leveraging these advantages includes a combination of registered trade marks, design and patent rights, as well as its trade secrets and exclusive supply arrangements. In contrast to many of its competitors which primarily source "white label" products, Koala's in-house innovation team of 31 full time equivalent employees allow it to design successful products that meet its customers' evolving needs. Koala's approach is centred around every product iteration being informed by customer feedback. Following a product launch, Koala's in-house teams gather customer feedback and use this data to identify opportunities for improvement in future generations of the product. This iterative process is designed to make each new product generation perform better than the last, improving profit margins and increasing customer satisfaction.	Section 3.5.4
Founder-led business with experienced key management and Board	Koala is led by the vision and passion of its CEO and co-founder, Dany Milham who is further supported by an experienced management team and Board with deep expertise in the furniture industry and other diverse industry backgrounds.	Sections 6.1 and 6.2
Targeted product range focused on deep product excellence	Koala's product strategy is built around a narrow range, high sales density model. As distinct from its competitors, this allows Koala to focus on a select range of products that are continuously improved and upgraded to new generations. Through this approach, Koala can dedicate more time and resource to enhancing the quality and functionality of each of its products, as well as ensuring operational efficiencies.	Section 3.5.1
Differentiated brand, creative advertising and storytelling, collaboration and influencer marketing, in-house expertise and data-driven marketing strategy	Koala's marketing strategy has been a key point of differentiation in the furniture market since its launch in 2015, and has helped it to develop into a household name in the Australian mattress category and a disruptive player in its early international markets. From launch, Koala has pursued a bold, unconventional brand strategy. Another aspect of Koala's model is its fully in-house marketing capability, enabling it to quickly adapt to market trends, test new ideas, and ensure that its bold and consistent brand voice is maintained. This approach ensures that Koala's marketing campaigns remain both engaging and cost-effective, driving high-quality traffic to its DTC platform.	Section 3.6.1

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TOPIC	SUMMARY	FOR MORE INFORMATION
Scalable DTC business model	Koala operates a DTC business model, which allows it to build direct relationships with customers, capture comprehensive customer data, maintain end-to-end control over its brand experience and capture a greater share of revenue (relative to traditional retail models). Without the constraints of traditional retail partnerships and physical stores, Koala gains the flexibility to test new products, innovate in marketing, and enter or exit markets in a capital-light fashion with low financial commitment. This strategic agility ensures Koala remains adaptive to changing customer expectations, market trends and uncertainty.	Section 3.4.1
Sustainability focused brand	Sustainability is a core brand value principle of Koala. As a proud B Corp and member of 1% For The Planet, our ESG strategy is structured around four primary pillars: Conservation, Community, Circularity, and Carbon. Since launch, Koala has donated more than $23 million in cash and in-kind product donations, which includes $10 million donated to environmental causes as part of our commitment to 1% for the Planet. Koala scored 120.5 points in its latest B Corp certification in 2025, an improvement of +31% on its previous certification score. Sustainability is a fundamental principle of Koala's design philosophy. Koala uses long-lasting, sustainable materials where possible, such as FSC-certified timber. Koala's products are designed to evolve with their owners, featuring modular designs and reusable components that support a circular economy model. This approach minimises waste and aligns with growing consumer demand for environmentally responsible products.	Section 3.10

1.3 Key risks

Exposure to risks	The Company is subject to a number of risks both specific to the Company's business activities and of a general nature, which may, either individually or in combination, adversely impact the Company's future operating and financial performance and the value of its Shares. The risks described in Section 5, some of which are summarised below, are some of the potential risks associated with Koala's business, the industry within which it operates and an investment in Shares. It does not purport to list every associated risk now or in the future. Exposure to any of these risks may have a material adverse impact on Koala's financial and operational performance as well as its reputation. This could impact the price or value of Shares.	Section 5

1. Investment Overview
continued

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TOPIC	SUMMARY	FOR MORE INFORMATION
Failure to execute growth strategy	Koala's growth strategy is primarily based on scaling its business, continued innovation to expand and improve its product range, entering new geographies and efficient and effective marketing. The success of this plan depends on the effective execution of these strategies and the ability to adapt to new and changing circumstances. There is no assurance that any investments, tactics or goals Koala engages will be successfully achieved, deliver the expected returns generate cash or result in an increase in the financial performance or improvement in the financial position of the Company. Risks in executing Koala's growth strategy include, but are not limited to, poor conceptualisation or realisation of the strategy, under-resourced execution as well as potential delays, cost increases, ability to execute effective marketing, or disruptions which may be caused by competitors, regulators, or economic conditions. Additionally, there is a risk that Koala's decision-making may be tentative or not nimble enough to capitalise on opportunities. If Koala's growth strategy is unsuccessful, its financial performance may not meet expectations, adversely impacting the price or value of Shares.	Section 5.2.1
Reliance on key manufacturer	Koala sources almost 70% of its products (by units) from a single third-party supplier based in China and South-East Asia, with the remaining product from a small number of other suppliers, most of whom are also based in China. Koala's reliance on a key manufacturer exposes it to risks such as supply chain disruptions, quality issues, and increased costs if the contract ends. Events like geopolitical instability, system failures, or industrial disputes could impact the supplier's operations, thereby reducing Koala's production capabilities and leading to insufficient or inferior product supply, reputational damage, and revenue loss. Transitioning to alternative suppliers or diversifying Koala's suppliers, could incur significant delays, costs and challenges which may not be recoverable from the key supplier and those costs and challenges could ultimately lead to higher prices for customers or reduced sales and profitability for Koala.	Section 5.2.2
Change in economic, geopolitical and other conditions affecting consumer demand	Customers' demand for goods and Koala's sale of goods, is influenced by a variety of economic factors including but not limited to economic growth, inflation, interest rates, consumer sentiment, fiscal and monetary policy and employment rates in both the markets in which Koala operates, as well as adjacent markets which have the capacity to affect the key markets in which Koala operates. For example, a deterioration in economic conditions may cause consumers to delay spending decisions or prefer Koala's low-cost competitors. Prolonged economic downturns or recessions could also result in higher unemployment rates, reduced consumer spending, and diminished demand for Koala's products. Koala may then encounter difficulties adjusting its cost structures (including through efficiency gains) or pricing strategies in response. Any increase in the price of its products to compensate for the reduced revenue may further reduce Koala's number of sales. These effects could have a material impact on Koala's operating performance and financial position.	Section 5.2.3

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TOPIC	SUMMARY	FOR MORE INFORMATION
Tariff uncertainty and volatility	A source of future growth opportunity is the US and other international markets. Koala's growth strategy faces risks from the global tariff landscape for imported products, including China, where the majority of Koala's manufacturing takes place and which has recently been the subject of increased tariffs imposed by the US. Trade policy changes which occurred in 2025 and which may continue to occur are beyond the Company's control. The global trade policies may change faster than Koala's capacity to respond and reposition accordingly and Koala's response may be or become unsuitable. If trade barriers are imposed in Koala's key markets, its products would become more expensive and less competitive. Consumers may also have diminished spending capacity resulting from the higher prices on tariffed goods and overall consumer demand may decline if the imposition of trade barriers directly or indirectly leads to a slowdown in economic activity. In the event that Koala's suppliers scale up manufacturing in places outside China to mitigate the effects of these trade barriers, these changes may take longer than expected (which may make it harder for Koala to decrease the impact of higher tariffs) or could cost more than originally anticipated (which could impact Koala to the extent this cost was not solely borne by its suppliers). This could reduce revenue and margins, hampering the cadence of the Company's growth in the US and expansion into new markets and Koala's financial performance and position.	Sections 3.13 and 5.2.4
Competition for consumers may increase	Koala currently operates in the Australian, Japanese, US and UK retail furniture markets, facing competition from other retailers across those regions. The Group's success depends on factors such as quality, price, innovation, design, convenience, customer service, brand recognition, reputation and environmental friendliness. Koala's designs are relatively easy for competitors to replicate visually, which poses a risk from both existing competitors and new entrants. The retail furniture industry has low barriers to entry, making it difficult for Koala to deter new competitors including by consistently meeting customer preferences and growing market share. Additionally, the Koala brand name may already be in use in some geographies in which the Company seeks to expand, complicating expansion efforts. Failure to adapt to changing customer tastes or manage product development, marketing, operational leverage, pricing and distribution effectively could lead to a loss of market share, declining sales and margins, and increasing operating expenses. Such challenges could negatively impact Koala's financial performance and growth prospects.	Section 5.2.5

1. Investment Overview
continued

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TOPIC	SUMMARY	FOR MORE INFORMATION
Inability to meet financial forecasts or other forward-looking statements	Some statements in this Prospectus constitute forward-looking statements, opinions or estimates about Koala's future performance. These statements are based on assumptions and involve various risks, uncertainties and factors, known and unknown, that may impact Koala's actual results and performance, causing them to be materially different from any future results, performance or achievements expressed in or implied by this Prospectus.	Section 5.2.6
Reliance on foreign suppliers and exposure to political, economic and regulatory risks in foreign jurisdictions	Koala's products are primarily manufactured by a key supplier that is based in China and South-East Asia, indirectly exposing the Company to the laws and policies of these respective governments. Dependencies on foreign suppliers renders Koala vulnerable to difficulties enforcing contracts or recovering damages, as well as risks from tariffs, trade restrictions, sanctions or other measures against foreign companies or changes in environmental, labour, or quality standards, or changes in tax rules or currency exchange rates. The financial and operational success of Koala is closely tied to the geopolitical and economic environments, where the Company, its clients, suppliers, and partners conduct business. These environments are influenced by a range of factors, including domestic and international economic and geopolitical events (such as inflation, war or the imposition of trade sanctions), shifts in global financial markets and political regime changes. Operating in a foreign jurisdiction may increase risks of bribery, corruption or other unethical conduct by suppliers or their subcontractors, which could expose Koala to legal liability, reputational damage and disrupt operations.	Section 5.2.7
Increase in Koala's cost base	Koala's cost base consists of a variety of inputs, including the cost of raw materials, labour, logistics, ocean and road freight, marketing and maintaining an efficient technological infrastructure to support its operations. As Koala relies on third-party manufacturers located outside Australia to produce and deliver products to domestic and international customers, this exposes Koala to freight and delivery costs that can fluctuate depending on fuel prices, transportation capacity, weather conditions, port congestion and tariffs. Any increase in Koala's cost base could have a material adverse impact on its operating costs, gross margins and profitability.	Section 5.2.8
Breach of legal and regulatory requirements	Koala chiefly manufactures its products in China and sells them in Australia, Japan, the US and the UK. Each of these countries, as well as any markets Koala may expand into in the future, have different laws and regulations in place that affect various aspects of Koala's business, such as occupational health and safety, product safety, privacy, marketing and labelling, pricing, consumer protection and environmental laws. These rules may change over time, potentially imposing new or more stringent obligations on Koala.	Section 5.2.17

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TOPIC	SUMMARY	FOR MORE INFORMATION
Data Security	Koala collects customer personal information including credit card information through third-party payment providers, via its website to process orders. Koala also collects employee and other company data which may include personal information. The legal and regulatory landscape surrounding information security and privacy is becoming increasingly complex and stringent. The security measures implemented by Koala and its third-party service providers may not be sufficient to prevent unauthorised access to Koala's sensitive data. A significant data breach could attract substantial media attention, cause reputational harm, and potentially lead to lost sales, fines, or legal action. Such an incident could have a materially adverse impact on Koala's financial and operating performance. This would be particularly acute given Koala's reliance for all of its sales on direct online sales and online marketplaces.	Section 5.2.9
Climate change	Koala is exposed to climate-related physical and transition risks, including rising temperatures, extreme weather events, regulatory changes and changing consumer preferences. Climate-related physical risks may disrupt Koala's supply chains and impact the availability and cost of raw materials. Climate-related transition risks may require Koala to comply with new disclosure and reporting obligations or respond to changing consumer demands for products. Koala is taking steps to identify, assess and manage climate-related risks, as well as opportunities, that may affect the business.	Section 5.2.22 – 5.2.24
Other risks	A number of other risks relating specifically to an investment in the Company and generally to an investment in the Shares are included in Section 5, including risks associated with: • cybersecurity; • inability to meet changing consumer preferences; • reliance on third parties for important functions; • ability to attract and retain key members and staff; • infringement of intellectual property; • information technology systems; • use of artificial intelligence; • reliance on online sales, marketplaces and revenue; • product safety or other design failures; • fluctuations in foreign exchange markets; • limited access to recurring revenue; • loss of ESG accreditation and certifications; • management of ESG governance and reporting risks; • defaulting on debt facilities; and • other general investment risks.	Section 5.2

1. Investment Overview
continued

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TOPIC	SUMMARY	FOR MORE INFORMATION

1.4 Key Financial Information

What is Koala's pro forma and statutory historical and forecast financial performance and cash flows?

	PRO FORMA HISTORICAL			PRO FORMA FORECAST
A$m	FY23	FY24	FY25	FY26F
Revenue	181.7	194.3	276.7	332.0
EBITDA	2.6	2.8	11.7	24.8
EBIT	(0.3)	(0.7)	7.2	19.6
NPAT	(0.1)	(0.3)	6.6	12.3

	STATUTORY HISTORICAL			STATUTORY FORECAST
A$m	FY23	FY24	FY25	FY26F
Revenue	183.2	195.0	276.7	332.0
EBITDA	1.3	3.5	7.4	19.5
EBIT	(1.7)	0.0	2.9	14.4
NPAT	(9.7)	(1.4)	(4.6)	5.7

	PRO FORMA HISTORICAL			PRO FORMA FORECAST
A$m	FY23	FY24	FY25	FY26F
Net operating cash flows	22.1	8.4	29.9	27.7
Net investing cash flows	(3.4)	(2.6)	(2.7)	(1.8)
Net financing cash flows	(1.9)	(2.4)	(1.9)	(4.0)
Net cash flows	**16.9**	**3.4**	**25.3**	**22.0**

	STATUTORY HISTORICAL			STATUTORY FORECAST
A$m	FY23	FY24	FY25	FY26F
Net operating cash flows	19.5	8.0	28.4	17.6
Net investing cash flows	(3.4)	(2.6)	(2.7)	(1.8)
Net financing cash flows	6.9	(19.5)	(6.6)	1.1
Net cash flows	**23.0**	**(14.1)**	**19.1**	**17.0**

The pro forma historical and forecast consolidated statements of profit or loss included in this Prospectus have been derived by applying certain pro forma adjustments to the statutory historical and forecast consolidated statements of profit or loss. The difference between statutory and pro forma EBITDA and NPAT is detailed in Section 4.3.2.

The pro forma historical and forecast cash flows included in this Prospectus have been derived by applying certain pro forma adjustments to the statutory historical and forecast cash flows. The difference between statutory and pro forma net cash flow is detailed in Section 4.6.2.

Section 4.3

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TOPIC	SUMMARY	FOR MORE INFORMATION
What is Koala's pro forma and statutory historical and forecast financial performance and cash flows? continued	The information presented above contains non-International Financial Reporting Standards (**IFRS**) financial measures, is intended as a summary only and should be read in conjunction with the more detailed discussion on the Historical Financial Information and Forecast Financial Information disclosed in Section 4.2 as well as the risk factors set out in Section 5. Investors should read Section 4.3 and Section 4.7 for full details of Koala's pro forma and statutory results, including pro forma adjustments.	Section 4.3
What is Koala's historical financial position on a statutory and pro forma basis?	Below is a summary of Koala's statement of financial position as at 31 December 2025, shown on both a statutory and pro forma basis. See Section 4.3 for the detailed statement of financial position and associated commentary relating to the pro forma adjustments.	Section 4.3

A$M IN MILLIONS	STATUTORY HISTORICAL 31-DEC-25	PRO FORMA HISTORICAL 31-DEC-25
Cash and cash equivalents	56.0	53.0
Inventories	26.6	26.6
Other current assets	6.8	6.8
Non-current assets	13.4	13.4
Total assets	**102.7**	**99.8**
Current liabilities	93.6	78.2
Non-current liabilities	10.0	10.0
Total liabilities	**103.7**	**88.2**
Net assets/equity	**(1.0)**	**11.5**

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and includes certain pro forma adjustments to reflect the impact of the Offer and the change in capital structure that will take place as part of the Offer, as if it was in place as at 31 December 2025. It is not intended to be representative of Koala's view on its future financial position.

Further information on the sources and uses of funds of the Offer is contained in Section 7.3

1. Investment Overview
continued

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TOPIC	SUMMARY	FOR MORE INFORMATION
What will Koala's capital structure be on Completion of the Offer?	The total number of Shares on issue at Completion will be 89.8 million Shares and all Shares on issue will rank equally with each other. The total number of Options on issue at Completion will be 5.8 million Options. Each Option which vests entitles the holder to one new Share. The total number of Performance Rights on issue at Completion will be 1.9 million Performance Rights. Each Performance Right which vests entitles the holder to one new Share. The total number of RSUs on issue at Completion will be 38.3 thousand RSUs. Each RSU which vests entitles the holder to one new Share. One vested Option, Performance Right or RSU, after exercise, converts to one Share. The Shares offered under this Prospectus will represent approximately 22.3% of Shares actually on issue at Completion.	Sections 7.4 and 6.6
How does Koala expect to fund its operations?	Koala expects its primary sources of funds to be cash flow generated from existing operations, cash raised from the Offer and existing cash on hand. The Directors believe that on Completion, Koala will have sufficient working capital available from cash on hand and its operations to fund Koala's stated business objectives. Koala will be in a net cash position upon Completion of the Offer.	Sections 4.6.1 and 7.3
What is Koala's dividend policy?	The payment of a dividend by Koala, if any, is at the discretion of the Board. The ability to pay a dividend will be a function of several factors, many of which are beyond the control of Koala, and includes the general business environment, operating results, cash flows and financial condition of Koala, future funding requirements, compliance with debt facilities, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by Koala and any other factors the Board deem relevant. As outlined in Section 4.12, the Board does not intend to pay a dividend in the forecast period and future shareholder distributions will be assessed by the Board at the relevant time. The payment of dividends is at the complete discretion of Directors and no assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking credits attaching to such dividend.	Section 4.12

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TOPIC	SUMMARY	FOR MORE INFORMATION

1.5 Directors and senior management

Who are the Directors of the Company?

- Michael Gordon – Independent Chair and Non-Executive Director
- Daniel (Dany) Milham – Co-Founder, Chief Executive Officer and Executive Director
- Jennifer (Jenny) Macdonald – Independent Non-Executive Director
- Laura Mineo – Independent Non-Executive Director
- Nicholas Bagot – Independent Non-Executive Director

Section 6.1

Who are the members of the Company's senior management?

- Dany Milham – Co-Founder, Chief Executive Officer and Executive Director
- Stuart Crichton – Chief Financial Officer and Joint Company Secretary
- Emily Sargent – Chief of Staff
- Karim Zuhri – Chief Technology Officer
- James Whitta – Chief Design Officer
- Sandra (Sandy) Morrow – Chief Operations Officer
- Melissa Norris – General Counsel and Joint Company Secretary

Section 6.3

1.6 Significant interest of key people and related party transactions

Who are the Existing Shareholders and what will be their interest at Completion?

SECURITY HOLDER(S)	SECURITIES HELD AT THE PROSPECTUS DATE			SECURITIES HELD AT COMPLETION		
	Shares	Options, Performance Rights and RSUs	%	Shares	Options, Performance Rights and RSUs	%
Dany Milham	18,692,056	1,500,000	22.0%	18,692,056	1,500,000	20.7%
Mitch Taylor	19,284,544	–	21.1%	15,892,056	–	16.3%
Perennial	26,749,953	–	29.2%	22,085,513	–	22.7%
Alium	6,383,300	–	7.0%	4,883,300	–	5.0%
Other Existing Shareholders and Optionholders	12,789,077	6,185,464	20.7%	8,185,188	6,185,464	14.7%
New Investors	–	–	–	20,043,170	–	20.6%
Total	83,898,930	7,685,464	100%	89,781,283	7,685,464	100.0%

Note: % shareholding calculated on a fully diluted basis including Options, RSUs and Performance Rights. Table excludes warrants discussed in section 9.3.

Section 7.4

1. Investment Overview
continued

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TOPIC	SUMMARY	FOR MORE INFORMATION
What significant benefits are payable to Directors and other persons connected with the Company or the Offer and what significant interests do they hold?	The Directors' interest in Shares and other Company securities as at the date of the Prospectus and as at Completion are set out in the table below:	Sections 6.4.3, 6.4.6 and 6.5

	INTERESTS HELD AT THE PROSPECTUS DATE		INTERESTS HELD AT COMPLETION	
Director	Shares	Options/ Performance Rights	Shares	Options/ Performance Rights
Michael Gordon	105,677	425,000 Options (vested and unexercised) 385,000 Performance Rights (unvested)	105,677	425,000 Options (vested and unexercised) 385,000 Performance Rights (vested and unexercised)
Dany Milham	18,692,056	1,500,000 Options (375,000 vested, 1,150,000 unvested)	18,692,056	1,500,000 Options (375,000 vested, 1,150,000 unvested)
Jenny Macdonald	–	–	–	–
Laura Mineo	–	–	–	–
Nicholas Bagot	103,356	–	103,356	–

In February 2025 Michael Gordon was issued 425,000 Options with a $2.59 exercise price and 385,000 Performance Rights with nil exercise price. Vesting of the Performance Rights is subject to the Shares being admitted to the official list of ASX. Each exercised Option and Performance Right entitles Michael Gordon to receive one Share. These Options are included in the table above. See Section 6.6.4 for more information.

From Completion of the Offer, Dany Milham will receive executive remuneration as CEO, which includes his role as an Executive Director. Dany is entitled to receive a fixed annual remuneration of $630,000 (inclusive of base salary and superannuation) and he is eligible to participate in any STI program and Koala's LTI schemes. Each exercised Option entitles Dany Milham to receive one Share. For more information see Section 6.5.1.

The Shares (including Shares issued on exercise of Options and Performance Rights), Options and Performance Rights recorded in the above table under "Interests held at Completion" for all Directors will be held subject to voluntary escrow arrangements as outlined in Sections 7.13 and 9.5.3.

Each of Jenny Macdonald and Nicholas Bagot will be entitled to receive approximately $25,000 for their exertions in preparation for the IPO.

Advisers and other service providers are entitled to fees for service, as outlined in Section 6.4.6.

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TOPIC	SUMMARY	FOR MORE INFORMATION
Will there be a controlling interest in the Company?	There will be no controlling interest in Koala held by any person immediately following the Offer.	Section 7.5
Will any Shares be subject to restrictions on disposal following Completion?	On Completion, certain Shareholders and Optionholders will be subject to voluntary escrow arrangements in respect of their securities in the Company, excluding Shares acquired by them or their related entities under the Offer and the Offer Price. These escrow arrangements will prevent those Shareholders and Optionholders from disposing of their Escrowed Securities during the Escrow Period (subject to relevant exceptions). See Section 9.5.3 for a summary of the terms of the escrow arrangements and the limited exceptions that permit dealing in the Escrowed Securities during the Escrow Period.	Section 9.5.3.4
Are there any other related party arrangements in place?	Other than as disclosed in this Prospectus, the Company is not party to any material related party arrangements.	Section 9.5

1.7 Significant interest of key people and related party transactions

Who are the issuers of this Prospectus?	The Koala Company Limited (ACN 619 538 671) and Koala SaleCo Limited (ACN 695 286 634).	Section 9
What is SaleCo?	SaleCo is a special purpose vehicle established to enable Selling Shareholders to sell part or all of their investment in the Company under the Offer.	Section 9.4
What is the Offer?	The Offer is an initial public offering of approximately 20.0 million Shares at an Offer Price of $3.40 per Share. This will comprise 5.9 million new Shares issued by the Company and 14.2 million existing shares sold by SaleCo. The Shares offered under this Prospectus will represent approximately 22.3% of Shares on issue at Completion. The Offer is expected to raise approximately $68.1 million.	Section 7.1
Why is the Offer being conducted?	The Offer is being conducted to: • Provide funds for the repayment of debt and settlement of putted Warrants, in order to strengthen the Company's balance sheet; • Provide some Existing Shareholders with an opportunity to realise all or part of their investment in the Company through the sale of Existing Shares through SaleCo; and • Broaden Koala's shareholder register and provide a liquid market for Koala's shares.	Section 7.3

1. Investment Overview
continued

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<table>
<tr><th>TOPIC</th><th>SUMMARY</th><th>FOR MORE INFORMATION</th></tr>
<tr><td>What is the price payable for the Shares?</td><td>Successful Applicants under the Offer will pay the Offer Price, being $3.40 per Share.</td><td>Section 7</td></tr>
<tr><td>What is the proposed use of funds raised under the Offer?</td><td>
<table>
<tr><th>SOURCES OF FUNDS</th><th>$ MILLION</th><th>%</th><th>USES OF FUNDS</th><th>$ MILLION</th><th>%</th></tr>
<tr><td>Cash proceeds received under the Offer from the issue of Shares</td><td>20.0</td><td>29.4%</td><td>Repayment of debt[1]</td><td>10.1</td><td>14.8%</td></tr>
<tr><td></td><td></td><td></td><td>Costs of the Offer[2]</td><td>7.9</td><td>11.6%</td></tr>
<tr><td></td><td></td><td></td><td>Settlement of putted Warrants[3]</td><td>2.1</td><td>3.0%</td></tr>
<tr><td>Cash proceeds received under the Offer from the sale of Shares by SaleCo</td><td>48.1</td><td>70.6%</td><td>Payments to selling Shareholders</td><td>48.1</td><td>70.6%</td></tr>
<tr><td>Total sources</td><td>68.1</td><td>100%</td><td>Total uses</td><td>68.1</td><td>100%</td></tr>
</table>
Notes:
1. Repayment of debt comprises the repayment of external debt owed by the Company, including $10.0 million in principal and $0.1 million in residual interest and back-end fees payable as a result of repaying the debt ahead of its scheduled term.
2. The costs of the offer are those amounts paid to advisors as detailed in Section 6.4.6.
3. Following completion of the Offer, the Company will settle 2.1 million Warrants currently on issue that are subject to a put option, which will be exercised by PFG for total consideration of $4.9 million plus a $100,000 associated fee. The settlement will be funded through $2.1 million from the proceeds of the Offer and $2.9 million from the Company's existing cash reserves.
</td><td>Section 7.3</td></tr>
<tr><td>How is the Offer structured?</td><td>The Offer comprises:
• the Retail Offer, consisting of the:
– Broker Firm Offer, which is open to Australian resident clients of Brokers who have received a firm allocation of Shares, and who have received an invitation from their Broker (see Section 7.8); and
– Priority Offer, which is open to select investors who have received a Priority Offer Invitation (see Section 7.9); and
• the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and a number of other eligible jurisdictions (see Section 7.10).</td><td>Sections 7.2, 7.8, 7.9, 7.10 and 9.10</td></tr>
</table>

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TOPIC	SUMMARY	FOR MORE INFORMATION
Will the Shares be quoted on the ASX?	The Company will apply to ASX within seven days of the Prospectus Date for admission to the official list of, and quotation of its Shares by, ASX under the code 'KOA'. If approval for quotation is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.7
Who are the Joint Lead Managers for the Offer?	The Joint Lead Managers are Barrenjoey Markets Pty Limited and Morgans Corporate Limited.	Section 7.6
What is the allocation policy?	The allocation of Shares between the Retail Offer and the Institutional Offer and to participants within the Institutional Offer and Broker Firm Offer, was determined by the Company and the Joint Lead Managers. For Broker Firm Offer participants, the relevant Broker will decide as to how they allocate Shares among their eligible clients (see Section 7.8.4). The allocation policy relating to the Priority Offer is outlined in Sections 7.9.4. The allocation of Shares among bidders in the Institutional Offer was determined by the Joint Lead Managers in agreement with the Company and SaleCo.	Sections 7.8.4, 7.9.4 and 7.10.2
Is the Offer underwritten?	Yes. Barrenjoey has fully underwritten the Offer. Details are provided in Sections 7.12 and 9.5.2.	Sections 7.12 and 9.5.2
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	Section 7.7
What are the tax implications of investing in the Shares?	The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 9.9.	Section 9.9
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be mailed to successful Applicants by post on or about 30 March 2026. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.	Sections 7.8.5 and 7.9.5

1. Investment Overview
continued

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TOPIC	SUMMARY	FOR MORE INFORMATION
What is the minimum Application size under the Offer?	**Broker Firm Offer** The minimum Application size under the Broker Firm Offer is as directed by the Applicant's Broker. There is no maximum application size under the Broker Firm Offer. The Joint Lead Managers, the Company and SaleCo reserve the right to treat any applications in the Broker Firm Offer that are from persons who they believe may be Institutional Investors as bids in the Institutional Offer or to reject the application(s). The Joint Lead Managers, the Company and SaleCo also reserve the right to aggregate any applications that they believe may be multiple applications from the same person. **Priority Offer** Applicants under the Priority Offer will receive a guaranteed minimum allocation of $2,000 worth of Shares. Applications under the Priority Offer must be for a minimum of $2,000 worth of Shares. There is no maximum Application size under the Priority Offer. **Institutional Offer** There is no minimum or maximum Application size under the Institutional Offer.	Section 7.7
How can I apply?	**Broker Firm Offer Applicants** Broker Firm Offer Applicants may apply for Shares by completing the Application Form included in or accompanying this Prospectus, and lodging it with the Broker who invited them to participate in the Offer. Note that you must be a client of a participating broker in order to participate in the Broker Firm Offer. **Priority Offer Applicants** Applicants under the Priority Offer may apply for Shares by following the instructions on how to apply in the Priority Offer invitation. **Institutional Offer Applicants** The Joint Lead Managers separately advised Institutional Investors of the Application procedure under the Institutional Offer. To the extent permitted by law, an Application received under the Offer is irrevocable. There is no general offer of Shares to the public.	Sections 7.8, 7.9, and 7.10

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TOPIC	SUMMARY	FOR MORE INFORMATION
Can the Offer be withdrawn?	The Company and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants under Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).	Section 7.15
Where can I find out more information about this Prospectus or the Offer?	If you have any questions in relation to the Offer, call the Koala IPO Offer Information Line on: • 1300 429 179 (within Australia); or • +61 2 7208 4522 (outside Australia); between 8:30am and 7.00pm, Monday to Friday. All enquiries in relation to the Broker Firm Offer specifically should be directed to your broker. If you have any questions about whether to invest, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.	Schedule 2 – Corporate Directory



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Section Two



Industry Overview

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2. Industry Overview

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2.1 Introduction

Koala is a founder-led Australian business operating within the global furniture market, offering products designed in-house via a DTC business model.

Within the global furniture market, Koala currently operates in four geographies (Australia, Japan, the US and the UK), and sees potential to expand into new geographies over time. Koala considers Australia and Japan to be its established markets, having launched in these markets in 2015 and 2017, respectively. Koala entered the US in 2023, which is considered a key growth opportunity, and launched in the UK in late 2025 where it will continue to scale its operations.

Koala began as a company focused on mattress products in 2015, however it has since evolved into selling a wider range of furniture products. Today, Koala's core category is "sitting furniture", which includes sofas, sofa beds, and armchairs. Koala's mattress range, classified as its support category, focuses on advancing foam and comfort technologies that can be used across multiple product lines. Outside of its core and support categories, Koala also continuously innovates and explores new furniture categories to find product-market fit and currently offers a range of outdoor furniture, homewares, bedroom furniture, and accessories.

While currently Koala only participates in limited geographies and furniture categories, it considers the global furniture market to be relevant given the Company's potential to expand into other categories and other markets over time.

Section 2 offers an overview of the global furniture market, detailing its size, key industry participants, prevailing trends and competitive dynamics. Certain data in this Section and elsewhere in this Prospectus, including estimates of market size, are based on management's understanding of the industry as well as reports published by various independent third parties. This Prospectus also utilises data from Euromonitor, IBISWorld and Statista which were not prepared specifically for Koala or this Prospectus. For further information, please see the Important Notices Section of this Prospectus.

2.2 Global furniture market

The global furniture market includes several categories such as sitting furniture, mattresses and bedroom furniture, kitchen and dining furniture, living room furniture, outdoor furniture, home office furniture, children's furniture, lighting and homewares. It encompasses both brick-and-mortar sales as well as online sales.

Within the global furniture market, the relatively steady and consistent rates of moderate growth observed in Koala's key categories of sitting furniture and mattress demonstrate that these categories are relatively defensive and resilient to downturns or shifts in consumer sentiment as they provide essential functionality and comfort in consumers' daily lives. This results in both categories exhibiting relatively steady, consistent rates of moderate growth across most geographies.

2.2.1 Sitting furniture category

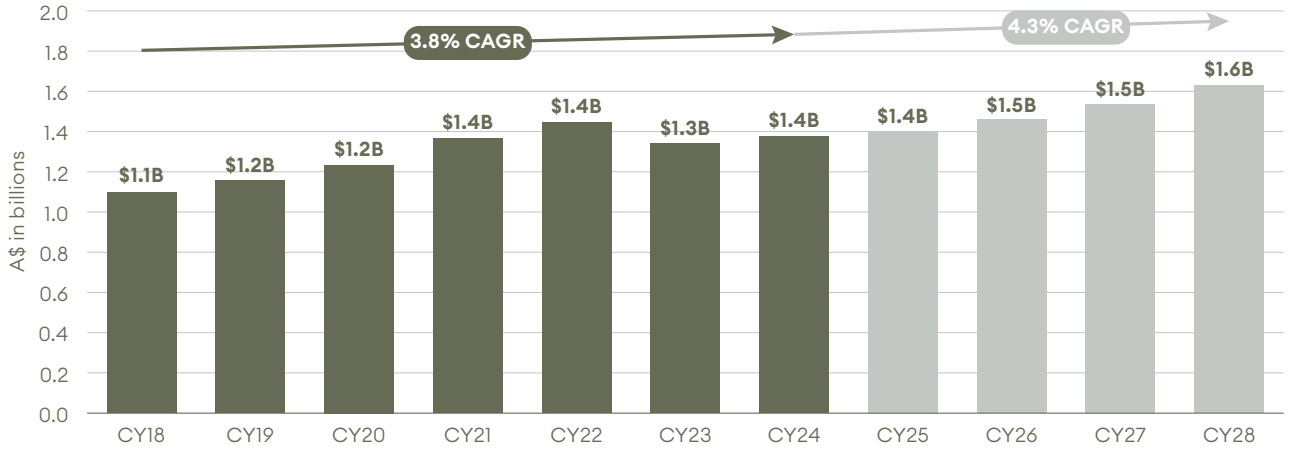
The sitting furniture category is a subset of the furniture market and includes sofas, sofa beds, recliners, lounging furniture and other sitting furniture. The global sitting furniture market is sized at $127 billion. Koala currently sells its core sitting furniture range in four geographies: Australia, Japan, the US and the UK. It launched its sitting furniture range in Australia and Japan in 2018 and entered the US market with this range in 2023, followed by the UK in 2025.

2.2.1.1 Australia

The Australian sitting furniture market size is estimated at approximately $1.4 billion and has grown at a CAGR of 3.8% from CY18 to CY24. Sales which were temporarily elevated by the COVID-19 pandemic in CY21 to CY23 are now expected by the Company to be normalised. It is estimated that the Australian sitting furniture market will grow at a CAGR of 4.3% from CY24 to CY28. Within the Australian sitting furniture market, Koala currently holds an approximately 4% market share as implied by total market estimates.

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Figure 1: Australian sitting furniture market size[11]



Within the wider Australian sitting furniture market, Koala sees itself as a leader in the sofa bed subcategory, a segment in which Koala has steadily grown its market share since launching its first sofa bed in FY19.

The Australian sitting furniture market can be broadly classified into four price segments:

(a) **Mass Market:** budget-friendly products appealing to a wide range of consumers;

(b) **Mid-Market:** more premium products compared to mass market, offered at an affordable price;

(c) **Premium:** design and quality-driven products; and

(d) **Luxury:** high-end, designer products which are often imported.

Koala operates in the Premium price segment. Customers in the Premium price segment are less price sensitive than customers in the Mass Market and Mid-Market price segments, focusing more on value for money as assessed by product quality, design, functionality and features. The company expects continued growth in the Premium price segment going forward.

2.2.1.2 Japan

The Japanese sitting furniture market size is estimated at approximately $2.6 billion and has historically grown at a CAGR of 2.7% from CY18 to CY24. It is estimated to grow at a CAGR of 3.3% from CY24 to CY28. Koala currently holds less than 1% market share of the Japan sitting furniture market as implied by market sizing estimates and sees this as a potential area for growth.

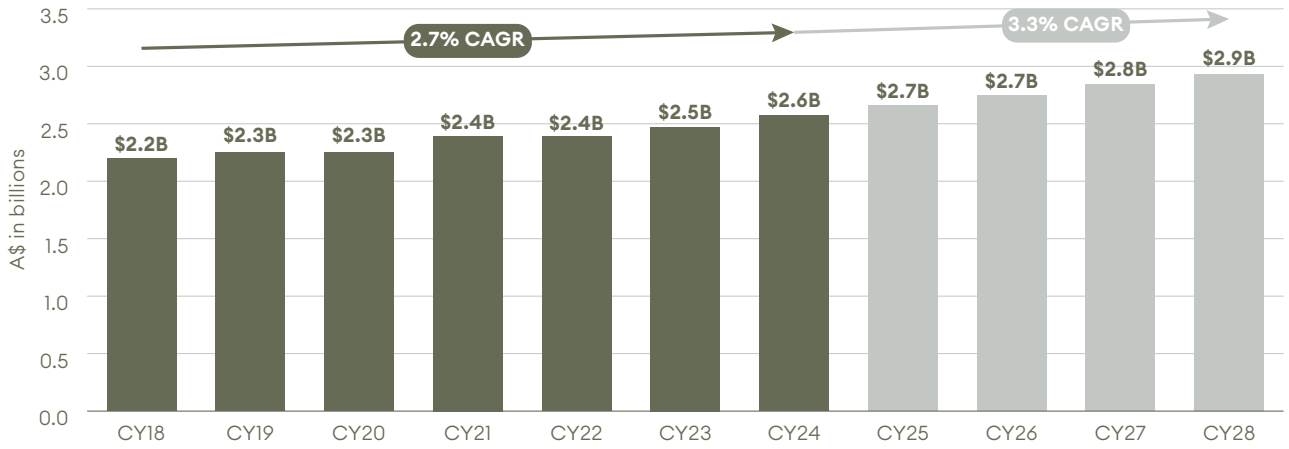
Koala believes that the growth in the size of the Japanese sitting furniture market is based on several unique structural tailwinds which include demand for compact and multifunctional furniture (e.g. sofa beds) driven by compact living spaces, an aging population and also ongoing substitution or supplementation of traditional Japanese floor seating with Western style sitting furniture.

11. Euromonitor passport data as at 8 May 2025. Euromonitor forecasts adjusted by the company for assumed 2.5% inflation per annum based on the mid-point of the Reserve Bank of Australia's long-term inflation rate. Euromonitor updates their industry and category data annually in April and, as such, the data as at 8 May 2025 remains the most up-to-date dataset available. See the section of the Important Notices entitled "Market and industry data based primarily on management estimates" when considering all forward-looking industry information provided by Euromonitor, IBISWorld and Statista used in this Prospectus.

2. Industry Overview
continued

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Figure 2: Japanese sitting furniture market size[12]

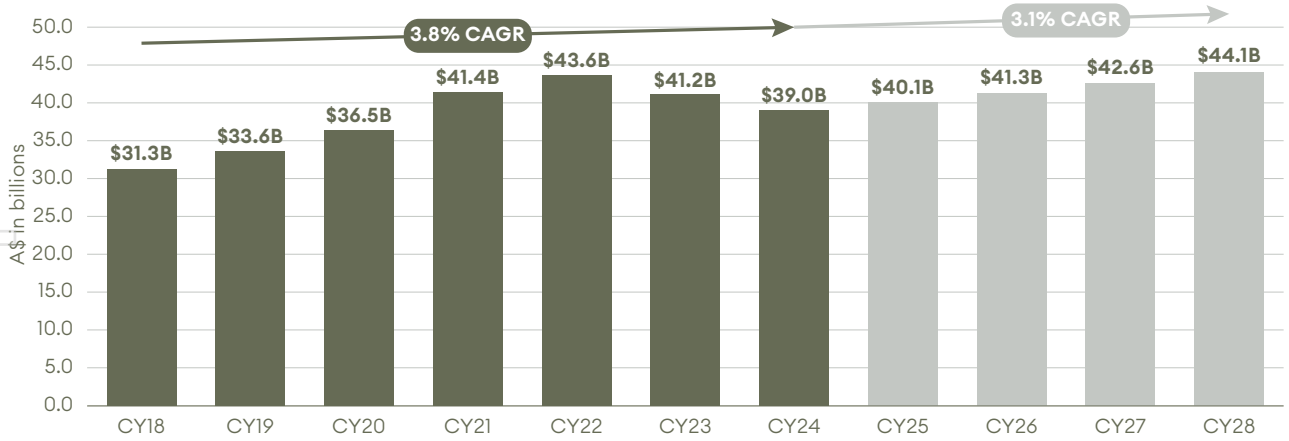


2.2.1.3 United States

The US sitting furniture market size is estimated at $39 billion and has grown at a CAGR of 3.8% from CY18 to CY24.[13] While sales growth is expected to slow to 3.1% CAGR from CY24 to CY28, this can be largely attributed to sales moderating following elevated demand during the COVID-19 pandemic.

The US market represents a growth market for Koala, comprising a total market that is many multiples the size of Koala's established Australian and Japanese markets. Currently Koala has a market share of less than 1% as implied by Euromonitor estimates.

Figure 3: US sitting furniture market size[14]



12. Euromonitor passport as at 8 May 2025. Forecasts adjusted by the company for assumed 2.5% inflation per annum as detailed in Footnote 8. Converted to AUD at an exchange rate of AUD:JPY 96.72. Euromonitor updates their industry and category data annually in April and, as such, the data as at 8 May 2025 remains the most up-to-date dataset available.
13. Euromonitor passport as at 8 May 2025. Forecasts adjusted by the company for assumed 2.5% inflation per annum as detailed in Footnote 8. Converted to AUD at an exchange rate of AUD:USD 0.62. Euromonitor updates their industry and category data annually in April and, as such, the data as at 8 May 2025 remains the most up-to-date dataset available.
14. Euromonitor passport as at 8 May 2025. Forecasts adjusted by the company for assumed 2.5% inflation per annum as detailed in Footnote 8. Converted to AUD at an exchange rate of AUD:USD 0.62. Euromonitor updates their industry and category data annually in April and, as such, the data as at 8 May 2025 remains the most up-to-date dataset available.

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2.2.1.4 Rest of World

While Koala does not actively sell its products in any countries outside of Australia, Japan, the US and the UK at present, international expansion forms a core tenet of its long-term growth strategy and as such, Koala regularly assesses the viability of entering new geographies. Koala strategically selects target markets by evaluating key factors such as market size, growth potential, and competitive dynamics. This approach ensures that expansion efforts are directed toward regions with strong demand, scalable opportunities, and a favourable competitive landscape, aligning with Koala's long-term growth objectives.

Koala launched in the UK market in late 2025 where it will continue scaling operations. The UK sitting furniture market is estimated to be sized at approximately $8.0 billion, having grown at a CAGR of 1.3% from CY18 to CY24, and is expected to grow at a CAGR of 2.7% from CY24 to CY28.[15] Koala considers the UK market to be an attractive growth market when measured against the criteria set out in Section 3.11 due to the common features the UK market shares with the Australian and US markets.

2.2.2 Mattress category

The mattress category is another subset of the furniture market. Koala currently sells its mattress products in Australia and Japan, which it entered in 2015 and 2017, respectively. The global mattress market is sized at $105 billion. Koala views the mattress category as a supporting category to its core sitting furniture range in these geographies.

2.2.2.1 Australia

The Australian mattress market is sized at approximately $1.1 billion and has grown at a CAGR of 3.2% from CY18 to CY24. It is forecast to grow at a CAGR of 3.0% from CY24 to CY28.[16] As with the sitting furniture category, the Australian mattress category saw significantly higher sales during the COVID-19 pandemic with sales normalising through to CY24. Koala holds an approximately 4.5% market share as implied by market sizing estimates.

2.2.2.2 Japan

The Japanese mattress market is sized at approximately $3.4 billion and has grown at a CAGR of 4.0% from CY18 to CY24. Growth has remained lower compared to the other markets in which Koala operates, due to the lower rate of population growth in Japan, as well as the lower spend per capita seen in the market. Growth is expected to increase to 5.1% CAGR from CY24 to CY28.[17] Koala holds a less than 2% share in the Japanese mattress market.

2.2.3 Other furniture categories

In addition to sitting furniture and mattresses, Koala derives a small proportion of its revenues from the sale of products in other furniture and homeware categories. These include outdoor, kids, bed frames, homewares and similar products. The total global market for these categories is significant, sized at more than $1 trillion globally, and Koala continues to experiment with new categories and will launch new products based on product-market fit and commercial viability.

15. Euromonitor passport as at 8 May 2025. Forecasts adjusted by the company for assumed 2.5% inflation per annum as detailed in Footnote 1. Converted to AUD at an exchange rate of AUD:USD 0.62. Euromonitor updates their industry and category data annually in April and, as such, the data as at 8 May 2025 remains the most up-to-date dataset available.
16. Euromonitor passport as at 8 May 2025. Forecasts adjusted by the company for assumed 2.5% inflation per annum as detailed in Footnote 1. Euromonitor updates their industry and category data annually in April and, as such, the data as at 8 May 2025 remains the most up-to-date dataset available.
17. Euromonitor passport as at 8 May 2025. Forecasts adjusted by the company for assumed 2.5% inflation per annum as detailed in Footnote 1. Converted to AUD at an exchange rate of AUD:JPY 96.72. Euromonitor updates their industry and category data annually in April and, as such, the data as at 8 May 2025 remains the most up-to-date dataset available.

2. Industry Overview
continued

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2.3 Recent trends in the global furniture market

In the Company's view, there are several key trends shifting demand in the global furniture market as set out below:

2.3.1 Online penetration

The furniture industry has seen a steady rise in online sales, with e-commerce gaining significant traction over the past two decades. This shift has come largely at the expense of traditional brick-and-mortar retailers. Several key factors continue to drive the expansion of online furniture shopping globally, including:

(a) **Greater convenience:** consumers increasingly prefer the ease of browsing, comparing, and purchasing furniture from home;

(b) **Improvements to online shopping infrastructure:** faster delivery times, wider product availability, and reduced friction digital transactions have improved the online shopping experience;

(c) **Cost efficiencies:** lower operational expenses and economies of scale enable more competitive pricing and broader product offerings; and

(d) **Post-pandemic behavioural shifts:** the impact of COVID-19 lockdowns accelerated consumer confidence in buying furniture online, resulting in long-term changes in purchasing habits. This has been evidenced by the continued level of penetration in online sales during CY23 and CY24, which have continued to grow or hold constant in most geographies despite the absence of lockdowns in those years.

2.3.2 More time spent at home

The COVID-19 pandemic significantly reshaped consumer behaviour, with people spending more time at home than ever before. This shift fuelled a strong demand for upgraded home furnishings and enhanced living environments. Even as restrictions have lifted, the long-term effects remain, with remote work and home-centric lifestyles continuing to drive interest in high-quality, comfortable, and functional home solutions.

2.3.3 Maximising utilisation of living space

The extended periods spent at home during the COVID-19 pandemic accelerated demand for furniture that optimises space and serves multiple functions. Consumers prioritised adaptable designs that maximise usability in smaller or shared living areas. Even as restrictions have lifted, the preference for multifunctional and space-efficient furniture has persisted, reinforcing a long-term shift in home design priorities.

2.3.4 Increasing emphasis on convenience

Customers are increasingly valuing convenience and seeking time-saving solutions. Free delivery, easy returns, and having their old furniture removed are the top three factors that consumers consider when choosing a retailer.[18] Retailers have recognised this demand and have competed by offering flexible return policies and trial periods to further instill confidence in purchases.

2.3.5 Premiumisation

Consumer spending has remained resilient in recent years, and consumers have continued to exhibit demand for high-quality, premium products, particularly in categories like furniture perceived to offer long-term value. This trend has been fuelled by a growing middle class globally, increasingly sophisticated consumer tastes, the influence of social media and e-commerce platforms and a smaller average household size.[19]

18. Better Sleep Council 2023 survey for the International Sleep Products Association.
19. New Zealand Trade and Enterprise, 'Premiumisation: A Look Into The Current and Future State of Premiumisation-Based Products', November 2020

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2.3.6 Demand for sustainable products

Increasing consumer awareness about environmental issues is driving demand for products made from sustainable and eco-friendly materials. In a survey conducted by the Better Sleep Council, more than half of US consumers said it is very important that their choice of mattress brand would require the manufacturer to maintain high ethical standards. This demand has put pressure on brands and manufacturers to improve their operations, including the implementation of circular economy practices and supplier checks.[20]

2.4 Competitive landscape

The furniture industry in most geographies is highly fragmented due to the size of the market, the number of product categories, the wide range of consumer preferences and the rise of e-commerce, specialised and niche players alongside traditional retailers. In addition to these dynamics there are also regional dynamics that contribute to the competitive landscape of specific geographies. As a result of these dynamics, a variety of business models exist across the industry.

Koala sees there being three main business models utilised by participants in the industry, being:

(a) DTC;

(b) traditional retailer; and

(c) marketplace.

Koala chiefly operates through a DTC model, albeit it competes with other participants which utilise different business models on several factors. The key features of each business model are set out below in Table 1: Comparison of furniture business models.

Some online marketplace platforms such as Amazon are also indirect participants in the furniture market by facilitating third parties to list and sell products on their platforms. These marketplaces are generally not specific to furniture, rather they offer a wide range of consumer products. Koala does not consider these online marketplace platforms to be direct competitors, but rather as a channel to market, which Koala utilises in some geographies (which is in contrast to traditional retailers and other marketplaces which compete with Amazon).

20. Better Sleep Council, 2023 Survey for the International Sleep Products Association.

2. Industry Overview
continued

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Table 1: Comparison of furniture business models

	DIRECT-TO-CONSUMER	TRADITIONAL RETAILER	MARKETPLACE
Example from the Australian market	Koala	Nick Scali	Temple & Webster
Description	DTC brands sell directly to consumers via their websites, controlling branding, experience, and logistics. Some DTC brands have experience centres or showrooms, but their focus is online-first experiences.	This model includes retailers that primarily sell products through physical stores or operate through large-scale retail networks. This can Include brands with warehouse-style stores and high-touch retail stores. Traditional retailers offer a mix of immediate availability (big-box) and customisation (premium brands).	The marketplace model aggregates multiple brands and suppliers into an online platform, offering a wide selection, but without direct product ownership. This model operates as a curated marketplace rather than a manufacturer or retailer.
Sales Channels	Primarily online sales through their own websites, with direct fulfilment & fast delivery models. Some have pop-up experience centres.	Traditional retailers are retail store-focused, often with large warehouses and in-store browsing experiences. Some also have a growing e-commerce presence, but the physical store remains the primary revenue driver.	This is an online-only marketplace model with third-party brands and sellers. A marketplace model operates like a furniture e-commerce hub, rather than a direct manufacturer or retailer.
Pricing	DTC retailers may be more competitive within their price segment due to the absence of middlemen and capital requirements for retail network. Some focus on premium materials, justifying higher price points.	Varies between mass-market affordability and premium pricing. Retail stores and retail overheads often result in higher markups but also offer financing options.	Pricing is highly competitive, as multiple brands and sellers compete on the same platform. Discounts and promotions are standard.
Customer Experience	Orders are fulfilled directly from warehouses with easy online navigation and customer support. Typically offer better return policies (e.g., Koala's 120-day trial) to address any customer concerns that they cannot 'test' the product before purchase.	More traditional shopping experience, often with in-store sales consultants for premium brands. Some big-box stores offer self-service, warehouse-style experiences, while retail stores focus on personalised assistance.	Experience depends on the seller. Platforms focus on the user experience and convenience, but these platforms have less control over fulfilment, delivery times, and returns.

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	DIRECT-TO-CONSUMER	TRADITIONAL RETAILER	MARKETPLACE
Product Range	DTC retailers can offer a more curated and focused product selection, often emphasising design, over broad selection due to their often more specialised product range.	The extensive product range covers all furniture categories and styles, from affordable to premium. Some premium brands offer customisation and made-to-order options.	Extensive variety, as multiple brands and manufacturers list their products. Although the marketplace model lacks brand cohesion, it offers choice and high availability.

2.4.1 Competition in Koala's markets

2.4.1.1 Australia

The Australian furniture market is reasonably fragmented with several large players but still a significant number of small to medium players. Approximately 60% of the market (across all sales channels) is accounted for by retailers with less than 5% total market share each.[21] Scaled participants of note include Harvey Norman, Nick Scali, Amart, IKEA, Freedom Furniture and Temple and Webster.

There is also a growing presence of DTC brands offering a more curated or specialised product range with strong product market fit. These DTC brands can be disruptive and through their continued presence have shown the ability to take market share from traditional retailers or product brands in the product categories within which they specialise. Koala is an example of a DTC brand that has disrupted the mattress and sofa beds categories.

2.4.1.2 Japan

The Japanese furniture market is relatively more consolidated compared to Australia, the US and the UK, dominated by local furniture retailers such as MUJI, Nitori and online marketplace Rakuten. Japanese consumers demonstrate a strong preference for quality, craftsmanship and brand reputation which explains the dominance of some large domestic brands. There are also a small number of international brands (such as IKEA) which have succeeded in capturing market share from local players.

2.4.1.3 United States

The US furniture market is one of the largest in the world and is characterised by a high level of fragmentation. It consists of a significant number of large, medium and small players that operate both nationally and regionally across various price segments ranging from budget to premium. Ashley Furniture is the largest furniture player in the US[22] with other prominent competitors including Williams-Sonoma and IKEA. Another key feature of the US furniture market is the increased prominence of generalist, multi-category retailers such as Walmart and Target which capture a material share of the market. Recent trade policy changes in the US, their impact on Koala's business and Koala's response are detailed in Section 3.13.

2.4.1.4 United Kingdom

The UK furniture market is one of the largest in Europe. The market is highly fragmentated with around 80% of the market accounted for by many retailers with less than 5% market share, with players operating across a range of price points from budget to premium. IKEA is the largest player, with other prominent competitors being DFS, Dunelm, and ScS.

The UK market also includes several large multi-category retailers such as John Lewis and Next Group which make up a considerable share of the market offering significant multi-brand assortments and private-label offerings. Additionally, there is a growing cohort of DTC and online players offering curated ranges in specific categories such as sofas.

21. Statista Market Insights.
22. IBISWorld – Furniture Stores in the US – Market Research Report (2015-2030).

2. Industry Overview
continued

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2.4.2 Basis of competition within the furniture market

Participants in the global furniture market compete on several factors, including:

2.4.2.1 Comfort and appearance

While varied by type, furniture is an integral part of a consumer's home and is one of the most heavily used products a consumer will own. As such, comfort during use and external appearance are significantly valued by consumers. Koala has observed that brands in the market compete by sourcing and implementing premium materials in their product construction, which can provide greater comfort, aesthetic appeal and a longer expected useful life.

2.4.2.2 Product life

Because of the heavy daily usage and long-life nature of furniture, Koala believes that consumers are willing to invest in higher quality products which are built to last. Brands can achieve this through durable materials and thoughtful design features such as modular components and washable covers, which help maintain appearance and functionality over time.

2.4.2.3 Customisation and personalisation

Koala believes that consumers are moving away from generic furniture and gravitating toward pieces that reflect their individual tastes and specific living needs. Koala has observed brands offering modular designs, interchangeable fabrics, and adaptable configurations which may indicate that consumer demand for customisation is rising. To meet this shift, Koala considers that brands must embrace flexible design solutions, advanced manufacturing techniques, and digital innovations that allow customers to seamlessly personalise their furniture to fit their lifestyles and spaces.

2.4.2.4 Convenience

The size and bulkiness of furniture presents logistical challenges for both retailers and consumers. Companies compete by offering faster, cost-effective, and flexible delivery solutions, including white-glove services and same-day delivery. Additionally, brands are simplifying post-purchase experiences through easy assembly designs or professional assembly services, reducing consumer effort.

2.4.2.5 Price

Compared to other industries, the company views furniture buyers as less price-sensitive, viewing their purchases as long-term investments. Koala believes that the challenge for brands is to justify value beyond price, as direct product comparisons are often difficult.

2.4.2.6 Product innovation

With the rise of multi-functional furniture and space-saving designs, furniture brands have increasingly competed by developing innovative designs not offered by their competitors. Examples include integration of technology, multi-use designs (e.g. storage, convertibility), customisation (e.g. modular furniture) and product life-extension (e.g. washable covers).

2.4.3 Barriers to entry in the furniture market

There are several barriers to entry for furniture players looking to enter or expand in the global furniture market, including:

2.4.3.1 Design and innovation

Customers are increasingly searching for stylish, functional furniture. While white labelling remains standard within this industry (the practice of participants sourcing generic products directly from manufacturers, and rebranding these as their own products), new entrants increasingly need to invest in unique designs and materials to set themselves apart and compete, requiring significant resources.

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2.4.3.2 Logistics and fulfilment

Furniture is bulky, heavy, and costly to ship, with high risks of damage in transit for products that are not custom designed for last-mile delivery (i.e. flat pack). New entrants must navigate warehousing, last-mile delivery, and returns, which can be complex and expensive.

2.4.3.3 Competition from incumbents

Established brands (for example, IKEA and Temple & Webster in Australia) hold market share with strong customer loyalty, low prices, and large marketing budgets. New entrants must find ways to stand out and compete which isn't easy without a well-known brand (such as Koala's), differentiated products or large marketing or operational budgets.

2.4.3.4 Brand trust

Due to the large price point associated with furniture items, consumers may be more cautious compared to smaller, impulse-led purchases with brands which they have not heard of in the past. The company believes established brands with a strong product reputation experience significant benefits against new entrants as a result of this factor.



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Section Three



Company Overview



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3. Company Overview

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3.1 Overview of Koala

Founded in 2015, Koala is one of Australia's fastest growing furniture companies.[23] Koala has differentiated itself through its innovative design process, functional product range and DTC model. This gives Koala end-to-end control from design to customer experience, leveraging data to continuously refine both the process and product.

Since launching with its first mattress product in 2015, Koala has expanded its product range to include a wider range of furniture categories including its "core" category of sitting furniture (comprising sofas, sofa beds and armchairs), with mattresses now a supporting category. Koala's sitting furniture category will contribute 49% of sales in FY26F and is its largest product category by sales contribution.

Koala currently operates in four geographies: Australia, Japan, the US and the UK. Koala considers Australia and Japan to be its established markets, having launched these markets in 2015 and 2017 respectively. In 2023 Koala entered the US market with its sitting furniture range, with sales contribution quickly growing to represent approximately 23% in FY26F. Koala plans to build on the strong results of its sofa launch in the US market and introduce new products in the market over time. Koala entered the UK market in 2025.

Figure 4: Revenue by geography (FY26F)

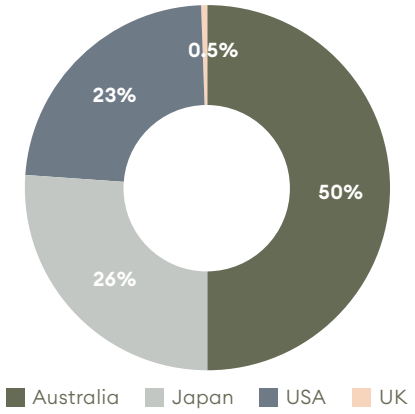
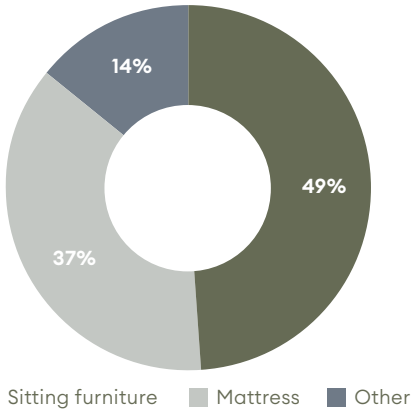


Figure 5: Revenue by category (FY26F)



3.2 History of Koala

Koala was founded in November 2015 by Dany Milham (CEO) and Mitch Taylor in Byron Bay, NSW, with a mission to disrupt the furniture industry by creating innovative, functional, and sustainable products built around a customer-first approach.

Koala saw initial success in Australia with its award-winning Koala Mattress, quickly becoming a leading Australian mattress brand. Key factors contributing to Koala's early success included its focus on product innovation and quality, its strong customer service (including offering customers a generous 120-day product trial and 10-year warranty on its mattresses) and its innovative marketing style which combined data-driven marketing with a differentiated approach to building a brand in the furniture industry. These factors remain features of Koala's unique DTC business model which allows it to have end-to-end control of the brand and customer experience.

In 2017, Koala expanded internationally by launching its mattresses in Japan, successfully leveraging its distinctive brand and proven product and marketing strategies to establish a presence in a new region. This move demonstrated Koala's ability to scale its business model and adapt to diverse markets while ensuring operational efficiency and preserving a capital-light operating model.

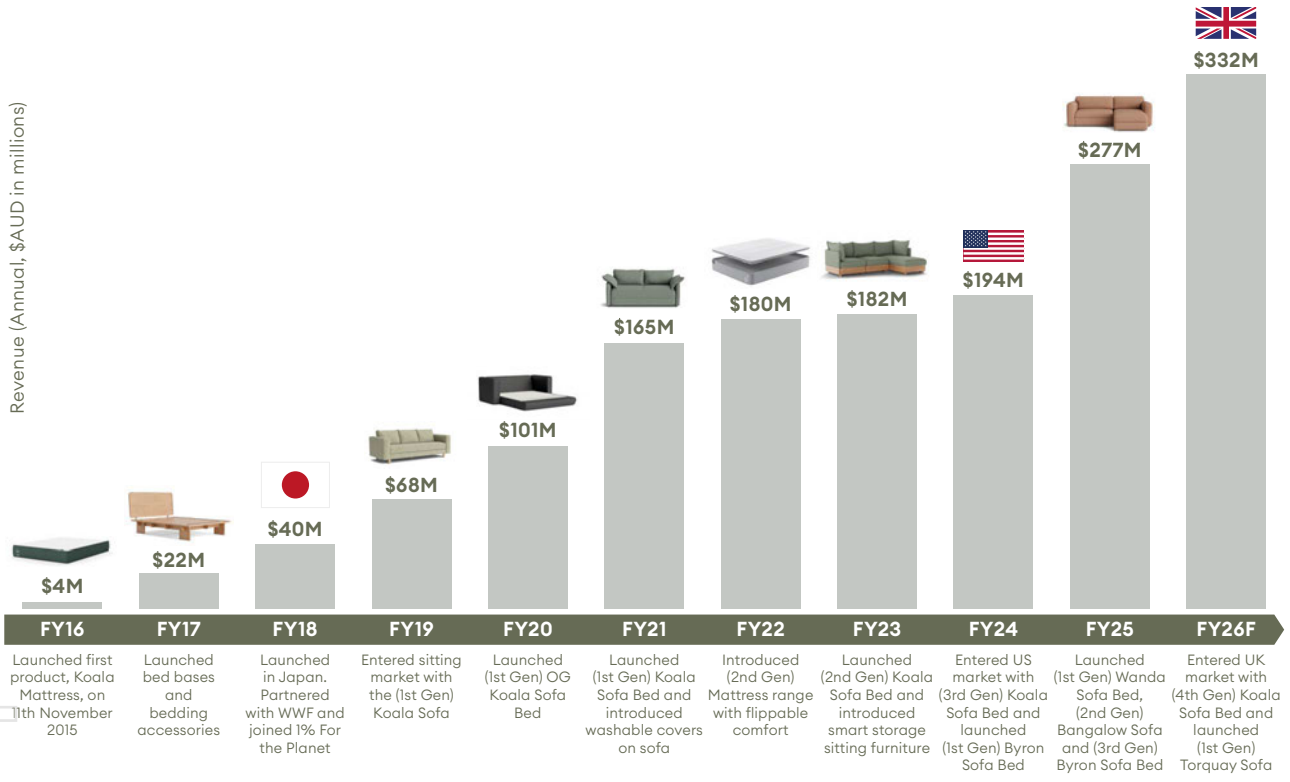
23. Based on revenue growth.

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Following these successes, Koala continued to leverage its in-house innovation capabilities to find new ways to expand its business. Through this process, Koala identified the sitting furniture category as an attractive growth vertical due to its larger market size and higher margin potential (relative to mattresses), as well as the ability for Koala to leverage its existing product expertise (e.g. mattress technology) to innovate in this product category. Koala successfully launched its first sofa product in Australia in 2018 and has since launched its core sitting furniture range in Japan, the US, and the UK markets using a fast and cost-effective market launch strategy enabled by its DTC business model and centralised support function.

Today, Koala's focus remains on scaling its operations by executing its innovation strategy and identifying new markets and furniture product categories for growth. Key milestones in Koala's journey are summarised in Figure 6 below.

Figure 6: Key milestones in Koala's history





3. Company Overview
continued

3.3 Koala's Mission Statement and Values

Purpose

Make the world a more comfortable place

Vision

The antidote to single-use furniture

Mission

Define this era for Australian design and innovation at home

Values

No ego

We do what is best for Koala over what is best for our egos. We face the truth, and we tell the truth. We are humble and kind. We operate as one team.

Bias for action

We move with energy, urgency, accountability and clarity. We act like owners, solve problems fast, and turn ideas into outcomes. Our energy sets the tone, our speed shapes the future, and we have fun while doing it.

Feedback grows us

We always strive for better. We lean into feedback and let it grow and challenge us. We do what it takes, and we always find a way. We evolve. Tomorrow is always better than today. Mastery leads us.

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3.4 Koala's Business Model

Koala's go-to-market strategy is centred around its online DTC business model. Customers place orders online via Koala's website (or via third party platforms) and the orders are then dispatched from local third-party logistics (3PL) warehouses, eliminating intermediaries and streamlining the customer experience.

Central to Koala's strategy is its ability to capture data at every interaction with its customers, from browsing behaviour to post-purchase feedback. This first-party data fuels the ability for Koala to receive continuous feedback and data insights from its customers, enabling Koala to refine its marketing strategies, personalise customer communications and enhance the customer experience.

These insights are systematically shared across teams, ensuring alignment and agility. In particular, Koala's product team uses this data to inform design improvements, develop new features and prioritise product enhancements that directly address customer needs. This data-driven approach not only accelerates product innovation but also ensures that every decision is backed by empirical evidence, reducing risk and increasing the probability of success for future product launches.

3.4.1 Advantages of Koala's DTC business model

Koala's business model offers several advantages compared to the traditional retailer model.[24]

3.4.2 Direct relationships with customers

Compared to a brand which sells its products solely through wholesale channels, Koala's DTC model enables the company to build and maintain direct relationships with its customers, bypassing traditional retail intermediaries. This direct connection allows Koala to capture comprehensive customer data which is analysed to drive personalised marketing, research and development (R&D) and new product development. By leveraging these insights, Koala ensures its strategies are both customer-centric and evidence-based.

3.4.3 End-to-end control over the brand experience

Koala's DTC model provides full control over how its products are presented, priced and delivered, eliminating the variability associated with wholesale channels. This control enables Koala to ensure a consistent and seamless customer journey that aligns with its brand values. By maintaining oversight of pricing, promotions and service quality, Koala safeguards its brand integrity and optimises the end-to-end customer experience.

3.4.4 Higher margin capture

By eliminating wholesalers and retailers, Koala's DTC model enables it to retain a greater share of revenue. These resulting cost efficiencies are strategically reinvested into competitive pricing, further innovation and high-quality materials, enhancing the overall value proposition. Koala actively communicates these benefits to customers as part of its engagement strategy, ensuring transparency and reinforcing the advantages of its DTC approach.

3.4.5 More agile business model

Without the constraints of traditional retail partnerships and a network of physical stores, Koala gains the flexibility to test new products, innovate in marketing and enter or exit markets with low financial commitment. Koala's use of key manufacturing partnerships enables supply chain agility. This strategic agility ensures Koala remains adaptive to changing customer expectations, market trends and uncertainty.

3.4.6 Improved decision-making based on data

Koala's DTC model is designed to maximise data capture at every stage of the customer journey. This data is continuously analysed to generate actionable insights that inform strategic decisions across marketing, product development, and customer service. By leveraging these insights, Koala can proactively adapt to customer preferences, refine its marketing efforts, and drive continuous optimisation of the customer experience.

24. As defined in Table 1 in Section 2.4.

3. Company Overview
continued

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3.4.7 Non-core channels

While more than 85% of Koala's revenue is obtained through DTC channels, Koala also leverages non-core channels (marketplaces and business-to-business) where these channels support Koala's overall market strategy. Non-core channels are particularly important in Japan, where a brand's presence on well-known marketplaces (such as Rakuten) lends credibility and legitimacy.

Non-core channels (e.g. Amazon) are not currently utilised in the US or the UK, and all sales in these markets are made directly through Koala's website.

3.4.8 Experience-led showrooms

As part of its DTC strategy, Koala plans to open a small number of experimental and experience-led showrooms in key capital cities. These locations are designed to provide customers with a distinctive and immersive way to experience the Koala brand and its products in a physical environment, while maintaining the flexibility and economics of a primarily digital model. Rather than functioning as traditional retail stores, these spaces are used to create unique brand experiences and customer insights.

Koala currently operates two such experience-led locations: a showroom and café concept in Tokyo, Japan and a showroom in Moore Park, Sydney. These locations support brand building and customer engagement without changing Koala's asset-light DTC operating model.

Our Tokyo showroom and café, shown in Figure 7, has demonstrated the power of tapping into Japan's distinctive queue culture, where lines of highly engaged customers waiting for limited product drops helps generate brand momentum. This is a strategy we can adapt and deploy across new markets with the objective of creating a sense of urgency, brand awareness, and drive measurable sales improvement.

Figure 7: Tokyo Showroom and Café



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3.5 Product Overview

3.5.1 Product Strategy

Koala's design philosophy is built on core principles that focus on innovation, functionality, sustainability, and a customer-centric approach. By keeping all product design in-house, focusing on modular construction and operating a low product count business model, Koala has developed a product range that is both innovative and operationally efficient.

Key elements of Koala's product strategy include:

(a) **In-house innovation:** All of Koala's products are designed in-house from the ground up, responding directly to identified customer needs. This approach enables Koala to address market gaps with unique and innovative designs that offer practical solutions. By maintaining control over the design process, Koala seeks to ensure that every product is both distinctive and aligned with its brand development principles.

(b) **Engineered for last mile:** Koala's products are developed with a modular design approach that enhances both shipping efficiency and customer convenience. This design philosophy reduces logistical complexity and enables consumers to easily disassemble and reassemble products time and again without compromising durability or functionality. The ability to ship products in segments while maintaining ease of assembly has been a key differentiator for Koala in the market.

(c) **Designed for real life:** Koala's products are built to adapt to everyday living. Features such as washable covers, adjustable firmness, and replaceable parts ensure that products remain fresh and functional over time. This practical approach to design reflects Koala's understanding of modern consumer needs – offering flexibility and long-term value. The ability to refresh products with new fabrics and colours also enhances customer satisfaction and prolongs product life cycles.

(d) **For a better planet:** Sustainability is a fundamental principle of Koala's design philosophy. The company's commitment is evident in its use of long-lasting, sustainable materials where possible, such as FSC-certified timber,[25] and eco-friendly fabrics. Koala's products are designed to evolve with their owners, featuring modular designs and reusable components that support a circular economy model. This approach minimises waste and aligns with growing consumer demand for environmentally responsible products.

Koala's product strategy is built around a narrow product, high sales density model, focusing on a select range of products that are continuously improved and upgraded to newer generations. This approach contrasts with many competitors in the furniture market who adopt a seasonal product strategy with frequent new product releases. By maintaining a focused product lineup, Koala can dedicate more time and resources to enhancing the quality and functionality of each product.

This strategy not only enables Koala to produce more innovative products but also delivers operational benefits such as streamlined sales cycles and improved warehousing efficiency. By focusing on deep product excellence, Koala has captured market share and built a reputation for both quality and innovation.

3.5.2 Product Range

Koala's product range can be categorised into three key segments:

- **"Core"**, being its sofa bed, sofa and armchair products;
- **"Supporting"**, being its mattress products; and
- **"Other"**, being its remaining products from other furniture and homeware categories, such as outdoor furniture.

25. Forest Stewardship Council is an international non-profit organisation which provides certifications to suppliers which have sustainable approaches to managing key issues including deforestation, climate and biodiversity.

3. Company Overview
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Figure 8: Koala's current product range

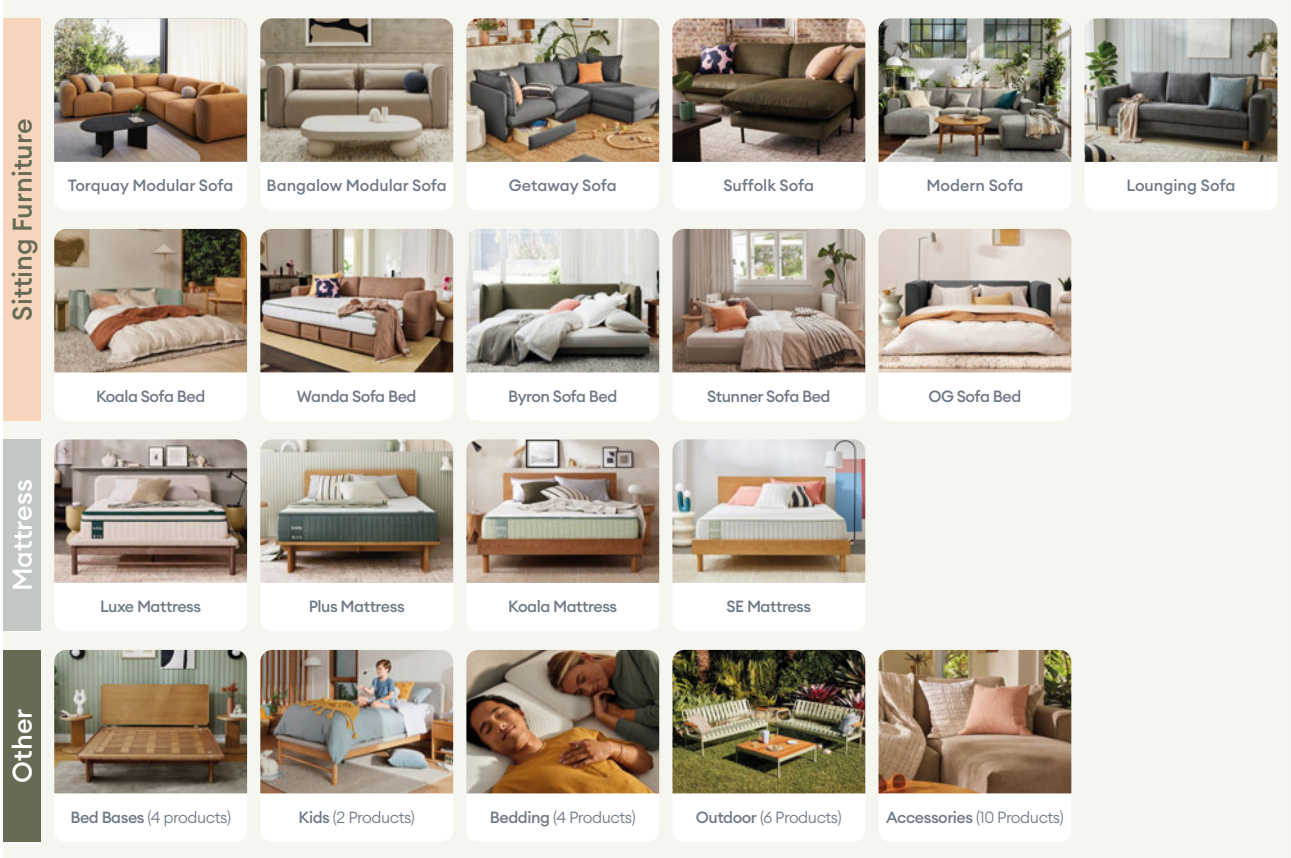
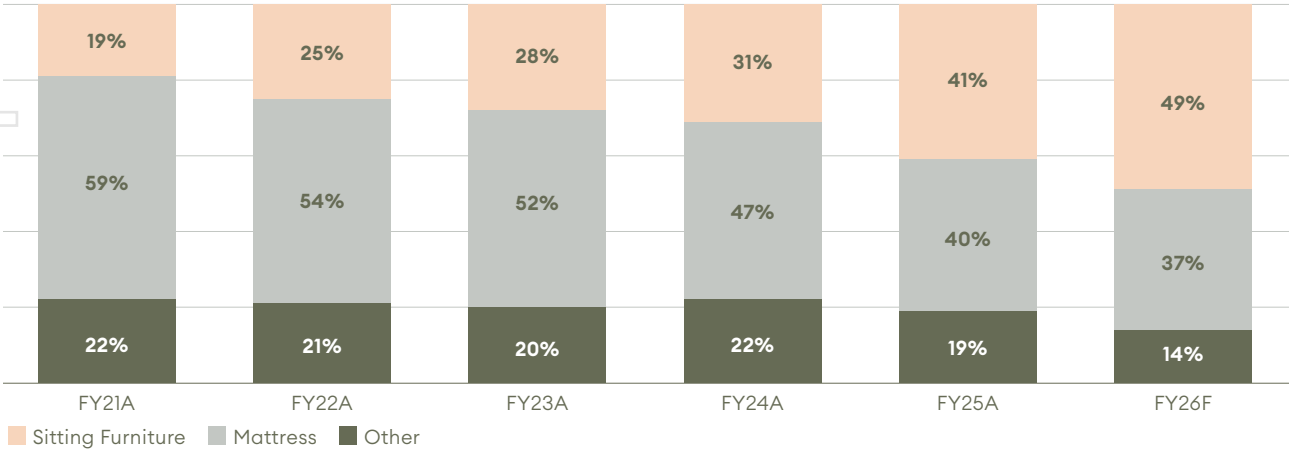


Figure 9: Koala's changing category mix over time



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As Koala has evolved, its revenue mix by product type has shifted over time, with Core products now the largest contributor to group revenue at 49% of group sales in FY26F. Koala has chosen to focus on its core category due to its greater opportunity for innovation and disruption, larger market size, higher margin profile and increased level of differentiation as compared to its supporting category amongst Koala's competitors. This level of differentiation makes it difficult for products to be replicated. Koala believes that its core range will continue to grow its share of the business' overall revenue mix as the company continues to market and innovate in this category.

3.5.3 Key Product Features

Koala's approach to furniture design goes far beyond aesthetics, focusing on enhancing comfort, functionality, and sustainability in every product. With a commitment to smart innovation, Koala creates multi-functional designs built to adapt to modern lifestyles, offering durable materials, effortless assembly, and environmentally responsible solutions. This approach ensures that Koala's offerings are not only aesthetically appealing but also practical and built to last. The following key features highlight how Koala differentiates itself in the market:

3.5.3.1 Innovative and Functional

Koala's products are designed to solve consumer problems with innovative and multi-functional features that go beyond traditional furniture offerings. From heat absorption technology in mattresses to modular configurations that adapt seamlessly to different spaces, Koala integrates innovative solutions that enhance both versatility and functionality. This focus on versatility and functionality ensures that Koala's products deliver practical solutions for modern consumers.

3.5.3.2 High Quality and Built to Last

Quality is a core principle of Koala's product strategy. Each product is crafted from high-quality, durable materials that are designed to withstand the demands of everyday life, reinforcing Koala's reputation for reliability and longevity. Features such as washable and replaceable covers enhance practicality, while the ability to replace or repair individual components aligns with Koala's sustainability goals by extending product lifespans and reducing waste.

3.5.3.3 Effortless Assembly and Adaptability

Koala's products are designed for ease of use, eliminating the complexity and inconvenience associated with traditional flat-pack furniture. With a focus on modular structures and tool-free assembly, Koala ensures that products can be set up quickly and reassembled effortlessly, making it simpler for consumers to move, rearrange, and adapt their spaces as needed. This emphasis on convenience is a key differentiator in Koala's product strategy.

3.5.3.4 Sustainability

Sustainability is a fundamental aspect of Koala's product strategy, embedded at every stage of the design and manufacturing process. The brand's use of FSC-certified timber and eco-conscious fabrics where possible, reflects a commitment to sourcing high-quality and environmentally responsible materials. Beyond sustainable sourcing, Koala's circular economy approach allows customers to replace or repair individual components rather than discarding entire pieces, minimising waste and supporting a more sustainable consumption model. This approach aligns with consumer values and reinforces the importance of sustainability to Koala's culture and values.

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3.5.4 Product Innovation

Product innovation and design are central to Koala's business model and gives Koala advantages against many other furniture retailers and marketplaces. In addition to its innovation cycle, Koala's approach to leveraging these advantages includes a combination of registered trade marks, design and patent rights, as well as its trade secrets and exclusive supply arrangements. In contrast to many of its competitors which primarily source "white label" products, Koala's in-house innovation capabilities enable it to design products that meet its customers' evolving needs.

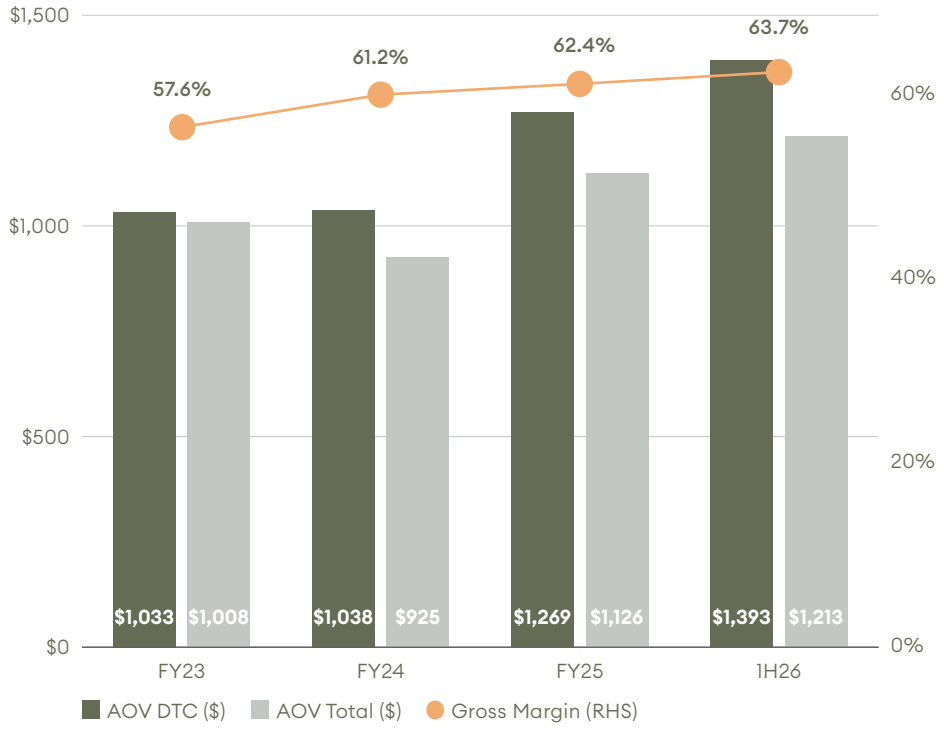
Each product undergoes an average of 1.5 years of design and development, incorporating rigorous testing, optimisation, and consumer-driven enhancements. This structured approach ensures that every product launched meets Koala's internal high standard for quality, functionality, and market differentiation.

3.5.4.1 Product Innovation Strategy[26]

Koala's product innovation strategy is centred around every product iteration being informed by customer feedback. The process begins with the launch of a first-generation product, designed to address a specific customer need. Following a product launch, Koala's in-house product, quality, and customer teams gather customer feedback and use this data to identify opportunities for improvement which Koala can address through either design, materials or other non-product features. These improvements are then launched in new generations of the product.

This iterative process is designed to make each new product generation perform better than the last, improving profit margins and increasing customer satisfaction. Koala's approach to product innovation has become a key strategic advantage as illustrated in Figure 10, contributing to a gross margin of 64% in 1H26 and increasing the Group's Average DTC Order Value (AOV) to $1,393 in 1H26. Koala measures AOV for both DTC and Total orders due to the impact of non-core channels in the Japanese market where the product mix tends to skew towards our entry-price products.

Figure 10: Gross Margin and AOV Over Time



26. Management use non-IFRS financial measures to evaluate the performance and profitability of the business. These non-IFRS financial measures do not have a prescribed definition under IFRS and the method that Koala will use to calculate them may be different to methods adopted by other companies to calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Prospectus.

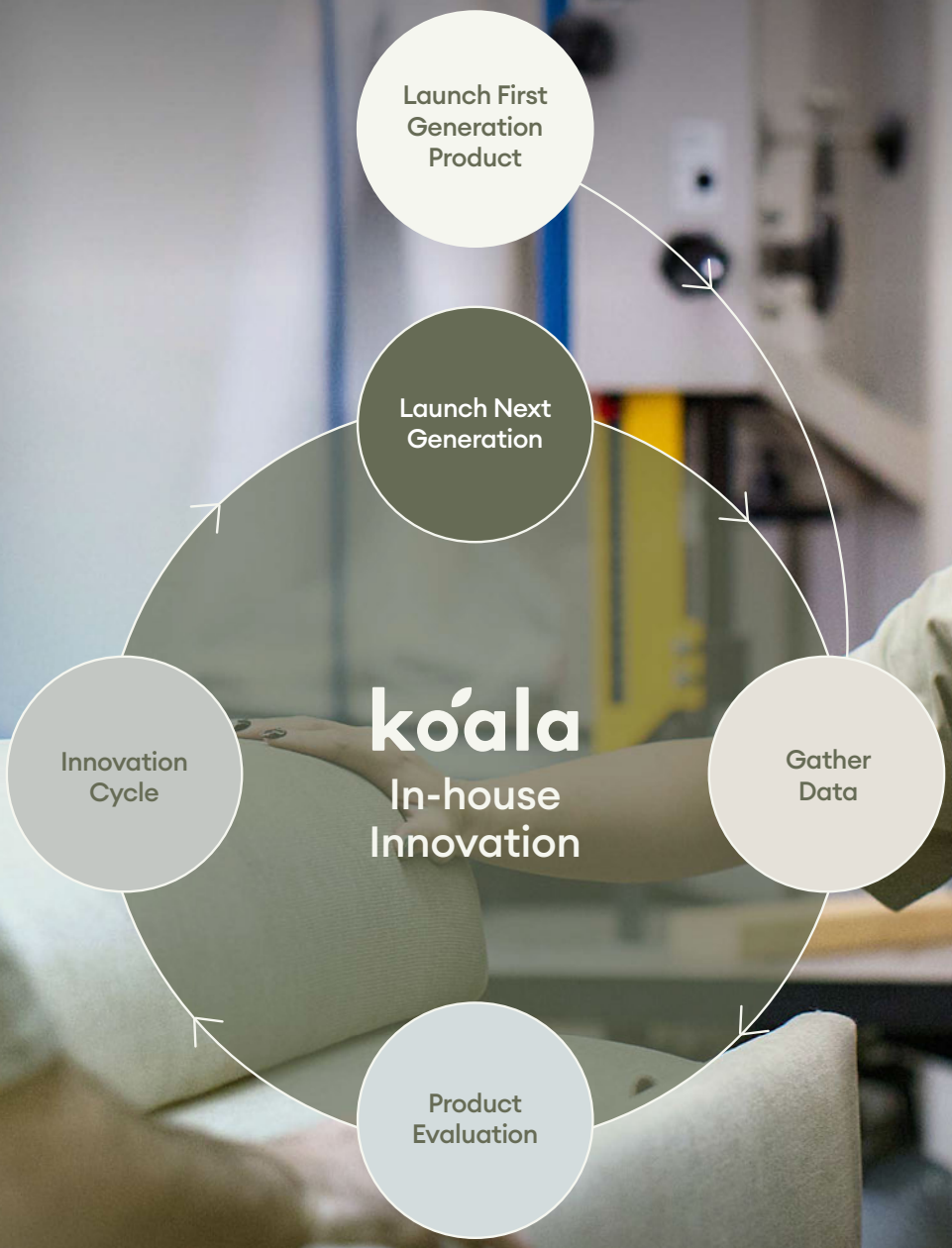
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Figure 11: Koala's Product Innovation Cycle



Koala maintains a team of 31 full-time equivalent employees in its product innovation department and invests approximately $6 million annually in R&D and product innovation (including product design, product engineering and product development team members). Koala views this function as a key factor contributing to continuous product development and a core driver of its continued growth going forward.

3.5.4.2 Innovating for Success: The Evolution of the Koala Sofa Bed

Koala considers that the Koala Sofa Bed demonstrates the company's success in achieving continuous innovation and customer-focused improvements. Starting as a simple design, it became a bestseller by solving key pain points like ease of transition from sofa to bed, sleeping comfort, assembly, and a compact design. Over time, Koala optimised features such as comfort and container efficiency, boosting gross margins through more efficient shipping and better materials sourcing while simultaneously enhancing the customer experience.

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Figure 12: The evolution of The Koala Sofa Bed



- Sit to sleep in seconds
- Style and aesthetics
- No clunky mechanisms
- Side support



- Better assembly
- Improved comfort
- Improved margins
- Plush topper



- Front edge support
- Kloudcell® topper
- Improved CX and assembly
- Margin Improvement



- Improved comfort
- Washable covers
- Modular upgrades
- Luxury fabrics and trims

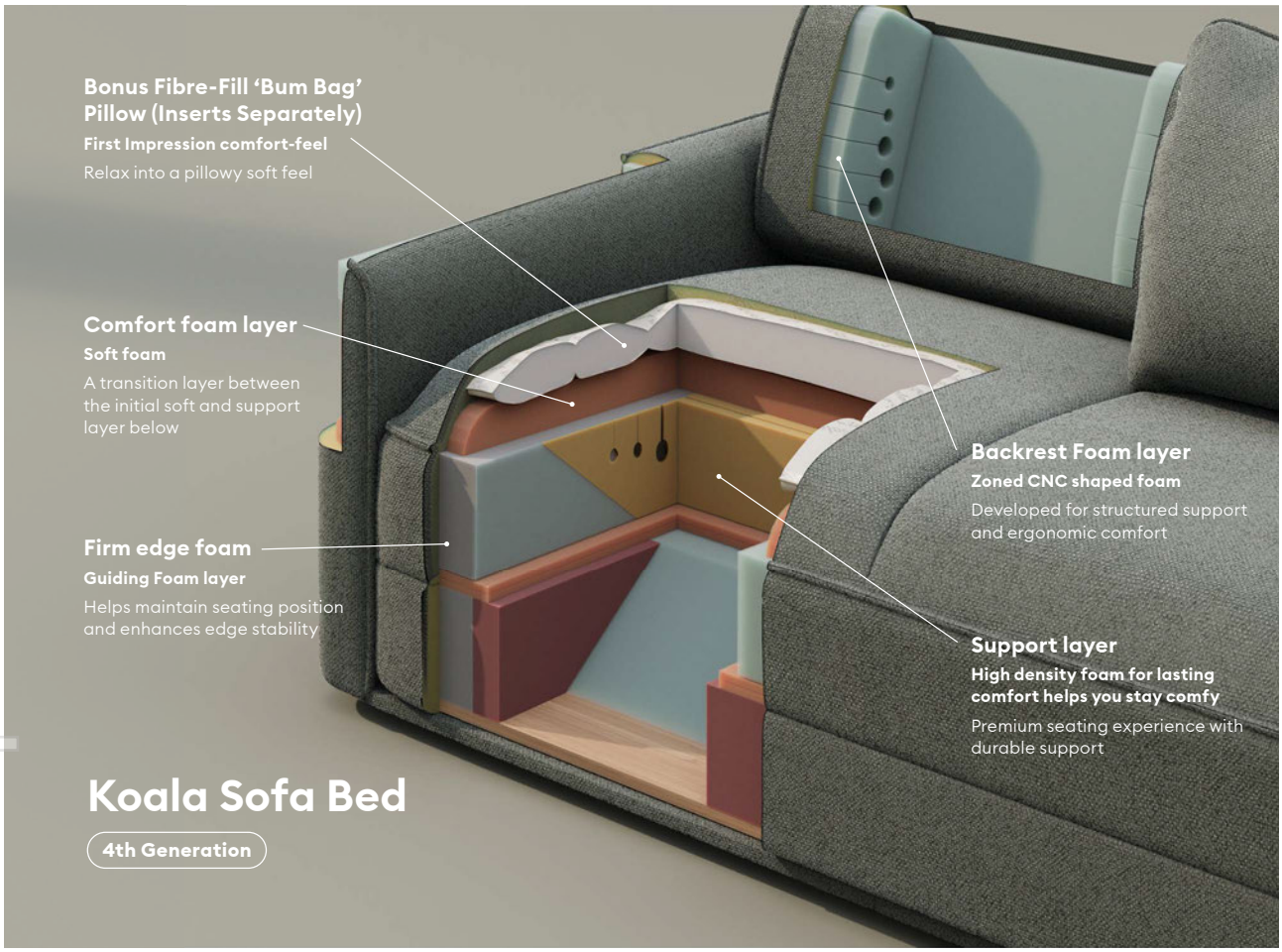
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The recently-released fourth generation introduces washable covers, plush comfort inserts, luxe seating depth, and water-resistant fabric, addressing modern consumer needs for greater convenience and durability. These upgrades reflect Koala's commitment to staying ahead of competitors and delivering premium, practical solutions.

By consistently refining the Koala Sofa Bed, Koala has expanded margins while improving customer experience (e.g. introducing Kloudcell®, improved comfort and washable fabrics) as shown in Figure 12, maintaining its market leadership in Australia.[27] The fourth-generation Koala Sofa Bed, illustrated in Figure 13, is the company's most advanced iteration to date and reinforces Koala's reputation for customer-led innovation, incorporating multiple improvements informed by feedback on earlier generations.

Figure 13: The Koala Sofa Bed (4th Gen)



27. By unprompted brand awareness, meaning percentage of consumers able to recall a certain brand without any cues or prompts.

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3.6 Marketing

Koala's marketing strategy has been a key driver of its growth, helping it to evolve into a household name in the Australia mattress category and become a disruptive player in the markets in which it operates. By applying a data-driven approach to marketing alongside creative advertising and a distinctive brand, Koala has sought to position itself as a modern and innovative brand that deeply resonates with its audience.

Koala's approach to marketing has evolved through every stage of growth, driven by continuous learning and the early adoption of new approaches and technological advances in marketing. This has allowed Koala to stay ahead of market trends while scaling revenue and improving marketing efficiency.

3.6.1 Koala's Marketing Strategy

The following elements form the core tenets of Koala's marketing strategy:

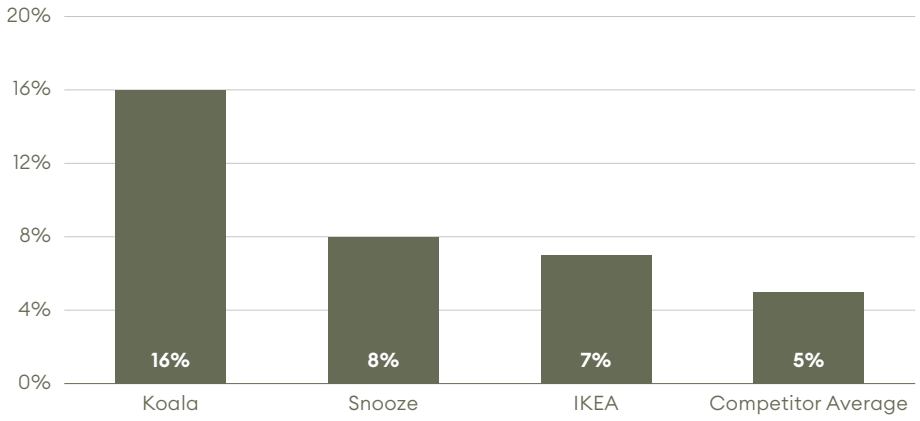
3.6.1.1 Differentiated brand

Koala's brand strategy and approach to building the brand has been a point of differentiation in the furniture market since its launch in 2015. From launch, Koala has taken an unconventional and bold strategy that distinguishes it from traditional furniture competitors and has built a brand that it considers is authentically relatable and resonates with modern consumers.

Koala believes that its distinctive tone of voice and unpretentious messaging effectively cuts through the industry's typically formal and predictable marketing, fostering a genuine and engaging connection with its audience. This bold branding strategy, coupled with a strong commitment to sustainability and transparent business practices, serves as a key differentiator and reinforces Koala's status as an innovative and forward-thinking leader in the market. An example of this approach is demonstrated in Figure 15, which showcases a recent Australian out-of-home campaign where Koala used its distinctive tone of voice and bold strategy to communicate a key product benefit.

This long-term brand strategy helped Koala become a household name in the Australian mattress category and the most top-of-mind mattress brand in Australia, surpassing several long-established players in the last twelve months. As shown in Figure 14, Koala was the most recalled and top-of-mind brand that comes to mind when consumers were asked "Which brands of bedding have you heard of?" over a twelve-month period from February 2025 to January 2026. This success has validated Koala's distinctive brand strategy and created a strong foundation for applying the same approach to building awareness across new and adjacent furniture categories where brand awareness is still developing

Figure 14: Koala's market-leading unprompted brand awareness in the Australian bedding market[28]



28. Unprompted brand awareness (past twelve months). Tracksuit (third party) survey (n ≈ 11,024). Margin of error ± 3.5 percentage points at the 95% confidence level. Last survey was January 2026.

3. Company Overview
continued

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3.6.1.2 Data-Driven Marketing

Koala's marketing strategy is underpinned by a data-driven approach, enabling the company to maintain marketing efficiency and deliver measurable results. By leveraging predictive marketing analytics, Koala is able to forecast revenue outcomes of new and refreshed product launches, optimise marketing spend, and maximise return on investment (ROI). The brand employs a structured creative process, continuously testing and analysing creative assets to identify and scale the most effective content. This approach ensures that Koala's marketing campaigns remain both engaging and cost-effective, driving high-quality traffic to its DTC platform.

Koala also leverages customer feedback mechanisms to gain deep insights into consumer marketing preferences and behaviours. By integrating these insights into its marketing strategies, Koala is able to refine product offerings and enhance the effectiveness of targeted marketing messages. The ability to rapidly adjust campaigns based on real-time data ensures that Koala stays agile and consumer focused.

3.6.1.3 Creative Advertising and Storytelling

Koala's unique approach to creative advertising and storytelling is designed to communicate the brand's market position and innovative products effectively. By combining Koala's differentiated approach to brand, bold creativity, and a focus on product-led marketing, Koala intends to capture attention in unconventional places and integrate the brand into relevant cultural moments. Koala's approach is intended to create memorable advertising moments that not only capture attention but also build trust and loyalty among consumers through relatable messaging which resonates with consumers.

This creative strategy is adapted in each market to ensure Koala remains locally relevant in its creativity and storytelling. This is illustrated in Figure 16, which highlights a recent campaign in the Japanese market where the local team partnered with a well-known Japanese television personality to create a series of entertaining commercials. The campaign used original Koala jingles and songs to explain the technology behind the products in a way that felt culturally familiar, distinctive, and unmistakably Koala.

3.6.1.4 Collaborations and Influencer Marketing

Koala's collaboration and influencer strategy focuses on working with trusted brands and creators to build trust, extend reach, and increase relevance across new and existing audiences. By collaborating with trusted brands, tastemakers, influencers, and industry professionals, Koala seeks to ensure its message is delivered by voices that Koala believes will resonate with its target audience across all markets. The strategy leverages data-driven selection to assess engagement rates, audience demographics, and conversion potential, intended to ensure that each partnership reaches the right audience effectively. As shown in Figure 17 Koala collaborated with Bluey to create a unique range of exclusive products to reach new audiences and increase trust.

In-House Expertise

Koala's has kept all marketing functions and teams in-house since launch, and believes it is a strategic advantage that ensures consistent messaging and agility across all markets. By managing all marketing capabilities internally, Koala believes it is able to quickly adapt to market trends, test new ideas, and ensure that its bold and consistent brand voice is maintained. The in-house model also enables Koala to share learnings across markets efficiently, accelerating growth and enhancing performance in new regions. This approach not only reinforces brand consistency but also supports Koala's ability to scale effectively in a competitive landscape.

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Figure 15: A recent out-of-home campaign in the Australian market

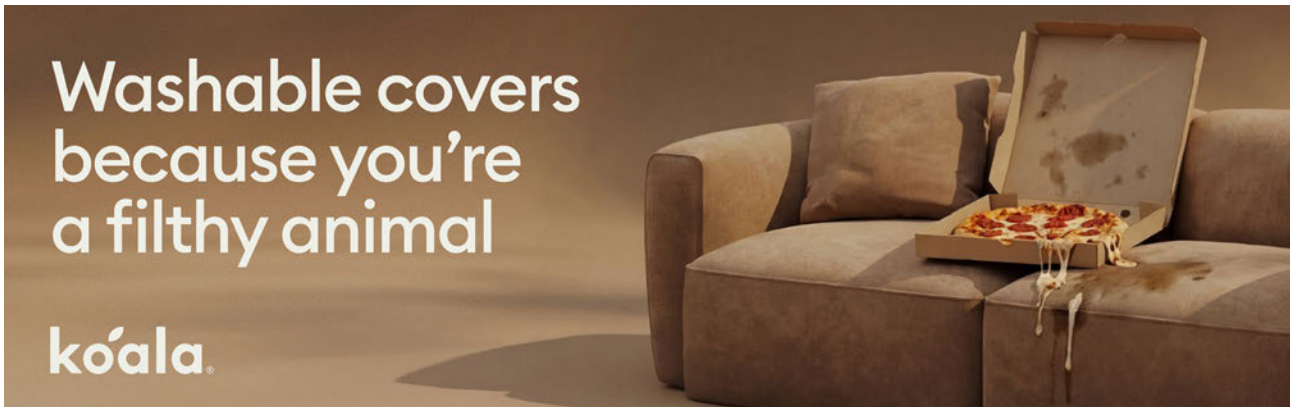




Figure 16: A recent campaign in the Japanese market, partnering with a local well-known television personality



Figure 17: Koala x Bluey collaboration

3.6.2 Marketing ROI and Efficiency[29]

Koala's marketing strategy has evolved and strengthened over time, enabling more effective marketing and disciplined investment as the business has scaled.

Koala assesses marketing effectiveness using marketing costs as a percentage of revenue (the 'marketing ratio') and marketing ROI, calculated as delivered margin (gross margin less fulfilment costs) per order divided by marketing costs per order. Marketing costs are factored into every order, whether new or returning, ensuring each order is profitable and enabling consistent measurement of marketing ROI. As the Group has scaled revenue and navigated periods of strong growth, the marketing ROI has increased from 1.6x to 2.4x, reflecting disciplined investment and improving efficiency at scale, as illustrated in Figure 18.

In the early stages of market entry, marketing investment is intentionally higher as brand awareness is built, customer trust is established, and paid marketing channels (e.g. Meta, Google) carry a greater share of demand generation. In Australia, the marketing ratio has improved from 31.0% in FY18 to 16.7% in FY25, reflecting the benefits of market maturity and improved in-house execution. In Japan, the marketing ratio peaked at 33.6% in FY22 due to the impact of post-COVID headwinds during the early brand-building phase, before improving to 21.1% as the market scaled. In the US, the marketing ratio is expected to be

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just under 30% in FY26, reflecting Koala's strategy of front-loading investment in new markets to support high growth targets, which was evident in early years of both the Australian and Japanese markets.

Figure 18: 12 month marketing ROI[30]

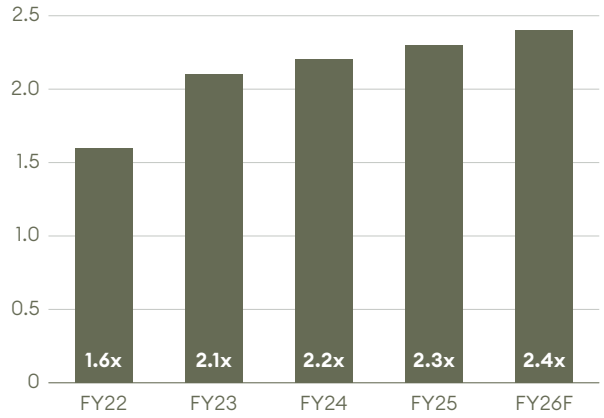
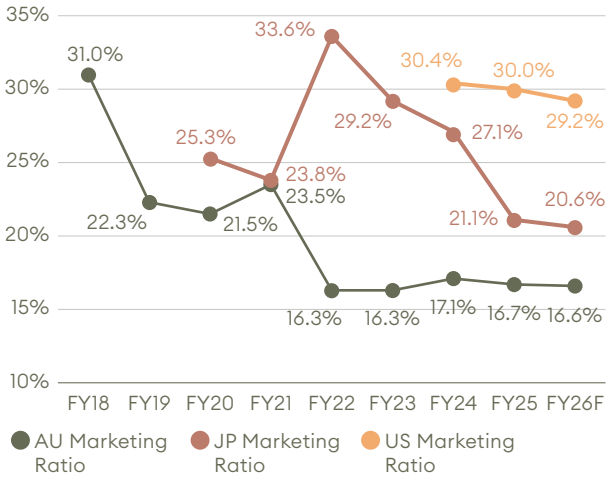


Figure 19: Marketing costs as a % of revenue



3.7 Supply Chain and Logistics

A key strength of Koala's business model is the ability to leverage third-party expertise from its global supply chain and logistics partners to create a capital-light supply chain model that enables the business to scale in a cost-effective way. The nature of Koala's product design and supply chain further enhances this advantage. Koala's flat-packed products, relatively narrow product range, internally led product design and concentrated supplier base provide the business with greater ability to drive freight and logistic efficiencies relative to many competitors. This includes opportunities to improve freight economics through packaging optimisation, as well as the portability of the model across logistics partners, enabling the company to periodically tender and transition between freight providers, 3PLs and final-mile partners where appropriate.

3.7.1 Manufacturing

Koala currently works with more than ten third party manufacturing partners to develop, improve and produce the Koala product range. Koala's manufacturing activities are predominantly based in China, with geographical diversification initiatives underway across South-East Asia, Europe and North America. Production timelines for core and support product categories range from 50 to 75 days, with shipments sent directly to one of ten global warehouses. Lead times vary by destination, from 20 to 45 days on average.

All import regulations and requirements are outsourced to Koala's 3PL partners. Ordering lead times for Koala's products are carefully managed to balance stock availability against warehousing costs.

Koala sources more than 87% of its products from third-party suppliers based in China with the remaining product sourced from a small number of other suppliers. A summary of the contract between Koala and its primary supplier, including the circumstances in which the contract could come to an end, is set out in Section 9.5. Details of the risks presented by Koala's reliance on its largest supplier are set out in Section 5.2.2 (including failure to renew or continue relations).

Koala's investment in building a mutually advantageous and strategic partnership with its primary supplier has unlocked a number of commercial and operational benefits for the company, including:

- Favourable financial terms, such as 0% deposit and extended payment terms (up to 100 days) across markets, supporting cashflow and scalability;
- Cost stability, especially during market volatility;

30. Marketing ROI is calculated by dividing delivered margin (gross margin less fulfilment costs) per order by the marketing cost (all marketing spend) per order.

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- Production support, including just-in-time manufacturing and warehousing to manage uncertain demand, especially in new markets like the UK and US;
- Fast, agile and collaborative product development process and timelines; and
- Manufacturing agility to unlock optionality for Koala as it navigates global expansion and a changing global trade landscape.

Koala's primary supplier is a publicly listed Chinese company with several decades of operating history and annual profits in excess of USD$45 million in FY24 (audited annually by a licensed independent certified practicing accountant firm). With nine production facilities, it manufactures more than 13 million products per year, and its manufactured products are sold in more than 70 countries. This supplier has reliably supplied Koala's products for more than five years. Whilst most of its manufacturing sites are located in China, the supplier also has manufacturing capabilities outside of China.

Following expiry of the initial supply agreement, Koala successfully renegotiated its contract with this key supplier in mid-2025 for a further two years (with 2 x one year options), and visits the supplier's manufacturing locations monthly to collaborate, maintain the parties' strong relationship and ensure product quality. Koala's key supplier holds recognised certifications in quality management and environmental compliance, as well as an AAAAA grade home furnishings credit rating.

See Section 3.13 for further details about the response to recent changes in US trade policy.

3.7.2 Warehousing

Warehousing and fulfillment are operated by local 3PL partners generally located near major metropolitan centres, with five Australian locations (Sydney, Melbourne, Brisbane, Perth and Adelaide), two locations in Japan (Tokyo and Osaka), two locations in the US (East Coast and West Coast), and one in the UK (London).

3.7.3 Logistics

Koala's freight forwarder arranges transportation of product from origin ports directly to Koala's warehouses. From those warehouses a network of last-mile delivery partners enables delivery times amongst the fastest in the furniture industry, with the fastest delivery in Australia being as fast as four hours for Australian metro areas, and same-day in Japan. Average metro delivery times are 1 to 2 days in Australia and Japan, while in the US, delivery times average 3 days.

3.8 Employees and Culture

Koala was founded by Dany Milham and Mitch Taylor in 2015 and today is led by Dany Milham as CEO. As at the date of this Prospectus, Koala has approximately 200 people across Product, Marketing, Operations, Technology, Finance and People with offices located in Sydney, Tokyo, Los Angeles, and London. Koala is built on three core values – no ego, bias for action, and feedback grows us– driving a culture of innovation and collaboration.

Koala's culture is key to enabling Koala's focus on securing the right skillsets at every level and function across the business, with Koala's culture supporting both the retention of existing people and the attraction of future talent. Koala's commitment to culture is reflected in its employee survey results; with more than 80% of Koala employees recommending Koala as a great place to work.

3.9 Technology

Koala's technology and data infrastructure is built to scale efficiently with the company's ambitious growth objectives, leveraging a modern and flexible tech stack. Gumleaf is Koala's proprietary middleware platform developed in-house to seamlessly integrate various systems, including NetSuite ERP, Shopify as the key software provider for all of Koala's web store operations, and other third-party services.

Koala's data strategy is centred on creating a data-led culture that drives operational efficiency and customer insights. By utilising cloud-based analytics platforms and in-house tracking and analytics capabilities, Koala gathers actionable insights into customer behaviour, preferences, and market trends.

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The company's in-house data team plays a critical role in maintaining control over data strategy and ensuring that insights are quickly integrated into marketing and operational strategies. This in-house expertise enables Koala to test new ideas rapidly, share learnings across markets, and maintain a consistent brand voice. The ability to adapt campaigns based on real-time data ensures that Koala's marketing efforts remain agile and highly targeted, maximising return on investment.

Koala mitigates cybersecurity risks by avoiding the storage of sensitive information on internal platforms, such as payment details and customer data. Instead, these are managed by enterprise SaaS solutions with robust security measures in place. Koala devices are also subject to 24/7 threat monitoring through Crowdstrike, and antivirus software and patching through Falcon Sensor. On top of its regular cyber protection, external consultants such as Crowdstrike and Phished are regularly utilised to continuously assess and improve Koala's cybersecurity measures in response to key risks including data breaches and payment fraud.

As a digital, DTC business, Koala is well-placed to capitalise on advancements in AI, both from the third-party platforms that drive the business, and by the application of those to our own proprietary platforms. Since its inception, Koala has benefited from data-driven decision-making in its marketing, product development and customer service operational areas and the implementation of AI solutions serve to further amplify the quality and speed of these decisions and processes.

Overall, Koala's investment in a scalable tech stack, a data-centric approach and AI automation not only supports its growth ambitions but also reinforces its position as an innovative and forward-thinking leader in the furniture industry.

3.10 Environmental, Social and Governance

Koala integrates sustainability as a core brand value principle. Koala's ESG strategy is structured around four primary pillars: Conservation, Community, Circularity and Carbon. Koala's ESG initiatives are guided by recognised frameworks, such as B Corporation, 1% for the Planet, and the Australian Packaging Covenant Organisation, reinforcing its commitment to environmental responsibility. Koala has made good progress in the areas of Conservation and Community and is beginning to invest in its impact in the areas of Circularity and Carbon. To date, Koala has donated more than $23 million in cash and in-kind product donations, which includes $10 million as part of our commitment to 1% for the Planet. Koala is committed to the continued support of environmental causes now and in the future.

3.10.1 Conservation

Koala is actively committed to conservation and protection efforts, particularly regarding its namesake species. Koala has been a strategic partner of WWF-Australia since 2017, working towards a shared goal of doubling the number of koalas on Australia's east coast by 2050. So far, Koala has contributed over $4.9 million to koala and Australian wildlife conservation efforts. We regularly assess and optimise our conservation program to maximise both impact and effectiveness.

3.10.2 Community

As the second furniture retailer in Australia to achieve B Corp certification, Koala adheres to high standards of verified social and environmental performance, accountability, and transparency, including with respect to charitable giving. Koala scored 120.5 points in its latest B Corp certification in 2025; an improvement of +31% on its previous certification score. Koala has implemented resale and donation programs to rehome products; giving back to the community, while at the same time reducing landfill waste. The product rehoming program has received industry recognition for its effectiveness, including in the Australian Financial Review's Sustainability Leaders award and NORA's Circular Retail Innovation award in 2023. Since FY22, Koala has donated 21,000 products to those in need. Koala also invests in workplace diversity, equity, and inclusion programs and 52% of Koala's leadership positions are held by women.

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3.10.3 Circularity

Koala is committed to circularity by designing innovative products that minimise waste and promote long-term sustainability. As 'the antidote to single-use furniture', Koala prioritises durable, adaptable designs that cater to the customers' changing needs, extend the lifespan of the product and reduce landfill. Koala actively sources sustainable raw materials where possible, such as FSC-certified timber, and conducts supplier due diligence to ensure our supply chains are sustainable and ethical.

3.10.4 Carbon and greenhouse gas

In order to reduce its impact on planet, Koala recognise there is a need to address the impacts of greenhouse gas emissions. Koala is taking steps to enhance its greenhouse gas measurement capabilities and quantify its baseline so it can measure emissions year on year. Koala has engaged a third party to provide accounting software to track its greenhouse gas emissions. The software will provide near real-time Scope 1 and 2 greenhouse gas emissions data, improve efficiency in tracking carbon metrics, and support preparation for mandatory climate-related disclosure[31]. While specific reduction targets have not been set, Koala is focused on moving toward more timely, comprehensive greenhouse gas monitoring to support future sustainability goals, continuing to measure emissions, and working to identify opportunities to reduce its impact on the planet.

Koala recognises that climate change could have an effect on its operations (e.g. Koala could experience isolated operational downtime during climate-related weather events) and is taking steps to uplift its internal capabilities to identify, assess and manage climate-related risks and opportunities that may affect its business in preparation for climate related financial disclosure. Koala has undertaken a preliminary analysis of climate risks that could affect its business and operations (see Sections 5.2.21 to 5.2.23 for further details on these risks).

3.10.5 Governance and Reporting

Koala's ESG reporting structure is designed to ensure clear oversight and alignment with company strategy. The Sustainability Leadership Team, a cross-functional working group consisting of three key members, serves as the primary ESG governance group, both developing Koala's ESG strategy and driving the execution of initiatives. This team reports on ESG initiatives and sustainability key performance indicators at regular intervals to both the Executive Leadership Team and the Board, ensuring transparency and accountability, and reinforcing Koala's commitment to integrating ESG into its overall strategy. Koala continues to take steps to enhance its internal governance processes and policies to identify, assess, prioritise and monitor sustainability related risks and opportunities for the business.

3.11 Growth Strategy

Koala's growth strategy is built on five key pillars. These pillars are:

1. Growth in established markets;
2. Scaling growth in new markets;
3. New product launches;
4. Margin expansion; and
5. International expansion.

Koala's growth strategy focuses on increasing revenue while improving profitability and margins through operating leverage. Koala has a proven track record of executing across each of the five key pillars of its growth strategy and will continue to evolve and strengthen these pillars to ensure the strategy remains effective, scalable, and aligned with the company's capital-light business model.

31. Koala is not a reporting entity under the National Greenhouse and Energy Reporting (**NGER**) Scheme, nor do any of its facilities meet the threshold for a covered facility under the NGER Scheme. Koala anticipates being captured as a Group 2 reporting entity for the new climate-related financial disclosure regime under Chapter 2M of the Corporations Act, with its first sustainability report to be submitted by October 2027. Koala recognises its future obligations to undertake scenario analysis, using the prescribed temperature targets in the AASB S2, and a more comprehensive climate risk assessment.

3. Company Overview
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Following the Completion of the Offer, Koala believes that it will have sufficient liquidity to fund its growth strategy – refer to Section 4 for more information on Koala's available liquidity.

The risks associated with Koala not achieving its growth strategy are outlined in detail in Section 5.2, which should be read in conjunction with the overview of Koala's growth strategy below.

3.11.1 Growth in established markets

Koala sees the opportunity for further growth in its established markets, with considerable runway still ahead of Australia and Japan in both the sitting furniture and mattress categories. While the sitting furniture category represents the largest growth opportunity for existing markets, the mattress category is also a sizeable opportunity given Koala's relatively low market share of approximately 4.5% in Australia and under 2% in Japan.

The following initiatives outline Koala's approach to maximising growth in its established markets:

Increasing marketing ROI and brand awareness

- Improving and evolving the marketing strategy to further increase the marketing ROI and drive revenue growth in existing markets.
- Continued investment in creative advertising and brand marketing activity to increase brand awareness and long-term market demand.
- Utilise Koala's position as an iconic Australian brand to create strategic collaborations with top-tier influencers and global brands.

Enhancing e-commerce and customer experience

- Continuous improvements to Koala's online shopping experience, including optimised user interface, interactive features, and a more frictionless checkout process.
- Expansion and optimisation of Koala's fulfilment capabilities to improve delivery speed and service efficiency.

Driving operational efficiencies

- Optimising supply chain and logistics to reduce costs and enhance profitability.
- Streamlining internal processes to support scalable and efficient operations.
- Centrally operated global support shared across multiple markets.

Leveraging data and customer insights

- Utilising consumer data to refine product development and personalise marketing strategies.
- Enhancing data-driven targeted advertising efforts to drive conversion rates and keep customers engaged.

3.11.2 Scaling growth in new markets

Koala has established strong market positions in Australia and Japan, and believes there is significant growth potential in similarly scaling in its high-potential new markets, the US and the UK, by increasing investment and resources.

3.11.2.1 Market launch strategy

Koala's approach to launching new markets has evolved into a disciplined three-stage strategy: (1) Identification; (2) Product-Market Fit (PMF); and (3) Scale-Up. This structured framework (see Table 2) is designed to achieve efficient resource allocation, measured investment, and long-term success in high-potential regions.

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Table 2: Market Launch Strategy

STAGE	STRATEGY
Stage 1 Identifying the right market	Koala prioritises markets which have the potential for strong customer demand, attractive unit economics, and significant growth. This stage involves extensive market analysis to ensure that expansion efforts are focused on regions where Koala's business model and product range have the best chance of success.
Stage 2 Product-market fit (PMF)	The PMF stage is critical in refining Koala's product range, positioning, pricing, and operating model before committing to a full-scale launch. This phase involves entering the market with a lean team and a focused product range, using a test-and-learn approach to validate demand. Local teams leverage Koala's global brand assets while centralised functions provide operational support. This helps minimise launch costs and risk (for example, launch costs in the UK in 1H26 were approximately $250,000 in inventory). Koala has trialled market launches with a less-focused strategy, e.g. Koala trialled a launch into South Korea in 2021 before ultimately exiting the market in 2023, but learnt that a more disciplined PMF approach, which in turn enables more structured testing and clearer success metrics, like that adopted in Koala's launch into Japan in 2017 and the US in 2023, provided the best chance of success for new Koala markets.
Stage 3 Scaling the market	Once PMF is achieved, Koala transitions into the scale-up stage, expanding range availability, growing the local team, and increasing marketing investment. Leveraging global supply chain and centralised operations facilitates capital-efficient growth while maintaining strong unit economics.

This three-stage model has become the foundation of Koala's new market strategy, enabling a disciplined, low-cost, and scalable approach to international growth.

3.11.2.2 Leveraging existing resources

Koala's capital-light DTC model and agile supply chain enable efficient and agile market entry. By leveraging the company's existing knowledge, platforms, people, and partnerships, Koala minimises costs while maximising scalability. For example, when launching into and operating in new markets, Koala seeks to leverage the following operating synergies to drive efficiencies and reduce costs:

- Global product development: Standardised product ranges optimised for multiple markets;
- Global brand expertise and creative studio: Shared brand strategy and global creative assets to drive consistency and efficiency;
- Global growth expertise: Providing strategic leadership and growth marketing expertise to empower and support local marketing teams;
- Integrated technology platforms: Supporting seamless e-commerce and digital operations; and
- Centrally managed group services: Covering finance, planning, and people and culture.

This centralised and scalable approach to resourcing enables Koala to expand into new markets while maintaining strong operational efficiency and cost discipline.

3.11.2.3 Case study: Koala's US launch

Koala entered the US market using a two-phase approach: establishing PMF in California before scaling operations nationwide (see Table 3). This approach ensured a disciplined, capital-efficient expansion while validating the demand for Koala's sitting furniture range.

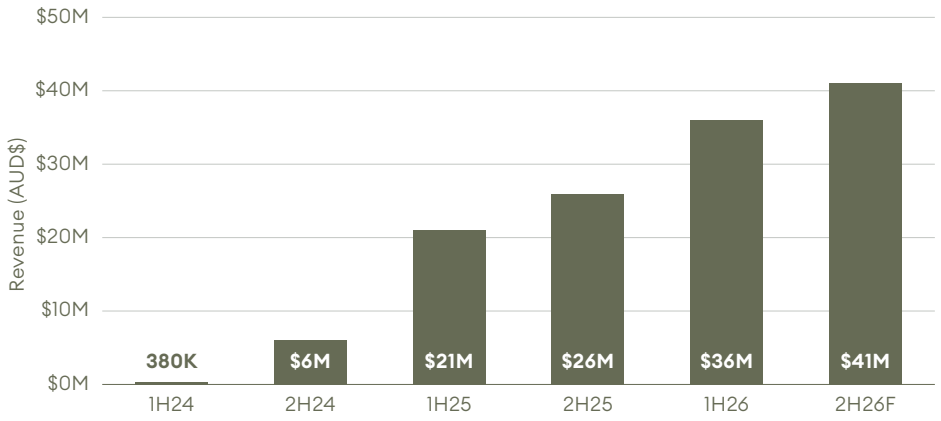
3. Company Overview
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Table 3: US Market Launch Case Study

PHASE	APPROACH
First Phase California	In October 2023, Koala launched in the US with a single 'hero' product, restricting availability to California. This approach allowed Koala to assess key factors such as pricing, logistics, customer adoption, and marketing efficiency while operating with a lean team. By maintaining a controlled entry for the first four months, Koala was able to cleanly measure early success, refine its strategy and ensure a strong PMF before committing to a broader rollout.
Second Phase Nationwide scale-up	Once PMF was established in California, Koala transitioned to the Scale-Up phase, rapidly expanding across more states and achieving nationwide availability within eight months. To support this growth, Koala scaled its team, expanded marketing efforts, and leveraged its global supply chain to maintain efficiency. This structured expansion resulted in rapid growth, with US revenue reaching approximately $35.8 million in 1H26 (achieving growth of +67% versus pcp).

Figure 20: Koala US Revenue



KOALA US RANGE


Koala Sofa Bed


Byron Sofa Bed


Bangalow Sofa


Wanda Sofa Bed


Torquay Modular Sofa

Note: US Revenue information in Figure 20 is sourced from audited and reviewed financial statements.

3.12 New product launches

Koala has a well-established product innovation cycle that drives a strong pipeline of product innovation across core, supporting and other categories, supporting both the expansion of Koala's range as well as the evolution of current products through generations.

Koala's continued innovation and product development are key sources of growth for the company as they support the expansion of the business in both established and new markets. The New Product Development (NPD) approach is centred on three key areas:

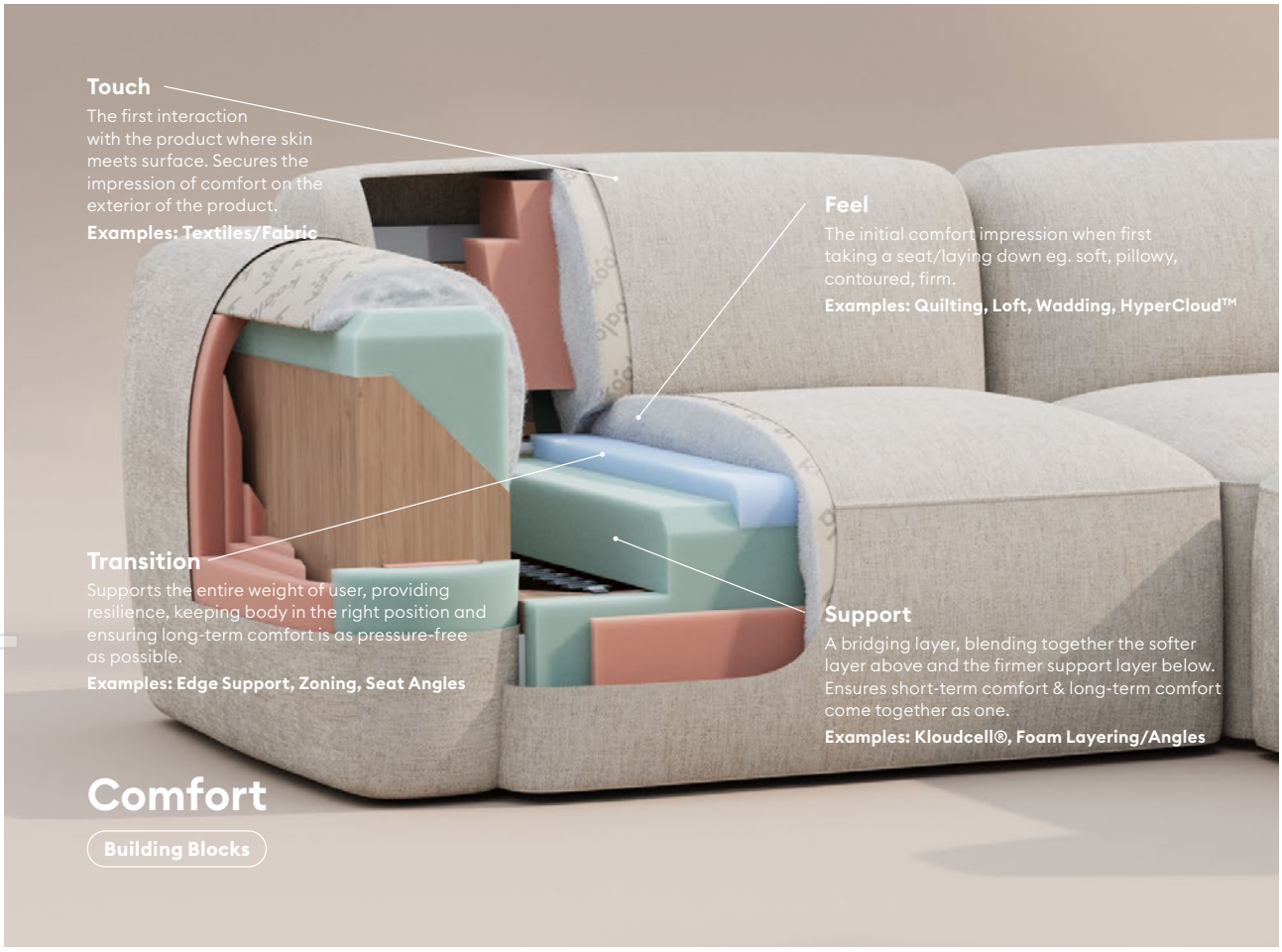
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3.12.1 Sitting furniture innovation

Koala's primary focus is innovating in sitting furniture, including sofas, sofa beds, and modular seating solutions. Upcoming product releases will expand the application of Koala's modular design principles, providing customers with greater flexibility and choice while also enhancing comfort, improving product lifecycle and reducing consumer waste. A continued focus on modular innovation will enhance the versatility and scalability of the category, enabling further adaptability, customisation, and circularity of the range.

Another key element of Koala's sitting furniture innovation is the Koala Signature Comfort™, a proprietary "Comfort Recipe" designed to provide a consistent and superior seating experience across the sitting furniture range. As illustrated in Figure 21, the Koala Comfort Recipe is built around four standardised comfort building blocks – Touch, Feel, Transition, and Support – which together define how comfort is engineered across all sitting furniture products.

Figure 21: The Four Building Blocks of Koala Signature Comfort™

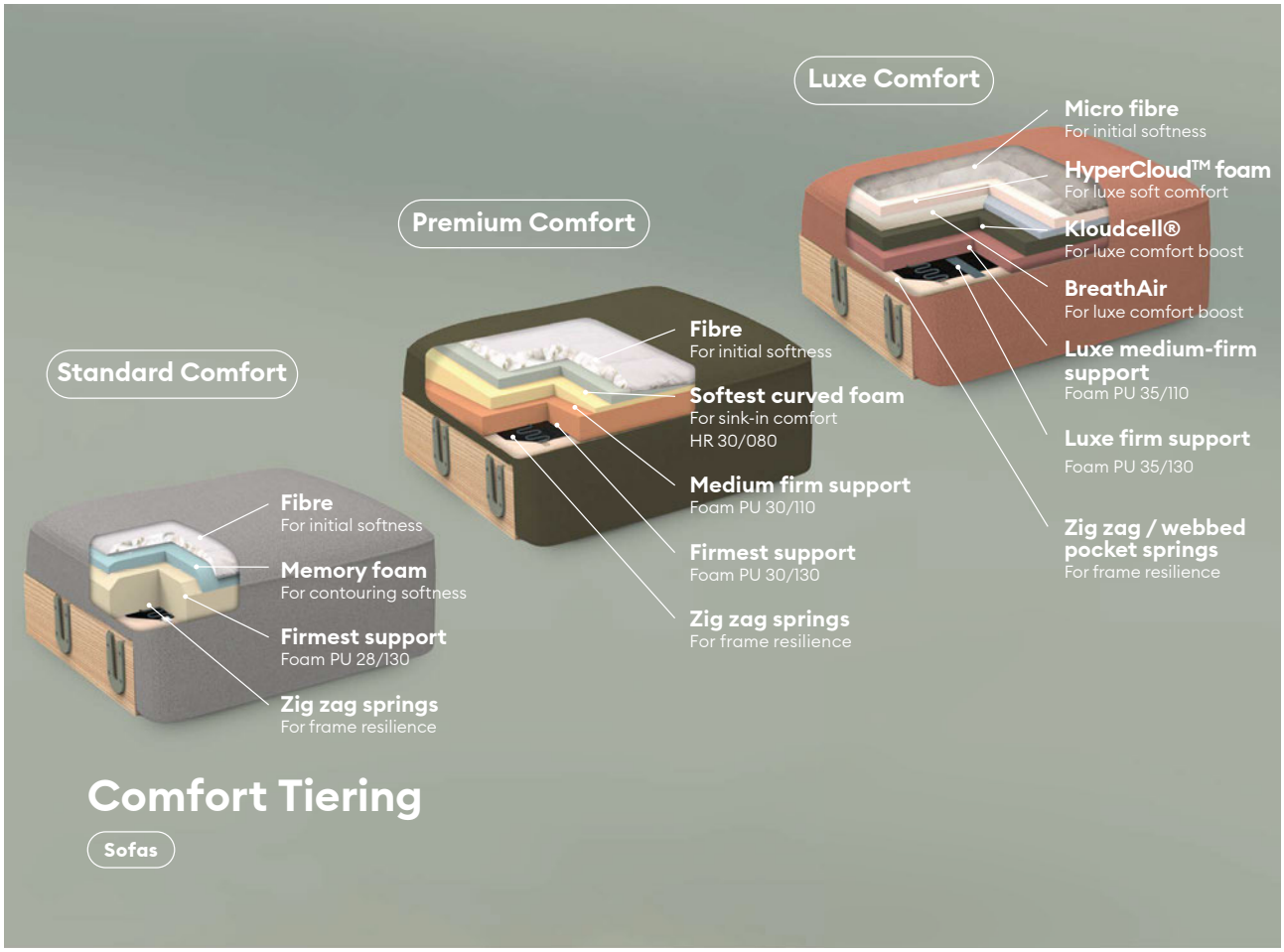


As shown in Figure 22, this comfort recipe is applied across three defined comfort tiers within the range, allowing Koala to offer Standard, Premium, and Luxe comfort levels through variations in materials and construction, while maintaining a consistent and recognisable comfort profile. By standardising this approach across the product range, Koala delivers scalable product innovation and a differentiated seating experience in the sitting furniture market.

3. Company Overview
continued

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Figure 22: Koala Signature Comfort tiers across the sitting furniture range



3.12.2 New category innovation

Koala actively pursues product innovations that can redefine new categories and evolve into the company's next core range. The company enters new categories by introducing an identity product to test market demand and consumer adoption. Once validated, the range is expanded strategically. Current focus areas include additional outdoor furniture and modular storage solutions, aligning with Koala's long-term growth objective.

3.12.3 Mattress and foam innovation

Koala continues to improve and refine its mattresses and foam technology, leveraging insights from sleep trials, material innovation and feedback from customers. This allows Koala to constantly update the mattress range with the latest in foam advancements, improving comfort, and performance while maintaining a streamlined, high-margin range.

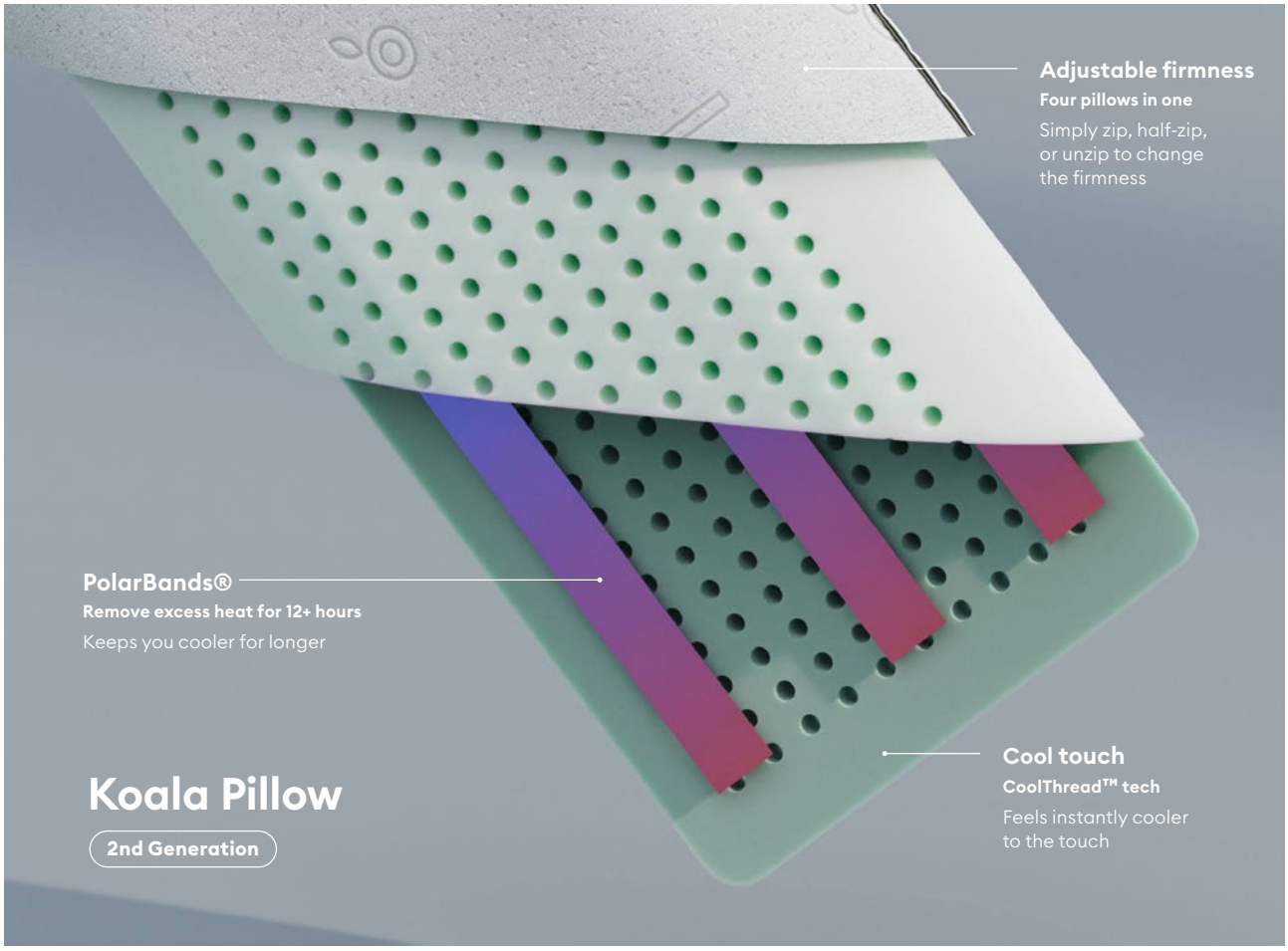
An example of new innovation in this category is the newly launched PolarBands™ technology that pulls heat away from the consumer's body as they sleep. Koala has integrated this technology into the Polar+ mattress and the new 2nd Generation Koala Pillow.

With a decade of expertise in mattress innovation, Koala integrates its foam and comfort technology into other categories, particularly sitting furniture. By incorporating advanced mattress components and sleep technology, Koala is transforming sofa beds into a new standard for multi-functional comfort and quality sleep.

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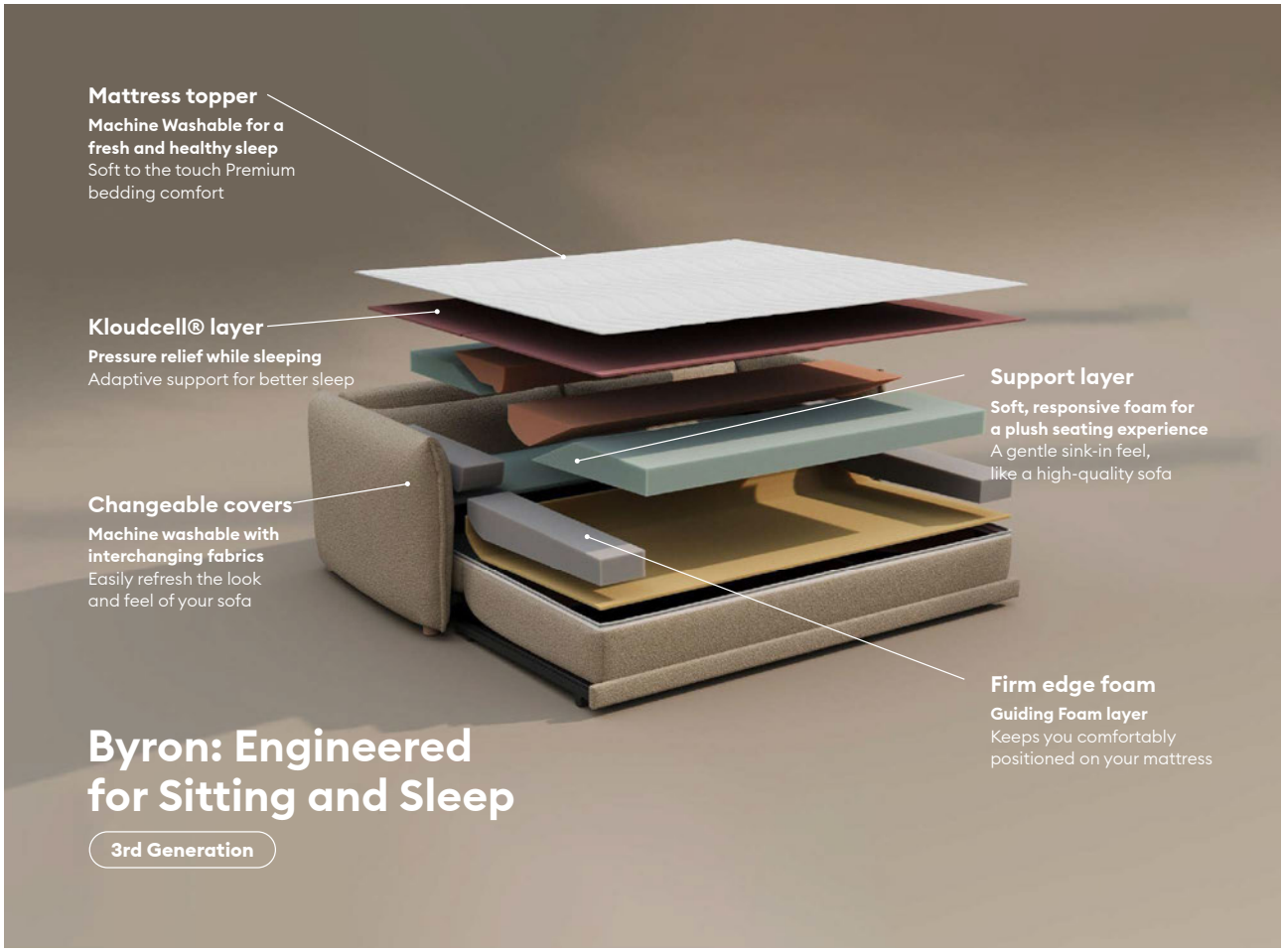
This cross-category application of sleep expertise provides Koala with a competitive advantage, leveraging its authority in mattress and sleep to differentiate its products in the sitting furniture market.

Figure 23: The Koala Pillow (2nd Gen) with PolarBands™



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Figure 24: Koala's Byron Sofa Bed (3rd Gen) with a Kloudcell® layer and mattress topper



3.12.4 Margin expansion[32]

Innovation, efficiency, scale, and operating leverage underpin Koala's margin expansion by driving higher-value products, structurally improving gross margins, and leveraging fixed operating costs across a growing global revenue base.

Product innovation supports margin expansion in two ways:

(a) New product development: Koala's new product development focuses on the higher-AOV category of sitting furniture, with this range premiumisation unlocking higher AOV and gross margins over time.

(b) Existing product redevelopment: Perfecting Koala's existing best-sellers through its Innovation Cycle allows the Company to improve gross margins while improving and optimising product features.

With its DTC business model, and supported by its capital-light supply chain model, Koala believes it can continue to deliver operating efficiencies and enhance operating leverage as the business scales. In new markets, such as the UK and the US, Koala expects to see greater returns on its marketing spend as the Koala brand becomes more established over time (as has been observed in Australia and Japan).

And, as the business scales, fixed costs are leveraged over a larger revenue base, resulting in meaningful EBITDA expansion.

32. Management use non-IFRS financial measures to evaluate the performance and profitability of the business. These non-IFRS financial measures do not have a prescribed definition under IFRS and the method that Koala will use to calculate them may be different to methods adopted by other companies to calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Prospectus.

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Figure 25: Average order value ($) and group gross margin (%)

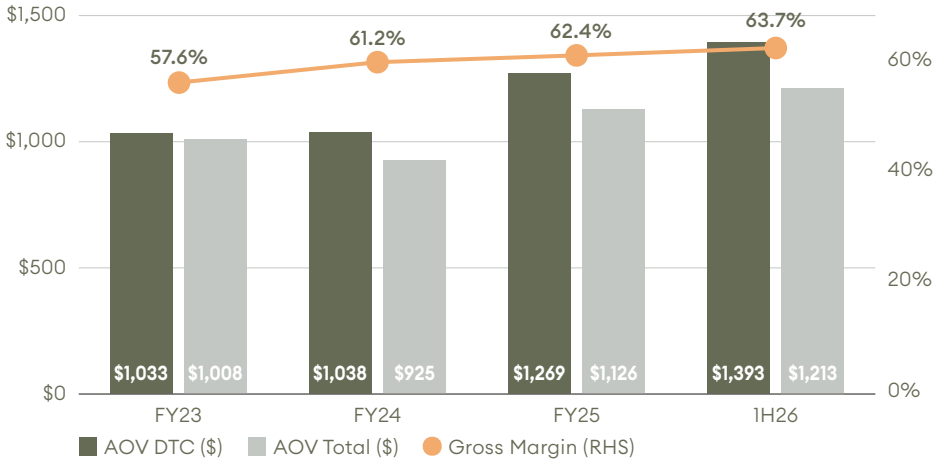


Figure 26: Group proforma contribution margin ($M) and (%)

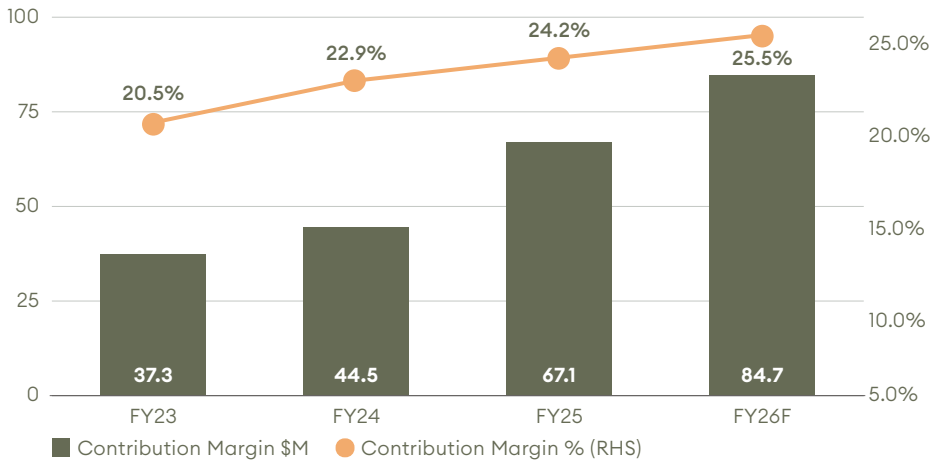
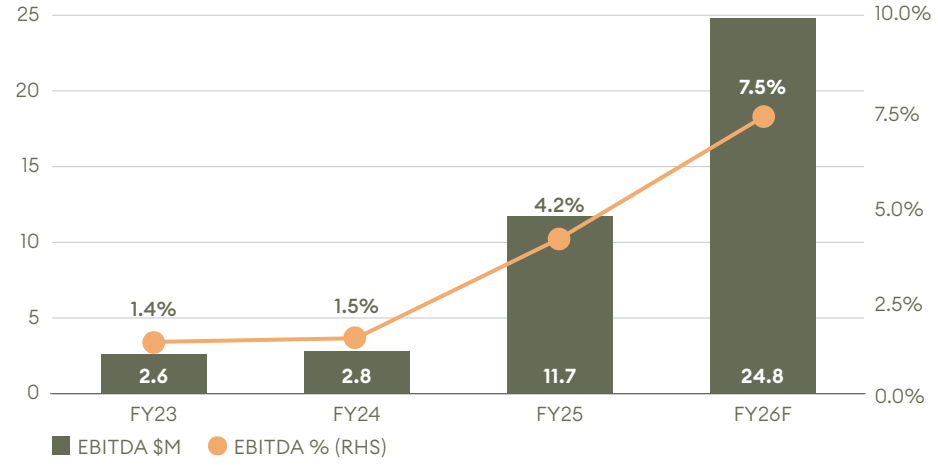


Figure 27: Group proforma EBITDA ($M) and EBITDA (%)



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3.12.4.1 Operating leverage as the business scales

Operating leverage for Koala is achieved by expanding contribution margins over a relatively fixed operating cost base, allowing profitability to increase as revenue grows.

In FY24, Koala restructured its operating model to support global scale by establishing lean country teams focused on execution, while centralising core capabilities across product, finance, planning, people, and marketing, as illustrated in Figure 28. This model allows revenue to scale across markets without a proportional increase in overheads, improving efficiency and operating leverage over time.

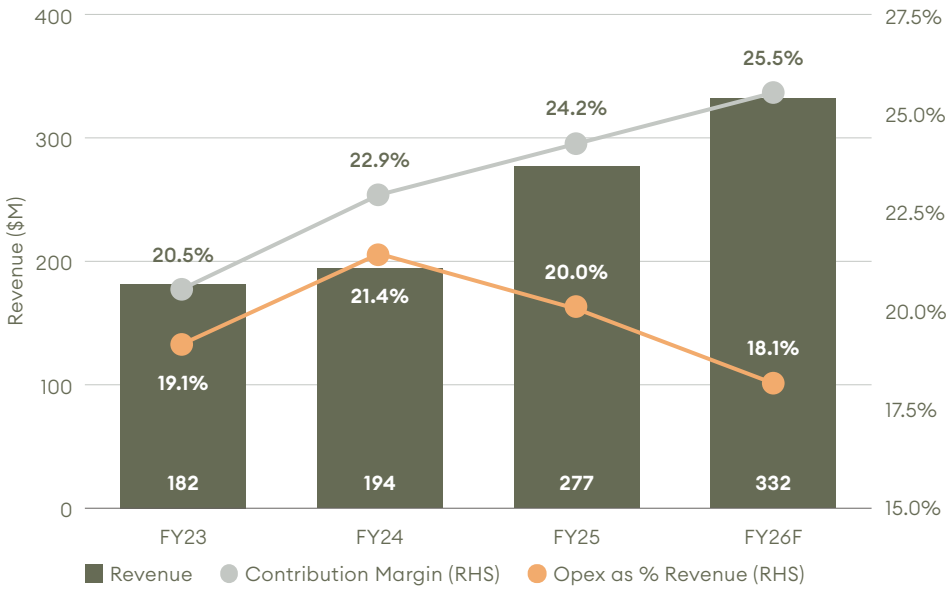
The restructure also enabled a capital-light international expansion strategy. Both the US and UK markets were launched with a single product and one to two employees on the ground, demonstrating Koala's ability to add meaningful top-line revenue with minimal incremental headcount. As these markets scale, the Group operating expenses are expected to decline as a percentage of revenue.

Koala's Group contribution margin has improved over time and is expected to improve, driven by two key factors:

- Ongoing investment in in-house product innovation, delivering COGS efficiencies and gross margin improvements through continuous innovation cycles.
- Improved marketing efficiency as brand awareness grows and local marketing strategies improve in each market, reducing reliance on paid marketing channels.

Together, expanding contribution margins and a disciplined, scalable cost structure underpin sustained operating leverage and increasing profitability across the Koala Group.

Figure 28: Revenue ($M), Contribution Margin (%), and OPEX (%)



3.12.5 International expansion

Koala believes there is a significant opportunity to expand its international footprint further and that it is well-placed to seize this opportunity for the reasons outlined below.

Drawing on insights from past expansions, Koala focuses on driving efficient growth while optimising capital allocation. Koala launched in the UK in September 2025 and has plans to scale up marketing investment and operations through 2026. Beyond the UK, European markets and Canada have been identified for future expansion, with viability testing planned in the next 12 to 24 months, respectively.

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3.13 Impacts of US trade policy volatility on Koala's business

Koala operates an international business with a global supply chain and is exposed to changes in trade and tariff policy in individual markets. Trade policy in the US market was volatile in 2025 and, while tariffs have fallen from their April-2025 peak, Koala actively managed this volatility through a combination of inventory management, pricing and demand initiatives, and manufacturing supply chain diversification, including ongoing engagement with both new and existing manufacturing partners. During periods of elevated tariffs, Koala moderated order volumes and aligned supply with demand to manage inventory exposure, while leveraging its agile DTC model to test and adjust pricing across selected products as conditions evolved to offset margin impacts.

Manufacturing volumes can be adjusted across regions in response to changes in tariff settings, providing flexibility rather than fixed dependence on a single market. While manufacturing for Koala's established markets is predominantly China based, Koala worked with its suppliers to establish alternative manufacturing locations for its US product range in 2025 without a material impact on COGS, and continues to work with both new and existing manufacturing partners to increase supply volume out of South-East Asia and North America. In 1H26, 60% of manufacturing for the US market occurred outside of China. This diversification provides Koala with greater flexibility to respond to changes in trade policy, mitigating tariff exposure, protecting margins, and reducing cost volatility, while supporting continuity of supply as the US business scales. Koala US continued to perform strongly, delivering year over year growth in revenue of 126.9% in CY25, with the average gross margin for the US market at 65.7% in CY25.



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Section Four



Financial Information



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4. Financial Information

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4.1 Introduction

The financial information contained in Section 4 is summarised in Table 4 for each of the following periods: the financial years ended 30 June 2023 (**FY23**), 30 June 2024 (**FY24**); 30 June 2025 (**FY25**), the half years ended 31 December 2024 (**1H25**) and 31 December 2025 (**1H26**); and forecast financial year ending 30 June 2026 (**FY26F**).

Table 4: Summary of Financial Information

STATUTORY FINANCIAL INFORMATION	PRO FORMA FINANCIAL INFORMATION
Historical Financial Information	
Statutory Historical Financial Information includes: • Consolidated Statements of Profit or Loss for FY23, FY24 and FY25 (**Statutory Historical Results**); • Consolidated Statements of Profit or Loss for 1H25 and 1H26 (**Statutory Historical Interim Results**); • Consolidated Cash Flow information for FY23, FY24 and FY25, (**Statutory Historical Cash Flows**); • Consolidated Cash Flow information for 1H25 and 1H26 (**Statutory Historical Interim Cash Flows**); and • Consolidated Statement of Financial Position as at 31 December 2025 (**Statutory Historical Statement of Financial Position**).	**Pro Forma Historical Financial Information** includes: • Pro Forma Consolidated Statements of Profit or Loss for FY23, FY24 and FY25 (**Pro Forma Historical Results**); • Pro Forma Consolidated Statements of Profit or Loss for 1H25 and 1H26 (**Pro Forma Historical Interim Results**); • Pro Forma Consolidated Cash Flow information for FY23, FY24, and FY25 (**Pro Forma Historical Cash Flows**); • Pro Forma Consolidated Cash Flow information for 1H25 and 1H26 (**Pro Forma Interim Cash Flows**); and • Pro Forma Consolidated Statement of Financial Position as at 31 December 2025 (**Pro Forma Historical Statement of Financial Position**).
Forecast Financial Information	
Statutory Forecast Financial Information includes the: • Statutory Forecast Consolidated Statement of Profit or Loss for FY26F (**Statutory Forecast Results**); and • Statutory Forecast Consolidated Cash Flow information for FY26F (**Statutory Forecast Cash Flows**).	**Pro Forma Forecast Financial Information** includes the: • Pro Forma Forecast Consolidated Statement of Profit or Loss for FY26F (**Pro Forma Forecast Results**); and • Pro Forma Forecast Consolidated Cash Flow information for FY26F (**Pro Forma Forecast Cash Flows**).

The Statutory Financial Information and the Pro Forma Financial Information together form the **Financial Information**.

Also included in this Section 4 are:

- the basis of preparation and presentation of the Financial Information (see Section 4.2);
- information regarding certain non-IFRS financial measures (see Section 4.2.4);
- the pro forma adjustments and reconciliations of the Statutory Financial Information to the Pro Forma Financial Information (see Section 4.3.2, 4.6.2 and 4.7.1);
- segment information (see Section 4.4);
- a summary of the key pro forma operating and financial measures (see Section 4.5);

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- a summary of the Company's Statutory and Pro Forma Net Cash before and after the Offer (see Section 4.7.2);
- management discussion and analysis of the Historical Financial Information and Forecast Financial Information (see Section 4.9);
- FY26F trading update and outlook (see Section 4.10);
- an analysis of the key sensitivities in respect of the Forecast Financial Information (see Section 4.11); and
- a summary of the Company's proposed dividend policy (see Section 4.12).

In preparing the Financial Information, the accounting policies of the Company have been applied consistently throughout the periods presented. A summary of significant accounting policies is included in Appendix A to this Prospectus.

The Financial Information presented in this Prospectus has been reviewed by KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Limited) (**Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements ASAE 3450 'Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information', as stated in its Independent Limited Assurance Report on the Financial Information. Investors should note the scope and limitations of the Independent Limited Assurance Report (see Section 8).

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 5, the summary of significant accounting policies described in Appendix A and other information contained in this Prospectus.

All amounts disclosed in this Section 4 and the Appendices are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $100,000. Rounding in the Financial Information may result in some immaterial differences between the components and the total percentage calculations outlined within the figures and commentary. Amounts translated from foreign currencies have been converted at the average exchange rate over the relevant period for the statement of profit or loss and statement of cash flows and at the exchange rate as at the reporting date for the statement of financial position items.

4.2 Basis of preparation and presentation of the Financial Information

4.2.1 Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Historical Financial Information contained in this Section consists of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information for the periods ending FY23, FY24, FY25 1H25 and 1H26. The Historical Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding Koala's historical financial performance, cash flows and financial position.

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus and has been derived from the Statutory Historical Financial Information and adjusted for the effects of certain pro forma adjustments described further below.

The Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board.

The Historical Financial Information presented in this Section is in an abbreviated form insofar as it does not include all the disclosures and presentations, comparative information or statements required by AAS and other mandatory professional reporting requirements applicable to financial reports prepared in accordance with the Corporations Act.

Presented within the Historical Financial Information of this Section are certain non-IFRS financial measures that Koala uses to manage and report on its business that are not defined under or recognised by AAS or IFRS. An explanation of these financial measures is available in Section 4.2.4.

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A summary of Koala's significant accounting policies is included in Appendix A.

Investors should note that past results are not a guarantee of future performance.

4.2.2 Preparation of Historical Financial Information

The Statutory Historical Financial Information has been extracted from Koala's annual reports for the periods of FY23, FY24 and FY25 and Koala's interim reports for the half-years ended 1H25 and 1H26.

The consolidated statutory financial statements included within the annual reports have been audited by KPMG who issued unmodified audit opinions in respect of FY23, FY24 and FY25. The consolidated statutory financial statements included within the interim report have been reviewed by KPMG who issued unmodified review conclusions in respect of the half-years ended 1H25 and 1H26.

The Statutory Historical Financial Information is summarised in Sections 4.3, 4.6 and 4.7.

The Pro Forma Historical Financial Information has been prepared for the purposes of inclusion in this Prospectus and has been derived from the Statutory Historical Financial Information and adjusted for the effects of the pro forma adjustments described in Section 4.3.2, 4.6.2 and 4.7.1 of this Prospectus. In particular, in preparing the Pro Forma Historical Financial Information, pro forma adjustments have been made to reflect:

- incremental costs associated with being a publicly listed company including Board and governance costs, insurance costs, incremental audit, tax, legal and compliance related costs and ASX listing fees;
- the removal of discontinued operations and exit costs in Korea that were progressively wound down and closed in March 2024. The Korean operations will not be part of the ongoing Koala business; and
- the impact of the Offer, costs and repayment of existing borrowings.

The following statutory to pro forma reconciliations are contained within this Section:

- Statutory historical consolidated statements of profit or loss and the pro forma historical consolidated statements of profit or loss at the EBITDA and NPAT levels (refer to Section 4.3);
- Statutory historical consolidated net cash flows and pro forma historical consolidated statements of cash flow (refer to Section 4.6); and
- Statutory historical consolidated statement of financial position and pro forma historical consolidated statement of financial position (refer to Section 4.7.1).

4.2.3 Preparation of Forecast Financial Information

This Prospectus includes Forecast Financial Information which has been prepared with due care and attention, based on the general and specific best-estimate assumptions of Koala set out in Section 4.8.

The Forecast Financial Information has been prepared by the Directors based on an assessment of current economic and operating conditions and general and specific assumptions regarding future events and actions. The Directors are responsible for the preparation and presentation of the Forecast Financial Information.

The disclosure of the assumptions in Section 4.8 is intended to assist potential investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information has been reviewed by the Investigating Accountant but has not been audited. Investors should note the scope and limitations of the Independent Limited Assurance Report included in Section 8.

Investors should be aware that the timing of actual events and their impact may differ from that assumed in preparing the Forecast Financial Information and this may have a materially positive or negative effect on the actual financial performance or financial position of Koala.

The Forecast Financial information is not intended to be a representation or guarantee that the assumptions will occur. Accordingly, none of the Directors, management nor any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise.

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Investors are encouraged to review the Forecast Financial Information in conjunction with the forecast assumptions as set out in Section 4.8, the sensitivity analysis in Section 4.11, the risk factors in Section 5, the discussion about the impact of developments in global tariffs in Section 3.13 and all other information included in this Prospectus.

The Forecast Financial Information is presented on both a statutory and pro forma basis for FY26F. Forecast Financial Information for FY26F represents financial information presented solely for the purposes of this Prospectus and represents six months of results extracted from Koala's interim report for the half-year ended 1H26, plus a forecast of Koala's results for six months ending 30 June 2026, with relevant pro forma adjustments applied.

The Statutory Forecast Financial Information has been prepared solely for the inclusion in this Prospectus. It has been prepared on a consistent basis with how Koala's statutory financial statements are expected to be prepared for future financial periods. The Statutory Forecast Financial Information assumes listing on the ASX will occur on 1 April 2026 and therefore reflects a part-year impact of Koala's intended post-Offer operating and capital structure in FY26F following Completion of the Offer.

The Pro Forma Forecast Financial Information assumes the full-year effect of the operating and capital structure that will be in place upon Completion of the Offer.

4.2.4 Explanation of certain non-IFRS and operating measures

Koala uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are collectively referred to in this Section 4 as non-IFRS financial measures pursuant to Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC.

Management use these non-IFRS financial measures to evaluate the performance and profitability of the business. Non-IFRS financial measures are intended to supplement the measures calculated in accordance with AAS and not as a substitute for those measures. These non-IFRS financial measures do not have a prescribed definition under IFRS and the method that Koala will use to calculate them may be different to methods adopted by other companies to calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Prospectus.

The principal non-IFRS financial and operating measures included in this Prospectus are as follows:

- **Marketing ratio** represents the marketing costs expressed as a percentage of Revenue. This represents an important ratio given the strong correlation between Revenue and marketing expenditure and presents a metric that highlights the efficiency of the marketing spend within a period. As Koala recognises Revenue on delivery of a product (subsequent to the order, when cash is received), there can be a timing difference between the marketing expense that is recognised as incurred and on occasion, before units ordered are subsequently delivered.
- **Contribution margin ($)** represents Revenue less cost of goods sold, fulfilment costs and marketing costs (which does not include marketing department employee expenses). Contribution margin assists management's understanding of the direct contribution of product sales.
- **Contribution margin (%)** represents contribution margin in dollar terms divided by Revenue.
- **Revenue Growth (% increase)** reflects the percentage change in revenue from the prior comparable period.
- **EBITDA** is calculated as profit or loss excluding depreciation (including depreciation on the right-of-use asset recognised under AASB 16 *Leases*) and amortisation, interest income, interest expense and interest on the lease liability and lease receivable recognised under AASB 16 *Leases*, and income tax expense.

EBITDA Margin (%) is a profitability measure derived by dividing EBITDA by Revenue, expressed as a percentage.

EBIT is calculated by deducting depreciation (including depreciation on the right of use asset recognised under AASB 16 *Leases*) and amortisation from EBITDA.

4. Financial Information
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4.3 Historical and Forecast Financial Results

4.3.1 Statutory and Pro Forma Historical and Forecast Results

Table 5 below summarises Koala's Pro Forma Historical Results for FY23, FY24 and FY25, and Pro Forma Forecast Results for FY26F. Table 6 below summarises Koala's Pro Forma Historical Interim Results for 1H25 and 1H26. Table 7 below summarises the Statutory Historical Results for FY23, FY24 and FY25, Statutory Historical Interim Results for 1H25 and 1H26 and Statutory Forecast Results for FY26F. Refer to Section 4.3.2 for the reconciliation of the Pro Forma Historical Results, Pro Forma Historical Interim Results, and Pro Forma Forecast Results to the Statutory Historical Results, Statutory Historical Interim Results and Statutory Forecast Results, and Section 4.9 for management's discussion and analysis.

Table 5: Pro Forma Historical and Forecast Results

		PRO FORMA HISTORICAL			PRO FORMA FORECAST
$m	Notes	FY23	FY24	FY25	FY26F
Revenue		181.7	194.3	276.7	332.0
Expenses					
Cost of goods sold	1	(77.0)	(75.5)	(104.2)	(119.7)
Employee benefits expense	2	(24.7)	(30.6)	(41.7)	(45.6)
Marketing costs	3	(36.9)	(40.4)	(55.9)	(68.9)
Merchant fees		(5.3)	(6.3)	(9.6)	(11.3)
Logistics expense	4	(25.2)	(27.6)	(39.9)	(47.4)
Other expenses	5	(10.0)	(11.0)	(13.8)	(14.4)
EBITDA		**2.6**	**2.8**	**11.7**	**24.8**
Depreciation & amortisation	6	(3.0)	(3.5)	(4.5)	(5.1)
EBIT		**(0.3)**	**(0.7)**	**7.2**	**19.6**
Finance costs	7	0.3	0.4	1.4	(2.6)
Income tax expense	8	–	–	(2.0)	(4.7)
NPAT		**(0.1)**	**(0.3)**	**6.6**	**12.3**

Notes:

1. Cost of goods sold includes raw materials and consumables used.
2. Employee benefits expense represents all salaries, wages, other employee expenses such as annual leave, long service leave and superannuation, and share based payment expenses.
3. Marketing costs include all external marketing expenditure, such as advertising, content, creative production, marketing collateral, and partnerships. Marketing costs exclude internally incurred marketing salaries and wages.
4. Logistics expenses represent the delivery and logistics costs incurred to deliver finished goods for customers.
5. Other expenses comprise software, consulting, research & development and other miscellaneous costs.
6. Depreciation & amortisation consists of depreciation of property, plant and equipment, amortisation of intangible assets and depreciation of right-of-use assets recognised under AASB16 *Leases*.
7. Finance costs represents net interest income and expenses, net interest accounted for under AASB 16 *Leases*, foreign exchange gain/losses, change in the fair value of convertible notes, warrants and derivatives and other minor finance (cost)/income items. Pro forma finance costs includes the impact of unrealised foreign exchange gain recognised in 1H26 and hence also included within FY26F based on the actual unrealised foreign exchange gain recognised. No unrealised foreign exchange gains or losses have been included thereafter.
8. Income tax expense represents the income tax attributable to the net income/(loss) generated in each period, calculated on a separate jurisdictional basis. The historical and forecast tax expenses in Australia, Japan and the US reflect the utilisation of Koala's carried forward tax losses, where applicable.

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Table 6: Pro Forma Historical Interim Results

		PRO FORMA HISTORICAL	
$m	Notes	1H25	1H26
Revenue		133.6	165.1
Expenses			
Cost of goods sold	1	(51.0)	(60.0)
Employee benefits expense	2	(20.4)	(21.4)
Marketing costs	3	(25.8)	(35.0)
Merchant fees		(4.9)	(6.0)
Logistics expense	4	(19.1)	(22.7)
Other expenses	5	(6.9)	(7.7)
EBITDA		**5.5**	**12.3**
Depreciation & amortisation	6	(2.1)	(2.5)
EBIT		**3.4**	**9.9**
Finance costs	7	0.3	(2.7)
Income tax expense	8	–	(1.8)
NPAT		**3.6**	**5.4**

Notes: Refer to Table 5 and associated notes.



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Table 7: Statutory Historical and Forecast Results and Interim Results

		STATUTORY HISTORICAL			STATUTORY FORECAST	STATUTORY HISTORICAL INTERIM	
$m	Notes	FY23	FY24	FY25	FY26F	1H25	1H26
Revenue		183.2	195.0	276.7	332.0	133.6	165.1
Expenses							
Cost of goods sold	1	(77.9)	(76.0)	(104.2)	(119.7)	(51.0)	(60.0)
Employee benefits expense	2	(26.1)	(31.2)	(43.2)	(45.6)	(20.4)	(21.4)
Marketing costs	3	(37.5)	(40.7)	(55.9)	(68.9)	(25.8)	(35.0)
Merchant fees		(5.3)	(6.3)	(9.6)	(11.3)	(4.9)	(6.0)
Logistics expense	4	(26.2)	(27.9)	(39.9)	(47.4)	(19.1)	(22.7)
Other expenses	5	(8.7)	(9.4)	(16.5)	(19.7)	(6.6)	(6.9)
EBITDA		**1.3**	**3.5**	**7.4**	**19.5**	**5.7**	**13.2**
Depreciation & amortisation	6	(3.0)	(3.5)	(4.5)	(5.1)	(2.1)	(2.5)
EBIT		**(1.7)**	**–**	**2.9**	**14.4**	**3.6**	**10.7**
Finance costs	7	(8.6)	(1.4)	(5.5)	(3.9)	(5.9)	(3.6)
Income tax benefit/(expense)	8	0.6	–	(2.0)	(4.7)	–	(1.8)
NPAT		**(9.7)**	**(1.4)**	**(4.6)**	**5.7**	**(2.3)**	**5.4**

Notes: Refer to Table 5 and associated notes.

4.3.2 Pro forma adjustments to the Statutory Historical and Forecast Results

Table 8 sets out the pro forma adjustments made to the Statutory Historical Results for FY23, FY24 and FY25, and pro forma adjustments made to the Statutory Forecast Results for FY26F, at the EBITDA and NPAT levels.

Table 8: Pro Forma adjustments to the Statutory Historical Results and Forecast Results

		FY23		FY24		FY25		FY26F	
$m	Notes	EBITDA	NPAT	EBITDA	NPAT	EBITDA	NPAT	EBITDA	NPAT
Statutory results		1.3	(9.7)	3.5	(1.4)	7.4	(4.6)	19.5	5.7
Pro forma adjustments									
Public company costs	1	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(1.3)	(1.3)
Capital structure changes	2	–	8.8	–	1.7	–	6.8	–	1.3
Discontinued Korean business	3	3.1	3.2	1.1	1.1	0.1	0.1	–	–
Transaction costs	4	–	–	–	–	6.0	6.0	6.5	6.5
Income tax effect	5	–	(0.6)	–	–	–	–	–	–
Total proforma adjustments		**1.3**	**9.6**	**(0.7)**	**1.1**	**4.3**	**11.2**	**5.3**	**6.6**
Proforma results		**2.6**	**(0.1)**	**2.8**	**(0.3)**	**11.7**	**6.6**	**24.8**	**12.3**

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Notes:

1. **Public company costs:** reflects the estimated incremental annual costs of $1.7 million that are expected to be incurred by Koala as a listed company. These costs are included in the statutory results for the forecast period post listing. These costs include ASX and share registry fees, incremental insurance costs, board remuneration, as well as annual general meeting and annual reporting costs applied consistently across all periods.
2. **Capital structure changes:** adjustment to reflect the changed capital structure impact on Finance costs post the receipt of Offer proceeds described in Section 7.3. The capital structure adjustments relate to the use of proceeds from the Offer, and the repayment of various historical borrowings including loans, derivatives, warrants and convertible notes. The pro forma adjustment assumes these borrowings were not in existence for the entire period from 1 July 2022, with all associated interest costs and fair market value movements recognised historically removed. The $1.9 million capital structure adjustment in FY26F (principally incurred in the six months to December 2025) relates to the removal of interest and also net fair market value movements expected in the period to the date of settlement.
3. **Discontinued Korean business:** reflects the removal of all direct income and costs associated with the Korean business which was discontinued in March 2024. The Korean business derived Revenue of $1.5 million in FY23, $0.8 million in FY24 and $0 in both FY25 and FY26F. These amounts were adjustments that reduced pro forma Revenue and represent the only Revenue pro forma adjustments.
4. **Transaction costs:** represents the removal of non-recurring transaction costs incurred in association with this Offer and a previous Offer attempt by the Company. These costs include financial advisory, legal, regulatory, accounting, tax, one-off transaction bonuses and other professional fees, and do not relate to the ongoing operations of Koala. Transaction costs in FY26F were allocated between the expenses ($6.5 million) and an additional amount offset against share capital ($1.3 million) in accordance with AAS.
5. **Income tax:** Income tax represents the income tax expense attributable to the respective income generated in each period, calculated by applying the relevant pro forma effective tax rates for Australia, Japan and US, after taking into account the utilisation of carried forward losses, where applicable. The pro forma adjustment made in FY23 represents the reversal of a $0.6 million tax benefit recognised in FY23 that related to prior periods. The actual effective tax rate of Koala subsequent to the Offer may vary from the effective tax rate utilised.

Table 9 sets out the pro forma adjustments made to the Statutory Historical Interim Results for 1H25 and 1H26, at the EBITDA and NPAT levels.

Table 9: Pro Forma Adjustments to the Statutory Historical Interim Results

		1H25		1H26	
$m	Notes	EBITDA	NPAT	EBITDA	NPAT
Statutory results		5.7	(2.3)	13.2	5.4
Pro forma adjustments					
Public company costs	1	(0.9)	(0.9)	(0.9)	(0.9)
Capital structure changes	2	–	6.2	–	0.9
Discontinued Korean business	3	–	–	–	–
Transaction costs	4	0.6	0.6	–	–
Total proforma adjustments		**(0.3)**	**5.9**	**(0.8)**	**0.1**
Proforma results		**5.5**	**3.6**	**12.3**	**5.4**

Notes: Refer Table 8 and associated notes, with additional information for note 2 and 4 below.

2. **Capital structure changes:** included within the 1H25 adjustment relates to the reversal of $6.2 million in net expense recognised on changes in fair value of borrowings and interest expense.
4. **Transaction costs:** 1H25 reflects transaction costs incurred for the previous listing process discontinued in April 2025.

4. Financial Information
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4.4 Segment Information

Koala reports five segments, with four core trading operating segments of Australia, Japan, US and UK, supported by the Corporate segment. These disclosures are in accordance with AASB 8 *Operating Segments*. Corporate administration, product research and development and overheads are principally incurred in Australia but established to support the efficient operation of the global business.

At a segment level, Management reports performance to the Board up to Contribution Margin. This is the metric used by management to make business decisions as it represents a more useful reflection of Koala's financial performance across the operating segments. Segment contribution margin also allows investors to distinguish between the more developed Australian and Japanese operations, and the US and UK operations, which were launched in 1H24 and 1H26 respectively. In addition, Management controls corporate costs centrally which allows for greater efficiency in the deployment of this spend across markets. Management believes that these disclosures provide useful information to investors to measure financial and operating performance. Set out below in Table 10 is a summary of Pro Forma Historical Results by segment for FY23, FY24 and FY25, and Forecast Financial Results by segment for FY26F. Table 11 sets out Proforma Historical and Forecast Financial and Operating metrics by segment for the historical periods FY23, FY24 and FY25, and forecast period FY26F.

Set out below in Table 12 is a summary of Koala's Pro Forma Historical Interim Financial Results by segment for 1H25 and 1H26.

Table 10: Pro Forma Historical and Forecast Financial Results by Segment

	AUSTRALIA				JAPAN				US			UK	CORPORATE				GROUP			
	PRO FORMA HISTORICAL			FORE-CAST	PRO FORMA HISTORICAL			FORE-CAST	PRO FORMA HISTORICAL		FORE-CAST	FORE-CAST	PRO FORMA HISTORICAL			FORE-CAST	PRO FORMA HISTORICAL			FORE-CAST
$m	FY23	FY24	FY25	FY26F	FY23	FY24	FY25	FY26F	FY24	FY25	FY26F	FY26F	FY23	FY24	FY25	FY26F	FY23	FY24	FY25	FY26F
Revenue	124.5	123.8	150.7	166.5	57.2	64.5	79.0	87.5	6.0	47.1	76.4	1.6					181.7	194.3	276.7	332.0
COGS	(57.7)	(50.7)	(59.7)	(64.3)	(19.3)	(22.7)	(28.5)	(29.6)	(2.0)	(16.0)	(25.4)	(0.5)					(77.0)	(75.5)	(104.2)	(119.7)
Gross Margin	**66.7**	**73.1**	**91.0**	**102.3**	**38.0**	**41.8**	**50.5**	**57.9**	**4.0**	**31.1**	**51.1**	**1.1**					**104.7**	**118.8**	**172.6**	**212.3**
Fulfilment costs	(20.9)	(20.8)	(25.4)	(26.4)	(9.6)	(11.8)	(15.3)	(16.6)	(1.4)	(8.9)	(15.4)	(0.3)					(30.5)	(33.9)	(49.6)	(58.7)
Marketing costs	(20.2)	(21.0)	(25.2)	(27.6)	(16.7)	(17.6)	(16.6)	(18.0)	(1.8)	(14.1)	(22.3)	(1.0)					(36.9)	(40.4)	(55.9)	(68.9)
Contribution Margin	**25.6**	**31.2**	**40.4**	**48.3**	**11.7**	**12.4**	**18.6**	**23.4**	**0.8**	**8.1**	**13.3**	**(0.2)**					**37.3**	**44.5**	**67.1**	**84.7**
Operating costs													(34.7)	(41.6)	(55.4)	(60.0)	(34.7)	(41.6)	(55.4)	(60.0)
EBITDA													**(34.7)**	**(41.6)**	**(55.4)**	**(60.0)**	**2.6**	**2.8**	**11.7**	**24.8**

Table 11: Pro Forma Historical and Forecast Operating and Financial Metrics by Segment

	AUSTRALIA				JAPAN				US			UK	GROUP			
	PRO FORMA HISTORICAL			FORE-CAST	PRO FORMA HISTORICAL			FORE-CAST	PRO FORMA HISTORICAL		FORE-CAST	FORE-CAST	PRO FORMA HISTORICAL			FORE-CAST
	FY23 %	FY24 %	FY25 %	FY26F %	FY23 %	FY24 %	FY25 %	FY26F %	FY24 %	FY25 %	FY26F %	FY26F %	FY23 %	FY24 %	FY25 %	FY26F %
Revenue growth % (AUD)		(0.6)	21.7	10.5		12.7	22.5	10.8		681.5	62.4			6.9	42.4	20.0
Revenue growth % (Local Currency)						20.2	20.4	18.9		663.0	70.4					
Gross margin %	53.6	59.0	60.4	61.4	66.3	64.8	63.9	66.2	66.4	66.0	66.8	70.9	57.6	61.2	62.4	64.0
Fulfilment costs % revenue	16.8	16.8	16.9	15.8	16.7	18.2	19.3	18.9	22.9	18.9	20.2	21.0	16.8	17.5	17.9	17.7
Marketing costs % revenue	16.2	17.0	16.7	16.6	29.1	27.2	21.1	20.5	30.4	29.9	29.2	65.2	20.3	20.8	20.2	20.8
Contribution margin %	20.6	25.2	26.8	29.0	20.5	19.3	23.5	26.7	13.1	17.2	17.4	(15.3)	20.5	22.9	24.2	25.5
Operating costs % revenue													19.1	21.4	20.0	18.1
EBITDA margin %													1.4	1.5	4.2	7.5

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Table 12: Pro Forma Historical Interim Financial Results by Segment

		AUSTRALIA		JAPAN		US		UK		CORPORATE		GROUP	
		PRO FORMA HISTORICAL		PRO FORMA HISTORICAL		PRO FORMA HISTORICAL		PRO FORMA HISTORICAL		PRO FORMA HISTORICAL		PRO FORMA HISTORICAL	
$m	Notes	1H25	1H26	1H25	1H26	1H25	1H26	1H25	1H26	1H25	1H26	1H25	1H26
Revenue		78.2	85.8	33.9	43.2	21.4	35.8	–	0.2			133.6	165.1
Cost of goods sold		(31.5)	(33.8)	(12.1)	(13.6)	(7.4)	(12.5)	–	(0.1)			(51.0)	(60.0)
Gross Margin		**46.7**	**52.0**	**21.8**	**29.6**	**14.0**	**23.4**	**–**	**0.1**			**82.6**	**105.2**
Fulfilment costs		(12.9)	(13.0)	(7.0)	(8.4)	(4.1)	(7.2)	–	(0.1)			(24.0)	(28.7)
Marketing costs		(12.4)	(13.8)	(7.4)	(9.3)	(5.9)	(11.4)	–	(0.5)			(25.8)	(35.0)
Contribution Margin		21.3	25.2	7.4	12.0	4.0	4.7	–	(0.4)			32.8	41.5
Operating costs										(27.3)	(29.2)	(27.3)	(29.2)
EBITDA										**(27.3)**	**(29.2)**	**5.5**	**12.3**

4.5 Key Pro Forma Financial and Operating Metrics

Set out in Table 13 is a summary of Koala's key Pro Forma Historical Operating and Financial Metrics for FY23, FY24 and FY25 and the key Pro Forma Forecast Operating and Financial Metrics for FY26F. Set out in Table 14 is a summary of Koala's key Pro Forma Historical Interim Operating and Financial Metrics for 1H25 and 1H26.

Table 13: Pro Forma Historical and Forecast Operating and Financial Metrics

	PRO FORMA HISTORICAL			PRO FORMA FORECAST
$m	FY23	FY24	FY25	FY26F
Revenue	181.7	194.3	276.7	332.0
Gross margin ($)	104.7	118.8	172.6	212.3
Gross margin (%)	*57.6%*	*61.2%*	*62.4%*	*64.0%*
Marketing ratio (%)	*20.3%*	*20.8%*	*20.2%*	*20.8%*
Contribution margin ($)	37.3	44.5	67.1	84.7
Contribution margin (%)	*20.5%*	*22.9%*	*24.2%*	*25.5%*
EBITDA ($)	2.6	2.8	11.7	24.8
EBITDA margin (%)	*1.4%*	*1.5%*	*4.2%*	*7.5%*

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Table 14: Pro Forma Historical Interim Operating and Financial Metrics

	PRO FORMA HISTORICAL	
$m	1H25	1H26
Revenue	133.6	165.1
Gross margin ($)	82.6	105.2
Gross margin (%)	61.8%	63.7%
Marketing ratio (%)	19.3%	21.2%
Contribution margin ($)	32.8	41.5
Contribution margin (%)	24.6%	25.2%
EBITDA ($)	5.5	12.3
EBITDA margin (%)	4.1%	7.5%

4.6 Historical and Forecast Cash Flows

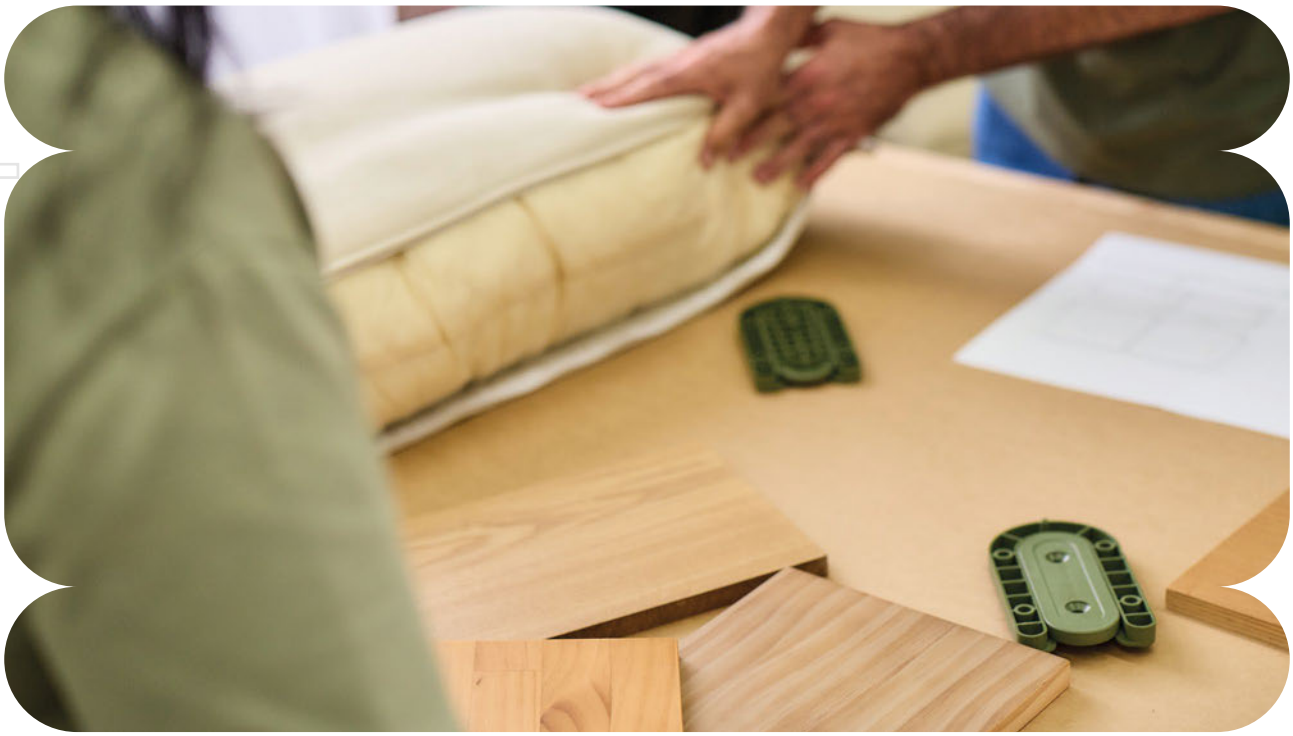
4.6.1 Statutory and Pro Forma Historical and Forecast Cash Flow information

Table 15 below summarises the Pro Forma Historical and Forecast Consolidated Statement of Cash Flow information for FY23, FY24, FY25, and FY26F.

All repayments of borrowings have been excluded from the Pro Forma Historical and Forecast Cash Flows.

Table 16 below summarises the Statutory Historical Cash Flows for FY23, FY24 and FY25, the Statutory Historical Interim Cash Flows for 1H25 and 1H26, and the Statutory Forecast Cash Flows for FY26F.

Table 17 below summarises the Pro Forma Interim Cash Flows.



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Table 15: Pro Forma Historical and Forecast Cash Flows

		PRO FORMA HISTORICAL			PRO FORMA FORECAST
$m	Notes	FY23	FY24	FY25	FY26F
Cash flows from operating activities	1				
Receipts from customers (inc GST)		187.5	214.3	309.4	378.8
Payments to suppliers and employees (inc GST)		(165.5)	(206.8)	(280.3)	(347.7)
Cash generated from operations		**22.1**	**7.5**	**29.1**	**31.1**
Finance costs	2	–	–	0.3	(1.0)
Interest received		0.1	0.9	0.6	0.5
Income taxes paid	3	–	–	–	(2.9)
Net cash from operating activities		**22.1**	**8.4**	**29.9**	**27.7**
Cash flows from investing activities					
Payments for property, plant and equipment		(0.2)	(0.2)	(1.0)	(1.3)
Payments for intangible assets		(3.2)	(2.3)	(1.7)	(0.4)
Net cash used in investing activities	4	**(3.4)**	**(2.6)**	**(2.7)**	**(1.8)**
Cash flows from financing activities	5				
Repayment of lease liabilities		(1.9)	(2.4)	(2.5)	(3.4)
Net funds from related parties		–	–	0.5	(0.6)
Net cash used in financing activities		**(1.9)**	**(2.4)**	**(1.9)**	**(4.0)**
Net increase in cash		**16.9**	**3.4**	**25.3**	**22.0**

Notes:

1. Cash generated from operations represents cash flows from business operations, including changes in working capital as the business grows and adjusts working capital management. Included in the FY26F Statutory forecast cash from operations are cash outflows for transaction costs paid of $7.9 million in respect of this Offer in addition to $2.1 million of costs related to a previous offer attempt.
2. Pro forma finance costs include interest and finance costs, which are significantly lower than the statutory historical expenses that include the non-cash cash impact of fair value movements recognised under AAS and unrealised and realised foreign exchange gains/losses.
3. Income taxes paid historically have been minimal given the utilisation of tax losses, with a small tax benefit realised in FY23. Income taxes paid of $2.9 million included in the FY26F cash flows relate to assessable income from FY25.
4. Net cash used in investing activities includes minimal investment in capital expenditure as Koala does not manufacture goods and principally outsources warehousing, storage and logistics functions. Amounts paid for intangible assets include capitalised software development, product development and amounts paid for patents and trademarks.
5. Statutory Forecast Cash Flows includes the expected gross proceeds from the primary component of the Offer totalling $20 million, and the repayment of $14.9 million in existing borrowings across FY26F, inclusive of amounts settled both pre-Offer and amounts settled from Offer proceeds. All repayments of borrowings have been excluded from the Pro Forma Historical and Forecast Cash Flows .

4. Financial Information
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Table 16: Statutory Historical and Forecast Cash Flows

		STATUTORY HISTORICAL			STATUTORY FORECAST	STATUTORY HISTORICAL INTERIM	
$m	Notes	FY23	FY24	FY25	FY26F	1H25	1H26
Cash flows from operating activities	1						
Receipts from customers (inc GST)		189.1	215.1	309.4	378.8	140.3	184.8
Payments to suppliers and employees (inc GST)		(168.6)	(207.0)	(281.0)	(356.4)	(113.9)	(164.6)
Cash generated from operations		**20.6**	**8.1**	**28.4**	**22.4**	**26.4**	**20.2**
Finance costs	2	(1.8)	(0.9)	(0.6)	(2.3)	(0.3)	(1.4)
Interest received		0.1	0.9	0.6	0.5	0.2	0.3
Income taxes paid	3	0.6	–	–	(2.9)	–	(2.0)
Net cash from operating activities		**19.5**	**8.0**	**28.4**	**17.6**	**26.3**	**17.0**
Cash flows from investing activities							
Payments for property, plant and equipment		(0.2)	(0.2)	(1.0)	(1.3)	(0.1)	(1.1)
Payments for intangible assets		(3.2)	(2.3)	(1.7)	(0.4)	(1.2)	(0.4)
Net cash used in investing activities	4	**(3.4)**	**(2.6)**	**(2.7)**	**(1.8)**	**(1.2)**	**(1.5)**
Cash flows from financing activities	5						
Proceeds from issue of shares		–	–	–	20.0	–	–
Repayment of borrowings		(1.3)	(17.1)	(14.6)	(14.9)	(2.9)	–
Proceeds from borrowings		10.0	–	10.0	–	–	–
Repayment of lease liabilities		(1.9)	(2.4)	(2.5)	(3.4)	(1.6)	(1.8)
Net funds from related parties		–	–	0.5	(0.6)	–	(0.6)
Net cash (used in)/from financing activities		**6.9**	**(19.5)**	**(6.6)**	**1.1**	**(4.6)**	**(2.4)**
Net (decrease)/increase in cash		**23.0**	**(14.1)**	**19.1**	**17.0**	**20.5**	**13.1**
Cash and cash equivalents at beginning of the year		14.4	37.3	24.1	42.3	24.1	42.3
Effect of movements in exchange rates on cash held		(0.1)	0.9	(0.9)	0.6	0.8	0.6
Cash and cash equivalents at end of year		**37.3**	**24.1**	**42.3**	**59.9**	**45.4**	**56.0**

Notes: Refer Table 15 and associated notes.

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Table 17: Pro Forma Historical Interim Cash Flows

		PRO FORMA HISTORICAL	
$m	Notes	1H25	1H26
Cash flows from operating activities	1		
Receipts from customers (inc GST)		140.3	184.8
Payments to suppliers and employees (inc GST)		(114.7)	(163.4)
Cash generated from operations		**25.6**	**21.4**
Finance costs	2	–	(1.0)
Interest received		0.2	0.3
Income taxes paid	3	–	(2.0)
Net cash from operating activities		**25.9**	**18.7**
Cash flows from investing activities			
Payments for property, plant and equipment		(0.1)	(1.1)
Payments for intangible assets		(1.2)	(0.4)
Net cash used in investing activities	4	**(1.2)**	**(1.5)**
Cash flows from financing activities	5		
Repayment of lease liabilities		(1.6)	(1.8)
Net funds from related parties		–	(0.6)
Net cash used in financing activities		**(1.6)**	**(2.4)**
Net increase in cash		**23.0**	**14.8**

Notes: Refer Table 15 and associated notes.



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4.6.2 Pro Forma adjustments to the Statutory Historical and Forecast Cash Flows

Table 18 sets out the adjustments to the Statutory Historical Cash Flows and Statutory Forecast Cash Flows for select pro forma transactions. Table 19 sets out the adjustments to the Statutory Historical Interim Cash Flows for select pro forma transactions.

Table 18: Pro Forma adjustments to the Statutory Historical and Forecast Cash Flows

		PRO FORMA HISTORICAL			PRO FORMA FORECAST
$m	Notes	FY23	FY24	FY25	FY26F
Statutory net cash flow		23.0	(14.1)	19.1	17.0
Pro forma adjustments					
Public company costs	1	(1.7)	(1.7)	(1.7)	(1.3)
Capital structure changes	2	(6.8)	18.1	5.7	16.3
Proceeds from issue of New Shares under the Offer	3	–	–	–	(20.0)
Discontinued Korean business	4	3.1	1.1	0.1	–
Transaction costs	5	–	–	2.2	9.9
Income tax effect	6	(0.6)	–	–	–
Total proforma adjustments		**(6.1)**	**17.5**	**6.2**	**5.0**
Proforma net cash flow		**16.9**	**3.4**	**25.3**	**22.0**

Notes:

1. Public company costs have been forecast at $1.7 million annually.
2. Capital structure changes remove the impact of historical capital structure cash inflows and outflows. In FY26F the adjustment includes the removal of the repayment of borrowings (convertible notes, warrants and external debt) of $14.9 million and $1.4 million in interest payments.
3. Proceeds from the issue of New Shares under the primary component of the Offer of $20 million have been removed as a pro forma adjustment.
4. Represents the removal of the net cash outflows from the discontinued Korean business.
5. Transaction costs removed as a pro forma adjustment reflects the cash impact of the total transaction costs. These costs are detailed and described in Table 8 and to the extent they differ to the amounts in Table 18 above, this arises from a timing difference between recognising and cash settling those liabilities and transaction costs incurred in the previous listing process that discontinued in April 2025.
6. The pro forma adjustment made in FY23 represents the reversal of a $0.6 million tax benefit recognised in FY23 that related to prior periods. The actual effective tax rate of Koala subsequent to the Offer may vary from the effective tax rate utilised.

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Table 19: Pro Forma Adjustments to the Statutory Historical Interim Net Cash Flows

		PRO FORMA HISTORICAL	
$m	Notes	1H25	1H26
Statutory net cash flow		20.5	13.1
Pro forma adjustments			
Public company costs	1	(0.9)	(0.9)
Capital structure changes	2	3.3	0.5
Transaction costs	5	–	2.1
Total proforma adjustments		**2.5**	**1.7**
Proforma net cash flow		**23.0**	**14.8**

Refer Table 18 and associated notes.

4.7 Historical Statement of Financial Position

4.7.1 Statutory and Pro Forma Historical Statement of Financial Position

Set out below in Table 20 are the pro forma adjustments made to the Statutory Historical Statement of Financial Position in order to derive the Pro Forma Historical Statement of Financial Position for Koala as at 31 December 2025. The Pro Forma Historical Statement of Financial Position has been provided for illustrative purposes only and includes certain pro forma adjustments to reflect the impact of the Offer including the associated changes in capital structure that will take place, as if these structural changes were in place as at 31 December 2025.

It is not intended to be representative of Koala's view on its future financial position. Further information on the sources and uses of funds of the Offer is contained in Section 7.3.

4. Financial Information
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Table 20: Statutory and Pro Forma Historical Statement of Financial Position

$M	STATUTORY HISTORICAL DEC-25	1. OFFER & COSTS	2. DEBT & OTHER EQUITY	PRO FORMA HISTORICAL DEC-25
Current assets				
Cash and cash equivalents	56.0	12.1	(15.1)	53.0
Trade and other receivables	0.6	–	–	0.6
Inventories	26.6	–	–	26.6
Other current assets	6.2	–	–	6.2
Total current assets	**89.3**	**12.1**	**(15.1)**	**86.4**
Non current assets				
Property, plant and equipment	2.0	–	–	2.0
Right-of-use assets	6.7	–	–	6.7
Intangible assets	4.7	–	–	4.7
Total non-current assets	**13.4**	**–**	**–**	**13.4**
Total assets	**102.7**	**12.1**	**(15.1)**	**99.8**
Current liabilities				
Trade and other payables	45.5	–	–	45.5
Contract liabilities	22.8	–	–	22.8
Borrowings	10.0	–	(10.0)	–
Lease liabilities	2.6	–	–	2.6
Derivative financial instruments	6.4	–	(5.5)	1.0
Other current liabilities	6.3	–	–	6.3
Total current liabilities	**93.6**	**–**	**(15.4)**	**78.2**
Non-current liabilities				
Lease liabilities	5.1	–	–	5.1
Other non-current liabilities	4.9	–	–	4.9
Total non-current liabilities	**10.0**	**–**	**–**	**10.0**
Total liabilities	**103.7**	**–**	**(15.4)**	**88.2**
Net assets	**(1.0)**	**12.1**	**0.4**	**11.5**
Equity				
Share Capital/Other Contributed Equity	69.7	18.7	–	88.4
Reserves	14.0	–	–	14.0
Accumulated (losses)/gains	(84.7)	(6.5)	0.4	(90.9)
Total equity	**(1.0)**	**12.1**	**0.4**	**11.5**

Notes:

1. **Offer and Costs:** $20 million will be raised through the issue of New Shares under the primary component of the Offer. Non-recurring transaction costs of $7.9 million are estimated to be incurred in respect of the transaction with $1.3 million of Offer and Listing costs determined to relate to the primary component of the Offer and offset against equity, while $6.5 million will be expensed to the Statement of Profit or Loss in FY26F. These offer costs will be settled in cash.
2. **Components of Offer Costs:** the costs of the offer are those amounts paid to advisors as detailed in Section 6.4.6.
3. **Debt & other equity:** All borrowings including $10.0 million of external debt recognised as a current borrowings, plus warrants included in current derivative financial liabilities totalling $5.5 million as at 31 December 2025 will be settled with cash payments of $15.1 million funded through Offer proceeds. A fair value adjustment will be made to revalue the liabilities at the expected date of settlement, with a $0.4 million gain recognised within accumulated losses. In addition, $13.5 million of preference shares will be settled by ordinary capital of the same amount.

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4.7.2 Statutory and Pro Forma Net Cash

Set out below in Table 21 is the summary of net cash and financial liabilities as at 31 December 2025, before and following Completion of the Offer. The pro forma net cash position of $52.1 million reflects pro forma net cash adjusted as if the Completion of the Offer had occurred as at 31 December 2025.

Koala intends to retain sufficient cash to fully support the anticipated growth in working capital, primarily to fund sales expansion in the US and UK and scaling new markets after the Offer. This cash reserve will also provide flexibility for general supply diversification, as well as serve as a general working capital facility to accommodate seasonal swings in working capital balances, replacing the need for external debt.

Table 21: Net Cash and Financial Liabilities

$M	STATUTORY HISTORICAL	PRO FORMA HISTORICAL
	31-Dec-25	31-Dec-25
Cash and cash equivalents	56.0	53.0
Borrowings – current	(10.0)	–
Derivative financial instruments	(6.4)	(1.0)
Net cash/(debt)	**39.6**	**52.1**

4.8 Assumptions underlying the Forecast Financial Information

The Forecast Financial Information has been prepared by Koala through undertaking an analysis of historical performance and applied assumptions, where appropriate, across the Company.

The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of Koala and the Directors and are not reliably predictable. This Section is intended to only provide a summary and does not detail all the factors which have affected the historical operating and financial performance of Koala.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring but is not intended to be a representation that the assumptions will occur. Koala's actual results are likely to vary from the forecast and any variation may be materially positive or negative. Accordingly, no assurance is given that the Forecast Financial Information or any prospective statement included in this Prospectus will be achieved. The assumptions set out below should be read in conjunction with the sensitivity analysis in Section 4.11, the risk factors in Section 5, the discussion about the impact of developments in global tariffs in Section 3.13 and the other information in this Prospectus.

4.8.1 General assumptions

Set out below is a discussion of the general factors which may affect the operating and financial performance of Koala over the forecast period and which the Directors expect may continue to affect the operating and financial performance of Koala in the future. In preparing the Forecast Financial Information, the following general assumptions have been adopted by the Directors:

- no material change in the competitive environment in which Koala operates;
- no material change to the furniture market that would have a material impact on demand for, or prices of, Koala's products;
- no significant change to economic conditions in the global or local markets relevant to Koala;
- no material business acquisitions or disposals outside the ordinary course of business;
- retention of key personnel;

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- no material change in the current tariff environment;
- there is no significant deviation from current market expectations of the broader economic conditions including exchange rates relevant to Koala's business and interest rates;
- no material amendment to any material agreement or arrangement relating to Koala's businesses other than as set out in, or contemplated by, this Prospectus;
- no material cash flow or profit or loss or financial position impact in relation to litigation (existing or otherwise);
- no material industrial strikes, employee disputes or other disturbances, environmental costs, contingent liabilities or legal claims;
- no material change in government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy in the key jurisdictions that Koala operates in will have a material impact on the financial performance or cash flows, financial position or disclosure of Koala;
- no material change in applicable AAS or other mandatory professional reporting requirements of the Corporations Act, which have a material effect on Koala's financial performance, financial position, accounting policies, financial reporting or disclosure;
- no change in Koala's capital structure other than as set out in, or contemplated by, this Prospectus;
- no significant launch costs are incurred by Koala in establishing potential future new markets;
- none of the risks listed in Section 5 have a material adverse impact on the Company and operational performance of Koala; and
- the Offer proceeds to Completion in accordance with the timetable set out in Key Dates on page 12 of the Prospectus.

The assumptions set out above should be read in conjunction with the sensitivity analysis in Section 4.11.

4.8.2 Specific assumptions

The Forecast Financial Information has been prepared by Koala based on an assessment of each of its four core trading operating segments, plus the necessary support needed from the Corporate segment. In preparing the Forecast Financial Information, Koala has considered historical financial performance, year to date trading performance and current market conditions. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.11, the risk factors set out in Section 5, the discussion about the impact of developments in global tariffs in Section 3.13, and the other information contained in this Prospectus.

Key specific assumptions adopted in preparing the Forecast Financial Information are set out below.

4.8.2.1 Revenue assumptions

Revenue is forecast based on the expected units (delivered), price (net of discounts) and customer returns forecast specifically across each of Koala's four trading segments. Koala assesses these forecasts considering historical sales and growth achieved, expected planned product range including new product launches, promotional calendar and expectations of performance during key promotional periods.

4.8.2.2 Gross Margin assumptions

Koala has forecast cost of goods sold based on supplier terms, volume (units) and average cost assumptions across its product range as well as an estimated cost of sea freight. In respect of the US operating segment, cost of goods sold includes a mix assumption on country of origin and/or product composition and applies the prevailing tariff rate applicable to those goods.

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4.8.2.3 Fulfilment costs

Koala's fulfilment costs represent inbound handling and outbound logistics costs and gateway payments costs relating to accepting and managing payments. Fulfilment costs are a function of Revenue and are also impacted by the level of returns of units. Koala has forecast each trading operating segments' fulfilment costs on the following percentage of Revenue assumptions. As 1H26 is based on actuals, the forecast assumptions have only been applied to the 2H26 forecast included within FY26F.

- Australia: Logistic costs 15% and gateway and marketplace processing payment costs 2%.
- Japan: Logistic costs 13% and gateway and marketplace processing payment costs 5%.
- US: Logistic costs 16% and gateway and marketplace processing payment costs 4%.
- UK: Logistic costs 17% and gateway and marketplace processing costs 3%.

4.8.2.4 Marketing costs

Koala assesses its marketing spend requirement based on its volume forecast and historical efficiency and return on marketing. Marketing is forecast based on a percentage of Revenue (before returns) assumption which varies based on the promotional calendar and respective business and brand maturity in each of Koala's trading operating segments. Each trading operating segment has different promotional calendars and therefore seasonality features. Koala has observed a strong correlation between the level of marketing costs and Revenue over the historical periods covered by the Historical Financial Information.

4.8.2.5 Operating costs

Koala's operating costs figure is forecast across each of the following key operating cost base line items:

- People costs: People costs are forecast based on existing headcount and remuneration structures plus an allowance for expected growth in headcount that has been forecast by role and by location. The headcount expansion is planned to align with anticipated market Revenue growth (see Section 3.11).
- Office running costs: Forecast based on historical run-rate of expenditure excluding the impact of any one-off items.
- Technology: Technology costs are forecast based on existing and expected agreements with software and technology suppliers, plus an allowance linked with overall growth assumptions.
- Product R&D: Forecast R&D is based on Koala's expected product development and planned new product launches.

4.8.2.6 Foreign exchange

The Forecast Financial Information is based on the following exchange rate assumptions. As 1H26 is based on actuals, the forecast assumptions have only been applied to the 2H26 forecast included within FY26F.

- For the US, 1 AUD = 0.70 USD;
- For Japan, 1 AUD = 108 JPY; and
- For the United Kingdom 1 AUD = 0.52 GBP.

4.8.2.7 Depreciation and amortisation

Depreciation and amortisation has been forecast based on an assumption of continuation of Koala's existing periods of depreciation and amortisation. Depreciation also includes property rental costs associated with capitalised leases under AASB 16 *Leases*.

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4.8.2.8 Finance costs

The Pro Forma Forecast Financial Information assumes that all interest bearing debt is effectively settled on listing, with no debt and therefore no finance costs.

4.8.2.9 Taxation

The Forecast Financial Information assumes income tax expenses are incurred in Australia, the United States and Japan during FY26F, partially offset by the utilisation of carried forward tax losses in some jurisdictions. No cash tax payments in respect of earnings arising during FY26F are expected to be made in these jurisdictions during FY26F, with these specific cash tax outflows expected to occur subsequent to 30 June 2026.

4.9 Management Discussion and Analysis of Historical and Forecast Financials

This Section 4.9 includes a discussion of the key factors which affected Koala's Pro Forma Historical Results, and the key factors which Koala expects may affect performance during FY26F. The discussion of these factors is intended to provide a summary only and does not detail all drivers that have affected Koala's pro forma historical operating and financial performance. On this basis, this Section will primarily discuss annual performance, and comments in relation to Historical Interim Results will be made by exception to avoid repetition.

The information in this Section should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

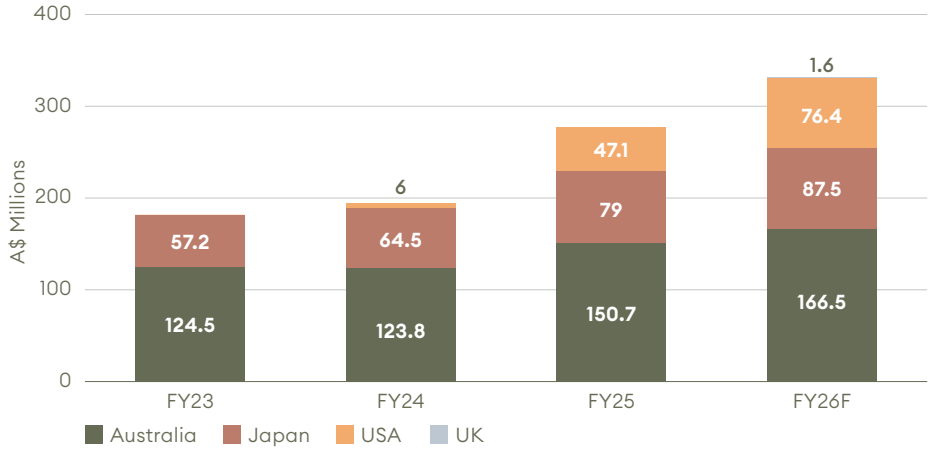
4.9.1 Revenue

Revenue is forecast based on volume and price expectations across each of Koala's trading operating segments. Across the Group, Revenue is expected to grow to $332.0 million in FY26F representing a 20.0% increase on FY25, with different growth rates in each of Koala's trading operating segments.



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Figure 29: Revenue by trading operating segment over time



- **Australia:** Revenue is projected to grow by $15.8 million in FY26F, representing a 10.5% improvement over FY25. In the first half of FY26F (1H26), Australian sales grew by $7.6 million, a 9.8% increase on 1H25, where a longer promotional period delivered a 27% increase in Black Friday/Cyber Monday orders and an additional 4.6k orders compared to the previous year. The company achieved Revenue growth of $26.9 million (21.7% increase on FY24) in FY25. This was primarily driven by higher sales volumes across the sofa bed and sofa ranges, and a partial year contribution from the outdoor product range (part of Koala's other category) which launched in October 2024. FY24 was a year dedicated to a strategic reset in Australia, establishing a solid foundation for subsequent periods by prioritising improvements in contribution margin over raw growth and reducing the number of promotional days.
- **Japan:** Revenue is projected to grow by $8.5 million in FY26F, representing an 10.8% increase over FY25 (or 18.9% in JPY). This anticipated growth is primarily attributed to sustained volume increases in core product lines, specifically mattresses and sofa beds. In FY25, Japanese sales saw a $14.5 million increase (a 22.5% rise on FY24, or 20.4% in JPY), driven by greater penetration of sofa bed sales and the success and efficiency of marketing initiatives.
- **US:** Forecast Revenue growth for FY26F is $29.3 million, representing a significant increase of 62.4% over FY25 (or 70.4% in USD). This growth is anticipated to be fueled by ongoing expansion in the US, and the introduction of new products. In the preceding year, FY25 saw Revenue growth of $41.1 million (an increase of 681.5% on FY24, or 663.0% in USD). This result reflects the full-year impact of US operations, which started in October 2023 and achieved national US expansion in May 2024. Consequently, the FY24 US results only covered a partial period of a newly established, scaling business and do not represent the current full-year run rate of the US business.
- **UK:** The UK market launched late in 1H26 and has delivered encouraging early trading performance, reflecting initial customer traction. Orders taken in the first four months of operations of approximately $500k have exceeded Revenue as demand in market has outperformed our initial inventory allocation. Consistent with Koala's disciplined and measured approach to entering new markets, the scale-up profile remains intentionally conservative. FY26F Revenue is forecast at $1.6 million, establishing a platform for accelerated growth and market expansion in FY27.

A detailed breakdown of Revenue trends by trading operating segment can be found below in Table 22.

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Table 22: Detailed pro forma Revenue discussion by trading operating segment

HISTORICAL (FY23 TO FY25)	FORECAST (FY26F)
Australia	
Australia's Revenue saw significant growth in FY25, increasing by $26.9 million, or 21.7%, to $150.7 million. This strong performance follows two years of stable Revenue – around $124 million in both FY23 and FY24 – despite a slight decline in units sold during that period. The foundation for this growth was laid in FY24 through a strategic shift that included a substantial reduction in promotional days, the premiumisation of core products, and a streamlining of the product range to concentrate on high-margin categories. The continuation of this successful strategy into FY25 was the primary driver of both strong Revenue growth and improved profitability. While a product range rationalisation completed in September 2024 limited volumes, an offset by higher-value product orders still resulted in a 5% increase in FY25 volumes. Gross margin has shown continuous improvement, rising from 54% in FY23 to 59% in FY24, and further increasing to 60% in FY25.	Revenue is forecast to increase by $15.8 million, or 10.5%, in FY26F, reaching $166.5 million. This growth is supported by a strong performance in 1H26, where Revenue increased by 9.8% to $85.8 million compared to 1H25. The 1H26 results benefited from the key Black Friday/Cyber Monday and Christmas/Boxing Day promotional periods in November and December 2025, alongside improved efficiency in marketing expenditure. In FY26F, growth is being driven by new product launches, the premiumisation of the expanded product range and continued growth in existing categories.
Japan	
Revenue in Japan demonstrated significant growth, increasing from $57.2 million in FY23 to $64.5 million in FY24 (a 12.7% increase), and further to $79.0 million in FY25 (a 22.5% increase, or an additional $14.5 million). This growth was underpinned by volume increases of 22% in FY24 and 9% in FY25, reflecting strong performance in the underlying business and the successful execution of marketing campaigns. However, the reported Revenue growth in FY24 was negatively affected by foreign exchange translation. The Australian Dollar (AUD) strengthened against the Japanese Yen (JPY), with the average exchange rate moving from 92.0 JPY per AUD in FY23 to 98.0 JPY per AUD in FY24. The average exchange rate in FY25 was 96.4 JPY per AUD.	Revenue is forecast to increase by 10.8% in FY26F, reaching $87.5 million, underpinned by an expected 7% increase in sales volume. Revenue for the first half of 2026 (1H26) was $43.2 million, marking a significant 27.4% rise compared to 1H25, and notably includes the Black Friday/Cyber Monday promotional sales period. While Japanese Revenue growth is forecast at 18.9% in JPY, the overall FY26F Revenue growth rates are negatively impacted by unfavourable foreign exchange rates, with the depreciating JPY reducing the AUD equivalent sales. The average JPY for FY26F is forecast at 103.5. The projected volume growth stems from sustained momentum during key sales events, such as the New Life promotion and Black Friday/Cyber Monday campaigns, along with the impact of product refresh launches across the Mattress and sitting furniture categories.

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HISTORICAL (FY23 TO FY25)	FORECAST (FY26F)
US	
Koala commenced US operations in October 2023 with the launch of the Koala Sofa Bed, initially limited to California. For the first nine-month period of trade, US sales reached $6.0 million. FY25 saw significant Revenue growth of $41.1 million, representing a 681.5% increase. This surge reflects the full-year effect of the business scaling, notably through the national US launch in May 2024 and the introduction of the Byron Sofa Bed in April 2024. This US Revenue growth was underpinned by a substantial increase in marketing investment, primarily focused on digital paid marketing channels. Strong sales were recorded during the Black Friday/Cyber Monday periods in both November and December of 2024 and 2025. The introduction of higher US tariffs caused some short-term volatility in demand, consumer sentiment, and purchasing patterns across the second half of FY25 and into the first half of FY26. However, consumer behaviours and sentiment stabilised during the first half of FY26.	Koala forecasts FY26F Revenue growth of $29.3 million, a 62.4% increase over FY25, primarily driven by the continued scaling and improved maturity of its US operations. In the first half of FY26F (1H26), Revenue reached $35.8 million, a 67.1% improvement compared to 1H25. This period included the important Black Friday/Cyber Monday promotional period, where Koala saw 67% growth in orders compared to the 2025 campaign. Koala anticipates a moderate improvement in gross margin for FY26F, largely due to the diversification of manufacturing outside of China, which is expected to mitigate the impact of US tariffs.

4.9.2 Revenue Seasonality

Koala's Revenue is subject to seasonality, primarily driven by key promotional events. The Forecast Financial Information assumes a largely consistent promotional calendar for FY26F.

The first half of the financial year, corresponding to the second half of the calendar year, is typically the strongest period for both orders and Revenue. This is due to several significant sale events, most notably Black Friday and Cyber Monday, which boost Revenue across all operating segments in November and December. In Australia, this is followed by another key sale period around Boxing Day.

Japan, however, sees its most significant promotional activity during the 'New Life' promotion, which generally runs across March and April for approximately five weeks.

It is important to note that revenue recognition occurs upon delivery of units, not on the order date when cash is received. Consequently, major campaigns occurring at the end of the year often contribute to the Revenue of the following financial period.

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4.9.3 Cost of Goods Sold

Koala's cost of goods sold (COGS) as a percentage of Revenue has consistently decreased, reflecting successful strategic initiatives. COGS decreased in FY24, reducing the COGS to Revenue ratio from 42.4% in FY23 to 38.8%. This improvement was driven by a strategic shift towards higher-margin products, ongoing product design efficiencies, and a reduction in promotional activities. COGS further improved to 37.6% in FY25, benefiting from the continuation of these initiatives and increased economies of scale.

COGS is projected to decrease further to 36.0% in FY26F. This expected reduction is due to two primary factors: favourable changes in Japan via lower mattress input prices as well as premiumisation of the mattress range, and a reduction in US import costs resulting from diversifying manufacturing away from China, which currently incurs higher tariffs on sales into the USA. Although Koala sourced 40% of its US sales from China during 1H26, the company expects this percentage to decrease to less than 20% by the end of the second half of FY26F (2H26).

In FY24 and FY25, Koala sourced 100% of its US product from its Chinese supplier. However, the company commenced a supply chain diversification strategy from the second half of FY25 (2H25) into the first half of FY26F (1H26), introducing products for the US market sourced from Thailand with lower tariff rates being levied on those products, beneficially reducing COGS.

Given a significant portion of Koala's cost of goods sold is denominated in foreign currencies, Koala applies a foreign exchange hedging framework, using permitted instruments and counterparties to hedge forecast exposures on a rolling 12-month basis, with higher hedge coverage in nearer-term periods and progressively lower coverage in outer forecast periods. This approach is intended to mitigate the impact of exchange rate movements on reported COGS and gross margin.

Table 23: Pro forma Cost of Goods Sold

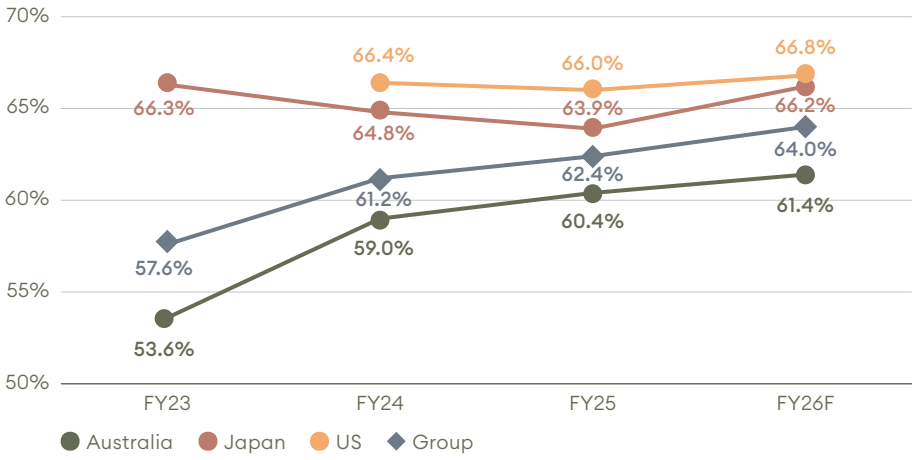
$M	FY23	FY24	FY25	FY26F
Cost of goods sold				
Australia	57.7	50.7	59.7	64.3
Japan	19.3	22.7	28.5	29.6
USA	–	2.0	16.0	25.4
Group	**77.0**	**75.5**	**104.2**	**119.7**
As % of segment Revenue				
Australia	46.4%	41.0%	39.6%	38.6%
Japan	33.7%	35.2%	36.1%	33.8%
USA		33.6%	34.0%	33.2%
Group	**42.4%**	**38.8%**	**37.6%**	**36.0%**

Note: The Group total above includes the UK segment which is not separately disclosed.

These initiatives, which have driven down COGS in recent years, coupled with a global approach to product ranging, have enabled Koala to both improve gross margins in existing markets and enter new markets with strong initial margins, as shown in the chart below.

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Figure 30: Gross Margin by operating segment



4.9.4 Fulfilment Costs

Fulfilment costs increased by 11.3% in FY24 primarily as a result of an increased volume of sales across all operating segments, as well as expansion into non-DTC marketplaces in Japan, with costs as a percentage of sales increasing from 16.7% in FY23 to 18.2% in FY24. The further increase to 17.9% of sales in FY25 was due to further marketplace expansion in Japan and the growing presence of the US operating segment in the revenue mix, where distribution costs as a percentage of sales is higher compared to Australia, as the market matures and builds out its logistics and distribution network.

FY26F fulfilment costs are forecast to be $58.7 million, representing 17.7% of Revenue and an improvement of 24 basis points from FY25 as a percentage of sales. This reduction in fulfillment costs as a percentage of sales is largely due to a leaner product range lowering storage costs, as well as some supplier rate reductions.

Table 24: Pro forma Fulfilment Costs

$M	FY23	FY24	FY25	FY26F
Fulfilment costs				
Australia	20.9	20.8	25.4	26.4
Japan	9.6	11.8	15.3	16.6
USA	–	1.4	8.9	15.4
Group	**30.5**	**33.9**	**49.6**	**58.7**
As % of segment Revenue				
Australia	16.8%	16.8%	16.9%	15.8%
Japan	16.7%	18.2%	19.3%	18.9%
USA		22.9%	18.9%	20.2%
Group	**16.8%**	**17.5%**	**17.9%**	**17.7%**

Note: Fulfilment costs reflects the combination of Logistics expenses and merchant fees. The Group total above includes the UK segment which is not separately disclosed.

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4.9.5 Marketing Costs

In FY25, marketing costs rose by $15.5 million (38.3%) as Management strategically invested to bolster Revenue growth across the business. Despite this increased investment, marketing costs as a percentage of sales saw an improvement, decreasing from 20.8% in FY24 to 20.2% in FY25. The higher percentage in FY24 was primarily driven by the marketing spend required to initiate Revenue growth in the US market.

Looking ahead, Koala plans to maintain its marketing investment to drive Revenue growth, particularly in new markets. While the forecast projects an overall increase in marketing costs as a percentage of Revenue to 20.8% in FY26F, Koala anticipates a reduction in this percentage within each individual market as efficiency improves with scale and brand recognition.

Table 25: Pro forma Marketing Costs

$M	FY23	FY24	FY25	FY26F
Marketing costs				
Australia	20.2	21.0	25.2	27.6
Japan	16.7	17.6	16.6	18.0
USA	–	1.8	14.1	22.3
Group	**36.9**	**40.4**	**55.9**	**68.9**
As % of segment Revenue				
Australia	16.2%	17.0%	16.7%	16.6%
Japan	29.1%	27.2%	21.1%	20.5%
USA	–	30.4%	29.9%	29.2%
Group	**20.3%**	**20.8%**	**20.2%**	**20.8%**

Note: The Group total above includes the UK segment which is not separately disclosed.

4.9.6 Contribution Margin

The contribution margin has demonstrated strong growth, rising from $37.3 million in FY23 to $44.5 million in FY24. This upward trend accelerated in FY25, with the contribution margin increasing significantly by 50.9% to reach $67.1 million. Historically, this growth has been fuelled by enhanced performance across all operating segments. Looking ahead to FY26F, Koala forecasts the contribution margin will further increase to $84.7 million, a contribution margin of 25.5%.

A more detailed description of contribution margins by region is set out below:

- **Australia:** Contribution margin has demonstrated a consistent upward trend, growing from $31.2 million in FY24 to $40.4 million in FY25, representing a significant improvement from 25.2% to 26.8% of segment Revenue. This continues the positive trajectory from the FY23 contribution margin of 20.6%. The improvement in FY25 was primarily due to enhanced gross margin, which increased from 59.0% in FY24 to 60.4% in FY25. This gross margin expansion was achieved by premiumising core products and streamlining the range to focus on high-margin categories. In the forecast period, the Australian contribution margin is expected to reach $48.3 million in FY26F, improving to 29.0%, driven by expected benefits from reduced supplier rates, leading to lower fulfillment costs, and increased marketing efficiencies.
- **Japan:** Contribution margin has seen steady growth, increasing from $11.7 million in FY23, to $12.4 million in FY24, and reaching $18.6 million in FY25. Notably, the contribution margin in Japan improved significantly in FY25, rising to 23.5% from 19.3% in FY24. This improvement was driven by substantial gains in marketing efficiency, which more than compensated for minor decreases in gross margin and increased fulfillment costs. Looking ahead, the contribution margin for Japan

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is projected to grow to $23.4 million in FY26F, with the contribution margin percentage improving to 26.7%. This forecast improvement is based on several factors: continued strategic steering of gross margin towards higher-priced, high-margin products; the further scaling of marketing efforts; and the full year impact of cost savings from the implementation of a local payment gateway provider.

- **US:** The US operations saw a significant improvement in contribution margin, increasing from $0.8 million in FY24 to $8.1 million in FY25, a $7.3 million uplift. This substantial growth in FY25 reflects a full year of operation following the initial market launch phase. Correspondingly, the contribution margin rate improved from 13.1% to 17.2% as the business achieved greater scale. While the US market scales and contribution rate is currently lower than Koala's more established regions, Koala forecasts a slight further increase to 17.4% in FY26F.

Figure 31: Proforma Contribution Margin % by trading operating segment

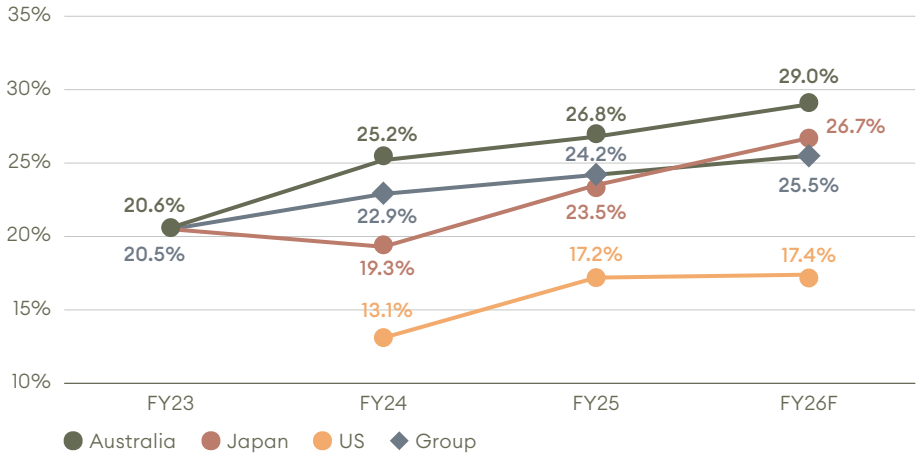


Table 26: Pro forma Contribution Margin by trading operating segment

$M	FY23	FY24	FY25	FY26F
Contribution Margin				
Australia	25.6	31.2	40.4	48.3
Japan	11.7	12.4	18.6	23.4
USA	–	0.8	8.1	13.3
Group	**37.3**	**44.5**	**67.1**	**84.7**
As % of segment Revenue				
Australia	20.6%	25.2%	26.8%	29.0%
Japan	20.5%	19.3%	23.5%	26.7%
USA	–	13.1%	17.2%	17.4%
Group	**20.5%**	**22.9%**	**24.2%**	**25.5%**

Note: The Group total above includes the UK segment which is not separately disclosed.

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4.9.7 Operating Costs

Operating costs, which encompass people costs, office running costs, technology, and product research and development, increased by 20.0% in FY24 and a further 33.1% in FY25. This was primarily driven by management's decision to expand headcount and establish global support infrastructure to support continued Revenue growth and market launch ambitions. People costs are Koala's largest operating cost (representing 75.2% of total operating costs in FY25).

In the forecast period, Koala projects FY26F operating costs to be $60.0 million, an 8.2% increase over FY25. This planned increase is largely attributable to Management's strategy to expand Koala's headcount, primarily to scale market-based teams with revenue growth in the respective operating markets. Management retains flexibility regarding the timing of these headcount increases, which will be contingent on progressive sales performance. The pro forma cost base for all periods includes an additional $1.7 million in annual public company costs with the exception of FY26F, where $1.3 million is included, as post-listing these costs are forecast in the statutory results.

Historically, Koala has capitalised a small proportion of salaries and other expenses incurred in developing its product range and bespoke IT platforms. These items are carried as intangible assets and amortised through the profit and loss statement. Within FY26F the amount of capitalised expenditure is $0.4 million.

Koala has demonstrated a consistent and notable improvement in operating leverage since FY24, reducing operating costs as a percentage of Revenue. As a direct consequence of these ongoing efforts and strategic focus on operating leverage, operating costs are forecast to continue their downward trajectory to 18.1% of Revenue in FY26F. This anticipated reduction highlights management's confidence in achieving greater scale economies and maximising operational discipline, particularly in relation to people costs.

These initiatives, and their interplay with expanding contribution margin are explored in more detail in 3.12.4.1.

Table 27: Pro forma operating costs

A$ IN MILLIONS	FY23	FY24	FY25	FY26F
Operating costs	34.7	41.6	55.4	60.0
% of segment Revenue	19.1%	21.4%	20.0%	18.1%

4.9.8 EBITDA

Group EBITDA saw substantial growth, rising from $2.8 million in FY24 to $11.7 million in FY25, following a relatively flat FY24. This improvement was driven by Koala's Revenue growth and positive contribution margins across all trading segments, which led to increased operating leverage over the company's largely fixed cost base.

Koala forecasts FY26F EBITDA to reach $24.8 million, marking a 112.2% uplift from FY25. This projected growth is expected as the US business moves past its initial establishment phase and continues its revenue growth trajectory, supported by Koala's strong contribution margins. The EBITDA margin is anticipated to improve to 7.5%, reflecting greater operating leverage (detailed in Section 4.9.7) and better contribution margins (detailed in Section 4.9.6).

Given the expectation that future fixed costs will increase at a slower rate than Revenue, Koala believes it has significant operating leverage potential, with Revenue and contribution margin growth positioned to drive higher EBITDA margins.

FY26 forecast EBITDA is projected to grow strongly relative to FY25, underpinned by contribution margin expansion across each core market. While operating expenses are expected to increase to support scale and capability, they are forecast to grow at a slower rate than contribution margin, resulting in positive operating leverage and a higher overall earnings outcome.

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Figure 32: EBITDA waterfall

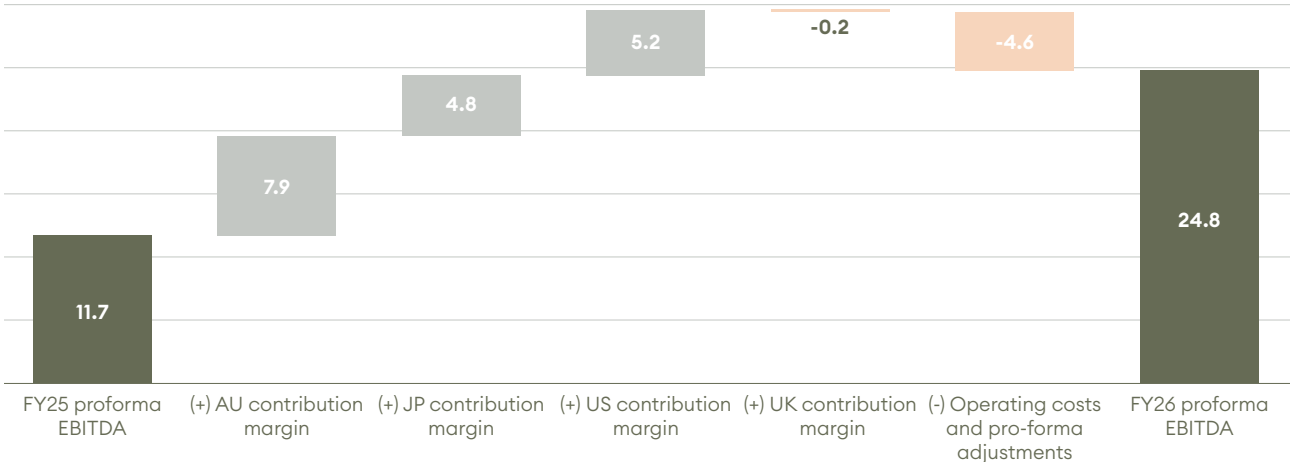


Table 28: Pro forma EBITDA

A$ IN MILLIONS	FY23	FY24	FY25	FY26F
Group EBITDA	2.6	2.8	11.7	24.8
% of Revenue	1.4%	1.5%	4.2%	7.5%

4.9.9 Cash flow information

Koala Group's Pro forma cash flow from operating activities has shown a strong, improving trend, reaching $29.9 million in FY25, up significantly from $22.1 million in FY23 and $8.4 million in FY24. The forecast for FY26F is $27.7 million.

This cash flow profile, which consistently exceeds EBITDA across the periods, is primarily driven by favourable movements in working capital as the business expands. Koala's business model contributes to this through immediate cash collection on orders (no material debtors), favourable supplier payment terms, and efficient inventory management in which customer orders are typically delivered prior to payment having to be paid to suppliers.

The decline in cash flow from operating activities to $8.4 million in FY24 was specifically due to an increase in inventory. This investment was necessary to rebuild stock from lower historical FY23 levels and to support the launch and growth of the US business.

By FY25, Koala successfully managed to keep inventory stable while achieving significant Revenue growth and increased overall activity. Working capital improvements were also secured in FY25 through an increase in current liabilities, consistent with Koala's established working capital structure.

FY26F forecast growth is anchored by a strong cash flow performance in the first half (1H26), driven by robust sales during key promotional periods against a consistent inventory balance and increasing accounts payable. The subsequent six months to 30 June 2026 are forecast to include an assumed increase in working capital.

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4.10 FY26F trading update and outlook

In the seven-month year-to-date period to January 2026, Koala has seen strong growth across all geographies on a year-on-year basis with contribution margin improvements in Australia and Japan.

Australia: Koala anticipates that the strong Revenue momentum observed in the first half of FY26F will continue, forecasting 11.4% Revenue growth in the second half of the year (2H26F). Contribution margin is forecast to grow $4m or 21.1% PCP.

Japan: The operating segment has maintained a strong trajectory of Revenue growth while improving marketing efficiency and strengthening the overall contribution margin compared to the previous year. Revenue performance in the second half of FY26F to date has been in line with expectations and Koala projects underlying JPY growth rate of 13.0%, with the AUD growth result adversely impacted by FX currency translation. Notwithstanding the impact of currency fluctuations and four fewer promotional days, Koala forecasts that its full-year FY26F Revenue growth in AUD will be 10.8%.

US: Koala expects to deliver strong year-on-year Revenue growth in 2H26F of 58.4%, or 74% in USD, continuing its strong momentum from 1H26. The US is the largest sitting furniture market in the world and Koala continues to view it as a high-growth market for the Group.

Table 29: Pro forma Historical and Forecast results by operating segment

A$ IN MILLIONS	H1 FY26	H2 FY26	FY26F
Australia			
Revenue	85.8	80.7	166.5
Growth vs pcp	9.8%	11.4%	10.5%
Gross Margin $	**52.0**	**50.2**	**102.3**
Gross Margin %	*60.6%*	*62.2%*	*61.4%*
Contribution Margin $	**25.2**	**23.1**	**48.3**
Contribution Margin %	*29.3%*	*28.6%*	*29.0%*
Japan			
Revenue	43.2	44.3	87.5
YoY Growth vs pcp	27.4%	(1.7%)	10.8%
Gross Margin $	**29.6**	**28.3**	**57.9**
Gross Margin %	*68.5%*	*63.9%*	*66.2%*
Contribution Margin $	**12.0**	**11.4**	**23.4**
Contribution Margin %	*27.7%*	*25.8%*	*26.7%*
US			
Revenue	35.8	40.6	76.4
YoY Growth vs pcp	67.1%	58.4%	62.4%
Gross Margin $	**23.4**	**27.7**	**51.1**
Gross Margin %	*65.2%*	*68.2%*	*66.8%*
Contribution Margin $	**4.7**	**8.5**	**13.3**
Contribution Margin %	*13.2%*	*21.0%*	*17.4%*

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A$ IN MILLIONS	H1 FY26	H2 FY26	FY26F
UK			
Revenue	0.2	1.3	1.6
YoY Growth vs pcp	–	–	–
Gross Margin $	**0.1**	**1.0**	**1.1**
Gross Margin %	*64.8%*	*71.9%*	*70.9%*
Contribution Margin $	**(0.4)**	**0.1**	**(0.2)**
Contribution Margin %	*(171.2%)*	*10.3%*	*(15.3%)*
Group			
Revenue	165.1	166.9	332.0
YoY Growth vs pcp	23.6%	16.6%	20.0%
Gross Margin $	**105.2**	**107.2**	**212.3**
Gross Margin %	*63.7%*	*64.2%*	*64.0%*
Contribution Margin $	**41.5**	**43.2**	**84.7**
Contribution Margin %	*25.2%*	*25.9%*	*25.5%*

4.11 Sensitivity Analysis of Forecast Financial Information

The Forecast Financial Information relies on estimates and assumptions detailed in Section 4.8. Given the business, economic, and competitive uncertainties and contingencies, many of which are outside the control of Koala, its Directors, and management, these estimates are subject to change. They also incorporate future business decisions and opportunities, which are inherently volatile.

A summary of the sensitivity of the Forecast Financial Information to fluctuations in key variables is presented below. This sensitivity analysis shows the impact of a change in key assumptions over a six-month period, as the Forecast Financial Information itself covers only six months of forecast trading. This analysis is focused at the EBITDA level because the forecasts assume no interest expense, a limited tax expense profile, and largely stable year-on-year depreciation and amortisation.

The changes in variables shown are not exhaustive of the full range of potential variations. Care is required when interpreting these sensitivities, as the estimated impact of changes in each assumption has been calculated in isolation and assumes a full-year impact for illustrative purposes. In reality, changes in various assumptions may be offsetting or additive. Moreover, Koala's management would likely respond to any changes in an effort to minimise the net effect on Koala's EBITDA.

Table 30: Sensitivity analysis on the impact on FY26F Pro Forma EBITDA

		FY26F	
	Notes	Sensitivity	PF EBITDA Impact ($m)
US tariffs	1	+/–10%	0.9
Volume growth	2	+/–3%	2.2
Marketing ratio	3	+/–1%	1.7
FX AUD:USD	4	+/–2c	1.2
FX AUD:JPY	5	+/–¥2	0.5

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The following factors have been analysed to assess their potential impact on Koala's financial performance:

1. **US tariffs:** Included in the Forecast Financial Information are US tariffs on imported goods comprising tariff rates of 45% on most Chinese-sourced products, 75% on certain sofa products sourced from China, and 19% on Thailand-sourced products. Accordingly, the Forecast reflects a mix of tariff rates across the Group's sourcing profile. The sensitivity analysis illustrates the impact of a uniform 10 percentage point change in applicable tariff rates across this mix, with the resulting impact recognised in cost of goods sold and gross margin, assuming no mitigating actions are taken.
2. **Volume growth:** The forecasted volume growth has been adjusted to reflect the possible impact of changes in discretionary consumer spending, shifts in economic cycles, and changes in overall consumer behaviour.
3. **Marketing ratio:** This ratio reflects the efficiency of marketing expenditure, which is critical for revenue generation. This sensitivity models the financial impact of the marketing ratio being 1% higher or lower, relative to the spend required to secure forecast Revenue levels.
4. **FX AUD:USD:** This sensitivity models the impact of fluctuations in the AUD:USD exchange rate on Koala's supplier payments, which are largely denominated in USD (due to all manufacturing being located outside of Australia and being paid for in USD). The calculation accounts for the mitigating effect of US operations (a natural hedge) and does not consider the impact of any foreign currency hedges in place.
5. **FX AUD:JPY:** Koala's operations in Japan are denominated in JPY. This sensitivity analysis models the effect of fluctuations in the AUD:JPY exchange rate on Koala when converting Koala's JPY operating activities into AUD and does not consider the impact of any foreign currency hedges in place.



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4.12 Dividend Policy

The payment of a dividend by Koala, if any, is at the discretion of the Board. The ability to pay a dividend will be a function of several factors, many of which are beyond the control of Koala, and includes the general business environment, operating results, cash flows and financial condition of Koala, future funding requirements, compliance with debt facilities, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by Koala and any other factors the Koala Board deem relevant.

Koala does not intend to pay a dividend in the forecast period and future shareholder distributions will be assessed by the Board at the relevant time. No assurances can be given by any person, including the Koala Directors, about the payment of any dividend or, in the event a dividend is paid, of the level of franking credits attaching to such dividend.

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Section Five



Risk Factors

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5. Risk Factors

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5.1 Introduction

This Section describes some of the potential risks associated with the Company's business and the industry and markets in which the Company operates, and risks associated with an investment in Shares. The Company is subject to a number of risks both specific to the Company's business activities and of a general nature, which may, either individually or in combination, adversely impact the Company's future operating and financial performance and the price or value of its Shares. This Section does not purport to list every risk faced by the Company now or in the future. Many of these risks, or the consequences of such risks, are outside the control of the Company, the Directors and management. If one or more of these risks eventuates, then the future operating and financial performance of the Company and the value of your investment in Shares may be adversely affected.

The selection of risks outlined in this Section is based on an assessment of the probability of the risk occurring, the impact of the risk on the Company should the risk materialise and the Company's ability to mitigate the risk. This assessment is based on the knowledge of Directors and management as at the Prospectus Date. There is no guarantee or assurance that the importance of the risks will not change or other risks that may adversely impact the Company will not emerge.

There can be no guarantee that the Company will achieve its stated objectives, successfully implement its business strategy, or that the forecast financial information or any forward-looking statement contained in this Prospectus will be achieved or eventuate. You should note that past performance may not be a reliable indicator of future performance.

An investment in the Company is not risk free. Before applying for Shares, you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in the Company and whether the Shares are a suitable investment for you having regard to your investment objectives, financial circumstances and taxation position. Before deciding whether to apply for Shares, you should read this Prospectus in its entirety and seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.2 Risks specific to an investment in the Company

5.2.1 Failure to operate efficiently, execute plans or achieve growth strategy

Koala's growth strategy is primarily based on scaling its business, expanding its product range, entering new geographies, efficient and effective marketing and continuing to innovate in new and existing categories (as further described in Section 3.11). The success of this business plan depends on the effective execution of many aspects of Koala's growth strategies, which may need to change over time to adapt to new circumstances. There is no assurance that any investments, tactics or goals will be successfully achieved, that they will deliver the expected returns, generate cash or ultimately result in an increase in the financial performance or improvement in the financial position of the Company.

There is a risk that Koala's business strategy is poorly conceptualised or realised, there is heightened risk from pursuing a strategy of product concentration, or that the execution of Koala's growth strategy is under-resourced. Koala's decision making may be tentative or not nimble enough to capitalise on opportunities. Koala's growth strategy may be subject to unexpected delays, disruptions and additional costs, and its success may be affected by the actions of other competitors or regulators in the industry and general economic conditions, domestically and abroad. There may be risks to Koala's business resulting from concentration on a limited product range.

Additionally, the strength of Koala's business plan and its ability to execute that plan is dependent on a number of factors which are outside its control or impossible to predict as at the Prospectus Date. These factors include the potential trade restrictions that may be imposed on Koala's key markets, possible increases in Koala's cost base and inputs, fluctuations in foreign exchange markets, difficulties Koala may experience attracting and retaining talented staff and the strength of Koala's information technology system, much of which is supported by third party suppliers of software.

If Koala's growth strategy is unsuccessful, its financial performance may not be as expected and forecasts or any other forward-looking statement contained in this Prospectus may not be achieved or eventuate and this would have an adverse impact on the price or value of Shares.

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5.2.2 Reliance on key manufacturer

Koala sources almost 70% of its products (by units) from a single third-party supplier based in China and South-East Asia and the remaining product from a small number of other suppliers most of whom are also based in China. A summary of the contract between Koala and its primary supplier, including details about its key manufacturer and the circumstances in which the contract could come to an end, is set out in Section 9.5.1. Details about the nature of the primary supplier are contained in Section 3.7.1).

Supplier concentration exposes Koala to the risk of supply chain disruptions, quality issues as well as the risk of increased costs if the contract with its key supplier comes to an end. The termination of the contract, or any events that adversely affect the key supplier's operations, such as regional geopolitical instability, mechanical or technology system failures, power outages, input shortages, industrial disputes, safety incidents, a change in the ownership or control of the supplier as well as management changes or similar events, could adversely impact the volume of Koala's production capabilities. This could result in insufficient or an inferior supply of products, reputational harm, and loss of revenue. Additionally, being China and South East-Asia based, Koala's key third-party supplier does have exposure to changes in US trade policy (refer Section 3.13 for additional detail about this risk) and China's responses to that policy.

In the event of a supply chain disruption, Koala may incur significant costs and challenges in transitioning to alternative suppliers and restoring brand confidence. It may be unable to recover these costs in damages from its primary supplier. Any increased expenditure associated with addressing this risk through geographical or multiple supplier diversification could be passed on to customers through higher prices or absorbed by Koala, both of which may reduce sales and profitability.

Because of its reliance on a primary supplier, in circumstances where that supplier seeks to renegotiate its contract terms with Koala on substantially less favourable terms, Koala will need to transition to alternative production arrangements on more favourable terms. This may lead to an increase in costs and a compression in margin for Koala, and/or costs associated with sourcing new supply arrangements, which could adversely affect Koala's financial performance.

5.2.3 Change in economic, geopolitical and other conditions affecting consumer demand

As a DTC business, Koala's customers' demand for goods and therefore Koala's sale of goods, is influenced by a variety of economic factors including but not limited to economic growth, inflation, interest rates, consumer sentiment, fiscal and monetary policy and employment rates in not only the key markets in which it operates, but also countries, economies and industries which have the capacity to affect the key markets in which Koala operates. For example, a deterioration in economic conditions and concerns arising out of geopolitical tensions may cause consumers to delay spending decisions or alternatively to prefer the less expensive products of Koala's low-cost competitors. Relatedly, prolonged economic downturns or recessions can result in higher unemployment rates, reduced consumer spending, and diminished demand for Koala's products. Koala may then encounter difficulties adjusting its cost structures (including through efficiency gains) or pricing strategies in response to changing economic or geopolitical conditions or a drop in demand for its products. Any increase in the price of its products to compensate for the reduced revenue may further reduce Koala's number of sales. These effects could have a material impact on Koala's operating performance and financial position.

5. Risk Factors
continued

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5.2.4 Navigating tariff uncertainty and volatility

The US and other international markets are a significant source of future growth opportunities. The global tariff landscape for imported products from overseas creates a risk for the competitiveness of Koala's product range, in particular imports from China (where 87% of Koala's manufacturing currently takes place), which is the subject of fluctuating tariffs imposed by the US (refer Section 3.13). For any changes to trade policy which increase the costs of the goods that it sells, Koala needs to determine whether to absorb the cost, pass on some or all of it to customers in the affected country (which can adversely affect demand for Koala's products) or to seek reductions in costs from its suppliers or make other arrangements with its suppliers to mitigate the costs in other ways (which may not be achievable quickly or commercially possible).

Trade policy changes which occurred in 2025, and which may continue to occur, are beyond Koala's control. This evolving trade landscape presents a significant degree of uncertainty which, for Koala, is compounded by the dynamic policy environment in the US, reciprocal governmental actions in China, and subsequent tariff escalations by both countries. These global trade policies may change faster than Koala's capacity to respond and reposition accordingly and Koala's responses may be or become unsuitable.

Tariffs, duties or other trade barriers imposed in Koala's key markets, result in Koala's products becoming more expensive, negatively impacting margins and becoming less competitive in that market. Consumers in certain regions may have diminished spending capacity resulting from the higher prices on tariffed goods (and there is a risk that dramatic changes in trade policy can create recessionary conditions which reduces consumer demand). As disclosed in Section 3.13, in the event that Koala's suppliers scale up manufacturing outside China (to mitigate the effects of these trade barriers), these changes may take longer than expected (which may make it harder for Koala to decrease the impact of higher tariffs) or could cost more than originally anticipated (which could impact Koala to the extent this cost was not solely borne by its suppliers). Any scaling up by suppliers outside of China would involve significant investment of time and resources, as may any subsequent reversal of this decision in response to new policy environments. In addition, there is a risk that new tariffs, duties or other trade barriers are subsequently imposed which affect those countries where the manufacturing operations have "moved to". This could reduce revenue, hampering Koala's growth in the US and Koala's expansion to new markets.

Given the complexity and volatility of global trade policy, there is also risk of Koala incorrectly interpreting trade policy as it relates to new products, or changes by regulatory authorities in the interpretation of existing regulation, which could result in non-compliance or increased duty imposition with retro-active effect, leading to increased costs or risk of penalties.

Where the global economy is affected by trade restrictions or Koala is unable to navigate the resulting uncertainty, Koala may be unable to achieve its forecasted revenue or profit. If these circumstances continue for a prolonged period, tariffs and trade restrictions can materially adversely affect Koala's achievement of margin and profit targets.

5.2.5 Competition for customers may increase

Koala currently primarily operates within the retail furniture market in Australia, Japan, the US and the UK and faces competition from other furniture retailers in those markets. Koala's ability to compete successfully and maintain or increase market share will be based on a variety of factors including quality, price, innovation and design, convenience (as Koala is largely an online only retailer with no brick-and-mortar storefronts), customer service, brand recognition and reputation and environmental friendliness.

The style of Koala's furniture makes it relatively easy for competitors to reverse engineer its designs and features, while it is less easy to reverse engineer efficient manufacturing processes. Existing competitors or new entrants, who may have greater resources than Koala, could attempt to grow their market share by offering similar or superior products to Koala, undercutting Koala's prices and/or by predicting and successfully meeting consumers' changing demands. There are low barriers to entry in the retail furniture industry and the market is highly fragmented. Accordingly there is no guarantee Koala can prevent or deter new entrants or meet customer preferences, by either producing continuously unique and appealing

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furniture or expanding to other products at an acceptable price. There is also a risk that the Koala brand name is already in use in the geographies in which the Company seeks to expand, and this may complicate its ability to expand by restricting its ability to rely on its existing brand awareness and goodwill.

If Koala fails to anticipate and respond to changing customer tastes or to effectively manage its product development, marketing, operational leverage, pricing and distribution strategies, it may lose market share to its competitors. The effect of this may be exacerbated by emerging artificial intelligence capability lowering the barriers to competition. This may result in a decline in sales and margins, an increase in operating expenses from attempts to remain competitive or a loss of market share. Any deterioration in Koala's competitive position may adversely affect its financial performance and growth prospects.

5.2.6 Inability to meet financial forecasts or other forward-looking statements

This Prospectus contains forward looking statements and financial forecasts about Koala's future performance, including at Section 4. These statements are based on assumptions set out in Section 4.8 and involve various risks and uncertainties (including the other risks disclosed in this Section 5), which are known and unknown and that have the potential to affect the actual results, achievements and performance. Those risks and uncertainties could cause Koala's actual results, achievements and performance to be materially different from those expressed or implied in the forward-looking statements and financial forecasts contained in this Prospectus. There is no assurance Koala will achieve its stated objectives or that a particular outcome will eventuate.

5.2.7 Reliance on foreign suppliers and exposure to geopolitical, economic and regulatory risks in foreign jurisdictions

Like its competitors, the majority of Koala's revenue is derived from products which are manufactured by suppliers based in China and South-East Asia as these locations are world leaders in furniture manufacturing in terms of cost and quality. As with all of Koala's foreign suppliers, they are subject to the laws and policies of their respective governments and Koala may experience difficulties enforcing contractual terms or recovering damages. The relevant governments may impose tariffs, trade restrictions, sanctions or other measures against foreign companies or products, enact stricter environmental, labour or quality standards, change tax rules or currency exchange rates, or take other actions that could increase the costs, reduce the availability or impair the quality, of Koala's products.

The financial performance and operational success of Koala are closely tied to the geopolitical and economic environments where the Company, its clients, suppliers, and partners conduct business. These environments are influenced by a range of factors, including domestic and international economic and geopolitical events (such as inflation, war or the imposition of trade sanctions), shifts in global financial markets and political regime changes. For example, Koala may be affected by rising political tensions between China on the one hand and the US and Australia on the other, or by feuding between South-East Asian countries, which could result in trade disputes, diplomatic conflicts, trade sanctions, security threats or other forms of hostility with the potential to disrupt or impair Koala's supply chain in the region. The threat of or the actual outbreak of war or hostilities may interrupt or stop altogether Koala's suppliers from meeting their contractual requirements, which would directly impact Koala's ability to supply products to its end customers.

Operating in emerging markets may increase risks of bribery, corruption or other unethical conduct by suppliers or their subcontractors, which could expose Koala to legal liability, reputational damage and disrupt operations. Koala may not be able to prevent, detect or remedy such conduct effectively and is beholden to the potential influence of the foreign government or other parties on how it enforces laws prohibiting unethical conduct.

Any of these factors could have a material adverse impact on Koala's ability to source its products on favourable terms and in a timely manner or at all, to find alternative suppliers of comparable quality and price and to successfully sell its products in any current and prospective consumer markets. This could in turn affect Koala's ability to meet customer demand, maintain its competitive position, and achieve its growth objectives, and could materially adversely impact upon Koala's financial performance.

5. Risk Factors
continued

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5.2.8 Increase in Koala's cost base

Koala's cost base consists of a variety of inputs, including the cost of raw materials, labour, logistics, ocean and road freight, marketing and maintaining an efficient technological infrastructure to support its operations. As Koala relies on third-party manufacturers located outside Australia to produce and deliver products to domestic and international customers, this exposes Koala to freight and delivery costs that can fluctuate depending on fuel prices, transportation capacity, weather conditions, port congestion and tariffs. In addition, any of the unfavourable or hostile geopolitical and economic environments mentioned in Section 5.2.7 could expose Koala to increases in input costs.

Any increase in Koala's cost base could have a material adverse impact on its operating costs, gross margins and profitability. Koala may not be able to recoup costs from customers, as this may reduce demand and harm customer loyalty. Conversely, any decrease in Koala's cost base or increase in availability of raw materials might benefit its competitors who do not focus on sustainability or quality of inputs to the same extent as Koala, as they may be able to lower their prices or increase their comparative production capacity. As a result, fluctuations in the cost and availability of inputs could adversely affect Koala's competitiveness and market share.

5.2.9 Data security

The protection of personal information is extremely important to Koala. Koala collects customer personal information, including credit card information through third-party payment providers, via its website to process orders. Koala also collects employee and other company data which may include personal information.

The legal and regulatory landscape surrounding information security and privacy is becoming increasingly complex and stringent. The security measures implemented by Koala and its third-party service providers may not be sufficient to prevent unauthorised access to Koala's sensitive data. Furthermore, it may be very difficult, if not impossible, to prevent unauthorised access by an intentionally malicious employee or contractor, acting fraudulently. A significant data breach involving customer, employee, or company data could attract substantial media attention, cause reputational harm, and potentially lead to lost sales, fines, or legal action. Such an incident could have a materially adverse impact on Koala's financial and operating performance, potentially causing long-lasting reputational harm which would be particularly acute given Koala's reliance for all of its sales on direct online sales and online marketplaces.

5.2.10 Cybersecurity

Koala is vulnerable to cyberattacks, malware and ransom attacks, computer viruses, software defects, network disruptions and other events that compromise the integrity of the information Koala possesses and the functionality of its technology infrastructure. Whilst Koala adopts security measures to protect its systems from unauthorised access, Koala cannot guarantee these measures (or those of any third-party providers that Koala relies upon) will be effective or sufficient.

Any compromise or disruption, even for a small period of time, could have significant adverse consequences on Koala's business, reputation and financial performance, including:

(a) theft or misappropriation of sensitive or confidential personal information, which could expose Koala's customers or employees to identity theft or financial fraud and expose Koala to legal claims, regulatory actions, fines and reputational harm;

(b) infringement of intellectual property rights, disclosure of trade secrets and other confidential information which could enable competitors to imitate or produce similar or identical products, eroding Koala's competitive advantage, reducing its market share or impairing its brand value;

(c) interruption, delay or degradation of business operations, which could impair Koala's ability to process and fulfill customer orders and manage its supply chain, adversely impacting revenue and profitability;

(d) increased costs and expenses associated with restoring, enhancing or replacing electronic data or systems, including implementing remedial measures, uplifting security posture, conducting investigations or complying with notification or reporting obligations; and

(e) reduced revenue due to loss of sales arising from a loss of customers or customer loyalty and loss of market opportunities which would be particularly acute given Koala's reliance for all of its sales on direct online sales and online marketplaces.

5.2.11 Inability to meet changing consumer preferences

The attractiveness of Koala's products may be affected by various factors, such as changes in consumer trends, perceptions of quality, value for money, spending patterns, lifestyle choices and environmental awareness. As Koala sells its products in multiple markets, consumer preferences in those markets (as well as the markets Koala expands to in future) may differ from each other for cultural, socio-economic and environmental reasons and may evolve over time.

The market may not be or remain responsive to Koala's current aesthetic or Koala may not be able to successfully predict or adapt its products to be innovative, well priced and of a comparably high quality. Koala could also incur significant outlays in understanding consumer needs, launching new products or expanding to new markets without any guarantee those investments will be profitable. The failure to meet changing consumer preferences could result in poor sales and adversely affect the overall financial position of the Company.

Many of Koala's competitors sell a wide range of furniture and offer many different types of goods within that range or adjacent ranges such as homewares. Currently, Koala's revenue is dependent on the successful sale of a small number of products, such as its signature sofas, sofa beds and mattresses. High concentration and lack of diversity within its product range and its pricing means any decline in the popularity, availability or profitability of Koala's best-selling products without an offsetting increase in consumers' preferences for other Koala goods, could have a disproportionate impact on Koala's financial prospects and reputation and could inordinately decrease Koala's sales revenue or margins.

5.2.12 Reliance on third parties for important functions

Koala designs its products in-house within Australia and contracts with third party suppliers of products, delivery services and software to manufacture those designs, manage its supply chain and support its information technology network. Koala's business is therefore exposed to the operational and financial risks of these contractors. Issues which may affect Koala's suppliers and therefore Koala, include reduced production capacity, poor quality control, regulatory non-compliance, data breaches or other losses of confidentiality, severe weather events, resource mismanagement and fraud or negligence.

The failure of any of Koala's contractors to perform their obligations to Koala well or to remain in business, could have a material adverse impact on Koala's ability to fulfil customer orders, maintain product quality and safety, control costs, comply with laws and regulations, protect its intellectual property and data, and pursue growth opportunities and consumer trends.

5.2.13 Ability to attract and retain key members and staff

Koala's success is dependent on the skills, experience and knowledge of specific individuals, such as its in-house design team who work to continuously improve Koala's products and through their skill and ability, differentiate Koala from its competitors. Koala requires additional talented and qualified personnel to pursue its future development opportunities and meet its evolving business needs, including outside Australia. There is a risk that Koala may lose some of its key personnel, either voluntarily or involuntarily, which may significantly affect its operational efficiency, strategic decision-making, and corporate culture. There is no guarantee that suitably skilled individuals will be identified and retained promptly, or that the transition to new personnel will not disrupt the business.

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5. Risk Factors
continued

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5.2.14 Infringement of intellectual property

Koala's designs, trademarks, know-how, branding and marketing contain valuable intellectual property. Koala has registered or applied for various trademark, patent and design rights in Australia and overseas and Koala relies on a combination of contractual, legal, and technical measures to safeguard its intellectual property rights and trade secrets. However, these intellectual property rights may be insufficient, challenged, invalidated or circumvented by third parties, including challenges for non-use where market entry may be delayed for a relevant category of goods, and trade secrets can be stolen. In geographies in which the Company has not registered or applied to register intellectual property rights, or where third parties hold prior registered or unregistered intellectual property rights, it may face difficulties entering new markets or registering, retaining, maintaining or enforcing intellectual property rights in those geographies, which could materially impact Koala's expansion strategy. As Koala is a recognisable word, there may be increased competition for use of the word by third parties, which could increase instances of conflict, and costs for addressing that conflict. Furthermore, Koala may not be able to prevent or deter reverse engineered imitations, which could erode Koala's brand value, customer loyalty and market share.

Koala could also be subject to claims of infringement of the intellectual property rights of its contractors or competitors, which could result in litigation, inability to produce products and reputational damage. Infringement of Koala's intellectual property or Koala's infringement of another party's intellectual property could have an adverse effect on Koala's financial position as well as on its scale and profitability and thereby the price or value of its Shares.

5.2.15 Information technology systems

Koala relies on its IT systems, and those of its external service providers for its business, including its website and e-commerce platform, inventory management, logistics and data analytics. If Koala's IT networks are compromised or disrupted for any reason, especially those networks on which Koala's operations uniquely depend, this may have a material adverse impact on the ability of Koala as a whole to conduct its business and operations. For example, if its e-commerce provider, Shopify or all servers underlying and supporting Shopify were to fail, the Company would be unable to receive and process consumer orders until an alternative e-commerce solution is found.

Koala consistently invests in its IT systems to enhance operations but there is a risk that any proposed investments in IT are not implemented successfully (for example, as a result of increased costs or delays) or do not ultimately provide the intended benefits. Any failure to adequately manage the implementation of these IT projects could increase expected operating expenses and/or divert management's focus from other operational matters.

Koala must ensure its systems remain fit for purpose as the business grows, because relying on outdated systems or failing to upgrade to new available technology could lead to operational disruptions, inefficiencies, data loss, security breaches, customer dissatisfaction, increased costs and reduced margins. In a competitive and dynamic industry, Koala's growth depends on adapting to new technologies and opportunities. Failure to do so faster or better than competitors could inhibit Koala's exploration of opportunities, seceding market share to other retailers. Adapting to new technologies may incur significant costs, including data migration, employee training, system testing, regulatory compliance, and transition risks.

Any of these IT related issues could have a material adverse impact on the operating performance and financial position and the financial and operating performance of Koala.

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5.2.16 Use of artificial intelligence

Koala has begun using artificial intelligence (**AI**), including third-party large language models and proprietary algorithms, in its operations to assist with, for example, managing customer service, data collection and analysis, and facilitating personalised consumer shopping experiences. While Koala expects these tools will enhance customer experience, reduce employees' effort through automation and increase efficiency gains, the use of AI may present operational and legal risks. These tools may generate inaccurate, biased or unhelpful responses or may not make suggestions or provide support which is suitable or reliable, which may have a detrimental impact on customer satisfaction or operational decisions and in turn impact sales or future potential sales. Use of AI also introduces risks relating to data rights, privacy and security, intellectual property infringement, dependency on third party providers and evolving and potentially inconsistent regulation. There may also be interruptions caused by AI failing to operate as intended and maintaining appropriate human oversight and control may not always be practical. Disruptions to our service delivery or other issues related to the increased use of AI in the business may harm future sales or create reputational harm. As noted in section 5.2.5, the increased use of AI by Koala's competitors may impact Koala's ability to compete for customers.

5.2.17 Breach of legal and regulatory requirements

Koala chiefly manufactures its products in China and sells them in Australia, the US, Japan and the UK. Each of these countries, as well as any markets Koala expands to in the future, have different laws and regulations that affect various aspects of Koala's business, such as occupational health and safety, product safety, privacy, marketing and labelling, pricing, consumer protection and environmental laws.

These rules may change over time, sometimes rapidly, potentially imposing new or more stringent obligations on Koala. If Koala does not comply with any of these laws and regulations, it may be required to make changes to its business model and/or face regulatory action, legal proceedings, fines, recalls and reputational damage as well as the loss of certifications, any of which could adversely affect its business, financial condition and operational results including by requiring product recalls. Koala may also incur significant costs compensating customers or employees, liaising with governments and suppliers, restructuring technological and legal compliance infrastructure, commissioning investigations, redesigning its products to ensure future compliance and restoring faith in its activities. Those costs may decrease Koala's profitability at a time when Koala's legal non-compliance has negatively affected its reputation and caused sales to fall.

5.2.18 Reliance on online sales, marketplaces and revenue

In addition to its own website, in some markets, Koala also sells products through third-party online marketplaces. While these platforms grant Koala access to a wider customer base, they present unique risks. To remain on their platforms, Koala must adhere to their terms and conditions including in relation to returns, reviews and pricing, which may become unfavourable to Koala with little opportunity to negotiate. Koala's direct competitors also trade on those platforms, enabling consumers to make direct comparisons at the point of purchase. Reputational risks from delivery issues or inadequate customer service by these marketplaces can also be misattributed to Koala. If Koala breaches marketplace terms or if customers lose trust in these platforms, Koala may lose the sales channel and reach provided by these platforms, which could lead to financial losses.

Koala's online marketing relies on global platforms such as Google, Meta, Tiktok and Pinterest. Changes to their standard terms and conditions could increase advertising costs and impact Koala's margins. In addition, changes to the algorithms or terms of service of search engines and other platforms such as those above, which cause our website or products either to be ranked lower or be excluded from search results presented on those search engines or for those platforms to become less relevant due to the increased use of AI-related searches by potential customers, all have the potential to reduce Koala's capacity to maintain and improve its brand recognition and sales.

Koala manages an internally built, proprietary middleware which supports its business model. Failure or fault in the operation of that platform may impact Koala's ability to manage operations in an efficient manner until the failure is rectified or an alternate system can be implemented.

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5.2.19 Product safety or other design failure

Koala is not vertically integrated, and its furniture is manufactured by third-party suppliers, who may source materials from their suppliers. Greater details of the risks this poses to the Company are described in Section 5.2.

As a result, Koala does not have direct control over the quality, safety or compliance of its products and relies on third parties' adherence to specifications which are audited by Koala's quality control processes. The suppliers' failures or deficiencies in Koala's quality control processes, including within the process itself and how different persons apply those processes, could result in product defects, increased warranty claims or customer dissatisfaction. In addition, poorly designed furniture might malfunction, create safety risks, not meet warranty expectations or cause dissatisfaction.

Any errors could cause Koala to face recalls, claims from customers, increased insurance premiums, significant reputational harm and require Koala to redesign the furniture, amongst other forms of revenue loss and increased expenditure to manage or address a product safety or design failure issue.

5.2.20 Fluctuations in foreign exchange markets

At present, the majority of Koala's business activities occur in Australia. Koala's consolidated financial results are reported in Australian dollars, and Koala generates most of its earnings and has costs, assets and liabilities, in Australian dollars. However, in 1H26 approximately 48% of Koala's revenue was derived from sales revenue in the US, Japan and the UK and is denominated in the currencies of those places. As a result, Koala is exposed to foreign exchange risk. The translation of foreign currency to Australian dollars for financial reporting purposes can and may result in changes in the amount of those sales or earnings and Koala's net assets.

In addition, a global supply chain exposes Koala to fluctuations in foreign exchange rates, which may be caused by global events as opposed to events in the markets in which Koala operates, that may affect the costs of its inputs and products. Koala incurs costs, generates revenue and holds assets in different currencies. For example, an appreciation of the Australian dollar against the US dollar, Japanese yen or UK pound would reduce the reported Australian dollar sales revenue generated from the US, Japanese or UK market, whilst a depreciation of the Australian dollar against the US dollar would increase Koala's cost of goods. As a result, changes in the exchange rates between the Australian dollar, American dollar, Japanese yen and UK pound may adversely affect reported profitability, cash flows, and financial position.

Koala may face challenges in hedging its foreign currency exposure due to the volatility and unpredictability of exchange rates and the availability and cost of hedging instruments. To the extent Koala hedges its foreign currency exposure, it may not be able to accurately hedge, manage or predict the impact of exchange rate movements and may incur additional losses as a result. Additionally, exchange rate fluctuations may create volatility in Koala's reported earnings and affect the comparability of Koala's financial results across periods.

5.2.21 Limited access to recurring revenue

Koala derives most of its revenue from a narrow range of sofas, sofa beds, armchairs and mattress products, which are designed to be durable and of a high-quality. These are products that households typically purchase infrequently. As a result, Koala may face challenges in generating recurring revenue from its existing customer base, as compared to its competitors or other retailers in the wider consumer goods industry. This may have long term implications for its growth opportunities and its financial position. Koala's growth strategy relies on expanding its product range, entering new markets and increasing its brand awareness and customer loyalty. If that strategy is unsuccessful, this may result in a loss of opportunity to generate future revenue coupled with capital losses incurred in making that investment.

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5.2.22 Climate change and severe weather events

The Company is exposed to climate-related physical risks, including rising temperatures, extreme weather events, droughts, and wildfires. These risks may disrupt supply chains, impact the availability and cost of raw materials (particularly timber) and affect the Company's ability to produce and distribute its products.

Severe weather events such as floods, storms, cyclones, and heatwaves may damage assets and infrastructure owned by Koala or on which Koala's operations rely, disrupt power supply and logistics, and delay operations across Koala's or its supplier's manufacturing facilities, suppliers, and distribution centres. Such events may increase material and energy costs, interrupt supply chains, and reduce consumer demand as customers delay purchases or shift preferences. These impacts could adversely affect the Company's operations, growth strategy, and financial performance.

5.2.23 Loss of ESG accreditation and certifications

Koala is currently B Corp certified and predominantly uses FSC-certified timber in its furniture products. Maintaining these certifications is important to Koala's brand and market differentiation. Koala relies on suppliers to uphold contractual obligations and maintain required certifications, however, has limited oversight of suppliers' day-to-day operations and relies on third party audits and certifications. There is a risk that suppliers may lose certifications or that quality control measures may fail, resulting in noncompliance with Koala's sustainability commitments and marketing claims.

Loss of certification or failure to meet public sustainability commitments could lead to reputational damage, customer complaints, product recalls, or regulatory scrutiny. This may adversely affect sales, increase returns, and require Koala to incur additional costs to rectify processes, replace suppliers, or seek reaccreditation.

5.2.24 Management of ESG Governance and Reporting Risks

Koala is subject to reporting obligations under applicable corporate governance frameworks, including the *Modern Slavery Act 2018* (Cth) and *Illegal Logging Prohibition Act 2012* (Cth) in Australia and similar disclosures in other jurisdictions. Koala's supply chains involve inputs from higher-risk industries and regions, including Chinese manufacturers in the textiles and logging sectors. Failure to comply with modern slavery and illegal logging reporting obligations or to implement adequate risk mitigation processes may result in reputational damage, regulatory scrutiny, and loss of investor confidence. Future amendments to these legislative frameworks may introduce more stringent due diligence and reporting requirements.

There is growing public and regulatory expectation for Koala to transparently disclose its climate and sustainability strategies. From 1 July 2026, Koala will be subject to mandatory climate-related financial disclosures, increasing scrutiny of its climate-change initiatives and supply chain practices. Koala anticipates being captured as a Group 2 reporting entity, with its first sustainability report to be submitted by October 2027. Failure to comply with disclosure obligations may expose Koala to regulatory enforcement, civil penalties, and reputational harm. Climate-related disclosures may also attract legal claims from regulators or third parties if deemed inadequate. There is also a risk that Koala's statements about its sustainability performance could be subject to allegations of greenwashing and investigation for misleading and deceptive conduct if the sustainability statements are not adequately substantiated.

Koala also partners with sustainability and conservation organisations, including WWF Australia, 1% for the Planet and ReLove. Koala is reliant on the reputation and integrity of these partners. If the claims made by these partners, and Koala's own related public claims or sustainability statements are found to be inaccurate or misleading, Koala could face reputational damage, allegations of greenwashing, regulatory investigations (including by the ACCC), litigation, and financial loss.

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5.2.25 Defaulting on debt facilities

Koala may enter into new debt facilities in the future to support its operations, growth, or strategic initiatives. Any such facilities may impose financial covenants, reporting obligations, or restrictions on Koala's activities.

There is a risk that Koala may be unable to comply with these obligations due to changes in its financial position, operating performance, market conditions, or other unforeseen factors. A default under future debt facilities could result in the acceleration of repayment obligations, additional fees or interest charges, enforcement of security interests (if any), or restrictions on access to further funding. This may have a material adverse effect on Koala's liquidity, financial performance, and ability to execute its strategic objectives.

Any history of default or financial restructuring could then hinder Koala's ability to obtain future debt financing on favourable terms or at all. If Koala is unable to secure sufficient debt funding, it may need to raise cash by issuing additional equity, which will dilute Shareholders. Where Koala is unable to obtain sufficient debt or equity funding, it may need to reduce or delay expenditures, investments or other business activities which may limit its growth potential and competitive position.

5.3 General investment risks

5.3.1 Exposure to general economic and financial market conditions

Once the Company becomes a publicly listed company on the ASX, it will be subject to the general market risk that is inherent in all securities traded on a stock exchange. This may result in fluctuations in the Share price that are not explained by Koala's fundamental operations and activities. Some of the factors which may adversely impact the Share price include:

- general market conditions, including investor sentiment;
- general economic conditions including inflation, interest rates, exchange rates, domestic and international elections, growing or falling unemployment, changes to government fiscal, monetary or regulatory policies and settings;
- geopolitical shocks and adverse or unexpected changes in political, financial or market conditions;
- changes in government or ASX regulation or policies both within Australia as well as in countries around the world;
- actual or anticipated fluctuations in Koala's financial performance and those of other public companies in its sector;
- changes in accounting principles;
- inclusion in or removal from market indices; and
- general operational and business risks.

Deterioration in general economic conditions may adversely impact Koala's business operations and the price of the Shares after Listing as well as the Company's future ability to pay dividends and the consequent returns from an investment in Shares. As a result, Koala is unable to forecast the market price for Shares and they may trade on the ASX at a price that is below the Offer Price.

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5.3.2 Trading in Shares may not be liquid

Prior to the Offer, there has been no public market in the Shares. On and from Listing, the Shares will only be listed on the ASX and will not be listed for trading on any other securities exchange in Australia or elsewhere. There can be no guarantee that an active trading market for Shares will develop or that the market price of Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares. Furthermore, the market price for Shares may fall or be made more volatile because of the relatively low volume of trading in Koala's securities. When trading volume is low, significant price movement can be caused by trading a relatively small number of Shares. If illiquidity arises, there is a real risk that security holders will be unable to realise their investment in the Company.

5.3.3 Existing Shareholders will retain a significant stake in the Company post-Listing

Following Completion, it is expected that the Existing Shareholders will hold up to 77.7% of the Shares, a portion of which will be subject to the voluntary escrow arrangements described in Section 9.5.3 and will not be able to be offered for sale on ASX until expiration of those arrangements.

The absence of any sale of Shares by these Existing Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for Shares and may prevent investors from acquiring more Koala Shares or disposing of Shares acquired under the Offer, which could have a downward impact on the Share price.

Following release from escrow, Shares held by Existing Shareholders will be able to be freely traded on the ASX. A significant sale of Shares by Existing Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares both before and after the end of the escrow restrictions. Alternatively, the absence of any sale of Shares by Existing Shareholders may cause or contribute to a diminution in the liquidity of the market for the Shares. The interests of Existing Shareholders may be different from the interests of investors who acquire Shares in the Offer.

5.3.4 No guarantee of future dividend payments

There is no guarantee that the Company will generate sufficient cash flow from its operations in the future to pay dividends. Accordingly, any investment in the Shares may not carry with it income returns in the form of dividends or other distributions and any returns will be limited to any capital growth arising from any increase in the price of the Shares. The Company's dividend policy is set out in Section 4.12. There is no guarantee that the Company will have sufficient franking credits in the future to fully frank dividends or that the imputation system will not be varied or abolished.

In addition, if a portion of the Company's future earnings continue to be derived from offshore operations, it may not be possible to fully frank dividends. The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

5. Risk Factors
continued

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5.3.5 Future Shareholder dilution

In the future, Koala may elect to issue Shares to raise further funding. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings and Shareholders may experience a loss in value of their equity as a result of such issues of shares and fundraisings.

Koala may also issue Shares, options or rights under employee incentive plans that can, in certain circumstances, convert into Shares to new or existing employees. Whilst Koala will do so in accordance with the Corporations Act, ASX Listing Rules and its constitution, any new issue of Koala Shares to employees may result in the dilution of a Shareholder's proportional beneficial ownership in the underlying assets of Koala, and Shareholders may experience a fall in the price or loss in the value of their Shares as a result. Details of Koala's equity-based remuneration are set out in Section 6.6.

5.3.6 Exposure to changes in tax rules or their interpretation

Tax laws in each of the jurisdictions in which Koala operates are complex and are subject to change periodically, as is their interpretation by the courts and the tax revenue authorities. Significant reforms and current proposals for further reforms to applicable tax laws, as well as new and evolving interpretations of existing laws, give rise to uncertainty. Any change to the taxation of shares (including the taxation of dividends) and the taxation of companies (including the existing rate of company income tax) may adversely impact on Shareholder returns, as may a change to the tax payable by Shareholders in general. Any other changes to Australian or overseas tax law and practices that impact Koala or its industry generally, could also have an adverse effect on Shareholder returns. Any past or future interpretation of the taxation laws by the Company which is contrary to that of a revenue authority in Australia or overseas may give rise to additional tax payable.

5.3.7 Force majeure events

Events may occur within or outside Australia, or in the other markets in which Koala operates, that could impact upon the global, Australian and other local economies, Koala's operations and financial performance, and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, water contamination, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural events or man-made occurrences (such as cybersecurity attacks) that can have an adverse effect on Koala's suppliers, the demand for the Company's products and its ability to conduct business. If Koala suffers a major disruption and does not have adequate business continuity plans in place, this could have a material adverse effect on sales, reputational damage and operating and financial performance. The Company has only a limited ability to insure against some of these risks.

5.3.8 Epidemics and pandemics

A recurrence in the severity of the COVID-19 pandemic, or a pandemic similar in nature to the COVID-19 pandemic or other rapid spread of infectious disease to a large number of people within a short period of time, may occur within or outside Australia or the jurisdictions in which Koala operates. Any such pandemic or epidemic may adversely affect general economic sentiment, the global economy, stock markets, Koala's supply chain and other financial markets. In addition, there could be an adverse impact on Koala's workforce. Any measures introduced to limit transmission in an epidemic or pandemic may have a negative impact on the global economy and economic growth.

It is difficult to predict the nature and extent of the risk and the impact of any future epidemic or pandemic on Koala. The potential negative impact of an epidemic or pandemic on consumer sentiment and confidence generally are factors, either alone or in combination, that could materially adversely affect Koala and its business, financial performance, financial condition and growth.

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5.3.9 Australian Accounting Standards

Australian Accounting Standards are set by the AASB and are outside Koala's control. The AASB may, from time to time, introduce new or refined AAS, which may affect future measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables and lease obligations. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to the AAS issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the reported financial performance and position of the Company.

5.3.10 Access to future capital

Future capital requirements may necessitate that Koala seeks additional equity or debt financing to support its operations and growth strategy. There is no assurance that Koala's internally generated capital will be sufficient to meet the future needs of its business. The Company may face challenges in raising additional capital when needed, or it may not be able to secure such capital on favourable terms or at cost-effective rates.

Failure to obtain necessary funding could hinder Koala's ability to operate or expand its business. This could lead to significant adverse effects on the company's business operations, financial performance, financial condition, or growth prospects.

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Section six



Key Individuals, Interests and Benefits



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6. Key Individuals, Interests and Benefits

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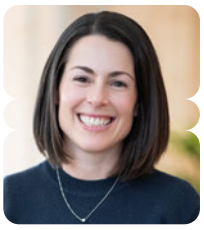
6.1 Board of Directors

The Directors bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience.

Profiles of each member of the Board are set out in the table below.

DIRECTOR	EXPERIENCE AND BACKGROUND
 **Michael Gordon** *Independent Chair and Non-Executive Director*	Michael has been a non-executive director of The Koala Company since February 2023 and Chair since November 2024. Michael is a non-executive director of Somnomed Ltd (ASX:SOM) and Florabelle Imports, was previously the CFO of Different Technologies and before that, the CFO of Rokt. Prior to Rokt, Michael was the Group CFO and Managing Director of Group Services for Greenlit Brands Pty Limited. Michael has more than 20 years of experience as a senior executive in leading household goods brands Freedom, Fantastic Furniture, Snooze, Plush and OMF. Prior to Greenlit Brands, Michael spent ten years with PricewaterhouseCoopers in South Africa, the United Kingdom, and Australia, specialising in the retail industry with experience in Audit, Taxation, M&A and IPOs. Michael is a Chartered Accountant (Institute of Chartered Accountants ANZ) and holds a Bachelor of Commerce and Bachelor of Accounting from the University of Witwatersrand, South Africa. **Committees** Member: Audit and Risk Committee and Remuneration and Nominations Committee
 **Daniel (Dany) Milham** *Co-Founder, Chief Executive Officer and Executive Director*	Dany has been a co-founder and director of Koala since November 2015. Dany is also a Partner at DROPBEAR, an early-stage investment firm focusing on emerging consumer brands. He was previously the Founder and CEO of MILKRUN from April 2021 to April 2023. Dany also served as a Non-Executive Director at Fishburners, Australia's largest startup community, from May 2019 to December 2021. Before co-founding Koala, Dany founded several consumer startups and worked as a creative technologist at Data@Ogilvy, where he worked on data-driven marketing strategies for global brands. **Committees** None

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DIRECTOR	EXPERIENCE AND BACKGROUND
 **Jennifer (Jenny) Macdonald** *Independent Non-Executive Director*	Jenny was appointed as a non-executive director of Koala in March 2026. Jenny is a seasoned executive and experienced non-executive director with a strong background in financial and general management across a range of industries including technology, fast-moving consumer goods and travel services. She has a proven track record of delivering value for consumers. Jenny has held key leadership roles, including CFO and Interim CEO at Helloworld Travel and CFO and General Manager International at REA Group. She currently serves as a non-executive director of SiteMinder Ltd (ASX: SDR). Her previous board roles include Redbubble now known as Articore Group Limited (ASX: ATG), Bapcor Ltd (ASX:BAP), Australian Pharmaceutical Industries Limited (formerly listed as ASX: API), and Chair of Healius Limited (ASX: HLS). Jenny is a Chartered Accountant (Institute of Chartered Accountants ANZ), holds a Master's in Entrepreneurship and Innovation from Swinburne University, and is a Graduate of the Australian Institute of Company Directors. **Committees** Chair: Audit and Risk Committee Member: Remuneration and Nominations Committee
 **Laura Mineo** *Independent Non-Executive Director*	Laura was appointed as a non-executive director of Koala in September 2025. Laura is an experienced finance and strategy executive with a strong background in the technology sector. She is currently Chief Financial Officer at Unseen, a vertical AI company operating in the commercial property space. Prior to that, she was most recently CFO at Zepto, a venture capital backed financial infrastructure company, CFO of Rokt in New York and held senior roles at Goldman Sachs, including Executive Director, Firmwide Strategy, where she oversaw strategic initiatives across global businesses and regions. Laura holds a Bachelor of Commerce (Liberal Studies) degree with majors in Finance and Econometrics from the University of Sydney, and is a Graduate of the Australian Institute of Company Directors. **Committees** Chair: Remuneration and Nominations Committee Member: Audit and Risk Committee

6. Key Individuals, Interests and Benefits continued

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DIRECTOR	EXPERIENCE AND BACKGROUND
 **Nicholas Bagot** *Independent Non-Executive Director*	Nicholas was appointed as a non-executive director of Koala in March 2026. Nicholas has a background of more than 20 years in investment banking and corporate law. Most recently, he worked in senior investment banking positions in Melbourne and Sydney at Goldman Sachs and then Citigroup. During this time he advised major public companies and private equity firms on mergers and acquisitions, capital raisings and strategic assignments, with a focus on media, technology and general industrial businesses. Since leaving investment banking, he has focused on direct private equity investments. He holds a Masters in Law from the University of Cambridge and Bachelor of Laws (Hons) and Bachelor of Commerce from University of Adelaide. **Committees** Member: Audit and Risk Committee and Remuneration and Nominations Committee

The composition of the Board committees and a summary of its key corporate governance policies are set out in Sections 6.9 and 6.10.

Each Director above has confirmed to the Company that they anticipate being able to perform their duties as a non-executive director or executive director, as the case may be, without constraint having regard to their' other commitments.

6.2 Director Disclosures

6.2.1 Michael Gordon

Michael was a non-executive director of PAS Group Limited ACN 169 477 463 (**PAS Group**), a formerly ASX listed entity from 15 January 2020 to 29 October 2020. PAS Group was placed in voluntary administration on 29 May 2020, it entered into deeds of company arrangements with its creditors on 4 September 2020, its shares and assets were sold to a third party as a part of those deeds of company arrangement and it was ultimately delisted from the ASX on 8 February 2021 and converted to a private company.

Michael was also the Chief Financial Officer of Different Technologies Pty Ltd ACN 615 060 118 (**Different Technologies**) from 2 February 2022 to 30 June 2023. Different Technologies was placed in voluntary administration on 29 June 2023 which transitioned to a creditors' voluntary winding up on 4 October 2023, and was deregistered on 11 January 2025.

The other Directors have considered the circumstances surrounding Michael's involvement in PAS Group and Different Technologies and are of the view that his positions at PAS Group and Different Technologies, in no way impacts his duties and contribution as a Director and Independent Chair of Koala.

6.2.2 Dany Milham

Dany was the Founder, Director and Chief Executive Officer of Milkrun Holdings Pty Ltd ACN 650 331 632 and Milkrun AU Pty Ltd ACN 650 334 473 (together, **Milkrun**). Dany was a director of Milkrun from its incorporation on 19 May 2021. Milkrun entered into a solvent members' voluntary liquidation on 7 July 2023 and was deregistered on 7 May 2025. As part of being voluntarily wound up by its members, the liquidators conducted a proof of debt process and all admitted claims were paid in full. There was also a return to equity from the liquidation. No actions or claims were taken by the liquidators against Dany in relation to the liquidation of Milkrun.

The other Directors have considered the circumstances surrounding Dany's involvement in Milkrun and are of the view that his directorship and leadership position at Milkrun, in no way impacts his duties and contribution as a Director and Chief Executive Officer of Koala.

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6.3 Executive management

Profiles of the key members of the Company's executive management team are set out in the table below.

EXECUTIVE	EXPERIENCE AND BACKGROUND
 **Daniel (Dany) Milham** *Co-Founder, Chief Executive Officer and Executive Director*	Dany is the Chief Executive Officer at Koala, holding the role since November 2024, and has been a Co-founder and Director from inception in November 2015. He is also a Partner at DROPBEAR, an early-stage investment firm focused on emerging consumer brands. Prior to this, Dany was the Founder and CEO of MILKRUN, an on-demand grocery delivery service, from April 2021 to April 2023. He has also served as a Non-Executive Director at Fishburners, Australia's largest startup community, from May 2019 to December 2021. Before co-founding Koala, Dany founded several consumer startups and worked as a creative technologist at Data@Ogilvy, where he worked on data-driven marketing strategies for global brands.
 **Stuart Crichton** *Chief Financial Officer and Joint Company Secretary*	Stuart is the Chief Financial Officer and Joint Company Secretary of Koala, responsible for the company's financial strategy, operations, and business improvements. He has over 25 years of experience across sourcing, manufacturing, omnichannel retail, and logistics. Before joining Koala, he held senior finance roles, including Deputy CFO, M&A Manager, and Group Financial Controller, working across finance, legal, property, tax, and treasury functions, with expertise in refinancing, corporate restructuring, and managing complex financial and operational challenges. Stuart has worked with major brands such as Freedom Furniture, Fantastic Furniture, Best&Less and PwC. He is a Chartered Accountant (Institute of Chartered Accountants ANZ) and holds a Bachelor of Business (Accounting) from the University of Technology, Sydney.
 **Emily Sargent** *Chief of Staff*	Emily is Koala's Chief of Staff and leads Koala's Strategy and Sustainability functions. Emily has more than 15 years' experience in corporate strategy, business transformation, and market expansion across e-commerce, retail, and professional services. Prior to joining Koala, Emily held key leadership roles at THE ICONIC across category management, analytics, and projects, and started her career in professional services at EY. Emily holds a Bachelor of Laws and a Bachelor of Commerce (Honours) from The University of Western Australia.

6. Key Individuals, Interests and Benefits continued

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EXECUTIVE	EXPERIENCE AND BACKGROUND
 **James Whitta** *Chief Design Officer*	James is the Chief Design Officer at Koala, leading the Group's design and product innovation strategy. With 20 years of experience across Australia, Sweden, and New Zealand, he specialises in product development, brand strategy, and customer-driven innovation. Before joining Koala, James led global living room seating development at IKEA, overseeing large-scale product innovation. He has also held senior creative roles at Country Road Group and a high-growth fashion startup and co-founded a furniture startup. James holds an Honours degree in Industrial Design from Victoria University of Wellington.
 **Karim Zuhri** *Chief Technology Officer*	Karim is the Chief Technology Officer at Koala, responsible for the company's technology strategy, e-commerce scaling, and digital product innovation. Karim is a seasoned tech executive with over 15 years of experience scaling technology businesses across the US, Europe, and Australia. He was the GM & COO at Cascade, Head of Product Marketing & Research at SafetyCulture and Senior Manager at Egencia, Expedia's business travel arm. His skills include platform scaling, digital strategy, and high-impact leadership. Karim holds master degrees in Software Engineering, Energy and Physics from CentraleSupelec, France.
 **Sandra (Sandy) Morrow** *Chief Operations Officer*	Sandy is the Chief Operations Officer at Koala, responsible for overseeing the Company's operational strategies and execution. Sandy also oversees day-to-day business operations for the US market. Joining Koala in 2015 as Head of Operations, Sandy played a key role in Koala's Australian growth before briefly joining Zero Co, a zero waste cleaning products start up in 2021 as Chief Operations Officer. Sandy returned to Koala in 2023 and with a strong background in business operations and supply chain management, Sandy is focused on continuous improvement of Koala's operational efficiency and on launching and scaling its presence in new markets.
 **Melissa Norris** *General Counsel and Joint Company Secretary*	Melissa is Koala's General Counsel and Joint Company Secretary. Melissa has over 20 years' experience as a commercial lawyer in Australia and the Middle East, in both in-house and private practice. Roles have included Company Secretary of Lifestyle Communities (ASX:LIC) and Legal Director ANZ with General Mills. Melissa is currently a Non-Executive Director of Infranexus Management and its managed SPVs. Melissa holds Bachelors Degrees in Law and Science from Monash University, a Masters in Law from The University of Melbourne and a Graduate Certificate in Applied Corporate Governance through the Governance Institute of Australia. She is a Graduate of the Australian Institute of Company Directors.

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Each of Melissa Norris and Stuart Crichton are a Company Secretary of the Company. The Company has also entered into an agreement with Automic, whereby share registry, company secretarial services and registered agent services will be provided in return for fees.

6.4 Interests and benefits

6.4.1 Introduction

This Section 6.4 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

(a) director or proposed Director of the Company or SaleCo;

(b) person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(c) promoter of the Company; or

(d) underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer, holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

(i) the formation or promotion of the Company;

(ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or

(iii) the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of the Company or the Offer or to any Director to induce them to become, or qualify as, a director of the Company or SaleCo.

6.4.2 Directors' interests and remuneration

6.4.2.1 Chief Executive Officer

Dany Milham is employed as Chief Executive Officer. See Section 6.5.1 for further details.

6.4.2.2 Directors' appointment letters

Prior to the Prospectus Date, each of the Non-Executive Directors has entered into appointment letters with the Company, confirming the terms of the appointments, their roles and responsibilities and the Company expectations of them as Directors.

6.4.2.3 Non-Executive Directors remuneration

Under the Constitution, the Company at a general meeting may determine the maximum aggregate remuneration to be provided to or for the benefit of the Non-Executive Directors as remuneration for their services as a Director. Further, under the ASX Listing Rules, the total amount of directors' fees paid to the Directors (subject to certain exceptions) (**NED Fee Cap**) must not exceed in aggregate in any financial year the amount fixed by the Company's members in general meeting.

Initially, and until a different amount is determined, the maximum aggregate NED Fee Cap for the purposes of the ASX Listing Rules and the Constitution is $1,500,000 per annum. This amount excludes, among other things, amounts payable to any executive Director under any executive services agreement with the Group or any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for, or at the request of, the Company.

6. Key Individuals, Interests and Benefits continued

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The following annual base fees are payable to Directors (with effect from Completion).

ROLE	FEE
Non-Executive Chair	$200,000
Non-Executive Director	$100,000

The following annual committee fees are payable (with effect from Completion).

COMMITTEE	CHAIR FEE	MEMBER FEE[33]
Audit Committee	$20,000	$10,000
Remuneration & Nomination Committee	$20,000	$10,000

All Directors' fees include superannuation payments required by law to be made.

Dany Milham will not receive any fees in his capacity as a Director, rather he will be paid in his capacity as Chief Executive Officer. Each of Jenny Macdonald and Nicholas Bagot will be entitled to receive approximately $25,000 for their exertions in preparation for the IPO.

6.4.3 Directors' interests in Shares and other securities

The Directors are not required by the Constitution to hold any Shares.

The Directors' interests in Shares and other securities in the Company as at the Prospectus Date and as at Completion are set out in the table below:

	INTERESTS HELD AT THE PROSPECTUS DATE		INTERESTS HELD AT COMPLETION	
Director	Shares	Options/ Performance Rights	Shares	Options/ Performance Rights
Michael Gordon[34]	105,677	425,000 Options (vested and unexercised) 385,000 Performance Rights (unvested)[35]	105,677	425,000 Options (vested and unexercised) 385,000 Performance Rights (vested and unexercised)[35]
Dany Milham[36]	18,692,056	1,500,000 Options (375,000 vested, 1,125,000 unvested)[37]	18,692,056	1,500,000 Options (375,000 vested, 1,125,000 unvested)[37]
Jenny Macdonald	–	–	–	–
Laura Mineo	–	–	–	–
Nicholas Bagot	103,356	–	103,356	–

The table above includes all securities in which Directors have a "relevant interest" for the purposes of the Corporations Act. The Directors (and their associated entities) are entitled to apply for Shares under the Offer. The above table does not take into account any Shares the Directors (and their associated entities) may acquire under the Offer. Jenny Macdonald and Laura Mineo have indicated an intention to commit to take up $100,000 and $50,000 respectively, under the Priority Offer.

33. The Chair of the Board is not entitled to an additional committee member fee.
34. For the purposes of Listing Rule 10.15.2, Michael Gordon is captured by Listing Rule 10.14.1 as he is a Director. Michael Gordon paid $0.00 to acquire the Options and Performance Rights.
35. In March 2025 Michael Gordon was issued 425,000 Options with a $2.59 exercise price and 385,000 Performance Rights with nil exercise price. Vesting of the Performance Rights is subject to the Shares being admitted to the official list of ASX. See Section 6.6.4 for more information.
36. For the purposes of Listing Rule 10.15.2, Dany Milham is captured by Listing Rule 10.14.1 as he is a Director. Dany Milham paid $0.00 to acquire the Options.
37. In March 2025 Dany Milham was issued 1,500,000 Options with a $3.30 exercise price. See Section 6.6.6 for more information about additional Performance Rights Dany Milham may receive under the Go Forward LTI Plans.

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Final shareholdings held directly or indirectly by the Directors (and their associated entities) will be notified to ASX following Listing. The Shares (including Shares issued on exercise of Options and Performance Rights), Options and Performance Rights recorded in the above table under "Interests held at Completion" for all Directors will be held subject to voluntary escrow arrangements as outlined in Section 9.5.3.

Furthermore, details of any securities issued upon conversion of the Options and Performance Rights held by Michael Gordon and Dany Milham will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that a waiver from the requirement to seek shareholder approval for the issue upon conversion was granted by ASX.

6.4.4 Other information about Directors' interests and benefits

Directors may also be reimbursed for travel and other expenses incurred in attending to company affairs, including attending and returning from general meetings or meetings of the Board or committees of the Board. A Director who performs additional or special duties for the Company at the request of the Board may be paid such additional or special remuneration (as determined by the Board).

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.4.5 Deeds of access, insurance and indemnity

The Company has entered into a deed of access, indemnity and insurance with each Director. Each deed contains the Director's right of access to certain books and records of the Company or Group Company for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

Pursuant to the Constitution, the Company may indemnify all Directors, executive officers and other officers, past and present, against all liabilities incurred as an officer of the Company or Group Company to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company indemnifies each Director against any liability that may arise from their position as an officer of the Company or Group Company, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses except that the Company is not required to indemnify a Director for legal costs incurred defending an excluded liability claim. An excluded liability claim means any liability which the Company is legally prohibited from insuring against.

Pursuant to the Constitution, the Company may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must maintain such insurance for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

6.4.6 Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- Barrenjoey Markets Pty Limited has acted as sole underwriter and Joint Lead Manager to the Offer and the fees payable to Barrenjoey pursuant to the Underwriting Agreement and its mandate are described in Section 9.5.2;
- Morgans Corporate Limited has acted as Joint Lead Manager to the Offer and the fees payable to Morgans pursuant to its mandate are described in Section 9.5.2.1;
- Highbury Partnership Pty Limited has acted as Financial Adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay its Financial Adviser a Financial Advisory fee of up to 0.55% of the market capitalisation of the Company on settlement of the Offer;

6. Key Individuals, Interests and Benefits continued

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- Gilbert + Tobin has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately $0.5 million (excluding disbursements and GST) for these services in connection with the Offer up until the Prospectus Date. Further amounts may be paid to Gilbert + Tobin in accordance with its normal time-based charges;
- KPMG Financial Advisory Services (Australia) Pty Ltd has acted as the Investigating Accountant in connection with the Offer and has performed work in relation to the Investigating Accountant's Reports. The Company has paid, or agreed to pay, approximately $0.6 million (excluding disbursements and GST) for these services in connection with the Offer up until the Prospectus Date. Further amounts may be paid to KPMG Financial Advisory Services (Australia) Pty Ltd in accordance with its normal time-based charges; and
- The KPMG partnership has acted as the Australian taxation adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately $0.3 million (excluding disbursements and GST) for these services in connection with the Offer up and until the Prospectus Date. Further amounts may be paid to the KPMG partnership in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.3.

6.5 Executive remuneration

The key management personnel of the Company are Dany Milham (Co-Founder, Chief Executive Offer and Executive Director) and Stuart Crichton (Chief Financial Officer and Joint Company Secretary) (**Key Management Personnel** or **KMP**). Their employment arrangements are set out below.

6.5.1 Dany Milham – Chief Executive Officer

From completion of the Offer, Dany's terms of employment will be as set out below.

TERM	DESCRIPTION
Employer	Koala AU Operations Pty Ltd (Koala AU)
Fixed annual remuneration	Dany is entitled to receive a fixed annual remuneration of $630,000 (inclusive of base salary and superannuation).
Short term incentive (STI)	Dany may be eligible to participate in any STI program that Koala has in place from time to time, at its absolute discretion. In FY26, Dany is entitled to receive a cash bonus of up to 30% of his annual base salary. For Dany to earn this bonus, the Company must meet certain KPIs against a weighted scorecard. Half of Dany's bonus entitlement is linked to Group revenue and half is linked to Group EBITDA. It is intended that the same cash bonus arrangement will be applied to FY27. Although not applicable to FY26, for future periods the Company may consider deferring a portion of any award payable to be delivered in equity.

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TERM	DESCRIPTION
Long term incentive (LTI)	Dany is eligible to participate in Koala's LTI schemes. Participation is subject to the terms of an invitation letter. Details of Dany's current interests are set out in Section 6.6.3. Details of Dany's go-forward entitlements are set out in Section 6.6.6. It is intended that Dany receive an annual grant of 150% of his base salary worth of Performance Rights, with the first grant made shortly after completion of the Offer. The Performance Rights will have a 3-year performance period, with performance tested at the end of year 3 to determine vesting. For Dany's initial grant, the performance period will be 1 July 2026 to 30 June 2029. There are no gateway hurdles, but Performance Rights will be granted in two tranches: 50% subject to relative total shareholder return (Relative TSR) measured at the end of a 3-year period and 50% subject to earnings per share (EPS) CAGR measured at the end of a 3-year period. The peer group and target performance levels will be determined by the Board prior to the grant being made.
Notice period, termination and termination payments	Either Dany or Koala AU can terminate Dany's employment with 6 months' notice. Koala AU can choose to make payment in lieu of all or a part of this notice period. In the event of serious misconduct or other circumstances warranting summary dismissal, Koala AU may terminate Dany's employment immediately without notice.
Non-solicitation/ restrictions of future activities	Dany's employment contract contains post-employment restraints, including restraints on: • soliciting, canvassing, approaching or accepting any approach from any person or entity who was a customer (including on behalf of a competitor), with a view to obtaining the custom or dealing with that customer in a restrained business; • encouraging, facilitating or inducing any customer to cease doing business or reduce its dealings with the Group, or otherwise interfering in the Group's dealings with its customers; • inducing or encouraging (or attempting to) any Koala employee or contractor to leave their employment or engagement with Koala; and • making any public statement (or inducing anyone else to), which may harm, or have the potential to harm the reputation of the Group. In addition, Dany is restrained from being employed by or working with any business which develops or offers products that are the same or substantially similar to, or otherwise compete with, those offered by the Group. This includes working with any competitor in the furniture and/or bedding and/or homewares retail space. The restraints above purport to operate in Australia for 12 months from the date on which his employment with the Group ceases. The enforceability of these restraints is subject to all usual legal requirements.

6. Key Individuals, Interests and Benefits continued

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6.5.2 Stuart Crichton – Chief Financial Officer

From completion of the Offer, Stuart's terms of employment will be as set out below.

TERM	DESCRIPTION
Employer	Koala AU Operations Pty Ltd (Koala AU)
Fixed annual remuneration	Stuart is entitled to receive annual fixed annual remuneration of $480,000 (inclusive of base salary and superannuation).
STI	Stuart may be eligible to participate in any STI program that Koala has in place from time to time, at its absolute discretion. STI grants are made annually. In FY26, Stuart is entitled to receive a cash bonus of up to 30% of his annual base salary. For Stuart to earn this bonus, the Company must meet certain KPIs against a weighted scorecard. Half of Stuart's bonus entitlement is linked to Group revenue and half is linked to Group EBITDA. It is intended that the same cash bonus arrangement will be applied to FY27. Although not applicable to FY26, for future periods the Company may consider deferring a portion of any award payable to be delivered in equity.
LTI	Stuart is eligible to participate in Koala's LTI schemes. Participation is subject to the terms of an invitation letter. Details of Stuart's current interests are set out in Section 6.6.3. Details of Stuart's go-forward entitlements are set out in Section 6.6.6. It is intended that Stuart receive an annual grant of 100% of his base salary worth of Performance Rights, with the first grant made shortly after completion of the Offer. The Performance Rights will have a 3-year performance period, with performance tested at the end of year 3 to determine vesting. For Stuart's initial grant, the performance period will be 1 July 2026 to 30 June 2029. There are no gateway hurdles, but Performance Rights will be granted in two tranches: 50% subject to relative total shareholder return (Relative TSR) measured at the end of a 3-year period and 50% subject to earnings per share (EPS) CAGR measured at the end of a 3-year period. The peer group and target performance levels will be determined by the Board prior to the grant being made.
Notice period, termination and termination payments	Either Stuart or Koala AU can terminate Stuart's employment with three months' notice. Koala AU can choose to make payment in lieu of all or a part of this notice period. In the event of serious misconduct or other circumstances warranting summary dismissal, the Company may terminate Stuart's employment immediately without notice.

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TERM	DESCRIPTION
Non-solicitation/ restrictions of future activities	Stuart's employment contract contains post-employment restraints, including restraints on: • soliciting, canvassing, approaching or accepting any approach from any person or entity who was a customer (including on behalf of a competitor), with a view to obtaining the custom or dealing with that customer in a restrained business; • encouraging, facilitating or inducing any customer to cease doing business or reduce its dealings with Koala AU, or otherwise interfering in Koala AU's dealings with its customers; • inducing or encouraging (or attempting to) any Koala AU employee or contractor to leave their employment or engagement with Koala AU; and • making any public statement (or inducing anyone else to), which may harm, or have the potential to harm the reputation of the Group. The restraints above purport to operate in Australia for 6 months from the date on which his employment ceases. In addition, Stuart is restrained from being employed by or working with any business which develops or offers products that are the same or substantially similar to, or otherwise compete with, those offered by the Group. This includes working with any competitor in the furniture and/or bedding and/or homewares retail space. This restraint purports to operate in Australia for three months from the date on which his employment ceases. The enforceability of these restraints is subject to all usual legal requirements.

6.6 Equity-based remuneration arrangements

6.6.1 Overview of legacy plans

The Company has in place several equity-based, long-term incentive plans (**Legacy LTI Plans**) under which eligible participants have been granted Options, Performance Rights and RSUs that are subject to time-based vesting and continued service conditions as well as in certain instances, performance conditions. The Legacy LTI Plans were established by the Company with the purpose of aligning the interests of eligible participants more closely with the interests of shareholders by providing an opportunity for eligible participants to receive an equity interest in the Company.

The table below sets out the Legacy LTI Plans that will continue to have Options and Performance Rights on issue under them immediately following Completion. Each vested Option, Performance Right and RSU entitles the holder to receive one Share on exercise.

The Company does not intend to make any further grants under any of the Legacy LTI Plans after the Prospectus Date. Any future grants are intended to be made under the Go Forward LTI Plans described in Section 6.6.5.

6. Key Individuals, Interests and Benefits continued

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LTI PLAN	PARTICIPANTS	NUMBER OF OUTSTANDING OPTIONS[38]/PERFORMANCE RIGHTS/RSUS ON ISSUE	EXERCISE PRICE[39]	EXPIRY DATE[40]
March 2025 Equity Incentive Plan	Employees, directors (executive and non-executive) and contractors	1,744,950 Options	$2.59 – $6.16	10 years or 24 months after becoming a leaver (depending on offer letter)
		593,748 Performance Rights	$0.00	
		38,438 RSUs	$0.00	N/A – automatic conversion on vesting
2023 Equity Incentive Plan	Employees, directors (executive and non-executive) and contractors	2,781,044 Options	$2.59	10 years or 6-24 months after becoming a leaver (depending on offer letter)
		1,262,125 Performance Rights	$0.00	
2020 Employee Option Plan	Employees, directors (executive and non-executive) and contractors	625,359 Options	Various between $0.0002 – $6.16	15 years or 6 months after becoming a leaver
2019 Employee Option Plan	Employees, directors (executive and non-executive) and contractors	108,250 Options	$2.44	15 years or 1 month after becoming a leaver
Pre-2019 Employee Option Plan	Employees, directors (executive and non-executive) and contractors	531,550 Options	Various between $0.15 – $0.74	15 years or 1 month from becoming a leaver (unless extended by the Board)

6.6.2 Key terms of the Legacy LTI Plans

Although the Company has a number of legacy plans in place, their terms are materially similar. The key terms of the Company's two main legacy LTI Plans are set out below.

TERM	2019 PLAN	2023 PLAN
Purpose	The LTI Plans were designed to align the interests of participants with the interests of Shareholders and provide the Board with flexibility to issue Options, Performance Rights or RSUs as incentives.	
Eligibility	Employees, directors, contractors, and consultants selected by the Board.	Full-time, part-time, casual employees, non-executive directors, contractors, consultants, and service providers to any Group Company.
Vesting	Board discretion, default vesting over 4 years (25% after 1 year, then monthly over 3 years).	Board discretion, specific conditions detailed in Plan Documentation.

38. Represents the number of Options that are expected to remain on issue immediately following Completion.
39. The exercise price of each Option that is expected to remain on issue immediately following Completion.
40. The expiry date of Options that are expected to remain on issue immediately following Completion (subject to earlier lapsing in accordance with the rules of the LTI Plan).

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TERM	2019 PLAN	2023 PLAN
Types of securities	Options which upon vesting and exercise, entitles the holder to one Share for each one Option exercised.	Options or Performance Rights or RSUs which upon vesting and exercise, entitles the holder to one Share for each one Option, Performance Right or RSU exercised.
Issue Price	Nil	
Exercise Price	Determined by the Board	
Exercise	No conditions	
Cessation of employment	The Options will expire either 1 or 6 months (subject to the offer letter) from the date the Optionholder becomes a leaver unless the Board exercises its absolute discretion to extend. The Board holds a discretion to lapse unvested Options, cancel for consideration or direct the Optionholder to sell. If the Optionholder is a good leaver, the compensation for cancelled awards will be the fair market value as at the date they became a leaver. If the Optionholder is a bad leaver, no consideration is payable.	Unless the offer documents provide otherwise, if a participant becomes a good leaver, they will retain their outstanding vested awards, and all of their unvested awards will be forfeited on the date determined by the Board, unless the Board determines that they may retain some or all unvested awards. Unless the offer documents provide otherwise, if a participant becomes a bad leaver, all of their awards (whether vested or unvested) will be forfeited on the date determined by the Board, unless the Board determines that they may retain some or all of those awards. Individual offer documents provide more specific information on how the entitlements will be treated if the participant ceases employment.
Clawback and avoiding inappropriate benefits	Bad Leaver provisions provide Board discretion on the treatment of Options where employment terminated for fraud or criminal conduct.	Detailed provisions for clawback and malus, including actions for fraud, dishonesty, material breach, financial misstatement, and other adverse events.
Change of control[41]	Board discretion on treatment of options during Exit Event.	Detailed provisions for Change of Control Event, including potential cancellation, transfer, or sale of Awards and Resulting Shares.
Reconstruction, corporate actions, rights issues, bonus issues etc	Terms varied to neither advantage nor disadvantage Optionholders.	Board may make adjustments to awards to minimise or eliminate material advantage or disadvantage due to corporate actions or capital reconstruction.
Restrictions on dealings	Restrictions until Exit Event, Board consent required for Disposal.	Restrictions as per Plan Documentation, compliance with Shareholders' Agreement, and specific procedures to ensure compliance.
Expiry	Options lapse 15 years from the date of grant or earlier as specified.	Awards lapse on the specified Expiry Date or 10 years from the Grant Date; restricted stock units do not have an Expiry Date.

41. The Board has determined that all Options will stay on foot post-IPO.

6. Key Individuals, Interests and Benefits continued

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6.6.3 Interests of Key Management Personnel

The table below sets out the grants of Options that will be held by KMP immediately after Completion. Each vested Option, once exercised entitles the holder to receive one Share.

These Options (and any resulting Shares) will be subject to voluntary escrow on the terms set out in Section 9.5.3.

LTI PLAN	NUMBER OF OPTIONS[42]	VESTING DATE[43]	VESTING CONDITIONS	EXERCISE PRICE	EXPIRY DATE
Dany Milham					
March 2025 Equity Incentive Plan	1,125,000 (unvested) 375,000 (vested and unexercised)	1 July 2026 1 July 2027 1 July 2028	Subject to continuous employment at the vesting date.	$3.30	10 years or 2 years after becoming a leaver
Stuart Crichton					
2023 Equity Incentive Plan	147,556 (unvested) 147,556 (vested and unexercised)	Approximately 30 Sept 2026 30 Sept 2027 following finalisation of the audited financial accounts for each of FY26 and FY27 respectively	Subject to continuous employment and meeting annual revenue and EBITDA targets, as determined by the Board.	$2.59	10 years or 2 years after becoming a leaver

6.6.4 Interests of Non-Executive Directors

The table below sets out the grants of Options and Performance Rights that will be held by Non-Executive Directors immediately after Completion.

These Options and Performance Rights (and any resulting Shares) will be subject to voluntary escrow on the terms set out in Section 9.5.3. Each vested Option and Performance Right, on exercise, entitles the holder to receive one Share.

LTI PLAN	NUMBER OF OPTIONS[44]/ PERFORMANCE RIGHTS	VESTING DATE[45]	VESTING CONDITIONS	EXERCISE PRICE	EXPIRY DATE
Michael Gordon					
2023 Equity Incentive Plan	425,000 options 385,000 Performance Rights (unvested)	Options fully vested Performance Rights vesting on Listing Date	Fully vested IPO Completion	$2.59 $0.00	10 years or 2 years after becoming a leaver

42. Excludes any Options that are no longer on issue because they have been exercised to Shares or have otherwise lapsed and been cancelled.
43. Subject to the rules of the relevant LTI Plan.
44. Excludes any Options that are no longer on issue because they have been exercised to Shares or have otherwise lapsed and been cancelled.
45. Subject to the rules of the relevant LTI Plan.

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6.6.5 Overview of Go-Forward LTI Plan

The Company intends to make annual grants to eligible participants under the Go-Forward LTI Plan. The maximum number of securities the Company intends to issue under the Go-Forward LTI Plan over a three year period following Completion (subject to adjustment under the relevant plan rules) is 4,489,064 (calculated as 5% of the total number of Shares on issue on Completion, based on the Offer Price).

TERM	DESCRIPTION
Purpose	The Go-Forward LTI Plan was designed to align the interests of participants with the interests of Shareholders and provide the Board with flexibility to issue Options, Performance Rights or RSUs as incentives.
Eligibility	It is intended that awards will be limited to the most senior roles in the Company
Offers under the LTI Plan Rules	The Company may make offers at its absolute discretion under the Go-Forward LTI Plan Rules. The Board will have the discretion to set the terms and conditions of each incentive offer it intends to make to eligible participants.
Vesting	There are no gateway hurdles. Performance Rights will be granted under two tranches: • Tranche 1: 50% subject to relative total shareholder return (**Relative TSR**) measured at the end of a 3-year period. • Tranche 2: 50% subject to earnings per share (**EPS**) compound annual growth measured at the end of a 3-year period. • Prior to grants being made, the Company will determine the peer group for the Relative TSR and the associated vesting schedule, and the definition of EPS, the target performance levels and associated vesting schedule.
Types of securities	Australia and Japan: Performance Rights. United States: Restricted Stock Units.
Issue Price and Exercise Price	Nil.
Exercise	No exercise conditions attach to the Performance Rights (i.e. once the Company issues a vesting notice, the participant can manually exercise their vested performance rights). RSUs automatically exercise on vesting.
Cessation of employment	Unless the offer documents provide otherwise, if a participant becomes a good leaver, they will retain their outstanding vested awards, and all of their unvested awards will be forfeited on the date determined by the Board, unless the Board determines that they may retain some or all unvested awards. Unless the offer documents provide otherwise, if a participant becomes a bad leaver, all of their awards (whether vested or unvested) will be forfeited on the date determined by the Board, unless the Board determines that they may retain some or all of those awards. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participant ceases employment.

6. Key Individuals, Interests and Benefits continued

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TERM	DESCRIPTION
Clawback and avoiding inappropriate benefits	The Board has broad clawback powers if, for example, the Participant has acted fraudulently or dishonestly or has acted in a manner which could reasonably be regarded as having brought any Group Company into disrepute.
Change of control	On a change of control, the Board has the power to determine the manner in which any or all of a participant's awards (whether vested or unvested) and any resulting shares will be dealt with.
Reconstructions, corporate actions, rights issues, bonus issues etc	The Go-Forward LTI Plan Rules includes specific provisions dealing with rights issues, bonus issues and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their incentives as a result of such corporate actions.
Restrictions on dealings	A participant must not dispose of an unvested and (in applicable) unexercised award, or any resulting share that is subject to a disposal restriction as imposed by the Board. Participants will be subject to the Company's Securities Trading Policy.
Expiry	10 years from the date of grant.

Details of any securities issued under the Go Forward LTI Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that a waiver from the requirement to seek shareholder approval for the issue was granted by ASX. Any additional person covered by Listing Rule 10.14 who becomes entitled to participate in an issue of securities under the Go Forward LTI Plan after the ASX waiver was granted and who are not named in this Prospectus will not participate in the Go Forward LTI Plan until approval is obtained if required under ASX Listing Rule 10.14.

6.6.6 Interests of Key Management Personnel under the Go-Forward LTI Plans

It is intended that the following initial grants of Performance Rights are made as soon as practicable following completion of the Offer. The grants will be on the terms set out in the table in Section 6.6.5 above.

Dany Milham	$945,000 value at time of grant (based on the Offer Price).	It is intended that Dany receive an annual grant of 150% of his fixed annual remuneration (inclusive of base salary and superannuation) worth of Performance Rights, with the first grant made shortly after completion of the Offer. The Performance Rights will have a 3-year performance period, with performance tested at the end of year 3 to determine vesting. For Dany's initial grant, the performance period will be 1 July 2026 to 30 June 2029. There are no gateway hurdles, but Performance Rights will be granted in two tranches: 50% subject to Relative TSR measured at the end of a 3-year period and 50% subject to EPS CAGR measured at the end of a 3-year period. The peer group and target performance levels will be determined by the Board prior to the grant being made. The deemed issue price of these Performance Rights will be the Offer Price. Each vested Performance Right, may be exercised to receive one Share.

Stuart Crichton	$480,000 value at time of grant (based on the Offer Price).	It is intended that Stuart receive an annual grant of 100% of his fixed annual remuneration (inclusive of base salary and superannuation) worth of Performance Rights, with the first grant made shortly after completion of the Offer. The Performance Rights will have a 3-year performance period, with performance tested at the end of year 3 to determine vesting. For Stuart's initial grant, the performance period will be 1 July 2026 to 30 June 2029. There are no gateway hurdles, but Performance Rights will be granted in two tranches: 50% subject to Relative TSR measured at the end of a 3-year period and 50% subject to EPS CAGR measured at the end of a 3-year period. The peer group and target performance levels will be determined by the Board prior to the grant being made. The deemed issue price of these Performance Rights will be the Offer Price. Each vested Performance Right, may be exercised to receive one Share.

6.7 Related party agreements

Other than disclosed in this Prospectus, Koala is not a party to any related party arrangements.

6.8 Corporate governance

This Section 6 explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its fourth edition of the Corporate Governance Principles and Recommendations for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations (ASX Recommendations). The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it and must also disclose what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Prior to Completion, copies of the Company's key policies and practices and the charters for the Board and each of its committees will be available at www.investors.koala.com.

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6. Key Individuals, Interests and Benefits continued

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6.9 The Board of Directors

The name and biographical details of the current members of the Board of Directors are contained in Section 6.1.

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Non-Executive Director or Executive Director without constraint having regard to their other commitments.

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. In assessing independence, the Board will have regard to the ASX Recommendations.

The Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

From time to time, Nicholas Bagot co-invests with funds through which Perennial holds a portion of its interest in the Company. Prior to Completion, those Perennial funds hold 3.37% of all shares on issue, on a fully diluted basis (including Options and excluding RSUs and Performance Rights). The Board is aware of Nicholas Bagot's relationship with Perennial and considers that each of Michael Gordon, Jenny Macdonald, Laura Mineo and Nicholas Bagot is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Dany Milham is currently considered by the Board not to be independent as he is the founder of the Koala group, Chief Executive Officer and the holder (including through his associates) of 22.0% of Shares on a fully diluted basis (including Options and excluding RSUs and Performance Rights all of which upon vesting and exercise, convert to Shares on a 1:1 basis) as at the Prospectus Date and is anticipated to hold 20.7% Shares upon Listing assuming the Offer is fully subscribed and that he does not apply for Shares in the Offer.

Accordingly, as at Listing, the Board will consist of a majority of independent Directors consistent with the ASX Recommendations.

6.9.1 Board charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It provides that the Board is responsible for providing leadership, approving strategic plan and financial budget as well as monitoring the Group's culture, risk and governance. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

6.9.2 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Committee and a Remuneration and Nominations Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

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6.9.2.1 Audit and Risk Committee

The role of the Audit and Risk Committee is to provide a structured, systematic oversight of Koala's governance, risk management and internal control practices. This includes reviewing the quality and reliability of the financial information prepared by the Company, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor.

The Audit and Risk Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the Audit and Risk Committee's risk management process is to assist the Board to identify risks (including non-compliance with applicable laws, regulations, contracts or best practice) and mitigate those risks through its risk management plan.

The Company will comply with the ASX Recommendations in relation to the composition and operation of the Committee[46]. The Committee will be comprised of Jenny Macdonald (Chair), Michael Gordon, Laura Mineo and Nicholas Bagot.

6.9.2.2 Remuneration and Nominations Committee

The role of the Remuneration and Nominations Committee is to assist and advise the Board on matters relating to the compensation, bonus, incentives and remuneration issues of the directors, CEO and employees.

This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior executives. The Remuneration and Nominations Committee is also responsible for administering incentive plans (including any equity plans). In addition, the Committee is responsible for reviewing and making recommendations in relation to the composition and structure of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). External advice will be sought where appropriate.

The Company will comply with the ASX Recommendations in relation to the composition and operation of the Committee[47]. The Committee will be comprised of Laura Mineo (Chair), Michael Gordon, Jenny Macdonald and Nicholas Bagot.

6.10 Corporate governance policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Recommendations.

6.10.1 Disclosure Policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to immediately advise the ASX of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company has adopted a Disclosure Policy to take effect from Listing, which reinforces the Company's commitment to its continuous disclosure obligations and describes the processes in place that enable the Company to provide Shareholders with timely disclosure in accordance with those obligations. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX, and copies of the Company's announcements to ASX will be available on the Company's website.

46. ASX Recommendation 4.1 states that the board of a listed entity should have an audit committee which has at least three members, all of whom are non-executive directors, and a majority of whom are independent directors, and is chaired by an independent director, who is not the chair of the Board.
47. ASX Recommendation 2.1 states that the board of a listed entity should have a nomination committee which has at least three members, a majority of whom are independent directors, and is chaired by an independent director.

6. Key Individuals, Interests and Benefits continued

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6.10.2 Shareholder Communication Policy

The Company aims to keep Shareholders informed of major developments affecting the Company. The Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company will communicate information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Company's website, at the Company's Annual General Meeting and through the Company's Annual Report and ASX announcements.

6.10.3 Securities Trading Policy

The Company has adopted a Securities Trading Policy that is intended to explain the types of conduct in relation to dealing in securities that are prohibited by law and establish procedures for the buying and selling of securities to ensure that public confidence is maintained in the reputation of the Company and the Company's Directors and employees, and in the trading of the Company's securities.

The Securities Trading Policy provides that Directors, employees and contractors must not deal in the Company's securities when they are aware of 'inside' information. Directors and certain restricted employees must not deal in the Company's securities during any of the following blackout periods:

- close of ASX trading on 31 December until 10:00am Sydney time on the ASX trading day following the day on which the Company's half yearly results are released;
- close of ASX trading on 30 June until 10:00am Sydney time on the ASX trading day following the day on which the Company's full year results are released;
- close of ASX trading two weeks prior to the date of the Company's annual general meeting until 10:00am Sydney time on the ASX trading day following the date of the Company's annual general meeting; and
- any other period that the Board specifies from time to time.

Directors and senior management must receive prior approval for any proposed dealing in the Company's securities outside of the above blackout periods (including any proposed dealing by one of their connected persons).

6.10.4 Code of Conduct

The Company is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how it expects its teams to conduct themselves when dealing with each other, client, audiences and other stakeholders associated with Koala, including legal compliance and guidelines on appropriate ethical standards.

The Code of Conduct is designed to provide a set of guiding principles for ethical behaviour which aligns with and underlies Koala's values as well as making the Company's Directors and employees aware of the consequences if they breach this policy.

6.10.5 Diversity Policy

The Board has approved a Diversity Policy, which sets out the Company's commitment to maintaining a diverse and welcoming workplace which values the inclusion of individuals with a broad range of skills, values and experiences from many different backgrounds.

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6.10.6 Whistle-blower protection Policy

The Company is committed to fostering a culture of compliance, ethical behaviour and good corporate governance which does not result in detriment being suffered by a person who reports potential misconduct concerns. This policy has been adopted to provide a safe and confidential environment where concerns can be raised by whistleblowers without fear of reprisal or detrimental treatment.

6.10.7 Anti-bribery and corruption Policy

The Company is committed to complying with all laws of the jurisdictions in which it operates and has a zero-tolerance approach to bribery and corruption. The anti-bribery and corruption policy set out the responsibilities of the Company's personnel, including in their dealings with, and through, third parties. It addresses different types of actions which may constitute bribery and corruption including contact with government officials, donations, in-kind gifts and corporate hospitality, political and charitable contributions and sponsorships, facilitation payments and secret commissions, whilst also advising how conduct can be reported and the Company's record keeping and training obligations to ensure compliance by its officers, employees and contractors with this policy.

6.10.8 Modern slavery

Koala is committed to implementing and enforcing effective systems and controls to reduce the risk of Modern Slavery taking place in its own business and supply chains. Team members are encouraged to report any concerns about Modern Slavery to their manager or member of the executive leadership team.

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Section Seven



Details of the Offer

7. Details of the Offer

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7.1 The Offer

This Prospectus relates to an initial public offering of new Shares by the Company and the sale of existing Shares by SaleCo. Based on the Offer Price of $3.40, the Company will issue 5.9 million new Shares, raising proceeds for the Company of $20.0 million, and SaleCo will sell 14.2 million existing Shares, raising proceeds of $48.1 million.

These Shares will be available for investors under the Institutional Offer, Broker Firm Offer, and Priority Offer. Successful Applicants for Shares under the Institutional Offer, Broker Firm Offer and Priority Offer will pay the Offer Price.

The total number of Shares expected to be on issue at Completion will be 89.8 million and all Shares will rank equally with each other. The Shares offered under this Prospectus will represent approximately 22.3% of the Shares on issue at Completion.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.2 Structure of the Offer

The Offer comprises:

- the **Institutional Offer**, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and a number of other eligible jurisdictions (see Section 9.10); and
- the **Retail Offer**, consisting of:
  - the **Broker Firm Offer**, which is open to Australian resident clients of Brokers who have received a firm allocation of Shares, and who have received an invitation from their Broker to participate (see Section 7.8); and
  - the **Priority Offer**, which is open to select investors who have received a Priority Offer Invitation (see Section 7.9).

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares under the Broker Firm Offer.

The allocation of Shares between the Institutional Offer and the Retail Offer, and to participants within the Institutional Offer and Broker Firm Offer, was determined by the Company and the Joint Lead Managers, having regard to the allocation policies outlined in Sections 7.8.4, 7.9.4 and 7.10.2. The allocation of Shares to participants within the Priority Offer will be determined by the Company.

The Offer has been fully underwritten by Barrenjoey. A summary of the Underwriting Agreement, including the events which would entitle Barrenjoey to terminate the Underwriting Agreement, is set out in Section 9.5.2.2 and 9.5.2.3.

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7.3 Purpose of the Offer and Use of Proceeds

The purpose of the Offer is to:

- Provide funds for the repayment of debt and settlement of putted Warrants, in order to strengthen the Company's balance sheet;
- Provide the Existing Shareholders with an opportunity to realise all or part of their investment in the Company through the sale of Existing Shares through SaleCo; and
- Broaden Koala's shareholder register and provide a liquid market for Koala's shares.

The proceeds of the Offer will be received by the Company and SaleCo and applied as set out in the table below.

SOURCES OF FUNDS	$ MILLION	%	USES OF FUNDS	$ MILLION	%
Cash proceeds received under the Offer from the issue of Shares	20.0	29.4%	Repayment of debt[1]	10.1	14.8%
			Costs of the Offer[2]	7.9	11.6%
			Settlement of putted Warrants[3]	2.1	3.0%
Cash proceeds received under the Offer from the sale of Shares by SaleCo	48.1	70.6%	Payments to selling Shareholders	48.1	70.6%
Total sources	**68.1**	**100%**	**Total uses**	**68.1**	**100%**

Notes:

1. Repayment of debt comprises the repayment of external debt owed by the Company, including $10.0 million in principal and $0.1 million in residual interest and back-end fees payable as a result of repaying the debt ahead of its scheduled term.
2. The costs of the offer are those amounts paid to advisors as detailed in Section 6.4.6.
3. Following completion of the Offer, the Company will settle 2.1 million Warrants currently on issue that are subject to a put option, which will be exercised by PFG for total consideration of $4.9 million and a $100,000 associated fee. The settlement will be funded through $2.1 million from the proceeds of the Offer and $2.9 million from the Company's existing cash reserves.

The above tables and descriptions are a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above tables may change depending on a number of factors, including the outcome of operational activities, regulatory developments, the market, and general and specific economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied.

The Board believes that given the Company's cash reserves, its cash flow from existing operations, plus the net proceeds of the Offer, it will have sufficient working capital to fund the Company's stated business objectives.

Koala does not intend to pay a dividend in the forecast period and future shareholder distributions will be assessed by the Board at the relevant time having regard to Koala's capital allocation framework (see Section 4.12 for further information).

7. Details of the Offer
continued

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7.4 Securityholder structure

The Company's ownership structure on the Prospectus Date and, as expected, on Completion of the Offer, are set out in the table below.

SECURITYHOLDER(S)	SECURITIES HELD AT THE PROSPECTUS DATE			SECURITIES HELD AT COMPLETION		
	Shares	Options, Performance Rights and RSUs	%	Shares	Options, Performance Rights and RSUs	%
Dany Milham	18,692,056	1,500,000	22.0%	18,692,056	1,500,000	20.7%
Mitch Taylor	19,284,544	–	21.1%	15,892,056	–	16.3%
Perennial	26,749,953	–	29.2%	22,085,513	–	22.7%
Alium	6,383,300	–	7.0%	4,883,300	–	5.0%
Other Existing Shareholders and Optionholders	12,789,077	6,185,464	20.7%	8,185,188	6,185,464	14.7%
New Investors	–	–	0.0%	20,043,170	-	20.6%
Total	**83,898,930**	**7,685,464**	**100%**	**89,781,283**	**7,685,464**	**100.0%**

Note: % of issued capital calculated on a fully diluted basis including Options, RSUs and Performance Rights. Table excludes warrants discussed in section 9.3. One vested Option, Performance Right or RSU, after exercise, converts to one Share.

At Completion, approximately 75.0% of the Shares on issue will be subject to voluntary escrow arrangements (see Section 9.5.3 for further details).

7.5 Control implications of the Offer

The Directors do not expect any Shareholder to control (as defined in Section 50AA of the Corporations Act) the Company on Completion.

7.6 Description of the Syndicate

Barrenjoey Markets Pty Limited and Morgans Corporate Limited are the Joint Lead Managers to the Offer.

In connection with the Offer, one or more investors may elect to acquire an economic interest in the Shares, instead of subscribing for or acquiring the legal or beneficial interest in those shares. The Joint Lead Managers (or their affiliates) may, for its own account, write derivative transactions with those investors relating to the Shares to provide the economic interest, or otherwise acquire shares in Koala in connection with the writing of such derivative transactions in the Offer and/or the secondary market. As a result of such transactions, the Joint Lead Managers (or their affiliates) may be allocated, subscribe for or acquire Shares (or other shares of Koala) in the Offer and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in such shares. These transactions may, together with other shares in Koala acquired by the Joint Lead Managers or their affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Joint Lead Managers or their affiliates disclosing a substantial holding (or a change to a substantial holding) and earning fees.

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities, which may include trading, financial advisory, investment management, investment research, principal investment, hedging, market making, margin financing, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses or other transaction consideration. The Joint Lead Managers or their affiliates may, from time to time in the future, perform other corporate advisory and financial advisory services for Koala, its shareholders or their respective affiliates. Further, in the ordinary course of their trading, brokerage and financing activities, the Joint Lead Managers and their affiliates may act as a market maker or buy or sell securities issued by Koala or associated derivatives as principal or agent. Customary fees and commissions are expected to be paid for any such services in the future.

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7.7 Terms and conditions of the Offer

TOPIC	SUMMARY
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.17 below.
What is the consideration payable for each security being offered?	The Offer Price is $3.40 per Share. Successful Applicants under the Offer will pay the Offer Price.
What is the Offer period?	The key dates, including details of the Offer period, are set out in the "Important Dates" Section of the Prospectus on page 12. No securities will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Prospectus Date. The timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Sydney, Australia time.
What are the cash proceeds to be raised?	The Offer is expected to raise $68.1 million based on the Offer Price (comprising approximately $20.0 million from the issue of New Shares by the Company and approximately $48.1 million for the sale of Existing Shares held by SaleCo).
Is the offer underwritten?	Yes. Barrenjoey has fully underwritten the Offer. Details are provided in Section 7.12
What is the minimum and maximum Application size under the Offer?	**Institutional Offer** There is no minimum or maximum Application size under the Institutional Offer. **Broker Firm Offer** The minimum Application size under the Broker Firm Offer is as directed by the Applicant's Broker. There is no maximum application size under the Broker Firm Offer. The Joint Lead Managers, the Company and SaleCo reserve the right to treat any applications in the Broker Firm Offer that are from persons who they believe may be Institutional Investors as bids in the Institutional Offer or to reject the application(s). The Joint Lead Managers, the Company and SaleCo also reserve the right to aggregate any applications that they believe may be multiple applications from the same person. **Priority Offer** Applicants under the Priority Offer will receive a guaranteed minimum allocation of $2,000 worth of Shares. Applications under the Priority Offer must be for a minimum of $2,000 worth of Shares. There is no maximum Application size under the Priority Offer.

7. Details of the Offer
continued

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TOPIC	SUMMARY
Will the securities be quoted on the ASX?	The Company will apply to ASX within seven days of the Prospectus Date for admission to the official list of, and quotation of its Shares by, ASX under the code 'KOA'. If approval for quotation is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time. ASX takes no responsibility for the contents of this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.
When are the securities expected to commence trading?	It is expected that trading of the Shares on ASX will commence on ASX on a normal settlement basis on or about 31 March 2026. **It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.** The Company, SaleCo and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Koala IPO Offer Information Line, by a Broker or otherwise.
When will I receive confirmation of whether my Application has been successful?	It is expected that initial holding statements will be mailed to successful Applicants on or about 30 March 2026. Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion.
Are there any escrow arrangements?	Yes. Details of the voluntary escrow arrangements are provided in Sections 7.13 and 9.5.3.
Has any ASIC relief or ASIC waiver or modification been obtained or been relied on?	Yes. Details are provided in Section 9.8.
Are there any taxation considerations?	Yes. Details are provided in Section 9.9. It is recommended that all Shareholders consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

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TOPIC	SUMMARY
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer. See Section 9.5.2.1 for details of various fees payable by the Company to the Joint Lead Managers and by the Joint Lead Managers to certain Brokers.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Koala IPO Offer Information Line on 1300 429 179 (within Australia) or +61 2 7208 4522 (outside Australia) between 8.30am and 7.00pm, Monday to Friday. Enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

7. Details of the Offer
continued

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7.8 Broker Firm Offer

7.8.1 Who can apply?

The Broker Firm Offer is open only to Australian resident clients of participating Brokers who have received an invitation from their Broker to participate in the Offer under this Prospectus.

If you have received an invitation to participate from your Broker, you will be treated as eligible to become a Broker Firm Offer Applicant under the Broker Firm Offer. You should contact your Broker to determine whether you can receive an invitation from them under the Broker Firm Offer.

7.8.2 How to apply?

If you have received an invitation to participate from your Broker and wish to apply for Shares under the Broker Firm Offer, you should contact your Broker for information about how to complete and lodge your Application Form and for payment instructions.

Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form or download a copy at ipo.koala.com. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5:00pm (Sydney time) on the Closing Date (being 24 March 2026) or any earlier closing date as determined by your Broker.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your invitation to participate. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applicants under the Broker Firm Offer should contact their Broker about the minimum Application size. The Company, SaleCo and the Joint Lead Managers reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.

The Company and SaleCo may determine a person to be eligible to participate in the Broker Firm Offer and may amend or waive the Broker Firm Offer Application procedures or requirements, in their discretion in compliance with applicable laws.

The Company, SaleCo and the Joint Lead Managers reserve the right to reject or scale back any Applications in the Broker Firm Offer in their absolute discretion. Any amount applied for in excess of the amount allocated to you, will be refunded by your broker in full (without interest).

The Company, SaleCo, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9:00am (Sydney time) on the Opening Date (being 23 March 2026) and is expected to close at 5:00pm (Sydney time) on the Closing Date (being 24 March 2026).

The Company, SaleCo and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications. The Offer may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

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7.8.3 How to pay?

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with the instructions received from their Broker.

7.8.4 What is the Broker Firm Offer allocation policy?

The basis of allocation of Shares under the Offer will be determined by the Company, SaleCo and the Joint Lead Managers. Shares which are allocated to Brokers for allocation to their eligible clients will be issued or transferred to the Applicants nominated by those Brokers (subject to the right of the Company, SaleCo and the Joint Lead Managers to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their eligible clients, and they (and not the Company, SaleCo or the Joint Lead Managers) will be responsible for ensuring that clients who have received an allocation from them receive the relevant Shares.

The Company expects to announce the final allocation policy under the Broker Firm Offer on or about Completion. Applicants in the Broker Firm Offer will be able to call the Koala IPO Information Line on 1300 429 179 (within Australia) or +61 2 7208 4522 (outside Australia) from 8:30am to 7:00pm to confirm their allocation after the Settlement Date. Prior to that date, participants under the Broker Firm Offer must consult with their Broker.

Applicants under the Broker Firm Offer, including those outside Australia, will be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Koala IPO Information Line or confirmed your allocation through a Broker.

7.8.5 Acceptance of applications

An Application in the Broker Firm Offer is an offer by you to the Company and SaleCo to apply for the amount of Shares specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Joint Lead Managers, in agreement with the Company and SaleCo, reserves the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7. Details of the Offer
continued

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7.9 Priority Offer

7.9.1 Who can apply?

The Priority Offer is open to select investors who have been nominated by the Company. If you are a Priority Offer Applicant, you should have received a personalised Priority Offer Invitation to apply for Shares under the Priority Offer.

7.9.2 How to apply?

If you have received a personalised Priority Offer Invitation and wish to apply for Shares, you should follow the instructions on your personalised Priority Offer Invitation.

Applicants under the Priority Offer will receive a guaranteed minimum allocation of $2,000 worth of Shares.

Priority Offer Applicants may apply for Shares online and must comply with the instructions provided in their personalised Priority Offer invitation and on the Offer Website.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus. The minimum application size under the Priority Offer is $2,000 worth of Shares. Application in excess of the minimum number of shares must be multiples of at least $500 worth of Shares.

There is no maximum value of Shares that may be applied for under the Priority Offer.

The Company, SaleCo and the Joint Lead Managers reserve the right to reject or scale back any Applications under the Priority Offer in their absolute discretion. Any amount applied for in excess of the amount allocated to you, will be refunded in full (without interest).

The Company, SaleCo and the Joint Lead Managers may determine a person to be eligible to participate in the Priority Offer and may amend or waive the Priority Offer application procedures or requirements, in their discretion in compliance with applicable laws.

The Priority Offer opens at 9:00am on the Opening Date (being 23 March 2026) and is expected to close at 5:00pm on the Closing Date (being 24 March 2026).

The Company, SaleCo and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications. The Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

If the amount of your payment for Application Monies (or the amount for which those payments clear in time for allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

If you are a Priority Offer Applicant, go to https://apply.automic.com.au/koala-priority-offer and complete an online Application Form.

7.9.3 How to pay?

Payment may be made via BPAY® or by electronic funds transfer (**EFT**) following the instructions on the online Application Form. It is the responsibility of the Applicant to ensure payments are received by the Share Registry by 5:00pm on the Closing Date (being 24 March 2026). You should be aware that your financial institution may impose a limit on the amount that you can transact and policies with respect to timing for processing BPAY® or EFT transactions, which may vary between financial institutions, and you should therefore take this into consideration when making payment.

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7.9.4 What is the Priority Offer allocation policy?

Allocations under the Priority Offer will be at the absolute discretion of the Company, provided that those allocations (in aggregate) do not exceed $2,000,000.

7.9.5 Acceptance of applications

An Application in the Priority Offer is an offer by an Applicant to the Company and SaleCo to apply for Shares in the amount specified the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Priority Offer Invitation (including the terms and conditions in Section 7.7 and the acknowledgements in Section 7.11). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full number of Shares specified in the Application Form or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Joint Lead Managers, in agreement with the Company and SaleCo, reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Priority Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.10 Institutional Offer

7.10.1 Invitations to bid

The Company and the Joint Lead Managers invited certain Institutional Investors in Australia, New Zealand and other eligible foreign jurisdictions outside the United States to bid for Shares in the Institutional Offer.

Allocation policy under the Institutional Offer

The allocation of Shares among bidders in the Institutional Offer was determined by the Joint Lead Managers in agreement with the Company and SaleCo. The Joint Lead Managers, the Company and SaleCo have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

The allocation policy was influenced by a number of factors including:

- the number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following listing on ASX;
- the Company's desire to establish a wide spread of institutional shareholders;
- the overall level of demand under the Broker Firm Offer, Priority Offer, and the Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long term Shareholders; and
- any other factors that the Joint Lead Managers, the Company and SaleCo considered appropriate.

7. Details of the Offer
continued

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7.11 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company, the Share Registry or a Broker receives an Application Form (including electronically), it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer or to a component of the Offer where New Zealand residents are eligible to apply);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant under the Broker Firm Offer, Priority Offer and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and other applicable state securities laws;
- it is not in the United States or acting for the account or benefit of a U.S. Person;
- it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, the registration requirements under the Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

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7.12 Underwriting agreement

The Offer is fully underwritten pursuant to an Underwriting Agreement under which Barrenjoey has been appointed to arrange and manage and act as a joint lead manager and sole bookrunner and underwriter of the Offer. Barrenjoey agrees, subject to certain conditions and termination events, to underwrite severally Applications for all Shares under the Offer.

The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which Barrenjoey may terminate the Underwriting Agreement and their underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the conditions precedent and termination provisions, is provided in Section 9.5.2.

7.13 Voluntary escrow arrangements

Upon Completion of the Offer, the Escrowed Securityholders will be subject to voluntary escrow arrangements (other than any Shares acquired by them, or entities related to them, under the Offer at the Offer Price).

The Escrowed Securityholders have entered into voluntary escrow arrangements which prevent them from disposing of their Escrowed Securities during the relevant Escrow Period (subject to relevant exceptions).

See Section 9.5.3 for a summary of the terms of the escrow arrangements and the limited exceptions that permit dealing in the Escrowed Securities during the relevant Escrow Period.

7.14 Restrictions on distributions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States, and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act laws and any other applicable securities laws.

For more information on the other selling restrictions which apply to the Offer, refer to Section 9.10.

7.15 Discretion regarding Offer

The Company and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Joint Lead Managers, the Company and SaleCo also reserve the right to, subject to the Corporations Act, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for.

7. Details of the Offer
continued

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7.16 ASX listing, registers and holding statements

7.16.1 Application for ASX listing and quotation of Shares

The Company will apply to ASX within seven days of the Prospectus Date, for admission to the Official List and quotation of the Shares on ASX under the code 'KOA'.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If permission is not granted for official quotation of the Shares within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.

Upon Listing, the Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.

Normal settlement trading is expected to commence on or about 31 March 2026. Dispatch of holding statements is expected on or about 30 March 2026.

After the basis for allocations has been determined, Applicants in the Priority Offer will be able to call the Koala IPO Information Line on 1300 429 179 (within Australia) or +61 2 7208 4522 (outside Australia) from 8:30am to 7:00pm to confirm their allocation after the Settlement Date.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If Shares are sold before receiving a holding statement, Successful Applicants do so at their own risk. The Company, SaleCo, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, if a Shareholder sells Shares before receiving a holding statement, even if the Shareholder obtained details of their holding from the Koala IPO Offer Information Line or confirmed their firm allocation through a Broker.

7.16.2 CHESS and issuer sponsored holdings

The Company will apply to participate in ASX's Clearing House Electronic Subregister System (CHESS) and will comply with the Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

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7.17 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

7.17.1 Introduction

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and all other applicable laws and regulations.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

The summary assumes that the Company is admitted to the Official List of the ASX.

7.17.2 Meeting of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to shareholders.

7.17.3 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has (a) on a show of hands, one vote and (b) on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held (with adjusted voting rights for partially paid shares). The Chair has a casting vote in the case of an equality of votes.

7.17.4 Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim, special or final dividend as, in their judgement, the financial position of the Company justifies.

The Directors may fix the amount, time and method of payment of the dividends. The payment, resolution to pay, or declaration of a dividend does not require any confirmation by a general meeting.

For further information in respect of the Company's proposed dividend policy, see Section 4.12.

7.17.5 Transfer of Shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, a member may transfer all or any of the member's shares by:

- a Proper ASTC transfer (as that term is defined in regulation 1.0.02 of the *Corporations Regulations 2001* (Cth)); or
- an instrument in writing in any usual form or in any other form that the Directors approve, as permitted by the Corporations Act and ASX Listing Rules.

The Company may, in circumstances permitted under the ASX Listing Rules or ASX Settlement Rules, decline to register a transfer of Shares or apply a holding lock to prevent a transfer of Shares.

If the Directors decline to register a transfer or apply a holding lock, the Company must give the party lodging the transfer written notice of the refusal or holding lock and the reason for refusal or holding lock.

7. Details of the Offer
continued

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7.17.6 Issue of further Shares

Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act, the Directors may issue shares or grant options over unissued shares to any person and they may do so at such times and on the conditions they think fit.

The shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors see fit.

7.17.7 Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares.

The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

7.17.8 Winding up

If the Company is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among the Company's members in proportion to the shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts which remain unpaid on these shares at the time of distribution.

7.17.9 Sale of non-marketable parcels

Provided that the procedures set out in the Constitution are followed, the Company may sell the shares of a shareholder who holds less than a marketable parcel of those shares. A marketable parcel of shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of not less than $500.

7.17.10 Share buy-backs

The Company may buy back shares in itself in accordance with the provisions of the Corporations Act and, where applicable, the ASX Listing Rules.

7.17.11 Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied with:

- the written consent of the holders of at least three quarters of the issued shares in the particular class; or
- the sanction of a special resolution passed at a separate meeting of the holders of shares in that class.

7.17.12 Reduction of share capital

Subject to the Constitution, Corporations Act and ASX Listing Rules, the Company may reduce its share capital in any way permissible by the Corporations Act.

7.17.13 Proportional takeover provisions

The Constitution contains provisions requiring shareholder approval before any proportional takeover bid can proceed.

The provisions will cease to have effect three years from the date of adoption of the Constitution unless it is renewed by special resolution of shareholders in a general meeting.

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7.17.14 Dividend reinvestment plan

The Constitution contains a provision allowing Directors, on the terms and conditions they think fit, to implement a dividend reinvestment plan (under which any Shareholder or any class of shareholders may elect that the dividends payable by the Company be reinvested by a subscription for Shares in the Company).

7.17.15 Directors – appointment and removal

Under the Constitution, the minimum number of Directors is 3 and the maximum is 12 or such lower number as the Directors determine, provided the proposed lower number has been authorised by general meeting of the Company's members if required under the Corporations Act.

Directors are elected or re-elected by resolution at a general meeting of Shareholders. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the managing director) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

No Director (other than the managing director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).

7.17.16 Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter.

In the case of an equality of votes on a resolution, the chair of the meeting has a casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

7.17.17 Variation of the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

7.17.18 Directors' and officers' indemnity

The Company, to the extent permitted by law, may indemnify each person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any losses or liability incurred by that person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for reasonable legal costs on a full indemnity basis.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any liability incurred by the person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

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Section Eight

Investigating Accountant's Report



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8. Investigating Accountant's Report

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KPMG Transaction Services
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Board of Directors
The Koala Company Limited
Unit 12, 37-41 O'Riordan Street
Alexandria NSW 2015

Board of Directors
Koala SaleCo Limited
Unit 12, 37-41 O'Riordan Street
Alexandria NSW 2015

13 March 2026

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) (**KPMG Transaction Services**) has been engaged by The Koala Company Limited (**Koala**) and Koala SaleCo Limited (**SaleCo**) to prepare this report for inclusion in the prospectus dated 13 March 2026 (**Prospectus**), to be issued by Koala and SaleCo, in respect of the initial public offering of ordinary shares in Koala and the offer of certain existing shares in Koala by SaleCo and the listing of Koala's shares on the Australian Securities Exchange (the **Transaction**).

Expressions defined in the Prospectus have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Prospectus.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

The pro forma historical and forecast financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001* (Cth).

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Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of Koala (the responsible party) included in the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of Koala, after adjusting for the effects of pro forma adjustments described in section 4 of the Prospectus.

The pro forma financial information consists of:

- the Pro Forma Historical Results of Koala for the years ended 30 June 2023, 30 June 2024, 30 June 2025 and the six months ended 31 December 2024 and 31 December 2025;
- the Pro Forma Historical Cash Flows of Koala for the years ended 30 June 2023, 30 June 2024, 30 June 2025 and the six months ended 31 December 2024 and 31 December 2025; and
- the Pro Forma Historical Statement of Financial Position of Koala as at 31 December 2025,

as set out in sections 4.3.1, 4.6.1 and 4.7.1 of the Prospectus issued by Koala (collectively the **Pro Forma Historical Financial Information**).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 4 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent Koala's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by Koala to illustrate the impact of the event(s) or transaction(s) described in section 4 of the Prospectus on Koala's financial position as at 31 December 2025 and Koala's financial performance and cash flows for the years ended 30 June 2023, 30 June 2024, 30 June 2025 and the six months ended 31 December 2024 and 31 December 2025. As part of this process, information about Koala's financial position, financial performance and cash flows has been extracted from Koala's financial statements for the years ended 30 June 2023, 30 June 2024, 30 June 2025 and the six months ended 31 December 2024 and 31 December 2025.

The financial statements of Koala for the years ended 30 June 2023, 30 June 2024 and 30 June 2025 were audited by KPMG in accordance with the Australian Auditing Standards. The audit opinions issued to the members of Koala relating to those financial statements were unqualified. The half year financial reports of Koala for the six months ended 31 December 2024 and 31 December 2025 were reviewed by KPMG in accordance with the Australian Auditing Standards. KPMG issued an unmodified review conclusion on those half year reports.

For the purposes of preparing this report we have performed limited assurance procedures in relation to Pro Forma Historical Financial Information in order to state

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whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in section 4 of the Prospectus.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Forecast Financial Information and directors' best-estimate assumptions

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the Statutory and Pro Forma Forecast Results and Forecast Cash Flows of Koala (the responsible party) for the year ending 30 June 2026, as described in section 4 of the Prospectus (**Forecast Financial Information**). The directors' best-estimate assumptions underlying the Forecast Financial Information are described in section 4.8.2 of the Prospectus. As stated in section of the Prospectus, the basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in the Australian Accounting Standards and Koala's accounting policies.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in section 4.3.1 and 4.6.1 of the Prospectus, and the directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects, the Forecast Financial Information is not:
  - prepared on the basis of the directors' best-estimate assumptions as described in the Prospectus; and
  - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and Koala's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion on the Forecast Financial Information.

Directors' responsibilities

The directors of Koala are responsible for the preparation of:

- the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Historical Information; and
- the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the Pro Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in section 4.3.1 of the Prospectus, comprising:

- the Pro Forma Historical Results of Koala for the years ended 30 June 2023, 30 June 2024, 30 June 2025 and the six months ended 31 December 2024 and 31 December 2025, as set out in tables 5 and 6;
- the Pro Forma Historical Cash Flows of Koala for the years ended 30 June 2023, 30 June 2024, 30 June 2025 and the six months ended 31 December 2024 and 31 December 2025, as set out in tables 15 and 17; and
- the Pro Forma Historical Statement of Financial Position of Koala as at 31 December 2025, as set out in table 20,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 4 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and Koala's accounting policies.

Forecast Financial Information and the directors' best-estimate assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the

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Forecast Financial Information for the year ending 30 June 2026 do not provide reasonable grounds for the Forecast Financial Information;

- in all material respects, the Forecast Financial Information:
  - is not prepared on the basis of the directors' best-estimate assumptions as described in section 4.8.2 of the Prospectus; and
  - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and Koala's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by Koala management and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of Koala for the year ending 30 June 2026.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Koala. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Koala, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks as described in section 5 of the Prospectus and sensitivities. The sensitivity analysis set out in section 4.11 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of Koala, that all material information concerning the prospects and proposed operations of Koala has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Independence

KPMG Transaction Services does not have any interest in the outcome of the Transaction, other than in connection with the preparation of this report and

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participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Koala and from time to time, KPMG also provides Koala with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Design and Distribution Obligations (DDO)

KPMG has made reasonable enquiries of Koala as to whether the underlying financial product pursuant to the Transaction is captured by Design and Distribution Obligations (**DDO**) regulations. Where a Target Market Determination (**TMD**) is required, KPMG has reviewed the TMD to ensure the content of the IAR is consistent with the TMD.

Restriction on use

Without modifying our conclusions, we draw attention to section 4.2 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements or other material in, or omissions from, the Prospectus.

Yours faithfully



Matthew Saunders
Authorised Representative

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KPMG

KPMG Financial Advisory Services (Australia) Pty Ltd

ABN 43 007 363 215
Australian Financial Services Licence No. 246901

Financial Services Guide

Dated December 2023

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215 (KPMG FAS)**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**KPMG Transaction Services**).

Matthew Saunders is an authorised representative of KPMG Transaction Services, authorised representative number 404266 (**Authorised Representative**).

This FSG includes information about:

- KPMG FAS and its Authorised Representative and how they can be contacted;
- The services KPMG FAS and its Authorised Representative are authorised to provide;
- How KPMG FAS and its Authorised Representative are paid;
- Any relevant associations or relationships of KPMG FAS and its Authorised Representative;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG FAS has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG FAS.

This FSG forms part of an Investigating Accountant's Report (**Report**) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (**PDS**). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits, and costs of acquiring the particular financial product.

Financial services that KPMG FAS and the Authorised Representative are authorised to provide

KPMG FAS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- debentures, stocks or bonds issued or proposed to be issued by a government;
- interests in managed investments schemes including investor directed portfolio services;

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- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients.

KPMG FAS provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG FAS to provide financial product advice on KPMG FAS' behalf.

KPMG FAS and the Authorised Representative's responsibility to you

KPMG FAS has been engaged by The Koala Company Limited (**Koala)** to provide general financial product advice in the form of a Report to be included in in the proposed prospectus to be dated 13 March 2026 (**Prospectus**) prepared by Koala in relation to the proposed initial public offering of ordinary shares in Koala and listing on the Australian Securities Exchange (**Transaction**).

You have not engaged KPMG FAS or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG FAS nor the Authorised Representative are acting for any person other than the Client.

KPMG FAS and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice Warning

As KPMG FAS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG FAS may receive, and remuneration or other benefits received by our representatives

KPMG FAS charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG FAS $580,000 for preparing the Report. KPMG FAS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG FAS officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory, tax and accounting practice (the **KPMG Partnership**). KPMG FAS' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity.

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Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG FAS nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG FAS operates as part of the KPMG Australian firm. KPMG FAS' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG FAS and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG FAS, the KPMG Partnership and related entities (**KPMG entities**) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let KPMG FAS or the Authorised Representative know. Complaints can be sent in writing to The Complaints Officer, KPMG, GPO Box 2291U, Melbourne, VIC 3000 or via email (AU-FM-AFSL-COMPLAINT@kpmg.com.au). If you have difficulty in putting your complaint in writing, please call (03) 9288 5555 where you will be directed to the Complaints Officer who will assist you in documenting your complaint.

We will acknowledge receipt of your complaint, in writing, within 1 business day or as soon as practicable and will investigate your complaint fairly and in a timely manner.

Following an investigation of your complaint, you will receive a written response within 30 calendar days. If KPMG FAS is unable to resolve your complaint within 30 calendar days, we will let you know the reasons for the delay and advise you of your right to refer the matter to the Australian Financial Complaints Authority (**AFCA**).

External complaints resolution process

If KPMG FAS cannot resolve your complaint to your satisfaction within 30 calendar days, you can refer the matter to AFCA. AFCA is an independent body that has been established to provide free and impartial assistance to consumers to help in resolving complaints relating to the financial services industry. KPMG FAS is a member of AFCA (member no 11690).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address:	Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001
Telephone:	1800 931 678
Email:	info@afca.org.au

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The Australian Securities and Investments Commission also has a free call Customer Contact Centre info-line on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG FAS has compensation arrangements for loss or damage in accordance with section 912B of the *Corporations Act 2001(Cth)*. KPMG FAS holds professional indemnity insurance which, subject to its terms, provides cover for work performed by KPMG FAS including current and former representatives of KPMG FAS.

Contact details

You may contact KPMG FAS or the Authorised Representative using the below contact details:

KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)
Level 38, International Towers Three
300 Barangaroo Avenue
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7621
Facsimile: (02) 9335 7001

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Section Nine



Additional Information



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9. Additional Information

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The Company was registered in New South Wales on 5 June 2017.

Koala SaleCo Limited was registered in New South Wales on 13 February 2026.

9.1 Company tax status and financial year

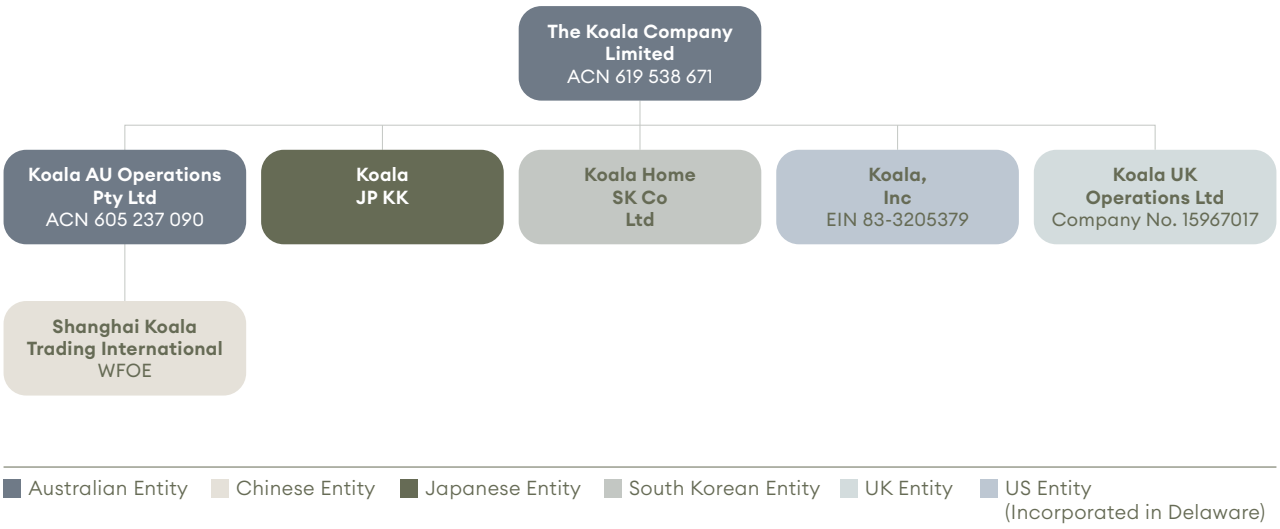
The Company and its subsidiaries are subject to tax at the prevailing rates of tax in the countries in which they have operating subsidiaries.

The Company's financial year for taxation purposes ends on 30 June.

9.2 Corporate structure

The following diagram shows the entities in the corporate structure of the Group.

Figure 33: Company corporate structure



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9.3 Capital restructure

With effect immediately from admission of the Shares to the Official List, the Shareholders' Deed in relation to the Company will be terminated.

With effect immediately following Settlement of the Offer, and before Completion of the Offer, Koala will restructure its capital so that:

- the 9,313,950 Series A Preference Shares on issue as at the Prospectus Date will convert to 9,313,950 Shares; and
- the 2,184,350 Series B Preference Shares on issue as at the Prospectus Date will convert to 2,184,350 Shares.

Immediately following completion of the Offer:

- 2,082,700 Warrants on issue as at the Prospectus Date (each subject to a put option, which will be exercised by Partners for Growth V, L.P and Partners for Growth VI, LP a Delaware limited partnership) will be settled for a total of $5,017,000 (inclusive of the $100,000 associated fee) which the Company will pay out of the proceeds of the Offer and existing cash;

See Sections 4.7.1, 4.6.1 and 7.3 for further information.

All of the above is collectively referred to in this Prospectus as the Capital Restructure. As at Completion of the Offer, the shareholding structure of the Company will be as shown in Section 7.4.

9.4 Sales of Shares by SaleCo

SaleCo, a special purpose vehicle, has been established to facilitate the sale of Existing Shares by the Selling Shareholders.

Each of the Selling Shareholders has entered into a deed poll in favour of the Company and SaleCo under which, subject to successful Settlement of the Offer, the relevant Selling Shareholder has agreed to sell to SaleCo some or all of their Existing Shares, which will be sold by SaleCo into the Offer, free from encumbrances and third party rights. The sales will take place after completion of the Capital Restructure described above.

The Existing Shares which SaleCo acquires from the Selling Shareholders will be transferred to Successful Applicants at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue New Shares to Successful Applicants under the Offer.

SaleCo has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the deeds described above. The sole shareholder of SaleCo is Dany Milham, who is also a director of the Company. Michael Gordon and Laura Mineo are the other directors of SaleCo.

The Company has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer and has indemnified SaleCo in respect of costs of the Offer. The Company has indemnified SaleCo and the shareholders and officers of SaleCo for any loss which they may incur as a consequence of the Offer.

9. Additional Information
continued

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9.5 Material Contracts

9.5.1 Key Supply Agreement

The key material terms of Koala's contract with its key manufacturing supplier are set out in the table below. See Section 3.7.1 of the Prospectus for more information about this supplier arrangement.

Term	15 January 2025 to 14 January 2027 with two options for one year each (2x 1 year) which may be exercised by Koala at its discretion
Koala's Termination Rights	Koala may immediately terminate the supply agreement if the supplier: • breaches the agreement or a purchase order contract and fails to remedy or rectify that breach within 14 days of receiving a notice from Koala of the breach; • commits a breach which cannot be remedied or rectified; • fails to meet any key performance indicator for two consecutive reporting periods or for two months within any six month period; • assigns the agreement without Koala's consent; • becomes insolvent; or • a force majeure event preventing the other party from performing their obligations continues for more than six months. Koala may also terminate the supply agreement for convenience with 90 days prior written notice.
The supplier's Termination Rights	The supplier may immediately terminate the supply agreement if Koala: • breaches the agreement or a purchase order contract and fails to remedy or rectify that breach within 28 days of receiving a notice from the supplier of that breach; • commits a breach which cannot be remedied or rectified; • becomes insolvent; or • a force majeure event preventing the other party from performing their obligations continues for more than six months.
Exclusivity	For the term the supplier will not supply the products or any similar products similar to, substitutable for or competitive with the products to consequential online competitors of Koala (based in Australia and overseas) and will exclusively supply products with the same specifications, design and construction to Koala worldwide.
Intellectual Property	Any intellectual property rights created in the course of supplying the products under the supply agreement vest solely in Koala. The supplier can only use, disclose, copy or reproduce such material for the purposes of the agreement. All products manufactured and based on Koala's drawings, designs, specifications, software code or models will not be used by for the supplier's own use or sold to third parties without Koala's written authorisation. Any intellectual property rights held by either party independent of the agreement or created prior to the date of the agreement remains with that party, and each party licences its intellectual property to the other to the extent necessary for Koala to use and retail the products.
Minimum Orders	Koala has no obligation to issue any purchase orders or purchase any minimum quantity of products.

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9.5.2 Underwriting Agreement

The Offer is fully underwritten by Barrenjoey pursuant to an underwriting agreement dated on or about the date of the Prospectus between Barrenjoey, Morgans, the Company and SaleCo (**Underwriting Agreement**). Under the Underwriting Agreement, Barrenjoey has agreed to arrange, manage and underwrite the Offer, and Barrenjoey and Morgans are appointed as joint lead managers to arrange and manage the Offer.

9.5.2.1 Fees and expenses

The Company has agreed to pay Barrenjoey fees of an amount equal to 3.2% of the gross proceeds of the Offer, for underwriting the Offer, plus 0.80% of the gross proceeds of the Offer, for managing the Offer, in each case subject to a minimum of $2,000,000 after payment of fees to Morgans as set out below.

The Company and Barrenjoey have also agreed that Morgans will be entitled to receive a fixed base fee of $750,000 for acting as Joint Lead Manager as well as an amount equal to 1.50% on the total amount of any settled Broker Firm Offer allocations made to Morgans under the Broker Firm Offer. In addition, the Company may, in its sole discretion, pay Morgans an incentive fee of up to $500,000 of the gross proceeds of the Offer. Barrenjoey must pay, on behalf of the Company and SaleCo, the fixed fee and the Broker Firm Offer fees from the fees Barrenjoey receives under the Underwriting Agreement. The Company is responsible for payment of any incentive fee to Morgans.

In addition to the fees described above, the Company and SaleCo must pay, or reimburse the Joint Lead Managers for, certain reasonable costs and expenses incurred by them in relation to the Offer.

9.5.2.2 Termination events not subject to materiality

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until4.00pm on the Settlement Date, or at any other time earlier as specified below, terminate the Underwriting Agreement without cost or liability by notice to the Company, SaleCo and the other Joint Lead Manager if any of the following events occur:

- (**disclosures in the offer documents**) the offer documents do not comply with the Corporations Act, including if a statement in an offer document is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from the offer documents;
- (**new circumstances**) an adverse new circumstance arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement;
- (**supplementary Prospectus**) the Company and SaleCo issue or are required to issue a supplementary prospectus or lodge a supplementary prospectus with ASIC in a form and substance that has not been approved by the Joint Lead Managers;
- (**forecasts**) there are not, or there cease to be, reasonable grounds for any statement or estimate in the offer documents, which relates to a future matter or any statement or estimate in the offer documents that relate to a future matter is, in the reasonable opinion of the terminating Joint Lead Manager, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- (**share sale deeds**) the share sale deeds are withdrawn, terminated, rescinded, amended in a material respect or breached, without the consent of the Joint Lead Managers;
- (**Escrow Deeds**) any of the Escrow Deeds are withdrawn, terminated, rescinded, amended in a material respect or breached, without the consent of the Joint Lead Managers;
- (**market fall**) at any time before the Settlement Date, the S&P/ASX 200 Index closes at a level that is 90% or less of the level as at the close of trading on the business day immediately prior to the date of this agreement and closes at or below that 90% level on 2 consecutive business days;
- (**listing and quotation**) approval is refused or not granted prior to the listing approval date, or approval is granted subject to conditions other than customary conditions, to:
  - the Company's admission to the official list of ASX on or before the listing approval date, or

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  - the quotation of the Shares on ASX or for the Shares to be traded through CHESS on or before the quotation date,

  or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

- (**certificate**) the Company and SaleCo do not provide a certificate required by the Underwriting Agreement;
- (**ASIC**) any of the following occurs in respect of the Offer and becomes public (unless withdrawn within 2 business days after it is made or commenced or where it is made or commenced less than 2 business days before the Settlement Date, it has not been withdrawn before the Settlement Date):
  - ASIC issues an order (including an interim order) under section 1324B or under section 739 of the Corporations Act;
  - ASIC holds a hearing under section 739(2) of the Corporations Act; or
  - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an offer document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an offer document;
- (**notifications**) any of the following notifications are made in respect of the Offer:
  - any person who has previously consented to the inclusion of its name in the Prospectus (other than the terminating Joint Lead Manager) withdraws that consent; or
  - any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus (other than the terminating Joint Lead Manager);
- (**withdrawal**) the Company or SaleCo withdraws the Prospectus or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- (**unable to issue Shares under the Offer**) the Company is prevented from allotting and issuing or SaleCo is prevented from transferring (as applicable) the Shares under the Offer by applicable laws, an order of a court of competent jurisdiction or a governmental authority, within the time required by the Listing Rules;
- (**regulatory approvals**) a regulatory body withdraws, revokes or amends any regulatory approvals, including an ASX waiver and ASIC modification, required for the Company or SaleCo to perform its obligations under this agreement or to carry out the transactions contemplated by the offer documents;
- (**Material Contracts**) any of the obligations of the relevant parties under any of the material contracts are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any of the material contracts:
  - is terminated, withdrawn, rescinded, avoided or repudiated;
  - is materially altered, amended or varied without the consent of the Joint Lead Managers (acting reasonably);
  - is materially breached, or there is a failure by a party to comply;
  - ceases to have effect, otherwise than in accordance with its terms; or
  - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;
- (**timetable**) an event specified in the timetable up to and including the Settlement Date is delayed by more than 2 business days (other than any delay agreed between the Company, SaleCo and the Joint Lead Managers or an extension to the exposure period by ASIC under section 727(3) of the Corporations Act);

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- (**insolvency events**) any member of the Group becomes insolvent, or there is an act or omission which is likely to result in a member of the Group becoming insolvent;
- (**change in directors or senior management**) a change occurs in the directors, the chief executive officer or chief financial officer of the Company or SaleCo or a director of the Company or SaleCo, the chief executive officer or the chief financial officer dies or becomes permanently incapacitated;
- (**action against directors**) any of the following occur:
  - a director of the Company or any member of the Group is charged with an indictable offence relating to a financial or corporate matter;
  - any government agency commences any public action against a director of the Company or any member of the Group;
  - any director of the Company or any member of the Group is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
  - the Company or a member of the Group or any of their respective directors engages in any fraudulent conduct or activity;
- (**unauthorised change**) without the prior written consent of the Joint Lead Managers, the Company or a Group member:
  - disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus;
  - ceases or threatens to cease to carry on business;
  - alters its capital structure, other than as contemplated in the Prospectus; or
  - amends its constitution or any other constituent document (other than to adopt a new constitution as part of the Offer in the form provided to ASX prior to the date of this agreement), or the terms of issue of the Shares under the Offer or corresponding Shares;
- (**encumbrance**) other than as disclosed in the Prospectus, the Company creates or agrees to create an encumbrance over the whole or a substantial part of its business or property; or
- (**force majeure**) there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any governmental agency which makes it illegal for the Joint Lead Manager to satisfy an obligation under this agreement, or to market, promote or settle the Offer.

9.5.2.3 Termination events subject to materiality

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until 4.00pm on the Settlement Date or at any other time as specified below, terminate the Underwriting Agreement without cost or liability by notice to the Company, SaleCo and the other Joint Lead Manager if any of the following events occur and the Joint Lead Manager has reasonable grounds to believe and does believe the event:

- has or is likely to have a materially adverse effect on the success, settlement, marketing or outcome of the Offer, the ability of the Joint Lead Manager to promote or settle the Offer, the subsequent market for the Shares or the willingness of investors to subscribe for the Shares, or
- will, or is likely to, give rise to the Joint Lead Manager contravening, or being involved in a contravention of, any applicable law or regulation, including the Corporations Act, or a liability of the Joint Lead Manager under any applicable law or regulation:

The events referred to above are:

- (**compliance with law**) any of the offer documents or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules, or any other applicable law or regulation;

9. Additional Information
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- (**information supplied**) any information supplied (including any information supplied prior to the date of this agreement) by or on behalf of a member of the Group to the Joint Lead Managers in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or is likely to mislead or deceive (including by omission);
- (**disclosures in public information**) a statement in any of the public information is or becomes misleading or deceptive or likely to mislead or deceive;
- (**disclosures in the due diligence report**) the due diligence report or any other information supplied by or on behalf of the Company and SaleCo to the Joint Lead Managers in relation to the Shares, the Group or the Offer is, or becomes (or becomes likely to be) untrue, incorrect, misleading or deceptive, including by way of omission;
- (**adverse change**) an event occurs which is, or is likely to give rise to, an adverse change in the assets, liabilities, financial position or performance, profits, losses, earnings, prospects or condition or otherwise of the Group from that disclosed in the Prospectus lodged with ASIC on the lodgement date; or
- (**certificate**) a statement in any closing certificate furnished under the Underwriting Agreement is false, misleading, inaccurate, untrue or incorrect;
- (**hostilities**) any of the following occurs:
  - hostilities not presently existing commence (whether or not war or a national emergency has been declared);
  - a major escalation in existing hostilities occurs (whether or not war or a national emergency has been declared);
  - a major terrorist act is perpetrated; or

  involving any one or more of Australia, New Zealand, the United States, the Peoples' Republic of China, Singapore or Japan, or involving any diplomatic, military, commercial or political establishment of any of those countries; and
  - in respect of the ongoing conflicts in Israel, Russia or Ukraine as at the date of the Underwriting Agreement:
    - chemical, nuclear or biological weapons of any sort are used in connection with the conflict; or
    - the military of any member state of the North Atlantic Treaty Organisation becomes directly involved in the conflict (as distinct from providing support to a protagonist);
- (**change of law**) there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or policy in Australia, or any State or Territory of Australia (including a policy of the Reserve Bank of Australia or ASIC);
- (**breach of laws**) there is a contravention by the Company or any entity in the Group of its constitution or other constituent document, an encumbrance or document that is binging on it or any applicable law, regulation, authorisation, ruling, consent, judgment, order or decree of any government authority;
- (**representations and warranties**) a representation or warranty contained in the Underwriting Agreement on the part of the Company or SaleCo (whether severally or jointly) is breached, becomes not true or correct or is not performed;
- (**breach**) the Company or SaleCo (whether severally or jointly) defaults on one or more of its undertakings or obligations under the Underwriting Agreement;
- (**legal proceedings**) legal proceedings are commenced against the Company or SaleCo, any member of the Group or against any director of the Company or SaleCo or any member of the Group in that capacity;

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- (**disruption in financial markets**) any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, the United Kingdom, the United States, Hong Kong, or Singapore is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange is suspended for at least 1 day on which that exchange is open for trading; or
  - any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, Hong Kong, Singapore, the United States or the United Kingdom, or the international financial markets or any adverse change in national or international political, financial or economic conditions.

9.5.2.4 Representations, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company and SaleCo to each Joint Lead Manager. The Underwriting Agreement also contains customary representations and warranties by the Joint Lead Managers to the Company and SaleCo.

The representations and warranties given by the Company and SaleCo relate to matters such as conduct of the Company and SaleCo, power and authorisations, eligibility for listing, information provided by the Company and SaleCo, financial information, accounts, information in this Prospectus, the conduct of the Offer, compliance with laws, the ASX Listing Rules and other legally binding requirements.

The Company also provides additional representations and warranties in connection with matters including, but not limited to, due diligence, insolvency, the Shares, litigation, material contracts, licences, dividends and distributions, anti-money laundering, bribery and sanctions, US securities laws, insurance, assets and other matters.

The Company's undertakings include, among other things, that it will not (without the prior written consent of the Joint Lead Managers) at any time after the date of the Underwriting Agreement and up to 120 days after Completion:

- allot, or agree to allot, or indicate in any way that it may or will allot, or agree to allot, any Shares or other securities of the Company or any member of the Group except as disclosed in this Prospectus and subject to limited exceptions including pursuant to an employee or option plan or a non-underwritten dividend reinvestment plan or bonus share plan; and
- carry on its business, and procure that each member of the Group carries on its business in the ordinary course and not dispose (or permit any other member of the Group to dispose) of any material part of its (or their) business or property, and not acquire (or permit any other member of the Group to acquire) any business or property, except in the ordinary course.

9.5.2.5 Indemnity

Subject to certain customary exclusions (including gross negligence, recklessness, wilful misconduct or fraud of an indemnified party), the Company and SaleCo agree to keep Barrenjoey and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.5.3 Voluntary escrow arrangements

9.5.3.1 Escrow arrangements

The Existing Shareholders and Optionholders set out in the table below (**Escrowed Securityholders**) will be subject to voluntary escrow arrangements in respect of the Shares that they will hold at Completion.

Each Escrowed Securityholder below has entered into an Escrow Deed in respect of their Escrowed Securities, which prevents them from disposing of their Escrowed Securities for the Escrow Period described in Section 9.5.3.2.

9. Additional Information
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The Escrow Deeds also extend to Options held by these Escrowed Securityholders at Completion such that those Options, and any Shares issued on the exercise of those Options during the Escrow Period, will be subject to the same restrictions applying to the Escrowed Securities.

ESCROWED SECURITYHOLDER	NUMBER OF ESCROWED SHARES	NUMBER OF ESCROWED OPTIONS AND PERFORMANCE RIGHTS[48]
Dany Milham	18,692,056	1,500,000
Mitch Taylor	15,892,056	–
Perennial	22,085,513	–
Other management personnel and Non-Executive Directors	725,283	1,657,612
Other existing shareholders	9,909,038	159,916
TOTAL	**67,303,946**	**3,317,528**

9.5.3.2 Escrow Period

The Escrow Period will commence on Completion and end:

- for each of Dany Milham, Mitch Taylor and Perennial (**Key Escrowed Securityholders**):
  - in respect of 50% of their Escrowed Securities, at 4:15pm on the trading day after the date on which the Company releases to the ASX its financial results for the financial year ending 30 June 2027; and
  - in respect of the remaining 50% of their Escrowed Securities, at 4.15pm on the trading day after the date on which the Company releases to the ASX its financial results for the financial year ending 30 June 2028; and
- for all other Escrowed Securityholders who are not Key Escrowed Securityholders, at 4:15pm on the trading day after the date on which the Company releases to the ASX its financial results for the financial year ending 30 June 2026.

9.5.3.3 Early release

For the Key Escrowed Securityholders only, and notwithstanding the duration of the Escrow Period set out in Section 9.5.3.2 above, 25% of the Escrowed Securities held by them will be released from escrow at 4.15pm on the day that is 10 Business Days after the day that the volume weighted average price of the Shares on the ASX for any consecutive 10 trading day period is 20% or more above the Offer Price following the date that the Company releases to the ASX its results for the half year ended 31 December 2026.

9.5.3.4 Restrictions on dealing

The restriction on dealing is broadly defined in the Escrow Deeds. It restricts the Escrowed Securityholder from, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Securities, creating or agreeing to create a security interest over the Escrowed Securities, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Securities or agreeing to do any of those things.

However, Escrowed Securityholders whose Shares or Options remain subject to escrow may still deal in any of their Escrowed Securities during the Escrow Period to the extent that the dealing is exempted under the Escrow Deeds which includes to the extent that the dealing is:

- as a result of a bona fide third-party offer under a takeover bid or the transfer or cancellation of the Escrowed Securities under a scheme of arrangement;

48. One vested Option or Performance Right, after exercise, converts to one Share.

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- required by applicable law, including an order of a court of competent jurisdiction (provided that any recipient of the Escrowed Securities will no longer be bound by any holding lock or restrictions on dealing with respect to the Escrowed Securities);
- an encumbrance of any or all Escrowed Securities to a bona fide third-party financial institution as securities for a loan, hedge or other financial accommodation;
- a transfer by the personal representative of the Escrowed Securityholder to whom the Escrowed Securities have been bequeathed (provided that any recipient of the Escrowed Securities will no longer be bound by any holding lock or restrictions on dealing with respect to the Escrowed Securities); or
- a disposal of, but not the creation of a security interest in, some or all of the Escrowed Securities to a company wholly-owned by the Escrowed Securityholder, a trust in relation to which the Escrowed Securityholder is the beneficiary, or to an Affiliate or Affiliated Fund of the Escrowed Securityholder.

9.6 Litigation and claims

The Company may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Company's business, operating and financial performance.

As far as the Directors are aware, however, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or Governmental prosecution of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company.

9.7 Ownership restrictions

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 9.7 contains a general description of these laws.

9.7.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20% or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

9.7.2 Competition and Consumer Act

From 1 January 2026, certain acquisitions that meet designated monetary and/or other thresholds determined by the relevant Minister are mandatorily required to be notified to, and approved or waived by, the ACCC before the acquisition is put into effect, in accordance with provisions set out in the Competition and Consumer Act 2010 (Cth) and relevant Ministerial Determinations (**Mandatory Merger Regime**).

A broad range of acquisitions, subject to limited exemptions, are captured by the Mandatory Merger Regime, including acquisitions of assets (which can include property rights, leases, intellectual property rights and licences) and acquisitions of 'control' through share sale. The definition of 'control' is broad, and in some cases minority stakes may offer sufficient influence to be considered a controlling interest. Any 'joint control' aspects, including under shareholder agreements, joint venture agreements or similar documents that give all members joint influence over a company, must also be considered when determining if an acquisition is notifiable under the Mandatory Merger Regime.

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From 1 April 2026, additional thresholds will apply that will require mandatory notification and approval by the ACCC. This includes acquisitions that meet the monetary thresholds and are acquisitions of entities that fall within the definition of Chapter 6 of the Corporations Act (Chapter 6 Entity) where (i) the principal party already controls the Chapter 6 Entity and the voting power moves from below 20% to above 20% of the Chapter 6 Entity or (ii) the principal party does not control the Chapter 6 Entity immediately before or after the acquisition and the voting power moves from below 20% to above 50%.

Decisions by the ACCC under the Mandatory Merger Regime are subject to statutory time frames (unless extended) and filing fees that vary depending on the complexity of the acquisition and the transaction value. An acquisition will be permitted to proceed following the conclusion of the ACCC's merger assessment process (subject to any appeals to the Australian Competition Tribunal), unless the ACCC is satisfied that the acquisition would, in all circumstances, have the effect or likely effect of substantially lessening competition in any market.

The consequences of not notifying a notifiable acquisition are that the transaction is void (automatically treated as if it never occurred) and significant civil penalties can apply.

9.7.3 *Foreign Acquisitions and Takeovers Act 1975* (Cth) and Federal Government Foreign Investment Policy

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more un-associated foreign persons and their associates (**Aggregate Substantial Interest**), where the acquisition meets a threshold value (which varies by investor type and industry). Where a foreign person holds a Substantial Interest in the Company or foreign persons hold an Aggregate Substantial Interest in the Company, the Company will be a "foreign person" for the purposes of FATA.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A "direct interest" is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

9.8 Regulatory relief

9.8.1 ASIC exemptions and relief

ASIC has granted an exemption to ensure that the on-sale restrictions in Section 707(3) of the Corporations Act do not apply to Shares that are to be issued at some future point in time after Completion upon the exercise of existing Options, Performance Rights or RSUs where those existing Options, Performance Rights or RSUs were issued without disclosure under Chapter 6D of the Corporations Act and do not have the benefit of Section 1100ZD of the Corporations Act. The effect of this exemption is that Company will not need to provide a notice under Section 708A(5)(e) of the Corporations Act to ASX each time Shares are issued on the exercise of these existing options.

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9.8.2 ASX waivers and confirmation

Koala has applied to the ASX for the following confirmations in respect of the ASX Listing Rules on an in-principle basis:

- confirmation of the Company's suitability for admission to the Official List of the ASX as an 'ASX Listing' under ASX Listing Rule 1.1, conditions 1 and 1.19;
- confirmation that the Company may seek admission to the Official List of the ASX under the assets test in ASX Listing Rule 1.3.2(b) and companion waivers of ASX Listing Rule 4.7B(a), 4.7C and 4.10.19;
- confirmation that the mandatory escrow provisions in Chapter 9 of the ASX Listing Rules will not apply to the Company, having regard to the fact that the Company has a track record of revenue acceptable to ASX;
- confirmation that the form of the Constitution of the Company is acceptable to the ASX pursuant to condition 2 of ASX Listing Rule 1.1;
- confirmation that ASX would be willing to grant a waiver of ASX Listing Rule 1.1 Condition 12 in relation to its Options, RSUs and Performance Rights;
- confirmation that the Company will be entitled to rely on Exceptions 9(a) and 13(a) of ASX Listing Rule 7.2 for the issuance of Shares upon conversion of those Options, RSUs and Performance Rights;
- confirmation that shareholder approval under ASX Listing Rule 10.11 is not required for the issuance of Shares upon the conversion of Options and Performance Rights held by Michael Gordon and Dany Milham (described in Section 6.4.3) and the Performance Rights described in Section 6.6.6 (and any future issuance of Shares upon conversion of those Performance Rights to Dany Milham) because of ASX Listing Rule 10.12 Exception 8;
- that shareholder approval under ASX Listing Rule 10.14 is not required for the issuance of Shares upon the conversion of Options and Performance Rights held by Michael Gordon and Dany Milham (described in Section 6.4.3) and the Performance Rights described in Section 6.6.6 (and any future issuance of Shares upon conversion of those Performance Rights) to Dany Milham;
- assuming that ASX regards the Performance Rights as "performance securities" under ASX Guidance Note 19 (**GN19**):
  - such Performance Rights will comply with ASX Listing Rule 6.1;
  - security holder approval for the issue of Performance Rights is not required under GN19; and
  - the Company will not need to include an independent expert's report in this Prospectus to meet the requirements of GN19; and
- confirmation that the timetable the Company has adopted in connection with the Offer is acceptable to ASX.

In addition, because more than 50% of the Company's total tangible assets at Completion are in cash or a form readily convertible to cash, the Company sought from the ASX an in principle decision to grant a waiver from the 'commitments test' in ASX Listing Rule 1.3.2(b) and companion waivers of Listing Rules 4.7B and 4.7C to exempt the Company from the requirement to provide quarterly cash flow and activity reports and a waiver from ASX Listing Rule 4.10.19 to exempt the Company from the requirement to include in its first two annual reports after admission to the official list of ASX the information required under that ASX Listing Rule.

9. Additional Information
continued

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9.9 Taxation considerations

This Section does not constitute financial product advice as defined in the Corporations Act and is confined to Australian taxation issues only. Taxation is only one of the matters you need to consider when making a decision about your investments. You should consider taking advice from a licensed adviser, before making a decision about your investments.

The following tax comments are based on the current enacted tax, GST and duty laws in Australia as at the Prospectus Date. Australian tax, GST and duty laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax, GST and duty implications for each investor or relied upon as tax advice. During the period of ownership of the Shares by investors, the taxation laws of Australia, or their interpretation, may change both prospectively and retrospectively. The precise tax implications of ownership or disposal will depend upon each investor's specific circumstances. Investors should seek their own professional advice on the tax implications of holding or disposing of the Shares, considering their specific circumstances.

The following information is a general summary of the Australian income tax, GST and duty implications for Australian tax resident individuals, complying superannuation entities, trusts, partnerships and corporate investors that hold their Shares on capital account. These comments do not apply to non-resident investors, investors that hold their Shares on revenue account or as trading stock, investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth).

9.9.1 Dividends paid on Shares

9.9.1.1 Australian tax resident individuals and complying superannuation entities

Dividends paid by the Company on a Share will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend.

Subject to the comments in Section 9.9.2, such investors should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income, the investor should be entitled to a tax refund equal to the excess.

To the extent that the dividend is unfranked, the investor will generally be taxed at his or her prevailing marginal rate on the unfranked portion of the dividend received (with no tax offset available in respect of the unfranked portion). Complying superannuation entities will generally be taxed at the prevailing rate for the complying superannuation entities (with no tax offset).

9.9.1.2 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a share of the franking credit received by the trust or partnership.

9.9.1.3 Corporate investors

Corporate investors are also required to include both the dividend and the associated franking credit in their assessable income. Subject to the comments in Section 9.9.2, corporate investors are then entitled to a tax offset up to the amount of the franking credit attached to the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credits attached to the distribution received. This will allow the corporate investor to pass on the franking credits to its investor(s) on the subsequent payment of franked dividends.

Excess franking credits received by corporate investors will not give rise to a refund entitlement for a company, but may be converted into carry forward tax losses instead.

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9.9.2 Shares held at risk

The benefit of franking credits can be denied where an investor is not a 'qualified person', in which case the investor will not need to include the amount of the franking credits in their assessable income and will not be entitled to a tax offset for the amount of the franking credit.

Broadly, to be a 'qualified person', two tests must be satisfied, namely the holding period rule and the related payment rule.

Under the holding period rule, an investor is required to hold shares 'at risk' for more than 45 days continuously (which is measured as the period commencing the day after the Shares were acquired and ending on the 45th day after the Shares become ex-dividend) to qualify for the benefit of the franking credits. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed $5,000.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the Shares at risk for the continuous 45-day period as above but within the period commencing on the 45th day before, and ending on the 45th day after, the day the Shares become ex-dividend.

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

There are specific integrity rules that prevent taxpayers from obtaining a tax benefit from additional franking credits where dividends are received because of 'dividend washing' or certain other arrangements. Shareholders should consider the impact of these rules given their own personal circumstances.

9.9.3 Disposal of Shares

Typically Australian resident investors will be subject to Australian capital gains tax (**CGT**) on the disposal of their Shares. Some investors may hold their Shares on revenue account as trading stock, or be subject to the Taxation of Financial Arrangements regime. These investors should seek their own professional advice in respect of the consequences of a disposal of their Shares.

An investor will derive a capital gain on the disposal of Shares where the capital proceeds received (or deemed to be received) on disposal exceeds the CGT cost base of the Shares. The CGT cost base of the Shares is broadly the amount paid to acquire the Shares plus any qualifying incidental costs such a certain transaction or holding costs and subject to certain other potential modifications.

A CGT discount may be available on the capital gain for individual investors, certain trust investors and investors that are complying superannuation entities, provided the particular Shares are held for at least 12 months prior to sale. Any current year or carry forward capital losses should offset the capital gain first before the CGT discount can be applied.

The CGT discount for individuals and certain trusts is 50% and for complying superannuation entities is 33⅓.%. In relation to trusts, the CGT discount rules are complex, but the discount may flow through to presently entitled beneficiaries of the trust. An investor will incur a capital loss on the disposal of their particular Shares to the extent that the capital proceeds received or deemed to be received on disposal are less than the CGT reduced cost base of the Shares.

If an investor derives a net capital gain in a year, this amount is, subject to the following comments, included in the investor's assessable income (if they are an individual or company) or in the investor's net income (if they are a trust or partnership). If an investor incurs a net capital loss in a year, this amount is carried forward and is available to offset against capital gains derived in subsequent years, subject to corporate and trust investors satisfying certain rules relating to the recoupment of carried forward losses.

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9.9.4 Tax file number (TFN) and Australian business number (ABN)

Resident investors may, if they choose, notify the Company of their TFN, ABN or a relevant exemption from withholding tax with respect to dividends. In the event the Company is not notified, tax will automatically be deducted at the highest marginal rate, in addition to where relevant, the Medicare levy from dividends.

Resident investors may be able to claim a tax credit in respect of any tax withheld on dividends in their tax returns. An investor is not required to quote their TFN to the Company.

An investor who holds Shares as part of an enterprise may quote its ABN instead of its TFN.

9.9.5 Goods and Services Tax (GST)

The acquisition, redemption or disposal of the Shares by an Australian resident (registered for GST) will be an input taxed or GST-free financial supply, and therefore is not subject to GST.

No GST should be payable in respect of dividends paid to investors.

An Australian resident investor (registered for GST) may not be entitled to claim full input tax credits in respect of GST on expenses incurred relating to the acquisition, redemption or disposal of the Shares (e.g. lawyers' and accountants' fees).

Investors should seek their own tax advice on the impact of GST in their own particular circumstances, including reverse-charge GST liabilities and entitlement to claim input tax credits (including 'reduced input tax credits') on account of any GST that is paid on expenses incurred relating to the acquisition, redemption or disposal of the Shares.

9.9.6 Stamp Duty

Stamp duty may arise on the acquisition of the Shares under the Offer where a person (alone/with associated persons/part of an associated transaction) acquires a 90% or greater interest in the Company. Investors should seek their own tax and duty advice as to the impact of stamp duty on their own particular circumstances.

9.10 Selling restrictions

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

9.10.1 European Union (excluding Austria)

This Prospectus has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this Prospectus may not be made available, nor may the Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the Prospectus Regulation).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

9.10.2 Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). Accordingly, this Prospectus may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

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No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

9.10.3 New Zealand

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (the **FMC Act**). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

9.10.4 Singapore

This Prospectus and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the SFA) or another exemption under the SFA.

This Prospectus has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

9.10.5 United Kingdom

This Prospectus has not been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of Regulation 21 of The Public Offers and Admissions to Trading Regulations 2024 (**POATRs**)) has been published or is required to be published in respect of the New Shares.

This Prospectus is issued on a confidential basis to "qualified investors" (within the meaning of paragraph 2 of Schedule 1 to the POATRs) in the United Kingdom. The New Shares may not be offered or sold in the United Kingdom by means of this Prospectus or any other document except pursuant to an exemption from the general prohibition on offers of relevant securities to the public in the United Kingdom. This Prospectus document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

9. Additional Information
continued

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Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the *Financial Services and Markets Act 2000*, as amended (**FSMA**)) received in connection with the offer or sale of the New Shares has been, and only will be, communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the *Financial Services and Markets Act 2000* (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (relevant persons). The investment to which this Prospectus relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus.

9.11 Consents to be named and disclaimers of responsibility

Each of the parties listed below in this Section 9.11 each a consenting party, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility, for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Barrenjoey Markets Pty Limited has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Joint Lead Manager and Underwriter to the Offer in the form and context in which it is named;
- Morgans Corporate Limited has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Joint Lead Manager to the Offer in the form and context in which it is named;
- Highbury Partnership Pty Limited has given and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as financial adviser to the Company in the form and context in which it is named;
- Gilbert + Tobin has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation matters) to the Company and SaleCo in relation to the Offer in the form and context in which it is named;
- KPMG Financial Advisory Services (Australia) Pty Ltd has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant and tax advisor to the Company in relation to the Financial Information in the form and context in which it is named and to the inclusion of its Investigating Accountant's Report on the Financial Information set out in Section 8 in the form and context in which it appears in this Prospectus;
- KPMG, an Australian partnership, has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to the Company in the form and context in which it is so named; and
- Automic Pty Ltd has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Share Registry of the Company in the form and context in which it is named. Automic Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to the Company. Automic Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

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9.12 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under the Prospectus are governed by the laws applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

9.13 Statement of Directors

This Prospectus is authorised by each Director of the Company and SaleCo who consents to its lodgement with ASIC and its issue.

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Schedule One



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Glossary

Schedule 1: Glossary

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TERM	MEANING
$** or **A$ or **AUD**	Australian dollars.
"F" (e.g. 1H25F)	Denotes forecast financial period.
1H	First half of financial year. For example, 1H24 represents the six months ended 31 December 2023.
2H	Second half of financial year. For example, 2H24 represents the six months ended 30 June 2024.
3PL	Third party logistics.
AAS or **Australian Accounting Standards**	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group interpretations.
AASB S2	Australian Accounting Standards Boards S2 Climate related Disclosures.
AASB	Australian Accounting Standards Board.
ACCC	The Australian Competition and Consumer Commission.
Affiliate	Means any other Person which directly or indirectly through one or more of its intermediaries Controls, or is Controlled by, or is under common Control with, the Escrowed Securityholder, and Affiliated has the correlative meaning.
Affiliated Fund	each corporation, trust, limited liability company, general or limited partnership or other entity under Common control with the Escrowed Securityholder or that receives investment advice from the investment adviser to the Escrowed Securityholder or any of the investments adviser's Affiliates.
Aggregate Substantial Interest	Has the definition given in Section 9.7.3.
Applicant	A person who submits an Application.
Application/s	An application made to subscribe for, or acquire, Shares offered under this Prospectus.
Application Form	The application form attached to or accompanying this Prospectus and any replacement prospectus (including the electronic form provided by an online application facility).
Application Monies	The amount of money accompanying an Application Form submitted by an Applicant.
AOV *(or* **Average Order Value***)*	Average order value, reflecting the average revenue per order placed.
AOV DTC	Average order value, reflecting the average revenue per DTC order placed.

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TERM	MEANING
ASIC	Australian Securities and Investments Commission.
ASX	Australian Securities Exchange.
ASX Listing Rules	The rules of the ASX that govern the admission, quotation and removal of securities from the ASX official list.
ASX Recommendations	The fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.
ASX Settlement Operating Rules	The settlement rules of ASX as amended, varied or waived from time to time.
Audit and Risk Committee	The committee described in Section 6.9.2.1.
B Corp	A designation that a business is meeting high standards of social and environmental performance, accountability and transparency, as certified by B Lab, a global non-profit organisation.
Board	The board of directors of the Company.
Broker	Any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a Broker to the Offer.
Broker Firm Offer	The offer of Shares under this Prospectus to Retail Offer Investors who are clients of Brokers and who have received a firm allocation from their Broker as detailed in Section 7.8.
Broker Firm Offer Applicant	A person who submits an Application under the Broker Firm Offer.
Business	The business carried on by the Group.
CAGR	Compound annual growth rate.
Capital Restructure	The restructure and steps described in Section 9.3.
CEO	The Group Chief Executive Officer.
CFO	The Group Chief Financial Officer.
CGT	Has the definition given in Section 9.9.3.
Chapter 6 Entity	Has the meaning given to that term in Section 9.7.2.
CHESS	Clearing House Electronic Subregister System, operated in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Schedule 1: Glossary
continued

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TERM	MEANING
Climate-related opportunities	The potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity.
Climate-related physical risks	The risks resulting from climate change that can be event driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity. These risks could carry financial implications for an entity, such as costs resulting from direct damage to assets or indirect effects of supply-chain disruption. The entity's financial performance could also be affected by changes in water availability, sourcing and quality; and extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety.
Climate-related risks	The potential negative effects of climate change on an entity. These risks are categorised as climate-related physical risks and climate related transition risks.
Climate-related transition risks	Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks. These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations. The entity's financial performance could also be affected by shifting consumer demands and the development and deployment of new technology.
Closing Date	The date on which the Offer is expected to close, being 24 March 2026 in respect of the Retail Offer and the Institutional Offer. These dates may be varied without prior notice.
Company	The Koala Company Limited (ABN 48 619 538 671).
Completion	The completion of the Offer, being the date upon which Shares are issued or transferred to Successful Applicants in accordance with the terms of the Offer.
Constitution	The constitution of the Company.
Contribution margin	Means contribution margin as defined in Section 4.2.4.
Corporations Act	*Corporations Act 2001* (Cth).
CY	Calendar Year or year ended 31 December . For example CY25 would be the year ended 31 December 2025.
Different Technologies	Different Technologies Pty Ltd ACN 615 060 118.
Directors	Each of the directors of the Company from time to time.

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TERM	MEANING
DTC	Direct to consumer (as detailed in Section 2.4).
EBIT	Earnings before interest and tax as defined in Section 4.2.4.
EBITDA	Earnings before interest, tax, depreciation and amortisation as defined in Section 4.2.4.
EBITDA Margin	A profitability measure derived by dividing EBITDA by Revenue, expressed as a percentage as defined in Section 4.2.4.
Enterprise Value	The sum of market capitalisation at the Offer Price and pro forma net debt.
Escrow Deeds	The escrow deeds entered into between the Company and the Escrowed Securityholders as described in Section 9.5.3.1.
Escrow Period	The period set out in Section 9.5.3.2. This period is subject to certain exceptions as outlined in Section 9.5.3.3.
Escrowed Securities	Each of the Shares or Options (as relevant) held by the Escrowed Securityholders at Completion of the Offer (other than any Shares issued in connection with the Offer).
Escrowed Securityholders	Those Shareholders and Optionholders listed in Section 9.5.3.1.
Existing Shares	The Shares held by the Existing Shareholders.
Existing Shareholders	Those persons holding Shares as at the Prospectus Date.
Exposure Period	The seven day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days.
FATA	*Foreign Acquisitions and Takeovers Act 1975* (Cth).
Financial Information	Has the definition given in Section 4.1.
Financial Metrics	Financial indicators used by the company to evaluate performance.
Financial Services Guide	The financial services guide provided in Section 8.
Forecast Financial Information	Has the definition given in Section 4.1.
FSC	Forest Stewardship Council; an international non-governmental organisation that certifies suppliers of wood against certain criteria of economic viability, environmental friendliness and social benefit.
FSMA	Has the meaning given in Section 9.10.5.

Schedule 1: Glossary
continued

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TERM	MEANING
FY	Financial year ended or ending 30 June . For example FY25 would be the financial year ended 30 June 2025.
GOTS	Global organic textile standard, a standard which evaluates textiles against select ecological, human rights, social, business and governance criteria.
Gilbert + Tobin	Gilbert + Tobin ABN 88 775 098 848.
Go-Forward LTI Plan	The plan summarised in Section 6.6.5.
Greenhouse gases	The seven greenhouse gases listed in the Kyoto Protocol–carbon dioxide (CO_2); methane (CH4); nitrous oxide (N2O); hydrofluorocarbons (HFCs); nitrogen trifluoride (NF3); perfluorocarbons (PFCs) and sulphur hexafluoride (SF6).
Gross margin	Revenue less cost of goods sold.
Group	The Company and its related bodies corporate.
Group Company	The Company or any of its related bodies corporate.
GST	Goods and services tax.
HIN	Holder Identification Number.
Historical Financial Information	Has the definition given in Section 4.1.
IFRS	International Financial Reporting Standards.
Independent Limited Assurance Report	The report included in Section 8 of this Prospectus.
Industry Data	Data relating to the industries, segments, sectors and channels in which the Company operates.
Institutional Investor	Investors who are: • persons in Australia who are wholesale clients under Section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under Sections 708(11) and 708(8) of the Corporations Act; • institutional investors in certain other jurisdictions, as agreed by the Company and the Joint Lead Managers to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply); and • provided that in each case such investors are not in the United States

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TERM	MEANING
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.10.
Investigating Accountant	KPMG.
Joint Lead Managers	Barrenjoey and Morgans.
JPY	Japanese yen.
Key Escrowed Securityholders	Dany Milham, Mitch Taylor and Perennial.
Key Management Personnel (KMP)	Dany Milham (Co-Founder, Chief Executive Officer and Executive Director) and Stuart Crichton (Chief Financial Officer and Joint Company Secretary).
Koala AU	Koala AU Operations Pty Ltd ACN 605 237 090.
Legacy LTI Plans	Several equity-based, long-term incentive plans under which eligible participants have been granted Options and Performance Rights that are subject to time-based vesting and continued service conditions, as summarised in Section 6.6.2.
Listing	Admission of the Company to the Official List of the ASX.
Listing date	The date on which Listing commences.
LTIP Plan or **Long Term Incentive Plan**	The long term incentive plan described in Section 6.6.5.
Mandatory Merger Regime	Has the meaning given to that term in Section 9.7.2.
Market Capitalisation	Total market value of Koala on ASX on Listing Date.
Milkrun	Milkrun Holdings Pty Ltd ACN 650 331 632 and Milkrun AU Pty Ltd ACN 650 334 473.
Morgans	Morgans Corporate Limited ABN 32 010 539 607.
NED Fee Cap	Has the meaning given to that term in Section 6.4.2.3.
New Shares	The new Shares to be issued by the Company under the Offer.
New Shareholders	Persons acquiring Shares under the Offer (excluding any Existing Shareholders who acquire Shares under the Offer).
NPAT	Net profit after tax.

Schedule 1: Glossary
continued

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TERM	MEANING
Offer	The offer under this Prospectus of New Shares for issue by the Company and of Existing Shares by SaleCo.
Offer Period	The period from the Opening Date, and ending on the Closing Date.
Offer Price	$3.40 per Share.
Official List	The official list of the ASX.
Opening Date	The date on which the Retail Offer opens, being 23 March 2026.
Operating Metrics	Refers to quantifiable measures used by the Company to evaluate performance which are operational, rather than financial in nature.
Optionholder	A holder of Options.
Options	An option to acquire a Share.
Participant	Certain employees and Executive Directors of the Company entitled to participate in the Long Term Incentive Plan as described in Section 6.
PAS Group	PAS Group Limited ACN 169 477 463.
Performance Rights	Rights to acquire Shares offered to Participants under the terms and conditions of the Legacy LTI Plans as described in Section 6.6.2 and Go-Forward LTI Plan as described in Section 6.6.5.
PFG	Partners for Growth V, L.P., a Delaware limited partnership.
PMF	Has the meaning given in Section 3.11.2.1.
POATRs	Has the meaning given in Section 9.10.5.
Priority Offer	The component of the Offer under which investors who have received a Priority Offer Invitation are invited to apply for Shares, as described in Section 7.9.
Priority Offer Applicant	A person who submits an application under the Priority Offer.
Priority Offer Invitation	The invitation under this Prospectus to selected sophisticated investors in Australia and New Zealand to participate in the Priority Offer on a firm basis up to the allocation of Shares determined by the Company.
Pro Forma Financial Information	Has the meaning given in Section 4.1.
Pro Forma Forecast Financial Information	Has the meaning given in Section 4.1.

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TERM	MEANING
Pro Forma Forecast Results	Has the meaning given in Section 4.1.
Pro Forma Historical Cash Flows	Has the meaning given in Section 4.1.
Pro Forma Historical Financial Information	Has the meaning given in Section 4.1.
Pro Forma Historical Interim Result	Has the meaning given in Section 4.1.
Pro Forma Historical Results	Has the meaning given in Section 4.1.
Pro Forma Historical Statement of Financial Position	Has the meaning given in Section 4.1.
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document.
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 13 March 2026.
Retail Offer	Together, the Broker Firm Offer and the Priority Offer.
Retail Offer Investor	An Australian or eligible New Zealand resident who is not in the United States and is not an Institutional Investor or a Broker.
Revenue	Defined as gross revenue recognised on delivery plus delivery income, less discounts and less returns expense.
RSU or **Restricted Stock Unit**	Rights to acquire Shares offered to Participants under the terms and conditions of the Legacy LTI Plan and Go-Forward LTI Plans as described in Section 6.6.2 and 6.6.5, respectively.
SaaS	Software as a service.
Sales	Equal to Revenue.
SaleCo	Koala SaleCo Limited (ACN 695 286 634).
Selling Shareholders	Those Existing Shareholders who have irrevocably offered to sell Existing Shares to SaleCo prior to Listing.

Schedule 1: Glossary
continued

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TERM	MEANING
Series A Preference Shares	The 9,313,950 Series A Preference Shares on issue in the capital of the Company as at the date of this Prospectus.
Series B Preference Shares	The 2,184,350 Series B Preference Shares on issue in the capital of the Company as at the date of this Prospectus.
Settlement	The settlement in respect of the Shares the subject of the Offer occurring under the Underwriting Agreement and associated settlement support arrangements.
Share/s	A fully paid ordinary share in the capital of the Company.
Shareholder	A holder of a Share in the Company.
Share Registry	Automic Pty Ltd (ACN 152 260 814).
SRN	Securityholder Reference Number.
Scope 1 greenhouse gas emissions	The direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity.
Scope 2 greenhouse gas emissions	The indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by an entity. Purchased and acquired electricity is electricity that is purchased or otherwise brought into an entity's boundary. Scope 2 greenhouse gas emissions physically occur at the facility where electricity is generated.
Statutory Forecast Results	Has the meaning given in Section 4.1.
Statutory Forecast Financial Information	Has the meaning given in Section 4.1.
Statutory Historical Balance Sheet	Has the meaning given in Section 4.1.
Statutory Historical Cash Flows	Has the meaning given in Section 4.1.
Statutory Historical Financial Information	Has the meaning given in Section 4.1.
Statutory Historical Interim Results	Has the meaning given in Section 4.1.

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TERM	MEANING
Statutory Historical Results	Has the meaning given in Section 4.1.
Substantial Interest	Has the definition given in Section 9.7.3.
Successful Applicant	An Applicant who is issued or transferred Shares under the Offer.
UK	United Kingdom.
Underwriter	Barrenjoey.
Underwriting Agreement	The underwriting agreement dated on or about the date of this Prospectus between the Company, SaleCo, Barrenjoey and Morgans as described in Section 9.5.2.
US	United States of America.
USD	United States dollar.
U.S. Person	Has the meaning given in Rule 902(k) of Regulation S under the U.S. Securities Act.
U.S. Securities Act	U.S. Securities Act of 1933, as amended from time to time.
Warrants	Means (in aggregate) the 2,082,700 warrants for Shares on issue to Partners for Growth V, L.P. and Partners for Growth VI, L.P. as at the date of this Prospectus
YoY	Year on year.

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Appendix A



Principal Accounting Policies



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Appendix A: Principal Accounting Policies

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Basis of preparation

The Financial Information included within the Prospectus has been prepared in accordance with the recognition and measurement principles in the Australian Accounting Standards and the *Corporations Act 2001*. These accounting policies are consistent with the last statutory general purpose financial statements of The Koala Company Limited for the financial year ended 30 June 2025.

The Financial Information has been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, and derivative financial instruments.

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

Foreign currency translation

The Financial Information is presented in Australian dollars, which is Koala's functional and presentation currency.

Foreign currency transactions are translated into Koala's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The assets and liabilities of foreign operations are translated into the Koala's functional currency using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into the Koala's functional currency using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which Koala is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, Koala: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Koala offers a 120-day customer satisfaction guarantee from the date of purchase. A returns provision is maintained (recorded in "contract liabilities") that has been estimated based on historical returns data associated with similar products over the last 12-month period.

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Finance income and finance costs

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Koala has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on an 'average cost' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Appendix A: Principal Accounting Policies

continued

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Derivative financial instruments

The derivative financial instruments held by Koala include warrants, embedded derivatives and instruments to hedge its foreign currency exposures.

Koala has recognised the conversion option of the convertible notes as an embedded derivative and is recognised in accordance with the policy below.

Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group uses forward foreign exchange contracts (FEC's) and foreign exchange options to hedge the Group's exposure to foreign currency risk. Management has deemed these contracts to be level 2 financial instruments. The FECs have been fair valued with reference to quoted market rates for interest rates and exchange rates, as well as historical price behaviour. The methodology used to value the FECs is based on the income approach.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss (FVTPL). They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows. The rates of depreciation are as follows:

- Computer equipment: 10% – 33%
- Office equipment: 10% – 50%
- Leasehold improvements: 3% – 33%
- Motor vehicles: 33%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where Koala expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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Intangible assets

Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. Some costs associated with the development of the revenue generating aspects of the technology stack and software, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit of 3-5 years. Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5-15 years.

SaaS arrangements are service contracts providing Koala with the right to access the cloud provider's application software over the contract period, as such Koala does not receive a software intangible asset at the contract commencement date. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Costs incurred for use of application software (licence fee) and customisation costs are recognised as an operating expense over the term of the service contract. Configuration costs, data conversion and migration costs, testing cost, training costs, and change management costs are recognised as an operating expense as the service is received.

Product development

Significant costs associated with product development are capitalised and amortised on a straight-line basis over the period of their expected benefit, that is between 1-5 years.

Contract liabilities

Contract liabilities represent Koala's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when Koala recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before Koala has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Koala's incremental borrowing rate. Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method.

Appendix A: Principal Accounting Policies

continued

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Provisions

Provisions are recognised when Koala has a present (legal or constructive) obligation as a result of a past event, it is probable Koala will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted at the reporting date. Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether Koala receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of Koala or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of Koala or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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Appendix B



Critical Accounting Judgements, Estimates and Assumptions



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Appendix B: Critical Accounting Judgements, Estimates and Assumptions

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts in the Financial Information. 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.

Share-based payment transactions

Koala 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 the 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.

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.

Impairment of non-financial assets

Koala assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to Koala 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.

Valuation of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

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Corporate Directory

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Company's registered office

Unit 12, 37-41 O'Riordan Street,
Alexandria NSW 2015

Joint Lead Manager and Underwriter

Barrenjoey Markets Pty Limited

(ACN 636 976 059)

Quay Quarter Tower
Level 19, 50 Bridge Street,
Sydney NSW 2000

Legal Adviser

Gilbert + Tobin

Level 35, Tower 2
200 Barangaroo Avenue,
Barangaroo NSW 2000

Auditor

KPMG

Level 38, Tower 3
300 Barangaroo Avenue,
Barangaroo NSW 2000

Investigating Accountant

KPMG

Level 38, Tower 3
300 Barangaroo Avenue,
Barangaroo NSW 2000

Financial Advisor

Highbury Partnership Pty Limited

Level 12, Chifley Tower
2 Chifley Square,
Sydney NSW 2000

Joint Lead Manager

Morgans Corporate Limited

(ABN 32 010 539 607)

Level 29, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Share Registry

Automic Pty Ltd

(ACN 152 260 814)

Level 5, 126 Phillip Street,
Sydney NSW 2000

Tax Adviser

KPMG

Level 38, Tower 3
300 Barangaroo Avenue,
Barangaroo NSW 2000

Koala IPO Offer Information Line

Between 8.30am and 7.00pm, Monday to Friday

1300 429 179 (within Australia)

+61 2 7208 4522 (outside Australia)

Offer Website

ipo.koala.com

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KOA PRIORITY OFFER APPLICATION FORM

The Koala Company Limited
ACN 619 538 671

Your Application Form must be received by no later than:
5.00pm (AEDT) ON 24 MARCH 2026

Application Options:

Option A: Apply Online and Pay Electronically (Recommended)

Apply online at:

- ✓ **Pay electronically:** Applying online allows you to pay electronically, via **BPAY®** or **EFT** (Electronic Funds Transfer).
- ✓ **Get in first, it's fast and simple:** Applying online is very easy to do, it eliminates any postal delays and removes the risk of it being potentially lost in transit.
- ✓ **It's secure and confirmed:** Applying online provides you with greater privacy over your instructions and is the only method which provides you with confirmation that your Application has been successfully processed.

To apply online, please follow the instructions on how to apply in the Priority Offer invitation.

Option B: Standard Application

Enter your details below (clearly in capital letters using pen) and return in accordance with the instructions on page 2 of the form.

1. Number of Shares applied for

, ,

Application payment (multiply box 1 by $3.40 per Share)

A$, , . 0 0

Applications under the Offer must be for a minimum of $2,000 worth of Shares and thereafter, in multiples of $500 worth of Shares.

2. Applicant name(s) and postal address (Refer to Naming Standards overleaf)

Post Code:

3. Contact details

Telephone Number ( )

Contact Name (PLEASE PRINT)

Email Address

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

4. CHESS Holders Only – Holder Identification Number (HIN)

X

Note: if the HIN is incorrect or the name and address details in section 2 does not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

5. TFN/ABN/Exemption Code

Applicant #1 | Applicant #2 | Applicant #3

If NOT an individual TFN/ABN, please note the type in the box
C = Company; P = Partnership; T = Trust; S = Super Fund

YOUR PRIVACY

Automic Pty Ltd (ACN 152 260 814) trading as Automic Group advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the Shares you hold) to be included in the public register of the entity in which you hold Shares. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

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AUTOMIC GROUP

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Company
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample <Health Club A/C>	Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS CHAIRMAN'S PRIORITY OFFER APPLICATION FORM.

This is an Application Form for fully paid ordinary Shares in The Koala Company Limited (ACN 619 538 671) (**Company**) made under the terms of the Priority Offer set out in the Prospectus dated 13 March 2026.

Capitalised terms not otherwise defined in this document has the meaning given to them in the Prospectus. The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser.

1. **Shares Applied For & Payment Amount** - Enter the number of Shares and the amount of the application monies payable you wish to apply for. Applications under the Offer must be for a minimum of $2,000 worth of Shares and thereafter, in multiples of $500 worth of Shares.
2. **Applicant Name(s) and Postal Address** - ONLY legal entities can hold Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. Refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
3. **Contact Details** - Please provide your contact details for us to contact you between 9:00am and 5:00pm (AEDT) should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at https://portal.automic.com.au/investor/home
4. **CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold Shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" ('SRN') will be allocated to you.
5. **TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
6. **Payment**

   Applicants wishing to pay by BPAY® or EFT should complete the online Application, which can be accessed by following the instructions outlined in the Priority Offer invitation. Please ensure that payments are received by 5:00pm (AEDT) on the Closing Date. Do not forward cash with this Application Form as it will not be accepted.

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, I/WE DECLARE THAT I/WE:

- Have received a copy of the Prospectus, either in printed or electronic form and have read the Prospectus in full;
- Have completed this Application Form in accordance with the instructions on the form;
- Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- I/we agree to provide further information or personal details, including information related to tax-related requirements, and acknowledge that processing of my application may be delayed, or my application may be rejected if such required information has not been provided;
- Agree and consent to the Company collecting, holding, using and disclosing my/our personal information;
- Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- Acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- Apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- Acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- Authorise the Company and their agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated;
- Am/are over 18 years of age;
- Agree to be bound by the Constitution of the Company;
- Acknowledge that neither the Company nor any person or entity guarantees any particular rate of return of the Shares, nor do they guarantee the repayment of capital.

LODGEMENT INSTRUCTIONS

The Offer is expected to open on 23 March 2026 and is expected to close at 5.00pm (AEDT) on 24 March 2026. The Directors reserve the right to close the Offer at any time once sufficient funds are received or to extend the Offer period. Applicants are encouraged to submit their Applications as early as possible. Completed Application Forms and payments must be submitted as follows:

Online Applications and BPAY® or EFT Payments

To apply online, please follow the instructions on how to apply in the Priority Offer invitation.

Need help with your application, no problem. Please contact Automic on:

PHONE:
1300 429 179 within Australia
+61 (2) 7208 4522 from outside Australia

EMAIL:
corporate.actions@automic.com.au

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