

Annual Report



National
Pharmacies



National
Pharmacies



Who we are

National Pharmacies is Australia's largest friendly society pharmacy and optical business where profits made through operations are returned to members in the form of benefits.



Our Purpose

To care for people, enable health and inspire wellness.



Our Vision

To be the choice destination for professional and innovative health and wellness solutions.



Our Mission

To nurture trusted relationships, provide unrivalled customer experience and make sustainable choices.

What we do

High quality customer care, expert health advice and a wide range of products and services to meet changing needs are what we provide at National Pharmacies. Our business spans across Health, Wellness, Optical, and Beauty.

Where we are

We own and operate 46 pharmacies in South Australia, Victoria, and New South Wales and 19 optical stores in South Australia.



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*115 years of care
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dispensers to
modern health
partners.*

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Our pharmacies are delivering more than medicines - they're providing easy-to-access, frontline healthcare.

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Connected, accessible eye care remains at the heart of Optical by National Pharmacies' growing network.

115 years of care, community & change

More than a century of transformation - from medicine dispensers to modern health partners

From our first dispensary in 1911 to 46 pharmacies across three states and 19 optical stores in South Australia, our journey reflects the evolution of pharmacy, the dedication of our people and our unwavering commitment to supporting healthier communities.

1911



The first dispensary opened on October 1, 1911, in Unity Chambers, Currie Street, in Adelaide.

Today: 46 pharmacies are open across SA, NSW and Victoria and 19 optical stores in SA.



1939



1939: Serving 24,000+ members.

Today:

Serving 160,000+ members across three states.



1941: An advertisement in The Advertiser for the "world's greatest antidote for colds and influenza".



1941

Today: Facebook post for free flu vaccinations for members.



1958:

Port Pirie Pharmacist John Richter consulting a patient over the counter.



1958

Today: Cumberland Park Pharmacist Dina Maiale providing advice in a consultation room.



2000

2000: National Pharmacies - first pharmacy group fully accredited under the Quality Care Pharmacy Program.



Today: National Pharmacies has been the major sponsor of the Adelaide Christmas Pageant since 2019.



Today: Norwood becomes SA's first 24/7 pharmacy, as Henley Beach hosts the State Government's announcement of three more.

Today:

Most recent optical store opened in North Adelaide in September 2025.



1990: First optical store opened in November in Gawler Place, Adelaide.



1990

Today: We are the 5th largest national retailer of Clarins and offer in-house beauty treatments.



1980: Makeup promotions at the Morphett Vale store.



1980

Today: Our pharmacists use iPads to record blood pressure, cholesterol, blood glucose and weight during health checks.



1961

1961: 50th anniversary advertisement in The Advertiser depicting pharmacist mixing medicines.



1992

1992: National Pharmacies sponsor the 17th National Wheelchair Games.



Chairman's Report

Building a stronger foundation for tomorrow.

The 2025/26 financial year has been one of significant transformation focused on strengthening National Pharmacies' position as a trusted community healthcare provider meeting the evolving needs of our members, customers and communities.

Building a stronger foundation for the future has been pivotal in the Board's support and endorsement of a comprehensive program of strategic reform. This will enable National Pharmacies to thrive in an increasingly dynamic community healthcare environment and continue to deliver benefits to our members. While these changes have at times been challenging for our people, they have made us a stronger, more resilient organisation with a clear direction for the future of community healthcare.



Revenue

\$309.9m

Up 1.7%

Operating cash flow

\$15.3m

Up 9.2%

Delivering our strategy

This year marked the launch of the 2026-2030 Strategic Plan, focused on supporting the future of pharmacy by strengthening our foundations, deepening customer connections and investing in future growth.

Solid foundations

Over the past 12 months, our priority has been strengthening the foundations of the organisation to provide a stable environment for future growth.

We simplified our technology environment by addressing unnecessary complexity, modifying the design of our technology platforms to modernise their architecture and improving the security, stability and efficiency of our systems.

We also strengthened governance, refined our operating procedures and introduced a new organisational structure to better support innovation and transformation.

While much of this work occurs behind the scenes, it provides the platform for future innovations, including multi-user platforms and artificial intelligence to deliver more personalised member and customer experiences.

Connected members and customers

We continued to strengthen the value proposition for our members and customers.

Membership grew year on year to approximately 165,000, reflecting stronger engagement following the conclusion of our member partnership with Bupa. Initiatives including our first free member flu vaccination program, targeted campaigns and pricing reviews reinforced our commitment to delivering accessible healthcare and greater value. We also expanded our travel vaccination service and telehealth partnership, generating additional healthcare interactions and prescriptions.

These initiatives demonstrate our focus on building trusted relationships and creating value beyond traditional dispensary services.

Creating our future

Community healthcare is changing rapidly and we are positioning ourselves to lead that change.

Expanded scope of pharmacy practice represents one of the greatest opportunities our sector has seen in decades. We have invested in pharmacist training and continued developing healthcare services including vaccination programs, urinary tract infection consultations and our 24/7 pharmacy model.

Since opening South Australia's first 24/7 pharmacy in Norwood in 2024, we have assisted more than 68,000 South Australians with after-hours care.

Alongside these initiatives, we strengthened our partnerships with government and key stakeholders, advocating for reforms that expand access to community healthcare, including additional 24/7 pharmacies, broader pharmacist scope of practice, increased workforce training and greater access to vaccination services.

We also progressed the integration of our optical business, strengthened our marketing and brand, and established new partnerships, including with generics supplier Arrotex. Together, these initiatives are creating a more diversified organisation with reduced reliance on prescription revenue.

A year of transition built on 115 years of tradition

Our financial result this year reflects our commitment to investing in the future.

The year included significant costs associated with organisational restructuring, the preparations for the closure of our distribution centre and the transition to a new wholesale model, alongside the continued impact of government reforms, including 60-day dispensing and rebalancing of Additional Community Supply Support (ACSS) funding.

Consumer confidence and rising costs have put pressure on financial performance, despite this, the business generated revenue of \$309.9 million, up 1.7 per cent on last year.

We also delivered improved underlying financial performance with operating cash flow increasing 9.2 per cent to \$15.3 million (excluding the impact of timing of year-end payables) and healthier debt ratios as a result of divesting our wholesale business (NPD).

Over the past 12 months, our priority has been strengthening the foundations of the business to provide a stable environment for future growth.

Renegotiated supplier agreements have strengthened commercial returns, while the sale of the distribution centre and transition to Australian Pharmaceutical Industries (API) as our wholesale partner will reduce inventory holdings, improve working capital and lower operating costs in 2026/27.

Like many organisations, we continued to navigate cost-of-living pressures, rising utility costs and increasing wage costs, reinforcing the importance of building a more diversified and sustainable business model.

Looking ahead: the next stage of our transformation

With much of the foundational work complete, our focus shifts to growth through refreshed store concepts, enhanced membership experiences, expanded healthcare services and new digital capabilities.

We remain committed to becoming the destination of choice for professional and innovative health, optical and wellness solutions.

On behalf of the Board, I wish to congratulate Brigid Hughes on her appointment as the first female Chief Executive Officer of National Pharmacies. Ms Hughes joined National Pharmacies in 2025 as CFO and has been Acting CEO since July following the departure of former CEO Mark Smith, who returned to Sydney for family reasons. We thank Mr Smith for his leadership and contribution and look forward to continuing our work with Ms Hughes on strengthening our organisation for the future.

Finally, I thank our members, customers, partners and stakeholders for their continued confidence during this important period of change. Importantly, I thank all of our people for their resilience, professionalism and unwavering commitment.

Their dedication has positioned our organisation to embrace the opportunities ahead with confidence.

Pauline Carr

Chairman,
Board of Directors







Our Business

Health



The future of community pharmacy

As community pharmacy continues to evolve, our pharmacies are delivering much more than medicines – they are providing accessible, frontline healthcare.

This year we began investing in one of the most significant service expansions in community pharmacy. From 2027, we will have approximately 15 pharmacists qualified to assess, diagnose and prescribe for 17 common health conditions, with more joining the program each year.

This growing pipeline of prescribing pharmacists builds on our continued investment in upskilling our pharmacists to deliver childhood and travel vaccinations, treat uncomplicated urinary tract infections (UTIs) and provide repeat oral contraceptive pill (OCP) consultations.



Demand for our travel health service continues to grow, while our pioneering 24/7 Norwood pharmacy continues to provide around-the-clock care in partnership with the South Australian Government.

Our health services

- Health screening
- Medication management
- Minor skin conditions
- Sick certificates
- Sleep and chronic disease support
- Telehealth & clinical consultations
- Travel health
- Vaccinations
- Women's health

Leaders in community health care

National Pharmacies Chief Pharmacist Bec Rogers became one of the first pharmacists in South Australia in 2026 authorised by the South Australian Government to practice under expanded scope.

This means Ms Rogers (pictured), who has completed postgraduate training through James Cook University in 2025, can now diagnose and treat a range of 17 common conditions. These include:

- Skin conditions.
- Ear infections.
- Gastrointestinal problems.
- Preventive care (e.g. smoking cessation and weight management).
- Hormonal contraception and minor injuries.

Having completed the specialised prescribing qualification herself, Ms Rogers is now leading a team of up to 40 pharmacists who are expected to achieve the same qualification by the end of 2027.

Funded by National Pharmacies, with subsidies from the South Australian Government, we will have one of the largest groups of qualified pharmacists capable of treating more health conditions than ever before.



“Pharmacists are an important part of the broader health system,” Ms Rogers said.

“By being able to deliver more frontline health care and trusted advice when it is needed most, pharmacists can help ease pressure on hospitals and general practice so they can focus on the most complex and critical cases.”



171k+

Webster packs dispensed

3.3m+

Prescriptions dispensed

Care when it's needed most

For many South Australians, healthcare is needed outside of business hours.

From late-night travellers whose medication has been lost in transit, to parents trying to bring down a baby's rising temperature, and people struggling to breathe after an asthma flare-up.

These are just some of the urgent health needs our pharmacists respond to every day at National Pharmacies Norwood – the first 24/7 pharmacy in South Australia, with more on the way.

During 2025/26, more than 36,000 people accessed National Pharmacies Norwood after hours, with asthma inhalers, pain relief and antibiotics among the most commonly requested prescription medicines.

One of those patients in need was Adelaide mother Gabrielle Daddow. After being discharged from the Emergency Department just before midnight with a prescription for antibiotics to treat diverticulitis, her son headed straight to National Pharmacies Norwood.

“I was so relieved it was open.”

**Gabrielle Daddow,
Adelaide**

“I was so relieved it was open,” Gabrielle said. “The pain relief was wearing off and I wanted to start the antibiotics straight away. Being able to begin treatment that night made such a difference.”

Gabrielle, a National Pharmacies member of more than 40 years, said the expert advice of her local National Pharmacies West Lakes store had also supported her family through various health concerns over the years.

National Pharmacies Norwood Principal Pharmacist Jeremy Sparks (pictured pg 10) said the pharmacy had become an essential part of Adelaide's after-hours healthcare network.

“By providing this service, we are able to make sure that everyone can have access to timely treatment and expert advice. We are able to reduce the risk of complications, ease pain, answer those burning questions about medication usage and safety and avoid putting more strain on our already busy GP clinics and emergency departments.”



Free flu vaccinations for members

National Pharmacies launched its first Members Free Influenza Immunisation Program in April following a record 2025 flu season and a resurgent Super-K variant.

Among the members to take advantage of the inaugural offer to June 30 was Adelaide mum of three Zara and her two eldest children Ted and Charlotte (pictured with baby Eloise and National Pharmacies Cumberland Park Pharmacist Adeline Low).

"I was in a bit of a rush to get everyone vaccinated ASAP this year as we had an overseas holiday and a new baby arriving in the family at the start of flu season," Zara said.

"The pharmacy was very accommodating and communicated estimated stock arrival dates with me so I was able to ensure we were all vaccinated in time.

"Having the children vaccinated by our local pharmacist who had plenty of toys and treats as a distraction was really stress-free. The fact it was free was an added bonus! We will certainly return for our vaccination again next year."

The 2026 influenza vaccine was updated to include an influenza A strain designed to protect against newer variants – including those referred to as Super-K.

Research indicates that cost and access to health care were named by Australian parents as being among the key barriers to childhood vaccination.



62k+
Immunisations
Up 63%

36k+
Flu vaccinations
Up 66%

2k+
Diphtheria vaccinations
Up 66%

Passport to award-winning protection: our travel vax service grows

More South Australians are travelling with confidence thanks to National Pharmacies' travel vaccination service, which has helped protect hundreds of overseas travellers and continued to grow in demand over the past year.

Launched in 2025 from National Pharmacies Glenelg, the service has expanded from 8 to 30 pharmacies across three states, supported by a growing number of our pharmacists completing specialised travel health training.

Our trained pharmacists conducted 691 travel health consultations in 2025/26, with Hepatitis A and Typhoid among the most commonly required vaccinations.

Among them was National Pharmacies Glenelg Principal Pharmacist Kerry Savas (pictured).

He said increasing numbers of South Australians travelling to destinations across South-East Asia, notably Vietnam, India and Indonesia, was driving demand for convenient access to expert travel health advice.



Our travel service was recognised in 2025 when Kerry received the inaugural SA Office of the Chief Pharmacist World Pharmacists Day – Excellence Award for his role in expanded vaccination services.

“Our customers are looking for trusted, accessible travel health advice and pharmacists are increasingly able to provide this care in their local community,” Kerry said. “People are prepared to travel from across Adelaide to access quality travel health services and get expert advice.”

Following a consultation with our pharmacists, patients receive tailored vaccination recommendations, prescriptions and in-pharmacy administration, along with guidance on preventing common travel illnesses, best-practice for packing medicines and staying healthy before, during and after their journey.

Our pharmacists also review customers' broader vaccination needs, including influenza, COVID-19, pneumonia, RSV, shingles and booster protection for conditions such as whooping cough and diphtheria – which saw a significant vaccination rate increase in 2026 due to a diphtheria outbreak across some parts of the nation.

In 2027, our pharmacists with specialist training will also be able to administer prescriptions for malaria treatment.

620+

Travel health consultations



Cathryn and Robin: Vaccinated. Packed. Ready to Go.

When National Pharmacies member Cathryn Wellner and her husband Robin Jarman started planning their first overseas holiday since COVID-19, they discovered something unexpected – their local pharmacy could help get them travel ready.

The couple, who migrated from Canada to Australia in 2021, received a travel health consultation at National Pharmacies Glenelg, where our pharmacist developed a personalised vaccination plan ahead of their three-week adventure through Vietnam and Cambodia.

“It was a real eye-opener,” Cathryn said (pictured with Robin at Mitchell Falls, WA). “Being able to go to the pharmacy for our travel vaccinations is a real plus.”

Travelling through rural areas in south-east Asia means the couple require several vaccinations before departure in 2027. Cathryn said having expert advice and vaccinations available in one convenient location made planning their trip much easier and with greater confidence.



“I am so impressed that pharmacists are taking on a broader role in community healthcare – it saves us time and it frees up GPs for more serious health issues.”

Wellness

Supporting healthier lives every day

Wellness is about more than treating illness – it's about supporting people to feel their best every day.

Across our pharmacies we offer a growing range of services that help customers take a proactive approach to their health and wellbeing, with personalised support tailored to individual needs, lifestyle and goals.

Our natural health consultations and naturopathy services provide guidance across areas including nutrition, digestive health, stress, sleep, fatigue and general wellbeing. Health screenings make it easier to keep track of important health measures, including blood pressure, cholesterol and blood glucose, while bowel screening kits support early detection.

We also provide dedicated sleep apnoea services, including sleep health consultations for members, advice from trained sleep consultants and ongoing support for customers using CPAP therapy. Together, these services extend our role beyond traditional pharmacy, helping customers understand their health, make informed choices and access practical support to live healthier lives.



360+

Sleep apnoea consultations

Our wellness services

- Natural health consultations
- Naturopathy
- Dedicated sleep apnoea consultations
- Weight management support

A natural fit for National Pharmacies

For Jo Hill, naturopathy isn't about choosing between natural and conventional medicine – it's about bringing the two together.

A qualified naturopath with 25 years' experience, Jo was raised by her nurse mother and her father who studied medicine, giving her an early appreciation for the value of an integrated approach to health.

It's a philosophy that made her a natural fit to become National Pharmacies' first in-store naturopath, joining the Adelaide pharmacy seven years ago.

Today, Jo (pictured) works alongside pharmacists at the Adelaide and Cumberland Park stores.

While a naturopath and pharmacy might seem an unlikely pairing, Jo sees the two as highly complementary, giving customers the opportunity to consider different approaches to their health in one place.

“It's not about replacing conventional medicine – it's about making sure all the pieces are working together.”

National Pharmacies in-store naturopath, Jo Hill

“I can look at the medications someone is taking, check for potential interactions and identify where nutritional or natural therapies may complement their treatment,” Jo said.

“It's not about replacing conventional medicine – it's about making sure all the pieces are working together.”

For Jo, being based in a pharmacy also creates opportunities to reach people who may not otherwise consider naturopathy.

“Being based in a pharmacy gives me a unique opportunity to have conversations with people who are already managing their health through conventional medicine,” she said.

“I can help them see that it doesn't have to be either-or, there can be real value in bringing the two approaches together, safely and appropriately.”



150+
Naturopathy consultations



Optical

Building a stronger vision care network

Delivering more connected, accessible eye care for our members remains at the heart of Optical by National Pharmacies' growing optical network.

With 19 optical stores across South Australia, we continue to strengthen our ability to support members with quality vision care alongside trusted pharmacy services.

Our optical offering has evolved significantly since opening our first optical dispensing service in Gawler Place, Adelaide, in 1990 (pictured). What began as a members-only service providing 20 per cent savings on optical products has grown over 35 years into a comprehensive optical network supported by experienced optometrists, optical assistants and strong community relationships.

This year marked an important milestone as we welcomed the teams from National Vision Optometrists and Philip Milford Optometrist into the Optical by National Pharmacies family. These respected optometry partners brought decades of clinical expertise and valued local connections, strengthening our capability with an

additional 18 optometrists and optical assistants across our network.

We also continued to invest in accessibility, innovation and the member experience, opening our newest optical store at our flagship North Adelaide Pharmacy at Eighty Eight O'Connell, completing renovations at Golden Grove, and relaunching KIDS Free Glasses to help families manage cost-of-living pressures.

Our 20-year partnership with ZEISS was also renewed for a further four years, providing ongoing lens innovation, team training and technology investment to support the continued growth of our optical services.

By bringing pharmacy and optical services together, we are creating a more connected healthcare experience that supports earlier intervention, continuity of care and better outcomes for our members and communities.

Our optical services

- Dry eye clinics
- Frame & contact lens fitting
- Diagnosis, treatment & management for myopia, glaucoma & macular degeneration
- Behavioural optometry



94 Optometry staff



19 Optical stores



The role of optometrists can be lifesaving

A 12-year-old Adelaide girl is lucky to have her sight after a routine eye examination uncovered a life-threatening condition requiring emergency surgery.

The girl had visited her local optometrist after experiencing worsening vision and persistent headaches.

Her optometrist Kristina Sarunic (pictured) identified signs of a serious neurological condition and immediately referred her to the Women's and Children's Hospital. The early diagnosis helped save the child's sight, and she made a full recovery.

During the examination, Kristina identified swelling of the optic nerve and dangerously high eye pressure – signs of intracranial hypertension, a serious condition that can lead to permanent vision loss if left untreated.

"I knew straight away something wasn't right," Kristina said. "I still think about that family. It reminds me that an eye examination can uncover far more than changes in vision. It can genuinely change and even save someone's life."

Kristina joined National Pharmacies in February 2026 as Business Operations Manager, bringing more than seven years' clinical experience and specialist training in behavioural optometry.

Today, she supports a team of 24 optometrists, 63 dispensing staff and seven optometric assistants, helping strengthen clinical excellence across the network.

With childhood vision problems increasing alongside greater screen use, Kristina is passionate about helping families understand the importance of regular eye examinations.

"Good eye health is an important part of a child's overall health and development," she said.

"Just as children visit the GP or dentist for regular check-ups, they should also have their eyes examined before starting each school year. And if parents notice headaches, blurred vision, difficulty reading or any changes in their child's vision, they shouldn't wait. Early detection can make all the difference."



50k+
Eye checks

20/20 vision: new North Adelaide store

Optical by National Pharmacies North Adelaide opened in September 2025, raising the bar of eye care by combining expert optometry with an expanded offering of premium eyewear and advancing lens technology, reflecting the evolving needs of our community.

The new optical store is part of the National Pharmacies North Adelaide pharmacy, expanded and relocated to the health hub of the iconic Eighty Eight O'Connell – a multi-million-dollar residential and commercial complex in inner-city Adelaide.

"It's been wonderful to welcome our members into the new store," optical store manager Sara Sabo (pictured) said. "The space is bright, open and gives us the opportunity to provide a more personalised experience, whether someone is here for an eye test, choosing new glasses or simply looking for advice."

The optical store has been designed with the latest open-plan layout, with clearly zoned, but connected, areas for display, dispensing and consultation and light-filled shelving

to showcase quality eyewear brands like, Prada, Gucci, Orotan, and Maui Jim, with lenses from Zeiss.

It is now the second Optical by National Pharmacies store in South Australia to provide Intense Pulsed Light (IPL) eye treatment for members with severe dry eye.





Seeing is believing: 35 years of vision care transformed

Thirty-five years ago, when National Pharmacies opened its first optical store in Gawler Place, in Adelaide, optometry was primarily focused on checking vision, prescribing lenses and helping people see clearly.

Today, optometry has evolved into a vital part of preventative healthcare, with advanced technology allowing optometrists to detect, monitor and help manage serious health conditions through the eyes.

Few people have witnessed this transformation more closely than Dr Philip Milford (pictured), who opened with Optical by National Pharmacies first store. Now recognised as one of South Australia's leading dry eye experts, Dr Milford sees patients from across the country seeking his expertise.

"Optometry has changed quite dramatically since I started," Dr Milford said. "The technology available today has changed significantly, enabling us to pick up eye disease much earlier and with greater confidence."

Conditions including glaucoma, macular degeneration, cataracts, keratoconus and myopia can now be detected earlier, while eye

examinations can also identify signs of broader health concerns, including diabetes and other systemic illnesses.

"It's an evolution," Dr Milford said.

"The industry has become so much more than simply providing eye checks and selling and fitting glasses. We can pick up a lot of medical issues through eye health."

Dr Milford has also become a leading authority in dry eye treatment – a condition affecting up to 20 per cent of adults.

After experiencing the condition himself and researching treatment options during the COVID-19 lockdowns, he invested in advanced IDRA Systemi, Lumenis IPL and LipiFlow technologies and developed an expert dry eye service attracting patients even from interstate.

Looking ahead, Dr Milford said myopia (short sight) in children and adolescents would be one of the biggest eye health challenges of the future. Without early intervention, myopia often progresses, leading to the risk of serious conditions later in life, including retinal detachment, glaucoma, macular degeneration and cataracts.

"The technology available today has changed significantly, enabling us to pick up eye disease much earlier."

Dr Philip Milford

"Getting in early for treatment could save your sight," he said.

Dr Milford's established optometry practice became part of Optical by National Pharmacies in 2026, bringing with it more than 35 years of clinical experience, specialist expertise in dry eye treatment and a strong commitment to advancing eye health.



25k

Members using optical (2024-26)

For Madi, a spare pair means she never has to miss out

Madeline is a 10-year-old from Adelaide who loves reading and playing sport, especially soccer.

But without her glasses, which have a unique prescription, she can't lose herself in her favourite book series or confidently chase a ball around with her friends.

"Madi's glasses are extremely important to her everyday life," explains her mum Talia.

"Her glasses aren't simply something that makes things a little clearer – Madi (pictured) relies on them to be able to learn, read, play and participate in everyday activities like any other child."



264

Free frames for kids

128

Bonus \$100 frames

When they get damaged or lost, waiting for a replacement pair puts a halt to her learning and skill development, and the cost of a back-up pair with specialty lenses can be prohibitive.

That's why Optical by National Pharmacies' member benefit of a \$100 second pair of children's glasses, in addition to their first pair for free, is so important for kids like Madi, and their parents!



"It has given us a huge sense of relief and peace of mind," adds Talia.

"As most parents know, young children can easily lose or break things, often without realising how difficult or expensive they can be to replace.

"Knowing that we have a second pair available means we don't have to panic if Madi loses or breaks her glasses. We can rest assured that she will still have a pair she can wear straight away, which is particularly important because she needs her glasses every day."

Keeping an eye on what matters

For National Pharmacies member Belinda Harrington, regular eye checks are about far more than seeing clearly – they're an essential part of protecting her long-term health.

It's a commitment that has become even more important after her sister was diagnosed with ocular melanoma, a form of eye cancer that ultimately led to the loss of her eye.

"It's very rare, but if it is found in one family member, it increases the chance of it occurring in other family members," Belinda said.

With this family history in mind, Belinda makes routine eye examinations a priority, visiting Optical by National Pharmacies at

Cumberland Park to monitor her eye health.

"Eye health is extremely important," she said.

Although Belinda and her husband Mark (pictured) have been National Pharmacies members for 45 years, it wasn't until 2021 that she discovered the benefits of our optical services. She's been choosing Optical by National Pharmacies for her prescription glasses and sunglasses ever since.

"The optical benefits for members are very enticing, there is a wonderful range of glasses and the staff are very helpful."



Beauty



Beauty evolving through innovation

From beauty icons to emerging skincare innovations, beauty is an increasingly important part of the National Pharmacies member experience, with a premium portfolio spanning Clarins, Estée Lauder, Clinique, Lancôme, L'Occitane and Jurlique.

The strength of our offering is reflected across our stores, with National Pharmacies Glenunga the number one Clarins Precious destination in Australia. Exclusive member benefits, product offers and experiences add further appeal for beauty shoppers.

Our offer extends beyond available products, with 24 beauty rooms across South Australia providing personalised facials, VIP product events, bespoke complexion makeup applications and exclusive workshops, including sessions with renowned Clarins national makeup artist Nathan Kake, in partnership with Clarins.

Growing demand, the introduction of online bookings for Clarins and Jurlique appointments, and Clarins facial vouchers are helping more members discover these services and our beauty expertise.

Looking ahead, there is an exciting opportunity to meet changing consumer expectations, with growing interest in science-led skincare, innovative ingredients and technologies focused on prevention, hydration, skin health and rejuvenation.

Our beauty services

- Skincare
- Make-up application
- Jurlique facial treatments
- Clarins facial treatments
- Exclusive workshops



24
Beauty rooms
across South
Australia



Nathan with the National Pharmacies Findon Clarins team (L-R) Larissa Mitani and Sophie Caruana.



3,600+
Facials



280+
Online bookings

From Hollywood to Findon: beauty royalty comes to National Pharmacies

Vogue, Elle, Harper's Bazaar...

Cindy Crawford, Elle MacPherson,
Megan Gale...

Hollywood to Sydney! It's a glamorous
roll call that now includes National
Pharmacies Findon, Glenelg,
Glenunga, Mitcham, North Adelaide
and Norwood.

With more than 35 years' experience in
the beauty industry, Clarins ANZ's Head
Make-Up Artist Nathan Kake shared
his sought-after tips with National
Pharmacies members throughout
2025 and 2026.

The respected make-up artist
from Clarins – one of National
Pharmacies major suppliers – visited
six of our SA stores, providing make-up
masterclasses to our valued members.

Known for his 'natural glamour' style,
Nathan (pictured) shared how he
creates his look using Clarins makeup
and skincare products, demonstrating
how they work and explaining the
skincare/makeup benefits.

National
Pharmacies
Glenunga is the
number one
Clarins Precious
destination in
Australia.



Our People



Building Capability for the Future

Behind every service we provide and every interaction with our members is a team of dedicated people working together to deliver better access to expert healthcare and exceptional service.

This year has been about investing in our people and laying the foundations for the future. Embarking on a new strategic direction, we focused on building the leadership capability, skills and culture needed to support growth, innovation and the evolution of pharmacy practice and service.

Our employee survey reinforced the strength of our culture, with 84 per cent of team members saying their manager has their wellbeing at heart and the majority reporting a strong sense of inclusion and belonging.

With this focus in mind, we strengthened our organisational capability through leadership development, we restructured to better align executive portfolios and we established a dedicated Transformation Team to drive innovation and strategic delivery. We also supported our people through significant change, introduced the first Retail Enterprise Agreement in community pharmacy, launched Freshdesk as an operational support platform, and continued investing in pharmacist prescribing qualifications to prepare our teams for the future of community healthcare.



970
*National
Pharmacies
employees*



106
*Completed
leadership
programs*



22
*Pharmacy
interns
supported*

Upskilling our pharmacists for the future of healthcare

As one of the first pharmacists in South Australia to undertake the new prescribing qualification through Adelaide University, Van Duong (pictured) is helping shape the future of community pharmacy.

After more than 20 years in the profession, Van has seen the role of pharmacists evolve well beyond dispensing medicines.

Today, she provides vaccinations, travel health consultations and urinary tract infection (UTI) services, and is now training to become a prescribing pharmacist.

"I love that the profession has evolved so much," Van said. "Our roles are expanding more and more beyond the traditional dispensary."

"I can now do vaccinations and provide travel health consultations, UTI consultations and I am upskilling to be a prescribing pharmacist – I've come such a long way since I started.

"It's exciting to be able to provide so much more to our community."

"I love that the profession has evolved so much."

National Pharmacies Pharmacist Van Duong

Van is one of more than 15 National Pharmacies pharmacists who undertook prescribing qualifications in 2026 through Adelaide University and Monash University, with a further 15 to 20 pharmacists expected to commence training in 2027.

The qualification, offered for the first time in 2026 through Adelaide University with South Australian Government support, will enable pharmacists to assess, diagnose and treat up to 17 common health conditions, including ear infections, shingles and gastroenteritis.

By providing timely care for these everyday conditions, prescribing pharmacists will improve access to healthcare while helping ease pressure on busy GP clinics and hospital emergency departments.

National Pharmacies' investment in advanced clinical training reflects its commitment to ensuring its pharmacists remain at the forefront of the profession. By building one of the strongest pipelines of prescribing pharmacists in the sector, we are equipping our teams with the latest clinical skills to deliver expert, evidence-based care and meet the changing healthcare needs of the communities we serve.



In 2026, National Pharmacies started investing in a pipeline of prescribing qualifications.



Our Members



115 years, 165,000 members. One shared purpose.

For 115 years, members have been at the heart of National Pharmacies.

From our first dispensary on Currie Street in Adelaide, to 46 pharmacies and 19 optical stores across three states, our growth has always been shaped by a commitment to delivering greater value, care and choice to our members.

Today, around 165,000 members share in the benefits of belonging to a member-owned organisation, with \$23.7 million in savings delivered over the past year and an average saving of \$150 per member.

Our aim is to keep growing our membership, so we can provide greater value back to our members.

Our commitment to members extends well beyond savings. We continue to invest in the services, expertise and experiences that matter to them – from free flu vaccinations to help protect members against changing virus strains, to exclusive health, wellness and beauty offers.

We are also investing in the future of pharmacy, supporting our pharmacists to be ready for expanded prescribing services in 2027, while continuing to improve our stores, including the renovation of Golden Grove and the opening of our new North Adelaide store at Eighty Eight O'Connell, bringing pharmacy, optical, health and beauty services together under one roof.



\$23.7m
Total member savings



\$150
Average savings p/member



11+yrs
Average membership

A membership that's part of the family

Denise and Melissa Oates have been elves, stardust princesses and native birds in one of the Southern Hemisphere's largest public Christmas pageants.

"It's pretty much a childhood dream come true," Melissa said.

They have taken part in the National Pharmacies Christmas Pageant for the past six years – except the year they both caught COVID-19.

"We don't mention 2023 in our household," Melissa said.

The mother and daughter have been National Pharmacies members for more than 30 years, with their local pharmacy in Adelaide's southern suburbs, Morphett Vale, becoming part of their family's story along the way.



Denise first started visiting the pharmacy as a young mum. Today, she is caring for her ageing parents, aged 96 and 89, and still turns to the same pharmacy for support with their health and wellbeing.

"It's the friendliness of the staff, the membership discounts and the range of products," Denise says.

"The staff are really helpful and spend time with you."

For Denise, that personal connection is just as important as the practical value of membership.

Over three decades, the family has benefited from member savings across their everyday health needs, while having access to trusted pharmacists and a team who understand their individual circumstances.

Melissa has now continued the family tradition as a member herself, creating a connection that has stretched across generations.

"The staff are really helpful and spend time with you."

National Pharmacies member Denise Oates

And while their pageant adventures might be the most colourful part of their membership story, it is the everyday moments that matter most – from raising a young family to supporting ageing parents, and everything in between.



Melissa and Denise (L-R) as princesses for the Stardust Castle in 2021 (pictured left); Melissa dressed as part of the Ribbons & Swirls in 2022 (pictured right); and Melissa as a native bird in 2025 (pictured top).

Our Community



Caring for our community, one connection at a time

Our culture of caring extends well beyond our pharmacies.

Across the community, our people are finding practical ways to make a difference – from collecting medicine blister packs for recycling and diverting waste from landfill, to raising funds for important causes and providing free children's eye checks through schools. As the brand name sponsor of Adelaide's Christmas Pageant, we also help bring the magic of Christmas to the community, with our staff and Royal Family volunteering their time and spreading Christmas cheer. Because we believe good health is about more than healthcare – it's about genuine connection, compassion and community.



240

Volunteering hours



37.8

*Tonnes of medicine
waste recycled*



2k+

*Products donated to
end period poverty*

Bringing eye health care to local schools

Optical by National Pharmacies delivered its first school vision screening program in South Australia in June 2026, bringing proactive eye health care directly into our local community.

Optometrists Kristina Sarunic and Tess Trentin and Optical Manager Stacey Ivanica, from Optical by National Pharmacies Christies Beach, conducted vision screenings for 29 students in Reception and Years 2 and 3, while visiting Christies Beach Primary School.



By identifying vision problems early, children get the timely care they need - helping build healthier, stronger communities.

The important eye screenings, the first for some of the children, assessed distance and near vision, ocular motility, binocular function, and anterior and posterior eye health. Eleven children were identified for follow-up assessment with our optometrists.

More than a crown...

The magic of the 93rd National Pharmacies Christmas Pageant may have come alive on the streets of Adelaide last year, but for the Royal Family, the royal duties start long before the parade begins.

As the major sponsor of Adelaide's much-loved Christmas Pageant, National Pharmacies team members (who make up the Royal Family) trade their crowns and costumes for community service – visiting schools, supporting charity partners and helping create moments of connection and joy for South Australians.

Four members of the 2025 Royal Family visited children through charity partner KickStart for Kids, joining the team behind a program that provides about 60,000 breakfasts every week across 360 South Australian schools.

From cutting finger buns and serving scones to helping children start their school day with a nutritious breakfast and a smile, these moments show that being part of the Royal Family is about much more than the spotlight of the pageant. It's about kindness, community and using the opportunity to make a difference where it matters most.



Through initiatives like this, National Pharmacies is helping close health access gaps by promoting early detection and ensuring children receive timely eye care to support their learning, development and long-term wellbeing.

With about one in five Australian children suffering an undetected vision problem, accessible and regular school-based screening programs play an important role in identifying issues early and connecting families with appropriate care.



Pictured L-R (back): Princess Shannon Crawshaw and Princess Jules Jones; and L-R (front) Prince Rodney Hutton, Queen Lisa Grapen, King David Tassotti, Prince Ronald Jennings.

National Pharmacies employees also volunteer throughout the year with KickStart for Kids to help ensure thousands of South Australian children start the school day with a nutritious meal.



Governance



Our Executive Leadership Team



Brigid Hughes
Chief Executive Officer



Andrew Burgess
Chief Financial Officer



Alex Palin
Chief Customer Officer



Donna Wright
Chief People Officer



Brian Strawbridge
Chief Information Officer



Sam Laing
Chief Transformation Officer



Sarah James
Chief Operations Officer



Jennifer Taylor
Company Secretary

Directors' Report

for the 52 Week Period Ended 28 June 2026

The Directors of Friendly Society Medical Association Limited ("FSMA" or "The Company") and its controlled entities (the Group) submit herewith their report, together with the annual financial report for the 52 week financial period ended 28 June 2026 (2025: 52 week period ended 29 June 2025) and the Independent Auditors Report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

All Directors are members of Friendly Society Medical Association Limited.

The names and particulars of the Directors of the Company during or since the end of the financial period are:

Name	Particulars
	Experience and Expertise Ms Carr is an experienced non-executive director and chair with extensive executive, commercial, management, compliance and governance expertise acquired over 35 years with Australian and international organisations across a range of sectors. She joined the Board of FSMA on 23 September 2013 and was appointed Chairman on 26 March 2018. Current and Former Directorships in the last three years Ms Carr is currently Chancellor of Adelaide University. She is also a non-executive Director of ASX listed Australian Rare Earths Limited and was previously a non-executive Director of Highfield Resources Limited. Responsibilities Ms Carr is a member of the People, Culture and Rewards Committee.
	Experience and Expertise Mr Connor is a Management Consultant and founding Director of VUCA Pty Ltd. He joined the Board on 29 March 2010 as a non-executive Director and was appointed Deputy Chairman on 26 March 2018. He has extensive experience in Mutual Organisations, Financial Services, Corporate Governance and Human Resource Management. Current and Former Directorships in the last three years Current Chairman of Auburn & Lidcombe United Friendly Society Pharmacy Board Limited and a Director of VUCA Pty Ltd. Formerly Chairman of Abacus Australian Mutuals, Deputy Chairman of Bedford Industries and a Director of AIM SA. Responsibilities Mr Connor is a member of the Audit and Risk Committee and the People, Culture and Rewards Committee.

Pauline Carr
Non Executive Chairman

BEd, MBA, FAICD, FGIA FCG (CS,CGP)

Gregory Connor

BEd, SF Fin, FAICD,
Life Member and FAIM

Name	Particulars
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Richard England
FCA, MAICD

Experience and Expertise

Mr England is an experienced non-executive Director and chair of both listed and unlisted companies encompassing healthcare, major infrastructure, innovation, agribusiness, banking and insurance.

Mr England joined the Board on 1 January 2020.

Current and Former Directorships in the last three years

Mr England is currently Chairman of Hobart International Airport Pty Ltd and the Tasmanian Symphony Orchestra and a Director of Gardior Pty Ltd.

His former directorships include Japara Healthcare Limited, Bingo Industries Limited, Nanosonics Limited, QANTM Intellectual Property Limited, HBF Health Limited, Indigenous Art Code Limited and Agency Projects Limited.

Responsibilities

Mr England is Chairman of the Audit and Risk Committee and a member of the People, Culture and Rewards Committee.



Linda Heron
GAICD, MAHRI,
MContempldship

Experience and Expertise

Mrs Heron has over 25 years' experience as a non-executive Director across the private and public sectors.

Mrs Heron is currently the Board Secretary at the Northern Victoria Institute of TAFE and has held several other senior executive roles, including Interim Executive Director of People and Culture at Goulburn Ovens TAFE, Flinders University and St Kevin's College and managing the Human Resources, Corporate Governance and Legal Counsel functions at Melbourne Water. She also has extensive retail experience including leading large operational teams in the Coles Supermarket business and establishing and leading the Organisational Development function within the corporate Human Resources division of ColesMyer.

She joined FSMA on 29 March 2010 as a Non-Executive Director.

Current and Former Directorships in the last three years

Until 30 June 2026, Mrs Heron was the Director of Heron Human Resources.

She was previously a non-executive Director of the Army and Airforce Canteen Service and Chairman of its Audit Committee.

Responsibilities

Mrs Heron is Chairman of the People, Culture and Rewards Committee and a member of the Audit and Risk Committee.

Company Secretary

The name of particulars of the Company Secretary are:

Name	Particulars
------	-------------

Jennifer Taylor
GIA (Affiliated)

Appointed Company Secretary on 10 April 2017.

Principal Activities and Changes

The Group's principal activities during the course of the financial period were those of Retail Community Pharmacy, Community Service Obligation (CSO) Wholesaler and Optical Dispenser. During the financial period there were no significant changes to the principal activities of the Group however, prior to 28 June 2026 it was announced that the Community Service Obligation (CSO) Wholesaler operations would be discontinued subsequent to the end of the financial period.

Review of Operations

In the year to 28 June 2026 the Group made significant strides in delivering accessible, community-focused healthcare, underpinned by innovation and resilience despite the external challenges – including the cost-of-living crisis, regulatory changes, such as 60-day dispensing, and the impact of the conclusion of the Bupa Pharmacy Saver partnership. Strategic investments included the launch of our Complete Care Pharmacy store in Brighton (Victoria), relocation of our North Adelaide Pharmacy store, launch of a North Adelaide Optical store and the acquisition of the trade and assets of certain of our key optometrist partners to enable ownership of the end to end optical services within stores. In June 2026, the decision to exit the National Pharmacies Distribution wholesaling business was announced, with closure of the Distribution Centre scheduled for 30 September 2026.

Revenue during 2025/2026 was \$309.9 million which was a 1.7% increase on the prior year. However, the profit of the Group was impacted by an increase in costs and operating expenses, including restructuring provisions relating to the proposed exit of the wholesale business.

Reported underlying earnings was a loss of \$2.2 million with corresponding EBIT profit of \$0.3 million and EBITDA profit of \$11.6 million. Benefits to members over this period were \$23.7 million.

The carrying value of goodwill and intangible assets takes into consideration the future profitability of individual pharmacies. The basis for the calculation this period included the expectation that over the five-year forecasted period we will realise growth in prescription numbers, and retail and optical sales. The result is that no impairment is required to reduce the carrying value of Goodwill and Intangible Assets held on the Statement of Financial Position as at 28 June 2026 (2025: \$0).

The factors outlined above influenced this period's reported net profit after tax, which was a loss of \$3.3 million (2025: loss of \$2.0 million).

Issued Capital

The Company is limited by Shares and Guarantee. At 28 June 2026 and at 29 June 2025, the Company had no issued shares.

The Company is limited by a guarantee of \$1 per member. At 28 June 2026, the Company had 98,957 Memberships (2025: 99,105).

Changes in State of Affairs

There was no significant change in the state of affairs of the Group during the financial year.

Subsequent Events

On 14 September 2026, the Group entered into a new banking agreement with its existing lender. The new facility and the changes to the existing facilities are outlined as following:

- The term of the \$13.0 million Working Capital Facility was extended to 30 June 2027.
- The existing \$6.6 million Corporate Markets Loan limit which expires on 30 June 2028 with monthly repayments of \$33,333 remains in place. The loan can be paid down and redrawn at any time.
- The existing \$1.3 million Corporate Market Loan which expires on 30 June 2028 with monthly repayments of \$22,225 remains in place.
- The bank guarantee facility of \$1.8 million remains in place.
- The security and bank covenants remain unchanged.
- All the other components of the existing facilities and General Security Agreement remain in place.

Subsequent Events (cont'd)

The following changes in Key Management Personnel occurred after 28 June 2026:

- Mr Mark Smith resigned as Chief Executive Officer effective 17 July 2026.
- Ms Brigid Hughes was appointed as Chief Executive Officer effective 14 September 2026.
- Mr Andrew Burgess was appointed as Chief Financial Officer effective 14 September 2026.

In September 2026, the Group entered into a sales process for the disposal of the land and building at the Hendon Distribution Centre in South Australia which had been the location for internal and wholesale fulfilment of pharmacy products. It is anticipated that the sale will conclude in Quarter 3 of the financial year ending 4 July 2027.

This asset is not considered to be Held-for-Sale as at 28 June 2026 in accordance with the requirements of AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

Other than the events disclosed above, there have been no events subsequent to the reporting date which would have a material impact on the Group's 28 June 2026 financial statements.

Future Developments

Despite the current economic challenges, such as inflationary pressures, and the fluctuations in the retail market, the Company is well positioned to navigate the economic landscape and achieve sustainable growth by leveraging the expertise of its leadership team and implementing more member focused strategies.

Indemnification of Officers and Auditors

During the financial period the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the Company Secretary, Ms J Taylor, and all executive officers of the Company and any related body corporate against a liability incurred as such a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability cover and the amount of the premium.

The Company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer (other than Directors) or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Auditor's Independence Declaration

The auditor's independence declaration is made on page 35 and forms part of this Directors' Report.

Rounding Off of Amounts

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Instrument amounts in the Directors' Report and the Financial Report are rounded off to the nearest thousand dollars, unless otherwise stated.

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial period and the number of meetings attended by each director (whilst in their capacity as a director or committee member). During the financial period, 16 Board meetings, 3 Audit and Risk Committee meetings and 3 People, Culture and Rewards Committee meetings were held.

Directors	Board of Directors		Audit and Risk Committee		People, Culture and Rewards Committee	
	Held	Attended	Held	Attended	Held	Attended
P F Carr	16	16	3	#3	3	3
G J Connor	16	16	3	3	3	3
R A F England	16	16	3	3	3	3
L M Heron	16	16	3	3	3	3

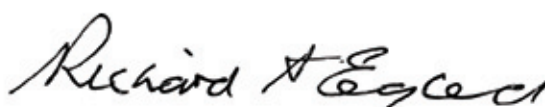
Indicates ex officio attendance at a Committee meeting

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors



P F Carr
Chairman



R A F England
Director

Adelaide, 28 September 2026



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Friendly Society Medical Association Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Friendly Society Medical Association Limited for the 52-week period ended 28 June 2026 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



A handwritten signature in black ink, appearing to read 'Darren Ball'.

Darren Ball

Partner

Adelaide

28 September 2026



Independent Auditor's Report

To the members of Friendly Society Medical Association Limited

Opinion

We have audited the **Financial Report** of Friendly Society Medical Association Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 28 June 2026 and of its financial performance for the 52-week period then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards - Simplified Disclosures* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Statement of financial position as at 28 June 2026;
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the 52-week period then ended;
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 28 June 2026;
- Notes, including material accounting policies; and
- Directors Declaration.

The **Group** consists of the Company and the entities it controlled at the period end or from time to time during the financial period.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board Limited (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Friendly Society Medical Association Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards -Simplified Disclosures* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/apzlw0y/ar3_2024.pdf. This description forms part of our Auditor's Report.



Darren Ball

Partner

Adelaide

28 September 2026

Directors' Declaration

In the opinion of the Directors of Friendly Society Medical Association Limited (the Company):

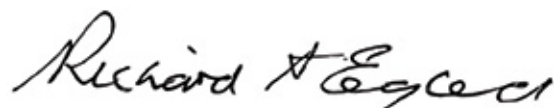
- a. the Company is not publicly accountable;
- b. the consolidated financial statements and notes that are set out on pages 40 to 73 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the financial position of the Group as at 28 June 2026 and of its performance for the financial period ended on that date; and
 - ii. complying with Australian Accounting Standards – Simplified Disclosure Requirements and the Corporations Regulations 2001; and
- c. the Consolidated Entity Disclosure Statement, set out on page 74 as at 28 June 2026 is true and correct; and
- d. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



P F Carr
Chairman



R A F England
Director

Adelaide, 28 September 2026



Financial Report

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 52 Week Period Ended 28 June 2026

	Note	2026 \$'000	2025 \$'000
Revenue	4(a)	309,855	304,614
Other income	4(b)	-	360
Finance costs	4(b)	(5,084)	(4,664)
Other expenses	4(b)	(309,550)	(302,340)
Profit/(Loss) before income tax (expense) / benefit		(4,779)	(2,030)
Income tax (expense) / benefit	5(a)	1,482	31
Profit/(Loss) for the period		(3,297)	(1,999)
Other comprehensive income, net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Gain/(Loss) on property revaluation	17	4,395	(1)
Income tax on items taken directly to or transferred from equity	17	(1,211)	(31)
Other comprehensive gain/(loss) for the period		3,184	(32)
Total comprehensive profit/(loss) for the period		(113)	(2,031)

Notes to the financial statements are included as pages 44 to 73.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Consolidated Statement of Financial Position as at 28 June 2026

	Note	2026 \$'000	2025 \$'000
Current Assets			
Cash and cash equivalents	22(a)	1,492	2,630
Trade and other receivables	7	6,344	6,885
Inventories	8	37,655	39,914
Prepayments		1,967	2,312
Total Current Assets		47,458	51,741
Non-Current Assets			
Property, plant and equipment	9	107,225	99,543
Goodwill	10	8,409	5,712
Other intangible assets	11	4,656	4,024
Total Non-Current Assets		120,290	109,279
Total Assets		167,748	161,020
Current Liabilities			
Bank overdraft	22(a)	4,875	-
Trade and other payables	12	34,201	37,120
Borrowings	15	7,016	6,317
Other financial liabilities	13	23	23
Provisions	14	8,897	8,041
Total Current Liabilities		55,012	51,501
Non-Current Liabilities			
Trade and other payables	12	4,663	-
Borrowings	15	52,536	53,767
Provisions	14	2,375	2,477
Total Non-Current Liabilities		59,574	56,244
Total Liabilities		114,586	107,745
Net Assets		53,162	53,275
Equity			
Issued capital	16	-	-
Asset Revaluation Reserve	17	15,209	12,025
Retained earnings		37,953	41,250
Total Equity		53,162	53,275

Notes to the financial statements are included as pages 44 to 73.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Consolidated Statement of Changes in Equity for the 52 Week Period Ended 28 June 2026

	Fully paid ordinary shares \$'000	Asset Revaluation Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2024	-	12,057	43,249	55,306
Loss for the period	-	-	(1,999)	(1,999)
Other comprehensive income for the period:				
Loss on property revaluation	-	(1)	-	(1)
Tax consequences	-	(31)	-	(31)
Total comprehensive (loss)/income for the period	-	(32)	(1,999)	(2,031)
Balance at 29 June 2025	-	12,025	41,250	53,275
Balance at 29 June 2025	-	12,025	41,250	53,275
Loss for the period	-	-	(3,297)	(3,297)
Other comprehensive income for the period:				
Gain on property revaluation	-	4,395	-	4,395
Tax consequences	-	(1,211)	-	(1,211)
Total comprehensive (loss)/income for the period	-	3,184	(3,297)	(113)
Balance at 28 June 2026	-	15,209	37,953	53,162

Notes to the financial statements are included as pages 44 to 73.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Consolidated Statement of Cash Flows for the 52 Week Period Ended 28 June 2026

		Inflows/ (Outflows)	
	Note	2026 \$'000	2025 \$'000
Cash Flows from Operating Activities			
Receipts from customers		315,309	307,342
Payments to suppliers and employees		(303,864)	(290,054)
Member contributions received		4,580	6,141
Interest paid	4(b)	(753)	(528)
Net Cash from Operating Activities		15,272	22,901
Cash Flows used in Investing Activities			
Payments for property, plant and equipment and intangible assets		(6,706)	(4,912)
Payments for business acquisition	28	(2,226)	-
Interest received		-	13
Net Cash used in Investing Activities		(8,932)	(4,899)
Cash Flows used in Financing Activities			
Proceeds from borrowings		-	2,775
Repayment of borrowings		(3,042)	(492)
Lease incentives received		983	-
Payment of lease liabilities	20(c)	(10,294)	(10,077)
Net Cash used in Financing Activities		(12,353)	(7,794)
Increase/(decrease) in cash and cash equivalents held		(6,013)	10,208
Cash and cash equivalents at the beginning of the Financial Period		2,630	(7,578)
Cash and cash equivalents / (bank overdraft) at the end of the Financial Period	22(a)	(3,383)	2,630

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

1. Additional Information

Friendly Society Medical Association Limited (the Company and the Group) is a public company, incorporated and operating in Australia.

Registered office and principal place of business

52 Gawler Place
Adelaide SA 5000

2. Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. Refer to Note 3 (iii) for details of changes in accounting policies.

Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations does not affect the Group's present policies and operations. The directors anticipate that the adoption of these Standards and Interpretations in future periods will not materially affect the amounts recognised in the financial statements of the Group but may change the disclosure presently made in the financial statements of the Group.

Standards issued by not yet effective

AASB 18 will replace AASB 101 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing and financing, discontinued operations and income tax categories.
Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required by MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

**Notes to the Financial Statements
for the 52 Week Period Ended 28 June 2026****3. Summary of Accounting Policies****(i) Statement of Compliance**

The financial report is a general purpose financial report comprising the Company and its subsidiaries (together referred to as the Group) for distribution to the members and for the purpose of fulfilling the requirements of the *Corporations Act 2001*. They have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures made by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report comprises the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a not-for-profit entity.

The financial statements were authorised for issue by the directors on 28 September 2026.

(ii) Basis of Preparation

The financial year end for the Group is 28 June 2026 and comprises 52 weeks (2025: 29 June 2025 and comprising 52 weeks).

The financial report has been prepared on the basis of historical cost, except for the revaluation of freehold land and buildings. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial / Directors Reports) Instrument 2016/191, and in accordance with the Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

In the application of the Group's accounting policies, as set out below, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Determining whether goodwill is impaired requires an estimation of the higher of fair value less costs to sell or the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset the Group takes into account the characteristics of the asset if market participants would take those characteristics into account when pricing the asset at the measurement date.

The carrying amount of goodwill at 28 June 2026 was \$8,409,000 (29 June 2025 was \$5,712,000). Nil impairment loss was recognised during 2025 (2024: Nil).

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

3. Summary of Accounting Policies (cont'd)

Going Concern

The Group consolidated financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group's financial position as at 28 June 2026 included current liabilities of \$55,012,000 (2025: \$51,501,000) which exceed current assets of \$47,458,000 (2025: \$51,741,000) by \$7,554,000 (2025: headroom of \$240,000). The Group recorded a loss before tax of \$4,779,000 (2025: \$2,030,000) and recorded net cash inflows from operating activities of \$10,930,000 (2025: \$20,901,000) during the period ended 28 June 2026 and an overall net decrease in cash of \$6,013,000 (2025: increase of \$10,208,000).

The Group's bank overdraft facility, disclosed in Note 22, with a limit of \$13,000,000 was drawn to \$4,875,000 as at 28 June 2026 (2025: \$nil). On 14 September 2026, the Group entered into new banking agreement facilities which included an extension to the expiry date of the bank overdraft facility to 30 June 2027 – refer to Note 27 for a summary of the changes to the funding agreement.

The Directors have approved a cash flow forecast prepared by the management for the twelve-month period from the date of signing this financial report which indicates that the Group has sufficient funds to meet the Company's minimum ongoing operating commitments. These forecasts assume that the overdraft facility will be available beyond 30 June 2027 and the sale of the Distribution Centre Land and Buildings will generate additional cash that can be used to further invest in the business or pay down debt. The Directors do not currently see any impediment in achieving forecast, meeting existing covenants and extending the Groups facility with the existing lenders beyond 30 June 2027 (or alternatively refinancing if this delivers a benefit to the Group). Should the Group be unable to refinance amounts outstanding at this date, additional funds are able to be realised by selling assets without detriment to the ongoing financial viability of the Group.

Based on the cashflow forecasts, the Directors are of the opinion that the Group is able to meet its obligations as they fall due for at least twelve months from the date of signing this financial report and that the going concern basis is appropriate.

(iii) *Changes in Material Accounting Policies from prior periods*

The Group did not have any changes to its accounting policies from those applied in the financial statements as at and for the period ended 28 June 2026.

(iv) *Material Accounting Policies*

The following material accounting policies have been adopted in the preparation and presentation of the financial report:

(a) *Trade and Other Payables*

Trade and other accounts payable are initially recognised at fair value and subsequently measured at amortised cost and are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

3. Summary of Accounting Policies (cont'd)

(b) *Property Plant and Equipment*

Land and buildings are measured at fair value. Fair value is determined on the basis of an annual independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in the financial statements of the Group, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the Consolidated Statement of Profit or Loss and Other Comprehensive Income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis or by diminishing value method, so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following estimated useful lives are used in the calculation of depreciation for the current and comparative period are as follows:

- | | |
|--------------------------|--------------|
| • Buildings | 30 years |
| • Leasehold improvements | 2-15 years |
| • Plant and equipment | 2.5-33 years |

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

3. Summary of Accounting Policies (cont'd)

(c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments. Bank overdrafts are shown separately in current liabilities in the Consolidated Statement of Financial Position.

(d) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, time in lieu, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to accumulated benefit superannuation benefit plans are expensed when incurred.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables, which are recognised inclusive of GST.

The net amount of GST recoverable from the taxation authority is included as part of receivables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financial activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Goodwill

Under AASB 136 *Impairment of Assets*, goodwill and intangible assets with indefinite useful lives must be tested annually for impairment.

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) expected to benefit from the synergies of the business combination. CGUs to which goodwill has been allocated are tested for impairment annually.

The recoverable amount of the CGU at 28 June 2026 was determined based on a value in use calculation. Value in use was determined using cash flow projections based on financial forecasts approved by the Board.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

3. Summary of Accounting Policies (cont'd)

(g) *Income Tax*

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

(h) *Debt and Equity Instruments*

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(i) *Inventories*

Inventories on hand consist of finished goods. Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

3. Summary of Accounting Policies (cont'd)

(j) Leased Assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured where there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

3. Summary of Accounting Policies (cont'd)

(k) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition or up to the effective date of disposal as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(l) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(m) Impairment of Non-financial Assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired. Any impairment of goodwill is not subsequently reversed.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase (refer Note 3(iv)(b)).

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

3. Summary of Accounting Policies (cont'd)

(n) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from sale of goods is recognised when the performance obligations are satisfied as follows:

- the Group has transferred to the buyer control of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised at the point in time the final service is provided as the service period is considered to be short-term in nature, for example dispensing fees and wholesale service fees.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income

Revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Contributions

Revenue from members' contributions is recognised on an accrual basis.

(o) Financial Instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- 1) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

3. Summary of Accounting Policies (cont'd)

(o) Financial Instruments (cont'd)

Trade receivables are to be settled within agreed trading terms, typically less than 60 days, and are initially recognised at fair value and then subsequently at amortised cost, less any expected credit loss allowances. Under the “expected credit loss” model, the allowance for credit losses is calculated by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability weighted outcomes. Significant receivables are individually assessed. Non-significant receivables are not individually assessed; instead, credit loss testing is performed by considering the risk profile of that group of receivables. All allowances for credit losses are recognised in the profit and loss.

Financial assets that are subject to credit risk are assigned to one of three stages and could be reassigned based on changes in asset quality:

- Stage 1 are performing and/or newly originated assets. Provisions for financial assets in stage 1 are established to provide for ECL for a period of 12 months;
- Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised;
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised.

(p) Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(q) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of their fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

**Notes to the Financial Statements
for the 52 Week Period Ended 28 June 2026****3. Summary of Accounting Policies (cont'd)***(q) Business Combinations (cont'd)*

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 are recognised at their fair value at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

4. Profit from Operations

	2026 \$'000	2025 \$'000
(a) Revenue		
Revenue from continuing operations consisted of the following items:		
Revenue from the sale of goods	273,542	267,207
Revenue from the rendering of services	27,745	28,644
Member contributions	4,163	4,612
Rental revenue	342	467
Interest revenue:		
Bank deposits	-	13
Other revenue	4,063	3,671
	<u>309,855</u>	<u>304,614</u>
(b) Profit/(Loss) before income tax		
Profit/(Loss) before income tax has been arrived at after crediting the following gains:		
Other Income:		
Gain on property revaluations recognised through profit or loss	-	338
Gain on disposal of property, plant and equipment	-	22
	<u>-</u>	<u>360</u>
Finance costs:		
Interest on bank loan	753	528
Interest on contingent liability	71	-
Lease interest expense	4,260	4,136
	<u>5,084</u>	<u>4,664</u>

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

4. Profit from Operations (cont'd)

	2026 \$'000	2025 \$'000
(b) Profit/(Loss) before income tax (cont'd)		
Other expenses:		
Cost of sales	214,983	211,782
Retail expenses	50,653	47,950
Administration expenses	18,852	18,341
Occupancy expenses	20,141	19,036
Marketing expenses	4,404	4,988
Loss on property revaluations recognised through profit or loss	168	-
Loss on disposal of property, plant and equipment	77	-
Other expenses	272	243
	309,550	302,340
Employee benefit expense:		
Wages and salaries	52,303	49,298
Contributions to superannuation funds	6,308	5,872
Increase in employee benefits provision	639	160
	59,250	55,330
Depreciation of non-current assets	11,017	10,557
Amortisation of customer lists	272	243

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

5. Income Taxes

	2026 \$'000	2025 \$'000
(a) Income tax recognised in profit or loss		
Tax expense/(income) comprises:		
Current and deferred tax expense/(benefit) relating to the origination and reversal of temporary differences and tax losses	(1,482)	(31)
Total tax expense/(benefit)	(1,482)	(31)
The prima facie income tax expense/(benefit) on pre-tax accounting loss from operations reconciles to the income tax expense/(income) in the financial statements as follows:		
Loss before income tax	(4,779)	(2,030)
Income tax revenue calculated at 30% (2025: 30%)	(1,434)	(609)
Non-deductible expenses – other	762	525
Non-deductible expenses – non current assets impairment and amortisation	103	73
Non assessable income and other deductible expenses	510	(323)
Prior year derecognition of revenue and capital losses	(1,423)	303
Income tax expense/(benefit)	(1,482)	(31)

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2025: 30%) payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

5. Income Taxes (con't)

	2026 \$'000	2025 \$'000
(b) Recognised deferred tax asset		
The deferred tax asset is attributable to the following:		
Trade and other receivables	3	3
Inventories	129	22
Property, plant and equipment	(3,513)	(2,602)
Intangible assets	(1,396)	(1,207)
AASB 16 - Lease Asset	(7,755)	(7,528)
AASB 16 - Lease Liability and make-good provision	10,267	9,676
Trade and other payables	181	85
Employee benefits	1,280	1,293
Other items	39	42
Net deferred tax liability on temporary differences	(765)	(216)
Tax losses:		
Revenue	4,865	5,739
Capital	2,489	2,489
Total deferred tax on tax losses	7,354	8,228
Total temporary differences on tax losses	6,589	8,012
Revenue losses not recognised	(4,100)	(5,523)
Capital losses not recognised	(2,489)	(2,489)
Net deferred tax asset	-	-
(c) Movement in deferred tax asset		
Opening balance	-	-
Recognised in income	1,482	31
Acquired in Business Combinations (Note 28)	(271)	-
Recognised in equity (property)	(1,211)	(31)
Closing balance	-	-

6. Key Management Personnel Remuneration

	2026 \$	2025 \$
Compensation to directors and other members of Key Management Personnel of the Company and the Group	3,938,634	2,799,300

Key management personnel compensation comprised short term employee benefits, post-employment benefits, other long term benefits and termination benefits.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

7. Trade and Other Receivables

	2026 \$'000	2025 \$'000
Current		
Trade receivables (i)	5,336	5,677
Allowance for doubtful debts	(15)	(15)
	5,321	5,662
Net GST receivable from Australian Taxation Office	1,023	1,223
	6,344	6,885
<u>Movement in the allowance for doubtful debts</u>		
Balance at the beginning of the period	15	15
Amounts written off as uncollectable	-	-
Balance at the end of the period	15	15

- (i) The average credit period of sales of goods and rendering of services is 30 days (2025: 30 days). No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

8. Current Inventories

	2026 \$'000	2025 \$'000
Inventories at cost	38,448	40,051
Provision	(793)	(137)
Total Closing Inventories	37,655	39,914

The amount of inventories recognised as an expense during the period and included in "Cost of Sales" was \$217,093,000 (2025: \$212,858,000)

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

9. Non-Current Property, Plant and Equipment

	Freehold Land and Buildings at fair value \$'000 (i)	Right-of-use Property at cost \$'000	Leasehold Improvements at cost \$'000	Plant and Equipment at cost \$'000	Total \$'000
Gross carrying amount					
Balance at 30 June 2024	38,809	71,581	13,416	65,350	189,156
Additions	341	595	1,609	2,962	5,507
Modifications	-	1,050	-	-	1,050
Disposals	-	(2,251)	(219)	(2,038)	(4,508)
Net revaluation increments	337	-	-	-	337
Balance at 29 June 2025	39,487	70,975	14,806	66,274	191,542
Additions	53	6,638	3,292	3,361	13,344
Acquired in Business Combinations (Note 28)	-	-	-	622	622
Modifications	-	1,155	-	-	1,155
Disposals	-	-	(1,033)	(2,448)	(3,481)
Net revaluation increments	4,227	-	-	-	4,227
Balance at 28 June 2026	43,767	78,768	17,065	67,809	207,409
Accumulated depreciation/amortisation and impairment					
Balance at 30 June 2024	(1,873)	(21,367)	(8,617)	(53,799)	(85,656)
Depreciation expense	(346)	(6,807)	(788)	(2,616)	(10,557)
Lease Modifications	-	67	-	-	67
Disposals	-	1,918	218	2,011	4,147
Balance at 29 June 2025	(2,219)	(26,189)	(9,187)	(54,404)	(91,999)
Depreciation expense	(405)	(6,772)	(940)	(2,900)	(11,017)
Lease Modifications	-	(303)	-	-	(303)
Disposals	-	-	1,043	2,092	3,135
Balance at 28 June 2026	(2,624)	(33,264)	(9,084)	(55,212)	(100,184)
Net book value					
As at 29 June 2025	37,268	44,786	5,619	11,870	99,543
As at 28 June 2026	41,143	45,504	7,981	12,597	107,225

There was no depreciation capitalised as part of the cost of other assets.

- (i) Land and buildings are revalued to their fair value, based on independent market valuations performed by Knight Frank Valuation & Advisory South Australia (2025: Knight Frank Valuation & Advisory South Australia), with valuations on four out of total nine properties this year. The valuations are performed based on a Capitalisation of Net Income Valuation methodology, incorporating level 2 observable inputs in accordance with the Fair Value Hierarchy established under AASB 13 *Fair Value Measurement*. The valuations are based on recent sale transactions and other relevant market data. The effective date of revaluation is 30 June 2026 (2025: 30 June 2025).

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

9. Non-Current Property, Plant and Equipment (cont'd)

As a result of the revaluation, land and buildings increased by \$4,227,310 (2025: increased by \$336,833). Of this \$4,395,752 increased the asset revaluation reserve (2025: \$1,022 decrease in the asset revaluation reserve) and \$168,442 was recognised as a loss on property revaluation (2025: \$337,855 gain on property revaluation) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

10. Goodwill

	2026 \$'000	2025 \$'000
Gross carrying amount		
Balance at beginning of the period	33,910	33,910
Additions (Note 28)	2,697	-
Balance at the end of the period	36,607	33,910
Accumulated impairments		
Balance at beginning of the period	(28,198)	(28,198)
Balance at the end of the period	(28,198)	(28,198)
Net book value		
At the beginning of the financial period	5,712	5,712
At the end of the financial period	8,409	5,712

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) expected to benefit from the synergies of the business combination. CGUs to which goodwill has been allocated are tested for impairment annually.

The recoverable amount of the CGU at 28 June 2026 was determined based on the higher of fair value or a value in use calculation. Value in use was determined using cash flow projections based on EBITDA financial forecasts.

An EBITDA financial forecast for each CGU has been determined using the Group sales growth expectations, approved by the Board, applied to Income and Expense rates.

The discount rate applied to the cash flow projections at 28 June 2026 was based on the Group's pre-tax WACC being 15.3% (2025: 14.3%).

The terminal value of each CGU has been calculated using the perpetual growth method. This method assumes the CGU will continue to generate Free Cash Flow at a normalised state in perpetuity. A terminal growth rate based on an assumed CPI of 3.0% has been applied (2025: 3.0%).

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

11. Other Intangible Assets

	2026 \$'000	2025 \$'000
Licences	2,143	2,143
Customer lists	2,513	1,881
	4,656	4,024

(a) Licences

Gross carrying amount

Balance at beginning of the period	3,819	3,819
Additions	-	-
Balance at the end of the period	3,819	3,819

Accumulated amortisation/impairments

Balance at beginning of the period	(1,676)	(1,676)
Impairment	-	-
Balance at the end of the period	(1,676)	(1,676)

Net book value

At the beginning of the financial period	2,143	2,143
At the end of the financial period	2,143	2,143

The above relate to pharmacy licences which are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash in-flows for the Group given the indefinite legal right to renew the licences for an insignificant cost.

	2026 \$'000	2025 \$'000
(b) Customer Lists		
Gross carrying amount		
Balance at beginning of the period	23,288	23,288
Additions (Note 28)	904	-
Balance at the end of the period	24,192	23,288
Accumulated amortisation/impairments		
Balance at beginning of the period	(21,407)	(21,164)
Amortisation	(272)	(243)
Balance at the end of the period	(21,679)	(21,407)
Net book value		
At the beginning of the financial period	1,881	2,124
At the end of the financial period	2,513	1,881

The useful life used in the above calculation of amortisation is 10 years.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

12. Current and Non-Current Trade and Other Payables

	2026 \$'000	2025 \$'000
Current		
Trade payables (i)	28,172	31,706
Prepaid membership fees	1,400	1,279
Supplier incentives received in advance	829	-
Deferred and Contingent Consideration arising on Business Combinations (Note 28)	753	-
Other payables and accruals	3,047	4,135
	34,201	37,120
Non-Current		
Supplier incentives received in advance	3,616	-
Deferred and Contingent Consideration arising on Business Combinations (Note 28)	1,047	-
	4,663	-

- (i) The average credit period on purchases is 45 days (2025: 42 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. Current Other Financial Liabilities

	2026 \$'000	2025 \$'000
Interest bearing loan from Key Management Personnel Related Entity (i)	23	23
	23	23

- (i) A Key Management Personnel (KMP) Related Entity refers to an organisation that has common directors with the Group. Transactions with such entity are conducted on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated.
The current effective interest rate on the loan is 4% (2025: 4%)

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

14. Current and Non-Current Provisions

	Employee Benefits	Site Restoration (i)	Total
	\$'000	\$'000	\$'000
Balance at the beginning of the period	8,930	1,588	10,518
Additions from Business Combinations (Note 28)	57	-	57
Movements during the period	639	50	689
Disposals	-	8	8
Balance at the end of the period	9,626	1,646	11,272
Disclosed as:			
Current	8,897	-	8,897
Non-Current	729	1,646	2,375
	9,626	1,646	11,272

- (i) Site restoration provisions relate to make-good obligations set out within lease contracts recognised in accordance with AASB 16 Leases.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

15. Current and Non-Current Borrowings

	2026 \$'000	2025 \$'000
Current		
Current portion of lease liabilities (i)	6,749	5,750
Secured bank loans (ii)(iii)	267	567
Balance at end of the period	7,016	6,317
Non-Current		
Non-current portion of lease liabilities	51,539	50,028
Secured bank loans (ii)(iii)	997	3,739
Balance at end of the period	52,536	53,767
(i) The lease liabilities are discounted at an interest rate ranging between 5.5% to 11.5% dependent on the remaining lease term (2025: 5.5% to 11.5%).		
(ii) Terms and repayment schedule as at period end		
	2026 \$'000	2025 \$'000
Corporate Markets Loan with monthly repayment \$22,250, expiry date 30 June 2028. Interest rate between 4.800% to 4.862%.	1,264	1,531
Corporate Markets Loan with monthly facility reduction of \$33,333, expiry date 30 June 2028. Interest rate of 5.55%	-	2,775
Balance at end of the period	1,264	4,306

The secured bank loans are secured over seven business assets, National Pharmacies Glenunga, National Pharmacies Victor Harbor, National Pharmacies Norwood, National Pharmacies Mitcham, National Pharmacies Blackwood, National Pharmacies Findon, and National Pharmacies Gawler.

16. Issued Capital

The Company is limited by Shares and Guarantee. At 28 June 2026 and at 29 June 2025, the Company had no issued shares.

The Company is limited by a guarantee of \$1 per Member. At 28 June 2026, the Company had 98,957 Memberships (2025: 99,105).

17. Asset Revaluation Reserve

	2026 \$'000	2025 \$'000
Balance at the beginning of the period	12,025	12,057
Increase/(Decrease) arising on revaluation of properties	4,395	(1)
Tax consequences	(1,211)	(31)
Balance at end of the period	15,209	12,025

The asset revaluation reserve arises on the revaluation of land and buildings. Where a revalued land or building is sold the portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained profits.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

18. Commitments for Capital Expenditure

	2026 \$'000	2025 \$'000
Leasehold improvements	-	1
Building improvements	-	15
Plant & Equipment	14	160
Balance at end of the period	14	176

19. Contingent Liabilities and Assets

The Group has given bank guarantees of \$992,000 (2025: \$904,000) in relation to leasehold properties. There are no other contingent liabilities or assets as at 28 June 2026 (2025: \$nil).

20. Leases

(a) Right-of-use assets

The Group leases retail stores, generally for periods ranging from 5 to 10 years with options to renew the lease after that date. Retail stores provide for annual rent reviews based on CPI or market rents. Each lease is reviewed and its probability of exercising the options is assessed based on the store performance and business strategies.

Right of use assets related to leased properties are presented as property, plant and equipment (Note 9).

	2026 \$'000	2025 \$'000
Balance at the start of the period	44,786	50,214
Depreciation charge for the period	(6,772)	(6,807)
Additions to right-of-use assets	6,638	595
Disposals of right-of-use assets	-	(333)
Modifications to right-of-use assets - annual indexation	852	1,117
Balance at the end of the period	45,504	44,786
Recognised within Property, Plant and Equipment	45,504	44,786

(b) Amounts recognised in profit or loss

Interest on lease liabilities	4,260	4,136
Depreciation relating to right-of-use assets	6,772	6,807
Expenses relating to short-term leases	-	39
Balance at the end of the period	11,032	10,982

(c) Amounts recognised in statement of cash flows

Total cash outflow for leases	10,294	10,077
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FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

20. Leases (cont'd)

(d) Future lease payments

The total of future lease payments (including those lease payments that are not included in the measurement of the lease liability, e.g. for short-term leases and leases of low-value items) are disclosed for each of the following periods:

	2026 \$'000	2025 \$'000
Less than one year	10,227	9,318
One to five years	31,127	36,435
More than five years	45,375	36,721
Balance at end of the period	86,729	82,474

(e) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

21. Related Party Disclosures

(a) Transactions with Key Management Personnel

Where Key Management Personnel are members of the Group they pay contributions at normal member rates.

(b) Transactions with Related Parties

- (i) No revenue was received from Key Management Personnel Related Entities.
- (ii) Aggregate amounts payable to Key Management Personnel Related Entities have been disclosed in Note 13.
- (iii) Subscriptions of \$150,000 (2025: \$171,188) were paid to National Pharmaceutical Services Association.
- (iv) Interest of \$Nil (2025: \$Nil) was paid to a Key Management Personnel Related Entity in respect of a loan. Refer to Note 13 for the loan from Key Management Personnel Related Entity.

The above transactions are between Key Management Personnel Related Entities and the Group and occur under normal terms and conditions.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

22. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2026 \$'000	2025 \$'000
Cash	1,492	2,630
Bank overdraft	(4,875)	-
Cash / (Bank overdraft)	(3,383)	2,630

(b) Financing Facilities

Overdraft facility

Facility Limit	13,000	13,000
Amount Drawn	(4,875)	-
Amount Available	8,125	13,000

Secured bank loan facility

Facility Limit	7,886	4,328
Amount Drawn	(1,264)	(4,306)
Amount Available	6,622	22

Secured Bank Guarantee

Facility Limit	1,800	1,800
Amount Drawn	(992)	(904)
Amount Available	808	896

The above facilities are subject to annual review and are secured over seven business assets, National Pharmacies Glenunga, National Pharmacies Victor Harbor, National Pharmacies Norwood, National Pharmacies Mitcham, National Pharmacies Blackwood, National Pharmacies Findon, and National Pharmacies Gawler.

23. Financial Instruments

(a) Material accounting policies

Details of the material accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

(b) Categories of financial instruments

	2026 \$'000	2025 \$'000
Financial assets		
Trade and Other Receivables	6,344	6,885
Cash and cash equivalents	1,492	2,630
Total Financial Assets	7,836	9,515

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

23. Financial Instruments (cont'd)

(b) Categories of financial instruments (cont'd)

	2026 \$'000	2025 \$'000
Financial liabilities		
Trade and other payables	38,864	37,120
Borrowings (including bank overdraft and lease liabilities)	64,427	60,084
Other financial liabilities	23	23
Total Financial Liabilities	103,314	97,227

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

24. Parent Entity Information

	2026 \$'000	2025 \$'000
(a) Financial Position		
Assets		
Current Assets	47,458	51,741
Non-Current Assets	120,290	109,279
Total Assets	167,748	161,020
Liabilities		
Current Liabilities	55,012	51,501
Non-Current Liabilities	59,574	56,244
Total Liabilities	114,586	107,745
Equity		
Issued Capital	-	-
Retained Earnings	37,953	41,250
Asset Revaluation	15,209	12,025
Total Equity	53,162	53,275

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

24. Parent Entity Information (cont'd)

(b) Financial Performance

	2026 \$'000	2025 \$'000
Loss for the period	(3,297)	(1,999)
Other comprehensive income/(loss)	3,184	(32)
Total comprehensive loss	(113)	(2,031)

(c) Commitments for the acquisition of property, plant and equipment by the parent entity

Property, Plant & Equipment	14	176
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(d) Contingent Liabilities

The Company has given bank guarantees of \$992,000 (2025: \$904,000) in relation to leasehold properties.

25. Controlled Entities

	Country of Incorporation	Ownership Interest	
		2026 %	2025 %
Parent Entity			
Friendly Society Medical Association Limited	Australia		
Controlled Entities			
National Pharmacies Australia Pty Ltd	Australia	100	100

National Pharmacies Australia Pty Ltd has not prepared an audited financial report as the entity is classified as a small proprietary company under the Corporations Act 2001.

26. Auditors' Remuneration

	2026 \$	2025 \$
Audit and review services		
Audit and review of financial statements - KPMG	163,947	145,591
Advisory - KPMG	31,597	-
	195,544	145,591

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

**Notes to the Financial Statements
for the 52 Week Period Ended 28 June 2026****27. Subsequent Events**

- (a) On 14 September 2026, the Group entered into a new banking agreement with its existing lender. The new facility and the changes to the existing facilities are outlined as following:
- i) The term of the \$13.0 million Working Capital Facility was extended to 30 June 2027.
 - ii) The existing \$6.6 million Corporate Markets Loan limit which expires on 30 June 2028 with monthly repayments of \$33,333 remains in place. The loan can be paid down and redrawn at any time.
 - iii) The existing \$1.3 million Corporate Market Loan which expires on 30 June 2028 with monthly repayments of \$22,225 remains in place.
 - iv) The bank guarantee facility of \$1.8 million remains in place.
 - v) The security and bank covenants remain unchanged.
 - vi) All the other components of the existing facilities and General Service Agreement remain in place.
- (b) The following changes in key management personnel occurred after 28 June 2026:
- Mr Mark Smith resigned as Chief Executive Officer effective 17 July 2026.
- Ms Brigid Hughes was appointed as Chief Executive Officer effective 14 September 2026.
- Mr Andrew Burgess was appointed as Chief Financial Officer effective 14 September 2026.
- (c) In September 2026, the Group entered into a sales process for the disposal of the land and building at the Hendon Distribution Centre in South Australia which had been the location for internal and wholesale fulfilment of pharmacy products. It is anticipated that the sale will conclude in Quarter 3 of the financial year ending 4 July 2027.
- This asset is not considered to be Held-for-Sale as at 28 June 2026 in accordance with the requirements of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.
- These events occurred subsequent to year end and have no impact on the financial statements for the year ended 28 June 2026.

Other than the events disclosed above, there have been no events subsequent to the reporting date which would have a material impact on the Group's 28 June 2026 financial statements.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

28. Business Combinations

(a) SA Optometrists Pty Ltd

(i) Details of acquisition

On 12 December 2025, the Group acquired the trade and assets of SA Optometrists Pty Ltd (trading as National Vision Optometrists), for upfront cash consideration of \$966,000, fixed annual deferred payments of \$170,000 for three years and contingent payments paid annually based upon target revenue performance for three years. As the deferred and contingent payments are due in future years, they have been discounted based on a post-tax discount rate effective at the date of the transaction of 11.5%.

The acquired trade and assets predominantly comprising optical consulting services and contact lens sales at 8 retail stores which are complementary to the Group's existing Optical business and are services which were co-located at National Pharmacies stores.

The provisional accounting for this acquisition is set out in sections (ii) and (iii) below.

(ii) Consideration transferred

	Note	\$'000
Cash		(966)
Deferred Consideration		(429)
Contingent Consideration		(593)
Total Consideration Transferred		(1,988)

(iii) Assets acquired and liabilities assumed at the date of acquisition

		\$'000
Plant & Equipment	9	4
Inventories		9
Customer Lists	11	544
Employee Entitlements	14	(35)
Deferred Tax Assets and Liabilities	5	(163)
Total Identifiable Assets and Liabilities		359
Goodwill	10	1,629
		1,988

(iv) Net cash outflow on acquisition

	\$'000
Consideration paid in cash	966
Less: Cash and Cash Equivalents balances acquired	-
Net cash outflow on acquisition	966

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Notes to the Financial Statements for the 52 Week Period Ended 28 June 2026

28. Business Combinations (continued)

(b) Milfopt Pty Ltd

(i) Details of acquisition

On 19 June 2026, the Group acquired the trade and assets of Milfopt Pty Ltd (trading as Philip Milford Optometrists) for upfront cash consideration of \$1,237,000, fixed annual deferred payments of \$300,000 plus CPI of 4.6% for two years and contingent payments paid annually based upon target revenue performance for three years. As the deferred and contingent payments are due in future years, they have been discounted based on a post-tax discount rate effective at the date of the transaction of 12.3%.

The acquired trade and assets predominantly comprising optical consulting services and contact lens sales at 3 retail stores which are complementary to the Group's existing Optical business and are services which were co-located at National Pharmacies stores.

The provisional accounting for this acquisition is set out in sections (ii) and (iii) below.

(ii) Consideration transferred

	Note	\$'000
Cash		(1,237)
Deferred Consideration		(563)
Contingent Consideration		(145)
Total Consideration Transferred		(1,945)

(iii) Assets acquired and liabilities assumed at the date of acquisition

		\$'000
Plant & Equipment	9	618
Inventories		34
Customer Lists	11	339
Trade Receivables		18
Employee Entitlements	14	(22)
Deferred Tax Assets and Liabilities	5	(102)
Total Identifiable Assets and Liabilities		885
Goodwill	10	1,060
		1,945

(iv) Net cash outflow on acquisition

	\$'000
Consideration paid in cash	1,237
Less: Cash and Cash Equivalents balances acquired	-
Net cash outflow on acquisition	1,237

(c) Eye Movements Pty Ltd

(i) Details of acquisition

On 31 October 2025, the Group acquired the trade and assets of Eye Movements Pty Ltd, comprising patient record cards for optical consulting services which are complementary to the Group's existing Optical business and are services which were co-located at National Pharmacies stores. This transaction resulted in the recognition of Customer List Intangibles of \$20,855, Goodwill of \$6,260 and Deferred Tax Liability of \$6,260. Consideration of \$20,855 for the transaction was fully settled in cash.

FRIENDLY SOCIETY MEDICAL ASSOCIATION LIMITED

Consolidated Entity Disclosure Statement as at 28 June 2026

Entity Name	Body corporate, partnership or trust	Place incorporated / formed	% of share capital held directly or indirectly by the company in the body corporate	Australian or Foreign tax resident	Jurisdiction of Foreign tax resident
Friendly Society Medical Association Limited (the Company)	Body corporate	Australia		Australian	N/A
National Pharmacies Australia Pty Ltd	Body corporate	Australia	100%	Australian	N/A

Key Assumptions and Judgement

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

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to becoming the
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for professional and
innovative health, optical
and wellness solutions."**

Pauline Carr, Chairman



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Friendly Society Medical Association Limited
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