

CPL GROUP

SINCE 1987

2025 ANNUAL REPORT





OBSERVATION ROOM
& MINOR SURGERY



COMPASSIONATE
CARE FOR YOUR
FAMILY

There is nothing too small or big for us.
We are constantly improving the quality of our services,
in line with our mission and vision.

To be the preferred shopping destination

OUR MISSION by delivering
outstanding
value, exceptional customer experience
and maximising shareholder value.

Helping the people of Papua New Guinea

OUR VISION live healthier
and better lives.



SINCE 1987



CORE VALUES

BE CUSTOMER FOCUSED

The customer always comes first.

BE RESPONSIBLE

To our people, our community and our environment.

WIN TOGETHER

Working and winning as a team.

DELIVER ON COMMITMENTS

We do what we promise.

DELIVER QUALITY

We are committed to quality through continuous improvement.



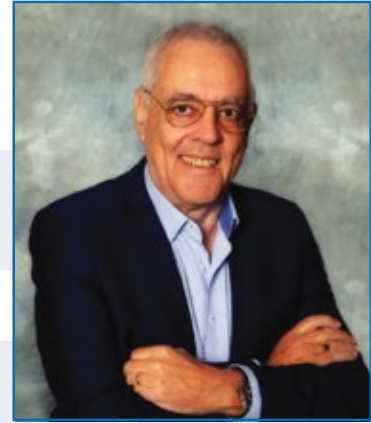
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CHAIRMAN'S STATEMENT



2025 was a watershed year for CPL. After 20 years operating the Stop and Shop supermarkets in Port Moresby, the company made a strategic decision to exit the sector and sold off its interests to Taylor Pacific.

The deal was concluded on 11th August 2025. We are pleased to report the transaction was completed smoothly and delivered on expectations.

Revenue for the Group in 2025 was K453.0M, down from K500.5M in 2024. Most importantly the like for like revenue of the ongoing business (Health Care and Hardware) was K334.7M in 2025 up 8% on previous year.

Profit before tax for the overall group including Joint Ventures was K17.0M for 2025 compared to a loss of K17.9M in 2024. Underlying profit before tax from the residual business of Health Care and Hardware was K18.6M for 2025 clearly vindicating the decision to exit supermarkets and concentrate on Health Care.

We opened our first Medical Clinic at Vision City in May 2025. The clinic is operating to plan, and we have established appropriate health care governance programs to ensure we continue to offer high quality health care at affordable prices. The company plans to operate a chain of primary health care clinics over the next couple of years covering the country.

By concentration of our efforts in the Health Care Sector including Pharmacies, Medical Centres and Medical Laboratories, the Board of CPL believes we have a great opportunity to improve the health outcomes for the people of Papua New Guinea and provide a reasonable return for Shareholders. The DNA of the company is founded in medicine and providing superior customer services. And we approach the future opportunities with confident expectations.

Growth in JV performance gives us confidence in the opportunities in the fashion and clothing markets as consumers reach out for new experiences.

We concentrated on efficiency gains in the back office and pleased to report that Management achieved some tough targets for cost reduction and efficiency gains that now underpins the viability of ongoing business. At the same time achieved a 12-month milestone in Safety with no lost time accidents. We are not resting on our laurels and continue to provide a safe and engaging workplace for our employees.

We were able to declare and pay a special dividend of K0.05 per share in 2025 to the shareholders. I would like to thank shareholders for their ongoing commitment to the business.

In closing I would like to thank all our employees for their continued support of the business, Our Customers for their patronage and fellow Board Members for their wise counsel throughout the year.

A handwritten signature in black ink that reads "Stanley Thomas Joyce". The signature is stylized and includes a horizontal line underneath.

Stanley Thomas Joyce, CSM
CHAIRMAN
BOARD OF DIRECTORS
CPL GROUP

TOTAL GROUP REVENUE

K453M

BRAND REVENUE

(Excluding Stop & Shop Supermarkets)

K334.7M

(8% increase vs 2024)

GROUP PROFIT BEFORE TAX

K17M

(194% growth increase vs 2024)

SPECIAL SHAREHOLDER
DIVIDEND PAYOUT

K0.05toea

EXECUTIVE DIRECTOR'S REPORT



2025 marked a year of renewed momentum, strategic growth, and strengthened commitment to our customers and shareholders' value. While building on the resilience demonstrated in 2024, the Year 2025 has been defined not by the challenges of our past, but by the opportunities we have embraced and the meaningful progress we continue to drive across the CPL Group of Companies.

Our people remain at the heart of everything we do. Their passion and perseverance have enabled the business to move beyond recovery into a period of purposeful transformation, innovation, and expansion. Across all divisions in Retail, Pharmacy, Hardware, Fashion, Health Services, and Corporate Support, our teams have worked tirelessly to elevate the quality of our offerings while ensuring we stay connected to the needs of our customers.

Key Highlights of 2025

The Group achieved a PBT of K17m, marking a significant **K34.9m turnaround** from the prior year's loss of K17.9m. This recovery was driven by the strategic divestment of SNS, robust growth in Pharmacy performance, and comprehensive cost restructuring. Additionally, improved working capital management led to a notable reduction in finance costs.

Opening of the City Pharmacy Wellness Clinic – Vision City, May 2025

In May, saw the highly anticipated opening of the **City Pharmacy Wellness Clinic** at Vision City.

This is the first of its medical clinic within the CPL Group, offering a comprehensive and affordable range of medical and wellness services, including optometry, dental care, general medicine, radiology, and diagnostics.

The Wellness Clinic serves as a major step toward expanding CPL's footprint in community health services and serves as a cornerstone for our long term vertical healthcare strategy.

Stop & Shop Supermarket Divestment to Taylor Pacific Mart – August 2025

In August, we completed the strategic divestment of the **Stop & Shop Supermarket** operations to **Taylor Pacific Mart**.

This decision reflects our disciplined approach to portfolio management, enabling CPL to sharpen its focus on high growth areas such as health services, pharmacy expansion, and retail modernization.

We are confident that this move strengthens the Group's ability to deliver enhanced value to customers and shareholders, while ensuring that Stop & Shop customers continue to receive quality service under the new ownership.

EXECUTIVE DIRECTOR'S REPORT

Strengthening Our People and Capabilities

Across the broader Group, our People & Culture team continues to strengthen capability development, digital HR systems, and leadership pathways, in particularly through programs like the Graduate Development Program and Women Leadership programs, which remains a vital pipeline of future leaders.

Finance successfully led the SNS divestment project and cost-efficiency programs, delivering the project on schedule with high-impact results.

Our ITC Support Division continues to safeguard the stability, reliability, and security of our systems while partnering with global technology collaborators to ensure we remain at the forefront of operational excellence.

In Marketing, the Real Rewards Loyalty Program continues to grow, now offering an even more robust benefits platform, improved reward mechanisms, and new partnerships aimed at delivering greater everyday value to our loyal customers.

A Positive Outlook for 2026 and Beyond

As we navigate 2026, our focus is clear:

To increase the shareholders' value while uplifting the lives of the communities we serve.

Guided by our mission, bolstered by our people, and inspired by the trust of our customers, we remain committed to:

- Delivering affordable, quality healthcare
- Elevating the retail experience across all brands
- Driving operational efficiency and innovation
- Creating long-term, sustainable value for our shareholders

The year ahead is filled with purpose and possibility. Together, we are shaping a stronger future for the CPL Group of Companies and for Papua New Guinea.



Mr. Kee Lim
EXECUTIVE DIRECTOR
CPL GROUP



PRESCRIPTIONS



BOARD OF DIRECTORS



Mr. Stanley Thomas Joyce, CSM
Board Chairman

Mr Joyce brings over 30 years of management and board experience to CPL Group. He sits as the Chairman of CPL Group and has his imprint in the food, beverage and manufacturing industries in Papua New Guinea and abroad.

His notable PNG business acumen includes leading the South Pacific Brewery Limited (SP) for 14 years as its Managing Director. He also spearheaded campaigns rallying public support for the SP PNG Hunters, SP Sports Awards and encouraging responsible alcohol consumption, and is also an Inaugural Director of the PNG Chiefs National Rugby League (NRL) Team.

During his tenure, he also provided expertise support to the 2015 Pacific Games Authority, the PNG Business Council, PNG Manufacturer's Council, Mainland Holdings Limited and Solomon Breweries Limited. He has also been honored by the Commonwealth with titles such as the Companion Star of the Order of Melanesia (CSM), the Logohu Awards and most recently the 50th Anniversary Kings Medal.



Sir. Mahesh Patel, OBE
CPL Group Founder, Non-Executive Director, Chairman -CPL Foundation Inc

Sir Mahesh Patel, OBE, has been serving Papua New Guinea for nearly four decades, co-founding City Pharmacy retail chain in 1987, which has now grown into the CPL Group.

In addition to his business achievements, Sir Mahesh has made significant contributions to community service and charity projects. He has been involved in various initiatives, including raising funds for the Red Cross PNG, supporting the PNG Cancer Relief Society, and improving the maternity ward at the Port Moresby General Hospital.

Through the CPL Foundation, which he is Chairman, Sir Mahesh launched the 'Pride of PNG Women' Awards to empower women doing extraordinary things in their communities, deserving of recognition and support. He also worked on campaigns to promote community health and safety, and introduced the 'Her Health Hub' Cervical Cancer Centre in partnership with the Sir Brian Bell Foundation, which opened in 2025 in Port Moresby.

His dedication to community development and philanthropy has earned him numerous accolades, including the Order of the British Empire (OBE) in 2012 and a Knight Bachelor for his services to commerce, healthcare, and community service in PNG in 2020. In late 2024, Sir Mahesh released his biography, 'The Power of Perseverance', which encapsulates his remarkable journey in business, family, and philanthropy.

Mr. Kee Lim
Executive Director



Mr. Kee Lim brings several decades of extensive experience in both Papua New Guinea and internationally, having managed and advised businesses across a diverse range of industries including manufacturing, beverages, food, logistics, retail, and technology. He has played a key role in driving successful business turnarounds, delivering significant growth in both revenue and profitability.

Mr. Lim holds a Bachelor of Engineering, a Master of Engineering Science, and a Master of Business and Technology from the University of New South Wales in Sydney, Australia.

Over the years, he has generously contributed his time and expertise to various boards and organizations. These include the Business Council of Papua New Guinea, the Manufacturing Council of PNG, the Diabetic Association of PNG, Intellectual Property PNG, the Malaysian Association, and the Foundation for Women's Cancer.

He was appointed Executive Director with CPL Group in August 2024 by the CPL Board of Directors.

BOARD OF DIRECTORS



Ms. Mary Handen
Independent Director, Chair of the People & Culture Sub-Committee

Ms. Handen divides her time and expertise between her business and helping budding entrepreneurs and professionals develop oratory and financial literacy skills.

Her managerial and board experience includes Steamships Group of Companies, Transparency International PNG, Employees Federation of PNG, and the PNG Business Council.

Her community work focuses on social enterprises such as the Em Stret Holdings Youth Debates, PNG Fashion and Design Week Limited, and Pehi-Koko Waste Management Limited.



Mr. Aru Chellappan
Independent Director, Chair of the Remuneration Sub-Committee

Mr. Chellappan joined the CPL Group Board in September 2020. He is an accountant with over 40 years of working experience across different financial landscapes in North America, Australia, Papua New Guinea and Asia.

Before joining CPL Group, his last role lasted for 18 years with the Siemens Healthcare, a health technology company based in Kuala Lumpur, Malaysia. Prior to this, Mr. Chellappan served with Deloitte for 18 Years across their Sydney, Kuala Lumpur and Port Moresby Offices.

He is a Fellow of the Institute of the Chartered Accountants in Australia and a member of the Malaysia-Australia Business Council.



Mr. Eddie Ruha
Independent Director, Chair of the Audit Sub-Committee

Eddie Ruha is a Non-Executive Director of BSP Life PNG Limited and was the former Group Chief Financial Officer of Bank South Pacific Limited. He was appointed to Group Chief Financial Officer on 3 April 2017 and remained on the position until his retirement on 31 May 2020. Prior to that Mr. Ruha was the Chief Financial Officer - PNG for BSP.

Previously he worked for Steamships Trading Company in PNG for 22 years, commencing in 1990, working in the Steamships Merchandising Division for eight years, before transferring to Head Office as Group Systems Accountant and then Group Accountant, General Manager Finance and then from 2008 to 2012 as Finance Director and Company Secretary.

Mr. Ruha is a commerce graduate from Auckland University in New Zealand (1984), has a Master of Business Administration from Charles Stuart University (2000), and is a member of CPA Papua New Guinea and a member of the Chartered Accountants Australia and New Zealand as well as a member of the PNG Institute of Directors (MPNGID) and a graduate of the Australian Institute of Company Directors (GAICD)



Ms. Eunice Parua
Independent Director

Ms. Eunice Parua is a Lawyer by profession, admitted to practice law in Papua New Guinea in 2012. She holds a Bachelor of Laws (with Honors) and an Executive MBA from the University of PNG. With over a decade of experience in commercial advisory and dispute resolution, she has developed expertise in employment law, consumer protection, contracts, corporate law, regulatory compliance and governance.

She was one of the first participants in the CPL Trainee Directors' program in 2019 – 2020 and was appointed to the CPL Board as a Director in July 2021. Ms. Parua is currently a Partner at Leahy Lewin Lowing Sullivan Lawyers and serves as an elected member of the PNG Law Society Council. She is a member of the Australian Institute of Directors and sits on the Board of First Investment Finance Limited. She has also served on various committees and boards within the non-profit sector.

BOARD OF DIRECTORS



Ms. Stephanie Copus-Campbell, AM
Independent Director, Chair of the Risk Sub-Committee

Stephanie Copus Campbell is an executive leader with over 25 years of experience across Australia and the Asia-Pacific, specialising in governance, risk, diversity and inclusion, remote health service delivery, and social impact. She has worked extensively with government, private sector, and community organisations to drive social and economic change.

She serves on the boards of Femili PNG, City Pharmacy Group Limited (CPL), and the CPL Foundation and with the Katherine West Health Board to deliver remote health and social support services.

Stephanie previously chaired the Southern Highlands Provincial Health Authority and led the Oil Search (Santos) Foundation, establishing a USD 100 million community-focused organisation focused on resource companies giving back to communities. Her career includes overseas postings in the Australian Department of Foreign Affairs portfolio, including leading Australia's development programs in PNG, Fiji, and Tuvalu, as well as roles with CARE Australia and in academia.

Stephanie holds an MPhil from Cambridge University, a BA from the University of California (Summa Cum Laude) and in 2025 was nominated to receive a Doctor of Health Care honoris causa from the University of New South Wales (conferral August 2026). She is a Graduate of the Australian Institute of Company Directors, a Member of the Order of Australia, a dedicated community volunteer.



Ms. Flare Namaliu
Executive Director

Flare Namaliu is an accomplished I.T professional, with expertise in the areas of networking, cyber-security and cloud technology, spanning both the telecommunication and information technology domains.

She attained a master's in information & communication engineering from the Harbin Engineering University of China in 2018, and in 2023 attained her Executive Master of Business Administration (Exec. MBA) from the University of Papua New Guinea.

Flare joined City Pharmacy Limited (CPL) as a Trainee Director in January 2023 and was later made a full-time Executive Director in February 2025, bringing valuable expertise to navigate the digital landscape.

With extensive IT experience, Namaliu is poised to play a crucial role in CPL's growth, showcasing the company's commitment to inclusive leadership and technological evolution.



Mr. Mohanraj Natarajan
Company Secretary, General Manager - Finance

Mohanraj Natarajan is a Chartered Accountant (India) and Certified Practicing Accountant (PNG) with over 14 years of experience in finance, accounting, and auditing across sectors including FMCG, manufacturing, telecommunications, and financial services.

He currently serves as General Manager – Finance & Administration and as a Company Secretary at CPL Group, where he oversees financial strategy, statutory compliance, commercial analysis, and process improvements. Before joining CPL, he held senior finance roles at Goodman Fielder International PNG Ltd. and led audit teams at KPMG Port Moresby.

Mohanraj is known for his strong leadership, analytical acumen, and ability to drive financial performance in complex business environments.

CPL 2025

KEY ACHIEVEMENTS

Transitioning of the Stop & Shop Supermarkets Division to Taylor Pacific Limited

After Years operating the Stop & Shop Supermarket Business, the Group formally transitioned the Brand to new owners, Taylor Pacific Limited on 11 August 2025.

Taylor Pacific Limited, a PNG-based locally registered company with established investments in the Country's Agriculture and Livestock sectors, resumed full operational responsibility for all seven Stop & Shop outlets across Port Moresby, including food service brands Bon Café and Fresh Express.

This strategic divestment comes as part of CPL Group's broader business review and realignment strategy, with a renewed focus on its core mission: delivering affordable, accessible healthcare to the people of Papua New Guinea.

"This decision reflects our commitment to long-term value creation for our shareholders and operational focus," said Stan Joyce, Chairman of CPL Group. "We are confident that Taylor Pacific will continue to uphold the strong community relationships and service excellence that have defined the Stop & Shop brand."

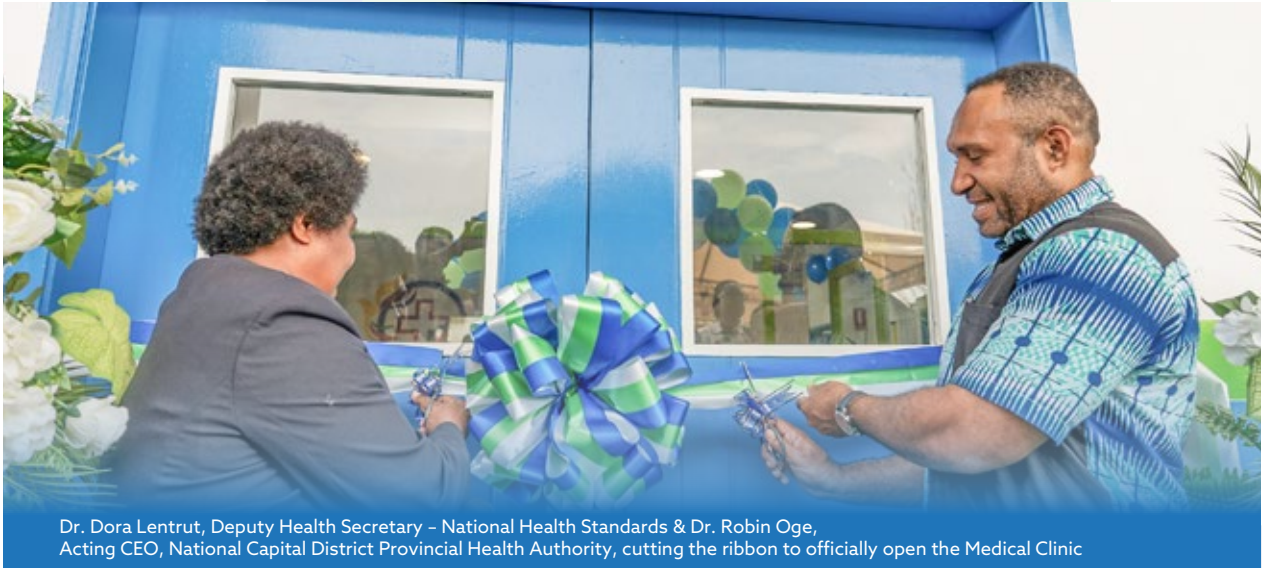
Sir Mahesh Patel, Founder of CPL Group, added, "We are immensely proud of the legacy Stop & Shop has built over the past two decades with the communities throughout Papua New Guinea. We look forward to seeing the Stop and Shop brand continue to grow under Taylor Pacific's stewardship".

City Pharmacy continues to operate as separate, standalone retail pharmacies inside Stop & Shop Waigani Central, Town, Rainbow, Badili and 8 Mile, ensuring accessibility and affordability for our customers.



Stop & Shop Waigani Central

KEY ACHIEVEMENTS



Dr. Dora Lentrut, Deputy Health Secretary - National Health Standards & Dr. Robin Oge, Acting CEO, National Capital District Provincial Health Authority, cutting the ribbon to officially open the Medical Clinic

Charting the Future in Healthcare: CPL Group opens first Wellness & Medical Clinic

CPL Group marked a major milestone in its healthcare expansion with the opening of the first City Pharmacy Wellness & Medical Clinic at Vision City, Port Moresby in May 2025.

Purpose-built to provide comprehensive primary health services, the Wellness & Medical Clinic features modern equipment and an experienced clinical team delivering a wide range of care, including:

- Doctor consultations and Primary healthcare
- Optometry and Dental Services
- Pre-employment and insurance medical assessments
- X-ray, ultrasound and laboratory diagnostics and
- Integrated referral services to public and private hospitals

The new Medical Clinic brings CPL's near 4-decade long experience in Pharmacy Retail to Clinical Services, Testing, and Health Education together in one location—making essential care more convenient while supporting early detection and prevention of disease.

"Healthcare isn't a new venture for us—it's been part of our DNA since 1987 when we opened a humble pharmacy", said Pradeep Panda, CPL Head of Pharmacy.

"Fast forward to today, we're proud to say CPL is the largest healthcare provider in PNG, spanning 19 provinces and extending our services to other parts of the South Pacific. We cover everything from retail pharmacy to wholesale, tenders, and even medical equipment"

During the Official Opening attended by Key Medical Partners and Guests, Dr. Robin Oge, Acting CEO, National Capital District Provincial Health Authority commented,

"This Wellness & Medical Clinic is a welcome addition to our healthcare network in the National Capital District. It shows what can be achieved when the private sector works hand in hand with public health systems to deliver accessible, quality care to our communities."

The City Pharmacy Wellness & Medical Clinic is open to the public daily from 8am to 8pm, and is located near the entry and exit area of the underground Car park at the Vision City Mega Mall premises.

CPL 2025

KEY ACHIEVEMENTS

City Pharmacy expands Port Moresby Retail Footprint in North Waigani

CPL Group, through retail Brand City Pharmacy, achieved another key milestone in its nationwide retail expansion with the official opening of its 36th City Pharmacy Store at the newly developed Thomand Plaza in North Waigani, Port Moresby in February 2025.

Although not an entirely new location for the Pharmacy, as the Brand had served the North Waigani Community via the old Stop & Shop North Waigani Complex that was unfortunately lost during the events of January 2024, the new North Waigani Store at Thomand Plaza reinforces CPL's commitment to meeting the evolving healthcare needs of communities by bringing essential medicines, wellness products, and pharmacy services closer to home.

City Pharmacy has long been a trusted household name in Papua New Guinea. We continue to identify and respond to the healthcare needs of our people, ensuring that quality health services are accessible to communities nationwide", said Mary Handen, Independent Director on the CPL Group Board during her opening remarks.

The store is already serving residents, both long-time and new, from North Waigani and surrounding communities, including Waigani, Telikom Compound, and Morata, providing reliable access to prescription medications, baby, beauty, personal care, home care and everyday health essentials.



CPL Senior Management, including Mary Handen from the CPL Board of Directors, pose for a photo after the Opening of CP North Waigani

KEY ACHIEVEMENTS



(from L-R) Mr. Kee Lim, Executive Director CPL Group, Dr. Robin Oge, Acting CEO, National Capital District Provincial Health Authority, Hon Dadi Toka Jnr, MBE, Chairman Motu Koita Assembly and Right Rev. Jacob Kila Harry, Bishop of the United Church Urban Region at the signing of this landmark MoU

City Pharmacy inks Memorandum of Understanding for new Store Development in Hanuabada, strengthening community support

City Pharmacy would a month later in March 2025 follow this retail expansion up with a strategic Memorandum of Understanding (MoU) Partnership signed with the United Church Urban Region Office (UCURO), Motu Koita Assembly (MKA), and the National Capital District Provincial Health Authority (NCDPHA) in the establishment of a new City Pharmacy and Bon Café within the Metoreia Health Centre precinct, Hanuabada.

Speaking on the partnership, Mr. Kee Lim, CPL Group Executive Director said,

“This initiative reflects our ongoing commitment to making healthcare more accessible to everyone. It will have a significant impact on the health and well-being of individuals and communities in the surrounding area. When people are healthy, it positively affects families, education, and the future of children—everything comes together”, he said.

“We are grateful for the support and collaboration from our partners at UCURO, MKA, and NCDPHA in bringing this project to life.”

The upcoming Metoreia City Pharmacy stands as a testament to CPL’s continued dedication to improving health outcomes—one community at a time. It is scheduled to be completed in first half of 2026.

BOARD RISK APETITE STATEMENT

Purpose

The Board recognises that risk is inherent in CPL’s operations. This statement defines the type and level of risk CPL is willing to accept in pursuit of its strategic objectives, while protecting staff, shareholders, store customers, patients and the communities it serves.

It provides direction for:

- strategic decision-making
- capital allocation
- operational management
- risk monitoring and escalation

Risk Philosophy

CPL adopts a risk-aware, customer/patient-centred and compliance-led approach.

The Board will:

- accept risk where it enables sustainable business growth and improved healthcare delivery
- maintain a conservative posture in relation to staff/customer/patient safety, clinical governance, legal compliance and reputation
- support innovation and operational improvement within defined limits
- ensure risks taken are understood, measured and actively managed

Risk Appetite Framework

CPL defines appetite across three levels:

Minimal: Avoid risk wherever possible. Only accept exposure where necessary to operate safely and legally.

Moderate: Accept controlled, measured risk where benefits are clear and risks are actively managed.

Open (Selective): Consider broader options where this supports strategy, innovation, or long-term value creation.

Minimal Appetite	Moderate Appetite	Open Appetite
Avoid risk wherever possible. Only accept exposure where necessary to operate safely and legally.	Accept controlled, measured risk where benefits are clear and risks are actively managed.	Consider broader options where this supports strategy, innovation, or long-term value creation.
RISK CATEGORY	CONTEXT	RISK APPETITE RATING
Customer, Clinical Safety & Patient Care	CPL has no tolerance for risks that compromise patient safety, medication integrity, or clinical governance.	Minimal
People, Workforce & Culture	The Board prioritises safe workplaces, ethical conduct, and fair treatment of staff, customers and patients.	
Governance, Compliance & Legal	Zero tolerance for fraud, corruption, deliberate breaches of law or regulation, or privacy breaches.	
Reputation & Community Trust	High importance placed on public trust and ethical conduct.	

BOARD RISK APETITE STATEMENT

(Cont.)

RISK CATEGORY	CONTEXT	RISK APPETITE RATING
Financial Sustainability	Measured financial risk accepted to support growth and service delivery.	Moderate
Operations & Business Continuity	Continuity of healthcare and retail services is critical.	Minimal
Information Security & Digital Systems	Protection of patient and commercial data is essential.	Minimal
Infrastructure & Capital Investment	Investment supported where it contributes to business growth and improves healthcare access and long-term value.	Moderate
Environmental & Social Responsibility	Minimal to Moderate Appetite Commitment to positive community and environmental outcomes.	Moderate

Risk Tolerance & Measurement

Management is required to translate this appetite into measurable risk tolerances, key risk indicators (KRIs), escalation thresholds, and reporting dashboards.

Escalation

Immediate Board notification is required for sentinel clinical events, significant regulatory breaches, cyber incidents affecting patient data, material financial control failures, and major reputational incidents.

Accountability

The Board sets risk appetite. Management operates within it. The Risk Committee monitors adherence, and the internal audit provides assurance.

Review

This statement will be reviewed annually and following major strategic, regulatory, or operating changes.



PAPUA NEW GUINEA

Our Presence in Papua New Guinea





Alotau
 Buka
 Goroka
 Kavieng
 Namatanai
 Kimbe 1
 Kimbe 2
 Kokopo
 Lae Top Town
 Eriku
 Lae Market
 Lihir
 Madang Modilon Road
 Madang Beckslea plaza
 Manus
 Maprik
 Mt. Hagen Central
 Mt. Hagen Dobel
 Mt. Hagen Paraka Street
 Mt. Hagen Tininga
 Kundiawa
 Popondetta
 Vanimo
 Wewak

Port Moresby

Port Moresby General Hospital
 Stop & Shop Badili
 Stop & Shop Rainbow
 Stop & Shop Waigani Central
 Stop & Shop Town
 Stop & Shop 8mile
 North Waigani
 Vision City
 8Mile
 Waigani Drive
 Boroko



Jackson's International Airport
 Brian Bell Gordons Plaza
 Stop & Shop Waigani Central
 Vision City Mega Mall



Alotau
 Goroka
 Kimbe
 Kokopo
 Lae Top Town
 Maprik
 Manus
 Mt. Hagen Central
 Mt. Hagen Dobel
 Mt. Hagen Paraka Street
 Mt. Hagen Tininga
 Namatanai
 Popondetta
 Vanimo
 Wewak

Port Moresby

Stop & Shop Waigani Central
 Stop & Shop Town
 Waigani Drive

Medical Clinic (Vision City)



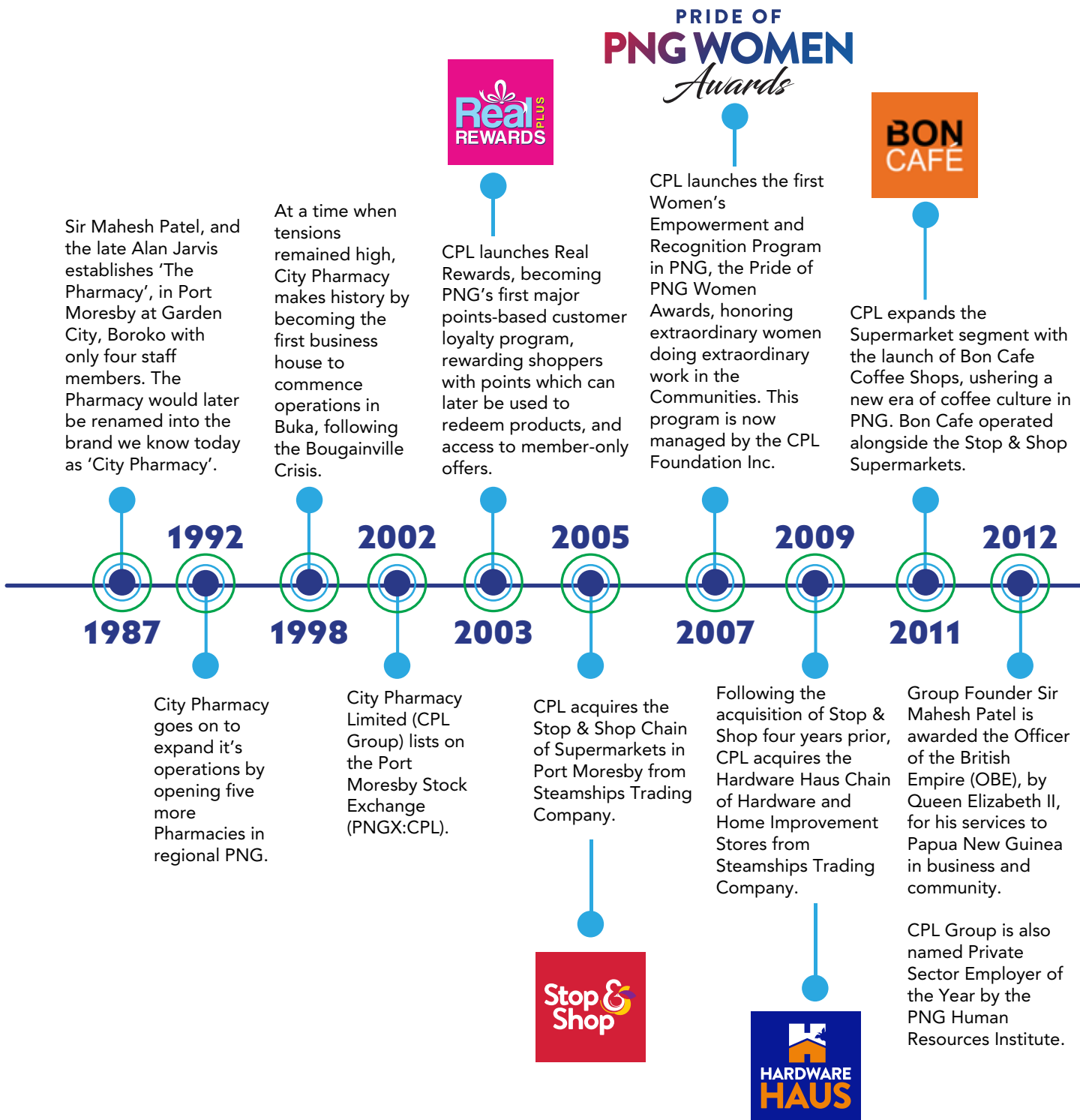
Kokopo
 Lae
 Mt. Hagen
 Waigani Central
 Water front Harbour City
 Madang
 Vision City Mall
 Brian Bell Plaza Boroko



Goroka
 Kavieng
 Kokopo
 Lae
 Madang
 Maprik
 Mt. Hagen
 Popondetta
 Waigani Central
 Wewak
 Mitre Hardware Goroka
 Mitre Hardware Mt. Hagen
 Home & Living Waigani Central

OUR STORY

Since 1987, we have remained committed to Papua New Guinea, through the Communities and Customers we serve across the length and breath of the Nation.



Our journey has evolved over time, and will continue as we strengthen our Commitment to Quality as PNG's Favorite Retailer.

OUR STORY



CPL expands with the acquisition of Sydney-based Pharmaceutical Wholesaler, Cost Save Pty Ltd (PWL).

CPL is named Innovative Company of the Year by the PNG Institute of Directors.



CPL diversifies its brands portfolio into fashion and leisure-based retailing, with the introduction of Jack's of PNG, and Prouds PNG, both Fiji-based Companies.

These brands join CPL as Joint-Venture Partners, with Jack's of PNG opening two initial stores, and Prouds operating the Duty Free Shop at Jackson's International Airport.

CPL initiates a Business Transformation Project, which saw a board restructure and the return of Sir Mahesh Patel as a Full-Time Managing Director and Chief Executive Officer.

Capital was raised through share placements and rights issues, recapitalizing the company by K48 million.

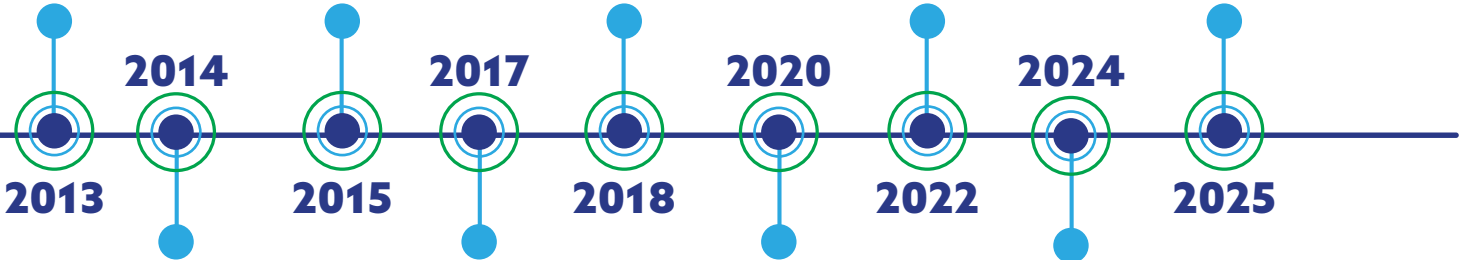
The Group also went through its first major Brand Refresh, with all Group Portfolios receiving modern rebrands.

CPL receives a significant Accreditation for its commitment to quality and safety, with ISO 9001:2015 – Quality Management System and ISO 45001:2018 – Occupational Health and Safety Management Systems.

Mr. Navin Raju is appointed as Chief Executive Officer, taking over from Sir Mahesh Patel who remained on the Board of Directors.

CPL exits the Supermarkets Segment with the Divestment of Stop & Shop Supermarkets to Taylor Pacific Limited.

The Group reinforces the Healthcare Strategy with move into Medical Clinics, with the opening of City Pharmacy Wellness & Medical Clinic, Vision City, and Her Health Hub Cervical Cancer Screening Clinic, jointly-launched by the CPL and Sir Brian Bell Foundations.



CPL modernizes the retail experience with the Opening of the Waigani Central Shopping Complex in Port Moresby. The Complex featured Group Brands Hardware Haus, the flagship Stop & Shop Supermarket, City Pharmacy and also offered a Cinema Complex in Paradise Cinemas (now operated by RH Trading Limited at Vision City).

Devastation hits the Company as the Group's Gerehu Distribution Centre is destroyed by fires, significantly affecting the supply chain operations of the business.

With the support of suppliers and our customers, CPL makes a swift recovery from the damages and continues to grow while rebuilding.

Sir Mahesh Patel is recognized in the Queen's Birthday Awards as Knight Bachelor for his Services to Papua New Guinea in Community and Health, bestowing him with his now-known title as 'Sir Mahesh Patel, OBE'.

Civil Unrest in Port Moresby on January 10 sees the Group lose several retail stores from Stop & Shop, City Pharmacy, Hardware Haus and Jacks of PNG, with over K90M in losses.

Within the same year, the quick action of the CPL Leadership Team saw Stop & Shop Badili reopen by February, followed by a brand-new store location at 8 Mile in June, and a new location in Rainbow by August.

City Pharmacy opens new stores in 8 Mile and North Waigani, Port Moresby, and over in Namatanai in the New Ireland Province, while Hardware Haus opened a new Home & Living Store at Waigani Central in June, followed by Jack's of PNG at Brian Bell Plaza, Boroko by December.

Mr. Kee Lim is also appointed Executive Director, with the resignation of CEO Mr. Navin Raju.

OUR BRANDS



City Pharmacy is the flagship brand of CPL Group and Papua New Guinea's leading health and beauty retailer. With over 35 outlets nationwide in almost every major town, City Pharmacy offers a comprehensive mix of pharmaceutical, wellness, and general retail services tailored to the everyday needs of Papua New Guineans.



Pharmaceutical Services

Our Pharmaceutical Services include dispensing prescription and over-the-counter medications, providing health advice and medication counseling, and offering cold chain storage for vaccines and other sensitive medicines.



Digital & Tech Products

Our Digital & Tech range includes affordable mobile phones from top global brands with accessories, audio gear such as portable speakers, convenient services like Easipay and mobile top-ups with major carriers Digital, Vodafone, and Telikom, as well as instant photo printing services available at selected stores.



Health & Beauty

Our Health & Beauty range includes skincare, cosmetics, and personal hygiene products for the whole family, baby care essentials such as soaps, lotions, formula, and diapers, along with nutritional supplements and fitness equipments like dumbbells and sports injury aids.



General Merchandise

Our General Merchandise range features a selected variety of regional grocery items, household goods, and seasonal products such as outdoor equipment and Christmas decorations, along with toys and stationery supplies.



CPL Wellness Clinics support the City Pharmacy Retail Stores across the Country, offering quality, accessible and affordable healthcare for Papua New Guineans. From May 2025, the brand extends to our first Medical Clinic at Vision City, a state-of-the-art healthcare facility dedicated to delivering high-quality, accessible medical services such as Ultrasound, Optometry, Dental, Consultations, X-Ray and more.



Doctor Consultations & Primary Healthcare

Our General Practitioners are here to provide expert medical advice, health checks and treatment plans tailored to each individual needs. Whether it's a common cold or a chronic condition, we ensure a thorough, patient-first approach to your wellness journey.



Pre-Employment & Medical Assessments

We offer various tailor made pre-employment or school medical assessments, customized to suit every type of client. Packages are available on request via our dedicated business development team.



Optometry & Dental Services

Our Optometry Services offer comprehensive eye exams, vision tests and prescription glasses from world-renowned brands such as Ray Bans and Oakley to support your eye vision, with our Dental Services offering accessible oral care with screenings, teeth cleaning, polishing, root canal treatments and more.



Radiology and Laboratory Diagnostics

Equipped with modern x-ray facilities and skilled technicians, our radiology services help diagnose injuries and illnesses quickly, while also offering ultrasound services.

OUR BRANDS

CPL Medical & Lab Supplies was established in August 2021 to meet the rising demand for high-quality medical and laboratory supplies across Papua New Guinea and the Pacific Islands. With over 30 years of experience in healthcare and retail, CPL MedLabs offers innovative, reliable solutions tailored to the needs of hospitals, clinics, and laboratories with an expert team of technical staff for sales and service support.



Medical & Laboratory Equipment

Offers a wide range of globally recognized brands and products, including diagnostic machines, anesthesia systems, portable X-ray units, and more.



Lab Consumables

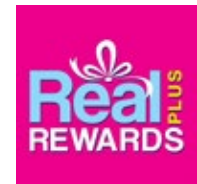
Supplies precision-focused consumables to ensure accurate diagnostics.



After-Sales Support

Includes installation, maintenance, and technical assistance for major lab equipment.

The Real Rewards Loyalty Program is the largest retail loyalty initiative in Papua New Guinea, boasting a membership base of over 150,000 members. Designed to enhance customer engagement and reward loyal shoppers, the program spans multiple CPL retail outlets including City Pharmacy and Hardware Haus.



Accumulate Points with Every In-Store Purchase

Points are accumulated based on purchases made in-store, provided the member presents their RRP card number at the time of transaction.



Redeem Your Points for In-Store Rewards

These points can be redeemed for a variety of in-store items, offering tangible value for continued patronage.



Exclusive Discounts with Your Membership Card

Members can also use their Membership Cards to gain discounts on various promotions provided by the Participating Stores, and third-party partners.

Hardware Haus is one of Papua New Guinea's leading hardware retailers, operating under CPL Group. With over 10 outlets nationwide, Hardware Haus serves a wide range of customers—from individual homeowners to large-scale contractors—providing essential building materials, hardware and home improvement solutions.



Building Materials, Tools & Equipment

Cement, bricks, pre-fabricated homes, power tools, chainsaws, brushcutters and more



Safety, Workware & Specialty Items

Safety boots, workwear, mosquito nets, Solar energy equipment, plumbing supplies and more



Outdoor & Garden

Lawn mowers, garden tools, fencing, irrigation



Home Improvement

Kitchen cabinets, lighting, flooring, splashbacks

OUR BRANDS



Jack's Retail (PNG) Limited is a joint venture between Jack's of Fiji and CPL Group, which launched its first store in Port Moresby on March 30, 2015. Since then, it has grown into one of Papua New Guinea's leading retail fashion and lifestyle businesses, with over 8 retail stores across PNG.

Jack's of PNG offers a vibrant and modern shopping environment, featuring premium clothing and accessories at competitive prices.



Retail Experience

Jack's of PNG offers a vibrant and modern shopping environment, featuring premium clothing and accessories at competitive prices. The stores carry a mix of Jack's Originals—such as Jackman, Sac, Firstribe, Jack & Co, Crazy Jack, Jackie K, and QAQA—and international brands like Rip Curl, JAG, Tradie, Skechers, and Sfida 1.



Community Engagement

The company actively supports local PNG brands, including Chauka Ya, Niugini Native, and PNGRFL (Kumuls and SP Hunters). It has also developed its own local brand, Design PNG, which reflects the creativity and cultural authenticity of Papua New Guinea.



Corporate Services

Jack's of PNG also has a thriving corporate division, offering customized uniforms and a wide range of corporate products. Known for its high standards in design and service, the company has built a strong reputation in the corporate sector.



Prouds PNG is a premier retail brand operating under a joint venture with CPL Group. Originally established in Fiji, Prouds expanded into Papua New Guinea in 2015 with CPL Group with the launch of its duty-free outlet at Jacksons International Airport, followed by several domestic retail stores in Port Moresby, including Vision City, Waigani Central and Gordons Plaza.

Brand Identity

Prouds PNG is synonymous with luxury, quality, and global appeal. The brand's tagline, "Exclusively Yours," reflects its commitment to offering world-renowned products and a premium shopping experience. It is recognized for its curated selection of high-end goods, making it a trusted destination for discerning shoppers.



Luxury Watches



Fragrances & Cosmetics



Electronics & Appliances



Jewelry



Clothing & Foot-wear





CPL FOUNDATION INC.
CHEQUE

11 FEBRUARY 2019
BUK BILONG PIAKINI
BUK OPERATIONAL COST FOR INITIAL LIBRARY LEARNING CENTER
K100,810.53



2025
REPORT

Overview

CPL Foundation Inc., the philanthropic arm of the CPL Group, invested approximately K1 million in 2025 in programs empowering women and girls across Papua New Guinea through improved healthcare, education, literacy, economic opportunities, and community initiatives.

Working with civil society organizations, corporate partners, government agencies, and community leaders, the Foundation delivered targeted initiatives that expanded access to essential services and responded to locally identified needs across both urban and rural communities.

Throughout the year, the Foundation maintained long-standing partnerships while also supporting new initiatives that addressed emerging community needs.



IN PARTNERSHIP



HEALTH

Improving women's health and well-being remained a key priority in 2025, with initiatives focused on life-saving services and preventative health education.

Expanding Access to Cervical Cancer Screening

In April 2025, CPL Foundation Inc., in partnership with the Sir Brian Bell Foundation, officially opened Her Health Hub, one of the first clinics of its kind in Papua New Guinea providing subsidised screening for Human Papillomavirus (HPV), the leading cause of cervical cancer.

Cervical cancer remains one of the leading causes of cancer-related deaths among women in Papua New Guinea, despite being highly preventable through HPV testing and early treatment. Cost, limited privacy, and restricted access to screening services continue to prevent many women from seeking testing.

Her Health Hub addresses these barriers by providing World Health Organization (WHO)-approved HPV-based screening at a subsidised cost of K20 per test, jointly supported by both Foundations. The service focuses on women aged 30–59 years, the group at highest risk and recommended for HPV screening.

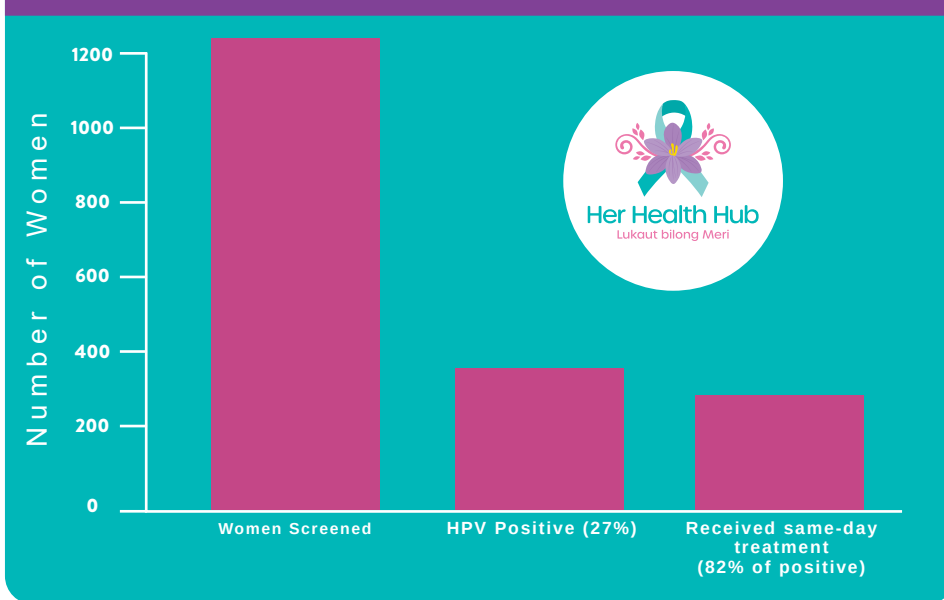
In the private healthcare system, HPV testing alone can cost upwards of K1,600, placing it beyond the reach of many women. At no additional cost, the service includes same-day results, treatment for eligible cases, and referrals to Port Moresby General Hospital (POMGen) for advanced care where required.



CPL Foundation Inc., in partnership with the Sir Brian Bell Foundation, officially opened Her Health Hub

EMPNG staff screening

HER HEALTH HUB CERVICAL CANCER SCREENING OUTCOME* (2025)



*as at December 2025

This positivity rate is higher than the approximately 15% reported by other clinics providing similar services across Papua New Guinea, highlighting the continued need for accessible screening and early treatment.

A key corporate partner in 2025 was ExxonMobil PNG, which provided grant funding and facilitated screening for its female workforce, demonstrating how organisations can support community health while also protecting employee wellbeing.

Corporate contributions will also be critical to establishing the planned Continuum of Care component, which will support women referred to POMGen for specialist treatment. The Foundation intends to implement this initiative in 2026 to ensure that women diagnosed through screening can access necessary follow-up care regardless of financial circumstances.

Corporate contributions will also be critical to establishing the planned Continuum of Care component, which will support women referred to POMGen for specialist treatment. The Foundation intends to implement this initiative in 2026 to ensure that women diagnosed through screening can access necessary follow-up care regardless of financial circumstances.

Her Health Hub represents an important step forward in preventive healthcare for women in Papua New Guinea and demonstrates the impact of effective public-private partnership.



"The clinic is amazing and the staff there are incredibly friendly and ready to educate you on cervical cancer and the importance of going in early for screening to reduce your risk."

Her Health Hub Client

Improving Menstrual Health and Hygiene Awareness



In 2025, the Foundation continued its partnership with QueenPads PNG to improve awareness, dignity, and access to information on menstrual health for women and girls.

Menstrual health remains a significant yet often overlooked barrier to education and participation, particularly for adolescent girls in underserved communities who lack access to sanitary products and adequate water, sanitation, and hygiene (WaSH) facilities. As a result, many schoolgirls miss classes during menstruation, while stigma surrounding the topic limits open discussion and access to accurate information. Poor menstrual hygiene practices can also lead to preventable health issues, including bacterial infections.

The Foundation also provided in-kind support for QueenPads PNG's World Menstrual Hygiene Day event, held in May 2025 in Port Moresby, contributing to broader community awareness and engagement.



"Menstrual health is now recognised as a fundamental human right by WHO and requires collective action to ensure menstrual equity. We are grateful for the continued commitment and support of CPL Foundation Inc. in promoting menstrual health education in Papua New Guinea through our advocacy program and Menstrual Hygiene Day event in 2025."

Anne-Shirley Korave - Founder, QueenPads PNG

EDUCATION

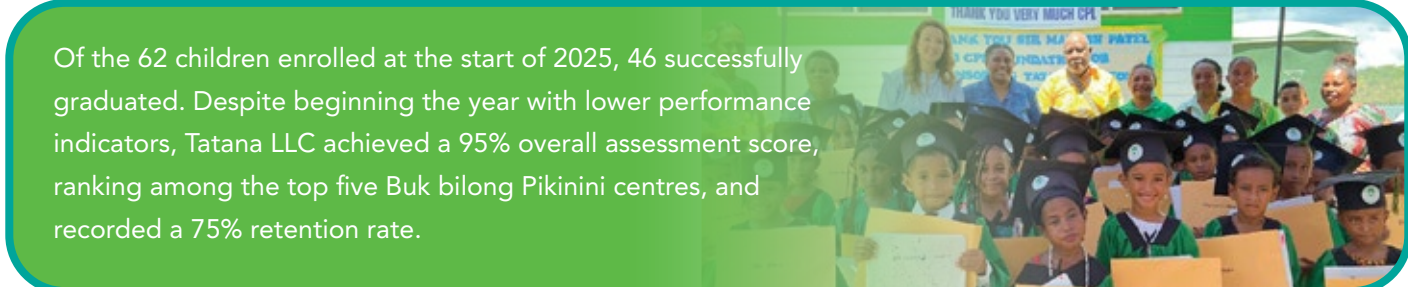


Strengthening access to quality education remained a key priority for CPL Foundation Inc. in 2025. Through targeted partnerships, the Foundation supported initiatives that improve early childhood learning and strengthen school environments for primary students.

Supporting Early Childhood Education



CPL Foundation Inc. continued its long-standing partnership with Buk bilong Pikinini, sponsoring the Tatana Library Learning Centre (LLC) in Tatana Village since 2014. The Centre provides free early childhood education for children aged 4–5 years, helping them develop foundational literacy, numeracy, and social skills before entering primary school.



Of the 62 children enrolled at the start of 2025, 46 successfully graduated. Despite beginning the year with lower performance indicators, Tatana LLC achieved a 95% overall assessment score, ranking among the top five Buk bilong Pikinini centres, and recorded a 75% retention rate.

During the year, the Foundation participated in and provided in-kind support for several key school activities, including Literacy Week, Teacher's Day, and the Centre's 11th Graduation, strengthening engagement with students, teachers, and the wider community.





The Foundation also funded emergency repairs after a mudslide caused the stone walls surrounding the school to collapse, ensuring student safety and continuity of learning.

Since opening in 2014, more than 600 children have graduated from the Tatana LLC, many progressing successfully into formal education. For Tatana Village, where access to structured early learning was previously limited, the Centre continues to provide a vital pathway to educational opportunity.



"On behalf of the Tatana Island families and communities, Buk bilong Pikinini would like to thank Sir Mahesh Patel and CPL Foundation for the important long-term investment in children's education. Access to a comprehensive early childhood program gives these children the literacy and skills they need to achieve better outcomes and opportunities in life"

Anne-Sophie Hermann - Founder, Buk bilong Pikinini

Improving Learning Environments



IN PARTNERSHIP WITH

SWIRE SHIPPING

CPL Foundation Inc. continued its partnership with Swire Shipping Pte. Ltd. through the CPLF–Swire Shipping School Furniture Project, which has been providing quality used classroom furniture to schools in Papua New Guinea since 2024.



In 2025, the project supported Bowali Primary School in Lae, one of the city's oldest primary schools, where many students previously had to share desks due to insufficient furniture.



More than 1,000 pieces of classroom furniture sourced from Anglican and Catholic schools in Sydney were shipped to Papua New Guinea and delivered to the school.

This included desks, chairs, teacher furniture, storage cabinets, and cupboards, improving the learning environment for 1,352 students and 40 teachers.

This delivery marked the second shipment under the partnership, following the inaugural donation in 2024 to Awara Primary School in the Autonomous Region of Bougainville. A third shipment is planned for 2026.



Hardware Haus supported the project by receiving and storing the shipment at its Lae Distribution Centre and coordinating transport and delivery to the school. With the assistance of volunteers from City Pharmacy Lae and members of the school community, the furniture was delivered and installed across classrooms prior to the formal handover ceremony held on 8 September 2025.



"This generous support has addressed about 90% of our most pressing needs. Students are excited to come to school and teachers are better equipped to do their jobs."

Andrew Nakonga – Head Teacher, Bowali Primary School, Lae

ECONOMIC EMPOWERMENT

Strengthening women's participation in economic activity remained a key focus in 2025. Through targeted partnerships, the Foundation supported women entrepreneurs and emerging young leaders to build skills, expand opportunities, and pursue sustainable livelihoods.

Supporting Women Entrepreneurs



In partnership with Australian Business Volunteers (ABV), CPL Foundation Inc. completed delivery of the CPLF-ABV Business Mentoring Program in 2025, supporting six women-led micro and small enterprises to strengthen business capability and prepare for growth.



The program concluded in April 2025 with a final in-person workshop and graduation, marking the completion of the six-month mentoring cycle that began in November 2024.

One notable outcome was the progress of Kazieh Taganny, co-founder of Niugini Naturals, who expressed her goal to supply products to City Pharmacy outlets. The Foundation provided guidance to support her preparation for entry into formal retail, including meeting product standards, strengthening supply capability, and ensuring business readiness.

By December 2025, Niugini Naturals had successfully met the necessary retail requirements and was ready for in-store launch, with rollout planned for early 2026.

The Foundation continues to support all participating entrepreneurs as they pursue their individual business growth plans.



Participants presented their businesses to a panel of senior business leaders in May 2025, including Sir Mahesh Patel OBE, Michael Koisen, and George Constantinou.



"The CPLF-ABV Business Mentoring Program and the resulting success of Niugini Naturals entering retail shelves as a result of this partnership reinforces that PNG women-led businesses have enormous potential when given the right guidance, networks, and encouragement."

Kazieh Taganny – Co-Founder, Niugini Naturals

Empowering Young Women Leaders



In 2025, CPL Foundation Inc. served as a founding sponsor and lead program partner of the RISE Empowerment & Mentoring Community Program, delivered between March and September 2025, with graduation held in October.

The program supported 20 senior secondary school girls through an intensive development journey focused on leadership, confidence, and future education and career pathways.

Participants engaged in a structured program that combined six workshops, fortnightly one-on-one mentoring, career exposure activities, entrepreneurship projects, and community service. Each participant completed 48 hours of structured training and an additional 73 hours of applied development activities, including financial literacy training and volunteer service.

Measured outcomes from the inaugural year included:

- 100% mentee retention throughout the program
- 91.58% reported improved clarity in career or study pathways
- 100% identified a tertiary institution or career pathway
- Over 400 hours of community service completed
- Four youth-led businesses launched and repaid seed funding
- 30% secured holiday employment with sponsoring organisations



Participants also engaged with more than 30 professional women across diverse industries and interacted with over 100 contributors from the private sector, government, academia, and civil society.



CPL Foundation Inc. will continue its support for RISE in 2026, when it expands from one participating school to three, with the cohort expected to double in size.

Pride of PNG Women Awards **PRIDE OF PNG WOMEN Awards**

The Pride of PNG Women Awards is the flagship program of CPL Foundation Inc., established in 2007 to recognize grassroots Papua New Guinean women who quietly and tirelessly transform their communities.

Founded in partnership with the Post Courier and with the Governor General as Patron, the Awards have, across 13 award cycles, honoured more than 70 exceptional women in diverse fields of community service. CPL Group and CPL Foundation Inc. maintain a lifetime commitment to supporting the community initiatives these women lead, ensuring their impact continues long after the awards ceremony.

The Awards were delivered annually from 2007 to 2016 and transitioned to a biennial format from 2018 onwards. The most recent Awards were held in 2024, with the 14th Pride of PNG Women Awards scheduled for 2026.

Supporting Award Recipients

In 2025, the Foundation provided support to four Pride of PNG Women Award recipients, strengthening the community initiatives they lead.

In June 2025, the Bernice FC 7-Aside Girls Football Tournament was delivered under the leadership of Getta Kamar, recipient of the 2024 Pride of PNG Women Awards Young Leader Award.

The tournament brought together 24 teams across U15, U17, and U19 divisions, engaging 240 young female players from schools and communities across the National Capital District.





The Foundation served as the tournament's major sponsor, providing in-kind support for safeguarding and grassroots coaching activities, venue access, tournament logistics, equipment, trophies and medals, with additional financial support provided through prize money for the winning teams.

In the lead-up to the tournament, safeguarding and grassroots coaching sessions were delivered over three weekends in May, engaging 20 young female coaching leaders and strengthening child protection and coaching capability prior to competition. As part of these sessions, QueenPads PNG founder Anne-Shirley Korave delivered a menstrual health awareness session, after which participants received care packages containing sanitary pads and basic hygiene products.

The tournament week engaged more than 300 participants, including players, coaches, volunteers, and community members, creating a structured platform for young women to develop technical skills, leadership capacity, and teamwork.



"The tournament has built confidence in young women to step out of their comfort zones. Beyond the passion for soccer, it focuses on life skills development and mentoring girls from sport into their academic and personal journeys. CPL Foundation's support strengthened our ability to guide and support the next generation."

Getta Kambar – Young Leader Award Recipient, 2024 Pride of PNG Women Awards

The Foundation also continued its long-standing support to Josephine Durua, recipient of the Bravery and Courage Award at the 2015 Pride of PNG Women Awards and founder of Jesus Ark Ministry Inc., which operates the only safe house in Port Moresby dedicated to survivors of sorcery accusation-related violence in Morata.

In 2023, the Foundation purchased a kit home intended to strengthen the safe house's infrastructure. However, development could not proceed at the current site due to land status restrictions, and the unit remains in storage pending resolution of land matters.

In August 2025, Foundation representatives visited the safe house in Morata to deliver cooking appliances and assess ongoing needs.

The Foundation continues to explore compliant pathways for infrastructure development, including assessment of alternative land options near Jesus Ark Ministry's current operations.

Two additional winner-led initiatives addressing disability inclusion and gender-based violence were initiated during the year and remain in progress, with completion expected in 2026.

Special Initiatives

Beyond its core programs, the Foundation supported three special initiatives in 2025 that addressed emerging needs while exploring innovative approaches to development challenges.

Advancing Sustainable Water Solutions

Access to safe drinking water remains a significant public health challenge in Papua New Guinea, where approximately 40% of the population has access to safe water, and waterborne diseases continue to contribute to childhood illness and mortality.

In March 2025, CPL Foundation Inc. launched a pilot Water Harvest Project at the CPL Group Distribution Centre (DC) in Port Moresby, introducing atmospheric water harvesting technology capable of producing safe drinking water from air.

The initiative was led by Foundation Chairman Sir Mahesh Patel as part of the Foundation's commitment to exploring practical and sustainable solutions to essential service gaps. The system has the capacity to produce up to 1,000 litres of drinking water per day, equivalent to approximately 30 kilolitres of water per month. During 2025, the system supplied drinking water for staff at the Distribution Centre and Support Office, reducing reliance on purchased bottled water for office dispensers. The pilot phase is enabling the Foundation to assess maintenance, repair, and engineering requirements before considering broader deployment. From 2026, the system will also supply drinking water to CPL Wellness Clinics in Port Moresby, extending the operational benefits of the pilot within the Group's healthcare facilities.



"Access to clean drinking water remains one of the most fundamental challenges facing our communities. This initiative reflects our commitment to sustainable, practical solutions."

Sir Mahesh Patel, OBE – Founder & Chair, CPL Foundation Inc.

Supporting Local Enterprise Development

In August 2025, CPL Foundation Inc. supported the relaunch of Muschu Island Virgin Coconut Oil in City Pharmacy, strengthening the development of a small enterprise founded by Bernadette Yakar Tobul from Muschu Island in East Sepik Province.

Bernadette began producing coconut oil on a small scale, transporting batches to Wewak for sale at local markets before later transitioning to higher-quality virgin coconut oil production. In 2020, during a visit to Wewak at the invitation of Bertha Somare, Sir Mahesh Patel and Lady Patel were taken to Muschu Island where they met Bernadette and observed her production operation. Impressed by the initiative and potential of the enterprise, they arranged for the product to undergo laboratory testing, which confirmed the high quality of the oil. Following this, CPL Foundation Inc. collaborated with the Somare Foundation to support Bernadette in formalising production and introducing Muschu Island Virgin Coconut Oil into structured retail channels. The product was first introduced into City Pharmacy stores in 2021.



Since then, more than 6,000 bottles of virgin coconut oil in various sizes have been sold through City Pharmacy outlets nationwide. The increased income generated through the enterprise has enabled Bernadette to support her family and put all her children through school. Following the 2025 relaunch, City Pharmacy committed to assuming responsibility for logistics and manufacturing coordination from 2026 onwards, supporting the long-term commercial sustainability of the enterprise.



"As we approach our 50th anniversary, I want to encourage other brave Papua New Guineans to look at developing small industries."
Bertha Somare - speaking on behalf of Bernadette Yakar Tobul

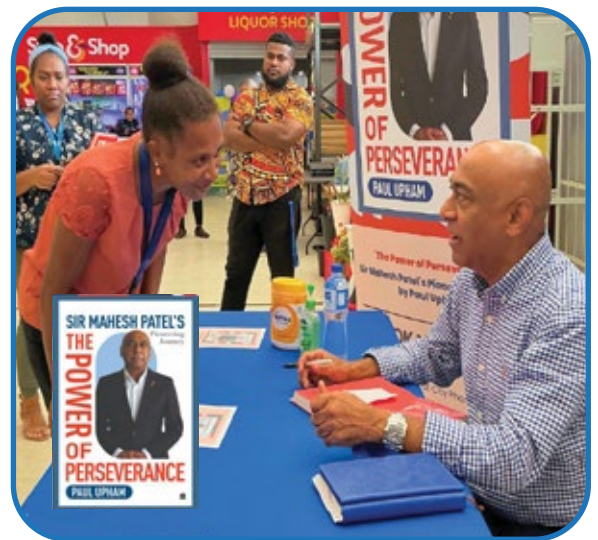
Promoting Founder Legacy

In 2024, Sir Mahesh Patel released his biography, *The Power of Perseverance: Sir Mahesh Patel's Pioneering Journey*. The book documents his entrepreneurial journey and reflects the values that underpin the establishment of CPL Foundation Inc.

Since its release, more than 2,000 copies have been sold through selected City Pharmacy outlets nationwide, with all proceeds supporting the Foundation's programs. During 2025, Sir Mahesh participated in several engagements where the book was made available as part of broader discussions on leadership and entrepreneurship. In June, a public book signing was held at Stop & Shop Waigani Central, where customers were invited to bring purchased copies for signing.

The CPL Foundation team also facilitated book sales at:

- **International Training Institute, Badili Campus - October 2025**
- **Institute of Internal Auditors PNG Pacific International Conference, APEC Haus - November 2025**



These engagements strengthened the Foundation's connection with students, professionals, and the wider community while reinforcing the values that guide its work.

Community Support

In addition to its major programs, the Foundation continued to support smaller community initiatives and staff-led projects that address locally identified needs.

Small Grants Scheme

The Small Grants Scheme, established in 2023, enables CPL staff to design and deliver community projects aligned with the Foundation's focus areas. Assistance is provided in kind, ensuring transparency and that resources are applied directly to identified community needs. Between 2023 and 2024, the scheme supported four projects across the Southern, Highlands, and Momase regions, primarily focused on WaSH and medical outreach initiatives. In 2025, the Foundation completed two additional projects approved in 2024. The first involved the installation of a 5,000-litre water tank and rainwater harvesting system at Kaunang Primary School in Jiwaka Province.



The second project involves the installation of a rainwater harvesting system in Raicoast, Madang Province. All required materials were procured and delivered during 2025, with installation expected to be completed in 2026. Through staff-led initiatives, the Scheme enables the Foundation to extend its reach to communities that may otherwise have limited access to structured support. Applications for the 2026 Small Grants Scheme will reopen in early 2026, with plans to deliver four projects between the second and fourth quarters of the year.



"Seeing the students enjoy clean water makes all the effort worthwhile. This project will continue to benefit them long after we're gone."

Lazarus Michael - Bank Reconciliation Officer, CPL Group

Supporting Community Sponsorship Requests

In 2025, the Foundation also provided targeted in-kind support to community initiatives aligned with its focus areas in health, education, and community development.

Support was extended to:

1. Arise & Shine Learning Centre – Waigani
2. Individual Medical Assistance Support
3. Bomana Correctional Service Women's Association – Bomana
4. Young Professional Women's Network – University of Papua New Guinea
5. Porebada Natuna Cooperative Society – Porebada Village
6. Blessed Hope Foundation – Taikone Village
7. Menstrual Health & Hygiene Research Support – Hanuabada Village
8. Sipagul Primary School Spelling Bee Competition – Chimbu Province

Closing

Through these initiatives, CPL Foundation Inc. continued to provide practical support to communities across Papua New Guinea while strengthening partnerships with civil society organisations, corporate partners, and government stakeholders.

As the Foundation prepares for the 14th Pride of PNG Women Awards in 2026, it remains committed to empowering women and girls through improved health, education, economic opportunity, and community development.

CPL GROUP

FINANCIAL REPORT

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

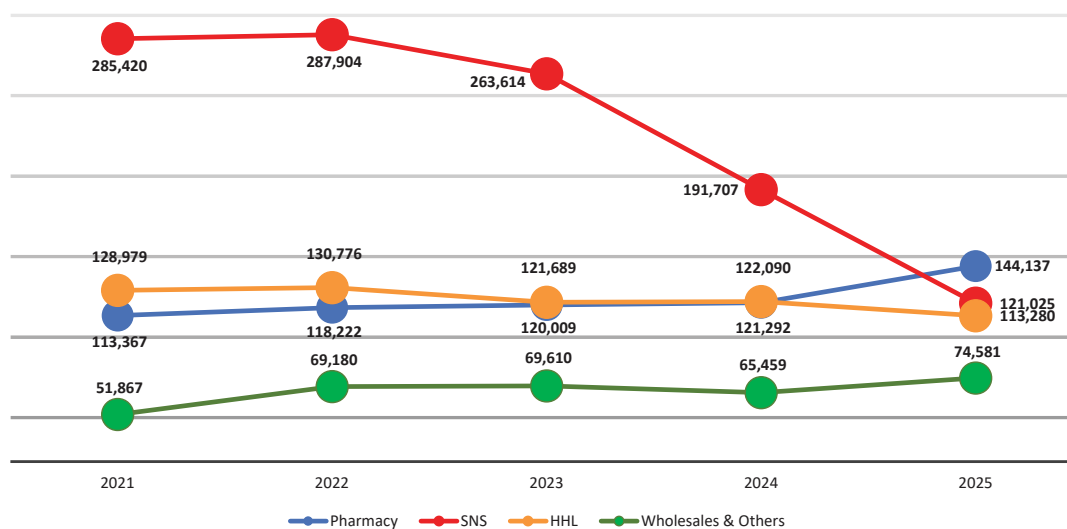
FINANCIAL PERFORMANCE OVERVIEW

	2021	2022	2023	2024	2025
Revenue	579,633	606,082	574,922	500,548	453,023
Comprehensive Profit (Loss)	13,721	17,746	6,942	(9,021)	17,460
PAT attributed to owners of the parent	13,947	15,161	5,839	(8,905)	10,694
Cash generated from operations	25,638	40,918	21,587	36,713	27,918
Net cash inflow before financing	5,990	27,405	21,322	29,529	67,624
Gearing ratio	29%	34%	45%	43%	21%
Interest Cover	2.09	2.13	1.81	-0.28	2.92
Dividends per Share (toea)	4.00	5.00	-	-	5.00
No. of Shares	206,277,911	206,277,911	206,277,911	206,277,911	206,277,911
Earning per Share (toea)	6.76	7.35	2.83	(4.32)	5.18

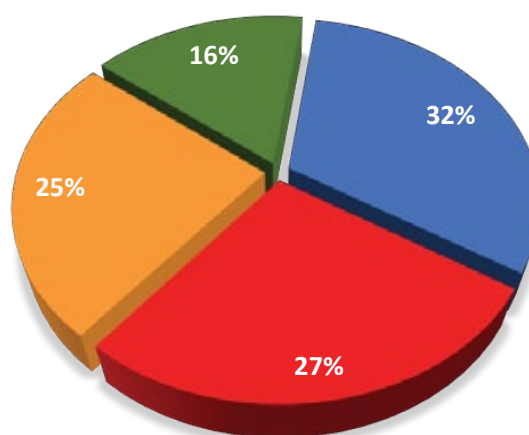
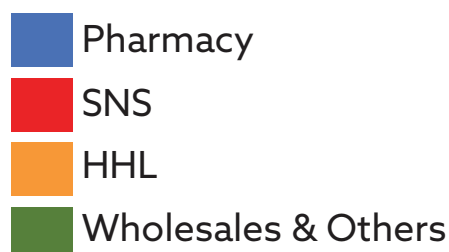
Gearing Ratio = Net Debt / (Equity + Net Debt)

Interest cover = earnings before interest and tax / net finance charge

REVENUE PERFORMANCE BY BRAND OVER 5-YEAR PERIOD (2021 - 2025)



2025 REVENUE PER BRAND



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**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025**

City Pharmacy Limited is a registered company under the Papua New Guinea Companies Act 1997 and is incorporated and domiciled in Papua New Guinea.

Registered Office	Allotment 33, Section 38 Waigani Drive National Capital District Papua New Guinea Telephone: +675 312 0000
Directors	Stanley Thomas Joyce, Chairman Sir Mahesh Patel, OBE Siang Kee Lim Mary Handen Aru Chellappan Eunice Parua Edward Hamilton Ruha Stephanie Jane Copus Campbell Flare Namaliu
Secretary	Mohanraj Natarajan
Auditors	Ernst & Young Level 4, Credit House Cuthbertson St. PO Box 1380, Port Moresby 121 NCD, Papua New Guinea
Bankers	Westpac Bank PNG Limited BSP Financial Group Limited Kina Bank Limited
Stock Exchange	PNGX Markets Limited (listing code: CPL)
Brokers	JMP Securities Kina Securities
Share Register	PNG Registries Limited

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

CHAIRMAN STATEMENT

2025 was a watershed year for CPL. After 20 years operating the Stop and Shop supermarkets in Port Moresby, the company made a strategic decision to exit the sector and sold off its interests to Taylor Pacific. The deal was concluded on 11th August 2025. We are pleased to report the transaction was completed smoothly and delivered on expectations.

Revenue for the Group in 2025 was K453.0M, down from K500.5M in 2024. Most importantly the like for like revenue of the ongoing business (Health Care and Hardware) was K334.7M in 2025 up 8% on previous year.

Profit before tax for the overall group including Joint Ventures was K17.0M for 2025 compared to a loss of K17.9M in 2024. Underlying profit before tax from the residual business of Health Care and Hardware was K18.6M for 2025 clearly vindicating the decision to exit supermarkets and concentrate on Health Care.

We opened our first Medical Clinic at Vision City in May 2025. The clinic is operating to plan, and we have established appropriate health care governance programs to ensure we continue to offer high quality health care at affordable prices. The company plans to operate a chain of primary health care clinics over the next couple of years covering the country.

By concentration of our efforts in the Health Care Sector including Pharmacies, Medical Centres and Medical Laboratories, the Board of CPL believes we have a great opportunity to improve the health outcomes for the people of Papua New Guinea and provide a reasonable return for Shareholders. The DNA of the company is founded in medicine and providing superior customer services. And we approach the future opportunities with confident expectations.

Growth in JV performance gives us confidence in the opportunities in the fashion and clothing markets as consumers reach out for new experiences.

We concentrated on efficiency gains in the back office and pleased to report that Management achieved some tough targets for cost reduction and efficiency gains that now underpins the viability of ongoing business. At the same time achieved a 12-month milestone in Safety with no lost time accidents. We are not resting on our laurels and continue to provide a safe and engaging workplace for our employees.

We were able to declare and pay a special dividend of K0.05 per share in 2025 to the shareholders. I would like to thank shareholders for their ongoing commitment to the business.

In closing I would like to thank all our employees for their continued support of the business, Our Customers for their patronage and fellow Board Members for their wise counsel throughout the year.

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

This report given by the Directors is in respect of the City Pharmacy Limited and Subsidiary Companies (the "Group") consisting of City Pharmacy Limited (the "Company") and the entities it controlled at the end of, or during the financial year ended 31 December 2025.

The Directors

The persons who have been Directors of the Company at any time during or since the year end of the financial period and up to the date of this report are:

Stanley Thomas Joyce	Chairman
Sir Mahesh Patel, OBE	Non-executive Director
Siang Kee Lim	Executive Director
Mary Handen	Independent Director
Aru Chellappan	Independent Director
Eunice Parua	Independent Director
Edward Hamilton Ruha	Independent Director
Stephanie Jane Copus Campbell	Independent Director
Flare Namaliu	Executive Director

Board Committees

The Company has various Board Committees that focus on critical areas, providing relevant information to assist in overall decision making and corporate governance. The following are the Board Committees and the respective chairs and members:

People & Culture Committee	
Mary Handen	Chairperson
Aru Chellappan	Member
Stephanie Jane Copus Campbell	Member
Audit Committee	
Edward Hamilton Ruha	Chairperson
Aru Chellappan	Member
Risk Committee	
Stephanie Jane Copus Campbell	Chairperson
Eunice Parua	Member
Flare Namaliu	Member

Company Secretary

Mohanraj Natarajan

Principal activities

City Pharmacy Limited operates primarily in Papua New Guinea with 66 stores and approximately 1,484 employees at year end. The principal activities of the Group during the year were:

- Wholesale and retail of supermarket goods, bakery and pharmaceutical products;
- Supply, installation, and maintenance of medical laboratory equipment; and
- Wholesale and retail of hardware products.
- Healthcare services

The Group also participates in Joint Ventures whose principal activities comprise of:

- Retail clothing; and
- Duty free products.

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

Results and review of operations

The net amount of consolidated profit for the financial period after income tax expense attributable to members of the Company and its controlled entities was K11.3m (2024 Loss: K8.8m). For the Parent Company, net profit after income tax was K9.1m (2024 Loss: K9.8m).

A review of the operations of the Group during the financial period and the results of those operations are set out in the Chairman's Report on page 3.

Independent audit report

The financial statements have been audited by Ernst & Young and should be read in conjunction with the independent audit report on pages 94 to 97 Auditors' remuneration is disclosed in Note 22 of the financial statements.

Dividends

The Directors have declared and paid special dividend of K10.6m (2023 dividends declared and paid: K214k).

Significant changes in state of affairs

During the financial period, the company divested its 7 supermarket stores to Taylor Pacific Limited, also the Meat Factory facility including its portion of the land sold to BNG Trading Limited (Refer in Note 11).

Directors' interest in shares

Particulars of the Directors' relevant interests in shares in the Group as at 31 December 2025 are disclosed in Note 19.

Meetings of directors

The table below sets out the number of meetings held during the financial period ended 31 December 2025 and the number of meetings attended by each Director.

There were four Board meetings and subcommittee meetings held during the year ended 31 December 2025.

Directors	Attended
Stanley Thomas Joyce	4
Sir Mahesh Patel, OBE	4
Mary Handen	3
Aru Chellappan	4
Eunice Parua	4
Edward Hamilton Ruha	4
Stephanie Jane Copus Campbell	4
Siang Kee Lim	4
Flare Namaliu	4

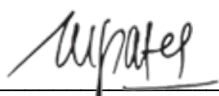
Directors' remuneration

Disclosure has been made in Note 19.

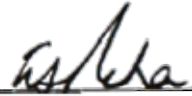
Remuneration above K100,000 per annum

Disclosure has been made in Note 19.

For and on behalf of the Board of Directors

Director:  _____

Date: 16/03/2026

Director:  _____

Date: 16/03/2026

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2025**

DIRECTORS' DECLARATION

The Directors declare that:

- a) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Papua New Guinea Companies Act 1997, including compliance with International Financial Reporting Standards and give a true and fair view of the financial position, performance and cash flows of the Group.

Signed in accordance with the resolution of the Directors.

For and on behalf of the board of directors

Director: 

Date: 16/03/2026

Director: 

Date: 16/03/2026

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

		Consolidated		Parent Company	
		2025	2024	2025	2024
		K'000	K'000	K'000	K'000
Revenue from Contract with Customers	4	453,023	500,548	309,679	358,274
Cost of sales		(299,162)	(336,181)	(197,049)	(234,319)
Gross profit		153,861	164,367	112,630	123,955
Distribution expenses	5(a)	(9,013)	(8,694)	(4,600)	(5,195)
Marketing expenses	5(b)	(2,916)	(3,527)	(2,122)	(2,777)
Administration expenses		(110,552)	(129,262)	(88,080)	(107,533)
Finance expense		(10,504)	(15,602)	(7,591)	(11,063)
Finance income		1,583	1,667	792	757
Depreciation expense		(34,652)	(36,440)	(24,651)	(25,852)
Other income	5(c)	24,390	4,571	21,969	2,773
Foreign exchange (losses)/ gains		(275)	1,158	32	1,871
Total Expenses		(141,939)	(186,129)	(104,251)	(147,019)
Share of profit from joint ventures	12	5,047	3,891	5,047	3,891
(Loss)/Profit before income tax expense		16,969	(17,871)	13,426	(19,173)
Income tax benefit/(expense)	6(a)	(5,700)	9,111	(4,340)	9,326
(Loss)/ Profit for the period after income tax		11,269	(8,760)	9,086	(9,847)
Other comprehensive income for the period that may be reclassified to profit and loss in subsequent period (net of tax):					
Exchange differences on translating foreign operation		1,477	(261)	-	-
Other comprehensive income for the period that will not be reclassified to profit and loss in subsequent period (net of tax):					
Revaluation Reserve		4,714	-	3,769	-
Total comprehensive (loss)/income for the period		17,460	(9,021)	12,855	(9,847)
(Loss)/Profit for the period is attributed to:					
Owners of the parent		10,694	(8,905)	9,086	(9,847)
Non-controlling interest		575	145	-	-
		11,269	(8,760)	9,086	(9,847)
Total Comprehensive (loss)/income for the period is attributed to:					
Owners of the parent		16,885	(9,166)	12,855	(9,847)
Non-controlling interest		575	145	-	-
		17,460	(9,021)	12,855	(9,847)
Earnings per share - basic and diluted (toea per share)	18	5.18	(4.32)		

This statement is to be read in conjunction with the notes to and forming part of the Consolidated Financial Statements set out on pages 54 to 93.

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Consolidated		Parent Company	
		2025	2024	2025	2024
		K'000	K'000	K'000	K'000
ASSETS					
Cash and cash equivalents	8	20,947	8,612	13,287	4,930
Trade and other receivables	9	56,775	60,947	46,958	54,092
Lease receivable	16	7,836	6,790	4,248	4,309
Income tax receivable		2,617	3,062	1,586	1,586
Inventories	10	95,249	130,278	49,954	83,483
Prepayments		3,710	5,136	3,613	4,439
Total Current Asset		187,134	214,825	119,646	152,839
Related party receivables		219	124	458	780
Lease receivable	16	12,439	13,632	7,963	7,411
Property, plant and equipment	11	75,807	97,589	59,179	82,564
Right of use asset	16	52,855	75,866	41,037	55,784
Investment in Subsidiaries	12(a)	-	-	20,590	17,901
Investment in Joint Ventures	12(b)	17,858	14,555	17,858	14,555
Deferred tax assets, net	6(b)	19,105	24,008	15,429	19,768
Goodwill	13	2,714	4,825	1,320	3,431
Total Non-Current Asset		180,997	230,599	163,834	202,194
TOTAL ASSETS		368,131	445,424	283,480	355,033
LIABILITIES					
Bank overdraft	14(a)	3,278	1,361	-	1,361
Borrowings	14(b)	-	18,035	-	18,035
Trade and other payables	15	62,968	113,118	38,873	83,951
Lease Liabilities	16	58,195	35,741	54,636	28,304
Provisions	17	27,171	18,466	26,127	16,814
Total Current Liabilities		151,612	186,721	119,636	148,465
Borrowings	14(b)	-	-	-	-
Other payables	15	613	527	53	54
Lease liabilities	16	38,595	87,405	18,064	62,031
Provisions	17	2,707	2,966	1,417	2,712
Total Non-Current Liabilities		41,915	90,898	19,534	64,797
TOTAL LIABILITIES		193,527	277,619	139,170	213,262
NET ASSETS		174,604	167,805	144,311	141,771
SHAREHOLDERS' EQUITY					
Issued capital	18	70,867	70,867	70,867	70,867
Reserves	18	18,522	13,808	15,582	11,813
Other reserve	18	2,664	1,187	-	-
Retained earnings	18	80,709	80,330	57,862	59,091
Equity attributable to owners of the Parent		172,762	166,192	144,311	141,771
Non – controlling interest		1,842	1,613	-	-
TOTAL SHAREHOLDERS' EQUITY		174,604	167,805	144,311	141,771

This statement is to be read in conjunction with the notes to and forming part of the Consolidated Financial Statements set out on pages 54 to 93.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

Group	Share Capital K'000	Retained Earnings K'000	Revaluation Reserve K'000	Translation Reserve K'000	Attributable to owners of the parent K'000	Non- Controlling Interest K'000	Total K'000
Balance at 01 January 2024	70,867	89,235	13,808	1,448	175,358	1,682	177,040
Profit for the period	-	(8,905)	-	-	(8,905)	145	(8,760)
Other comprehensive income: Translation differences	-	-	-	(261)	(261)	-	(261)
Total comprehensive income for the year	-	(8,905)	-	(261)	(9,166)	145	(9,021)
Dividends declared	-	-	-	-	-	(214)	(214)
Balance at 31 December 2024	70,867	80,330	13,808	1,187	166,192	1,613	167,805
Profit for the Period	-	10,694	-	-	10,694	575	11,269
Other comprehensive income: Translation difference	-	-	-	1,477	1,477	-	1,477
Revaluation reserve	-	-	4,714	-	4,714	-	4,714
Total comprehensive income for the year	-	10,694	4,714	1,477	16,885	575	17,460
Special Dividends declared and paid by the parent company	-	(10,315)	-	-	(10,315)	-	(10,315)
Dividends declared through subsidiary	-	-	-	-	-	(346)	(346)
Balance at 31 December 2025	70,867	80,709	18,522	2,664	172,762	1,842	174,604

This statement is to be read in conjunction with the notes to and forming part of the Consolidated Financial Statements set out on pages 54 to 93.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Share Capital K'000	Retained Earnings (Note 18) K'000	Revaluation Reserve (Note 18) K'000	Total K'000
Parent				
Balance at 01 January 2024	70,867	68,938	11,813	151,618
Profit for the period	-	(9,847)	-	(9,847)
Revaluation reserve	-	-	-	-
Total comprehensive income for the year	-	(9,847)	-	(9,847)
Dividends declared	-	-	-	-
Balance at 31 December 2024	70,867	59,091	11,813	141,771
Profit for the period	-	9,086	-	9,086
Revaluation reserve	-	-	3,769	3,769
Total comprehensive income for the year	-	9,086	3,769	12,855
Special Dividends declared and paid	-	(10,315)	-	(10,315)
Balance at 31 December 2025	70,867	57,862	15,582	144,311

This statement is to be read in conjunction with the notes to and forming part of Consolidated Financial Statements set out on pages 54 to 93.

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Consolidated		Parent Company	
	2025	2024	2025	2024
	K'000	K'000	K'000	K'000
Operating Activities				
Cash receipts from customers	481,400	507,938	322,285	347,229
Cash paid to suppliers and employees	(448,946)	(461,371)	(302,998)	(322,964)
Cash receipts from lessees	5,729	4,027	3,274	2,072
Cash payments from low value and short-term leases	(255)	(102)	-	264
Cash generated from operations	37,958	50,492	22,571	26,601
Interest paid from borrowings	(2,420)	(5,657)	(1,628)	(3,843)
Interest paid from lease liabilities	(8,084)	(9,945)	(5,963)	(7,220)
Interest received from leases	846	1,667	55	757
Income tax paid	(352)	156	-	-
Cash generated by operating activities	27,918	36,713	15,035	16,295
Investing Activities				
Dividend received	1,706	2,450	1,706	2,450
Proceeds from sale of SNS assets and Meat factory	44,489	-	44,489	-
Proceeds from sale of equipment	-	413	-	28
Investment in Wellness Center	(2,688)	-	(2,688)	-
Purchase of plant and equipment	(3,801)	(10,047)	(3,099)	(9,137)
Cash utilised by investing activities	39,706	(7,184)	40,408	(6,659)
Financing Activities				
Repayment of borrowings	(19,397)	(4,067)	(19,396)	(1,691)
Repayment of lease liabilities	(29,804)	(26,173)	(19,012)	(16,650)
Receipt/(Payment) of rental bonds	-	(19)	-	(19)
Receipts/(Payment) from related parties	1,294	(1,504)	1,636	5,474
Dividend payment	(10,660)	(214)	(10,314)	-
Cash utilised by financing activities	(58,567)	(31,977)	(47,086)	(12,886)
Net decrease in Cash and cash equivalents	9,057	(2,448)	8,357	(3,250)
Cash and cash equivalents at beginning of the period	8,612	9,699	4,930	6,819
Cash and cash equivalents at end of the period	17,669	7,251	13,287	3,569
Composed of:				
Cash and Cash Equivalents	20,947	8,612	13,287	4,930
Bank Overdraft	(3,278)	(1,361)	-	(1,361)
	17,669	7,251	13,287	3,569

This statement is to be read in conjunction with the notes to and forming part of the Consolidated Financial Statements set out on pages 54 to 93.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1 GENERAL INFORMATION

The Group is Papua New Guinea's largest retailing network. It has now established within the Group and through joint ventures, six strong retail brands namely City Pharmacy, CP Medical Clinic, Boncafe, Hardware Haus, Jacks of PNG and Prouds. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

The principal activities of the Company and its subsidiaries (the Group) are described in Note 19.

As at 31 December 2025, the Group has a combined retail operation of 66 stores (2024: 70 stores) and 13 wellness clinics nationwide and employs 1,484 employees (2024: 2,163 employees) of which 95 percent (2023: 96 percent) are Papua New Guinean citizens.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 16 March 2026.

2 MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for land that have been measured at fair value, as explained in the accounting policies. The consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements are presented in Papua New Guinea Kina ("PGK") and all values are rounded to the nearest thousand (K'000), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

2.2 Basis of consolidation *continued*

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Investment in subsidiaries

Parent Company accounts for investments in subsidiaries are initially recognised at cost, subsequently tested for impairment when there are indicators.

2.3 Going Concern

This financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realization of assets and settlement of liabilities in the normal course of business.

In February 2023, the Company received the Internal Revenue Commission's (IRC) notice of completion of the Goods and Services Tax (GST) Audit and Final Position Paper for the period January 2016 to August 2019. The Directors have reviewed, with external tax and legal advice, and accepted only part of the total assessed liability. As of 31 December 2024, GST provision is at 12.1m based on its best estimate of the expenditure required to settle at this period.

After series of discussion and further investigation, on October 2025, the Company entered a settlement agreement with IRC with GST total tax liability of K17.69m which will be offset with verified input tax credit of K13.16m and the balance liability of K4.53m will be offset against available future GST input credits. These input tax credits are the accumulated amount as of 31 December 2024 and recognized as part other receivables in Note 9.

An additional provision of K10.32m is provided in relation to total GST liability (K5.59m) and for the unverified input GST (K4.73m), refer to Note 17. IRC is in the process of issuing revised assessment and GST statement of account in line with the settlement deed.

2.3 Going Concern *continued*

The Directors at the date of signing of this report have considered the overall accruals in relation to the GST audit matter in arriving at their assessment of going concern and believe that the going concern basis of preparation is appropriate.

2.4 Summary of Accounting policies

a) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Foreign Currency

The Group's consolidated financial statements are presented in Papua New Guinea Kina ("PGK"), which is also the Company's functional and presentation currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

2.4 Summary of Accounting policies *continued*

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into PGK at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

c) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

Tender and Wholesale

Revenue from tender and wholesale is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the asset at the customer's location. The normal credit term is 30 to 90 days upon delivery.

2.4 Summary of Accounting policies *continued*

Retail Sales

Revenue from the sale of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transactions price need to be allocated (e.g. customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

i) Non-cash consideration

The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Group obtains control of goods. The Group estimates the fair value of the non-cash consideration by reference to its market price. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the goods.

- ***Loyalty points programme***

The Group operates a loyalty points programme, *Real Rewards*, which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can be redeemed for free products, subject to a minimum number of points being obtained. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

Consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed or expire. Revenue is recognised upon redemption of products by the customer based on a proportionate basis.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points and taking into account breakage. The Group updates its estimates of the points that will be redeemed on a monthly basis and any adjustments to the accruals balance is charged against revenue.

- ***Contract liabilities***

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer). Amount recognised is included under "Trade and other payables" line item in balance sheet.

2.4 Summary of Accounting policies continued

d) Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and on hand that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

e) Trade receivables (Wholesale Customers)

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are non-interest bearing and are generally on credit terms of 30 to 90 days.

f) Inventories

Inventory for resale and consumable materials are valued at the lower of purchase cost, which is based on invoice prices and includes expenditure incurred in acquiring the goods and bringing them to their existing condition, and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course completion and the estimated costs necessary to make the sale.

g) Property, Plant and Equipment

Buildings, plant and equipment are measured at cost, net of accumulated depreciation and accumulated impairment losses, if any, except for land. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria were met.

Land is measured at fair value less impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Office equipment	5 years
Motor Vehicles	3 – 5 years
Fixtures, fittings and equipment	5 – 10 years

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss.

2.4 Summary of Significant accounting policies continued

A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. However, this could be reversed if there has been a change in the estimates used to determine the recoverable amount. This reversal is only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no revaluation deficit had been recognised.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

h) Taxes

Income tax in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period presented comprises of current and deferred tax.

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 Summary of Accounting policies *continued*

Good and Services Tax (GST)

Revenue, expenses and assets are recognised net of GST, except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the expense or cost of the asset.

Receivables and payables are stated with the amount of GST excluded. The net amounts of GST recoverable from or payable to the taxation authorities are included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to taxation authorities are classified as operating cash flows.

i) Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

An impairment loss in respect of goodwill is not reversed.

j) Financial Instruments

Classification

Financial instruments include financial assets and liabilities. Financial assets that are classified as debt instruments at amortised cost include trade and other receivables. Financial liabilities that are not at fair value through profit or loss include, accounts payables and accrued expenses.

The classification of financial assets at initial recognition depends on the financial asset's contract cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction cost. Trade receivables that do not contain a significant financing component or for which the Group has applied the requirements that are measured at the transaction price determined under IFRS 15.

2.4 Summary of Accounting policies *continued*

Recognition and Measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortised costs (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets at amortised cost includes trade receivables and related party receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 Summary of Accounting policies *continued*

Impairment

- *Financial assets*

The Group always recognises lifetime expected credit loss (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the impairment for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

Financial liabilities are classified, at initial recognition, as either financial liabilities 'at FVTPL' or other financial liabilities at amortised cost. Subsequently, all financial liabilities are classified as either FVTPL or other financial liabilities at amortised cost.

The Group's financial liabilities are trade and other payables, related party payables, bank overdraft and borrowings and are measured at amortised cost.

Derecognition of Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.4 Summary of Accounting policies *continued*

k) Investment in associates and joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

Parent company accounts investment in associates and joint ventures same as above policy.

l) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

The asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal ("FVLCTD") and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets of continuing operations excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

2.4 Summary of Accounting policies *continued*

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

m) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs. Accordingly, the lease liability calculations do not take into account any future increments in rental payments unless the increments are contractually fixed.

2.4 Summary of Accounting policies *continued*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Sub-leases

The Group as the original lessee derecognises the right-of-use asset on the head lease at the date of initial application and continues to account for the original lease liability in accordance with the lessee accounting model. The Group, as the sublessor, recognises a net investment (or Lease Receivable) in the sublease. After the date of initial application, the difference is included in the profit or loss for the period.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below K17,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

n) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 Summary of Accounting policies *continued*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

o) Provision (general)

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.5 Significant accounting judgments, estimates and assumptions

a) Impairment of non-financial assets

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, the Group uses income approach which converts future amounts (e.g. cash flows or income and expenses) to a single current (ie discounted) amount. The fair value measurement using income approach reflects current market expectations about those future amounts.

In particular, significant judgements and estimates are made in relation to the following:

- *Forecast future cash flows*
These are based on the Group's latest Board approved internal five-year forecasts and reflect management's best estimate of income, expenses, capital expenditure and cash flows for each asset or CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the Group operates.
- *Discount rates*
Estimated future cash flows are discounted to their present value using discount rates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.
- *Expected long-term growth rates*
Cash flows beyond the five-year period are extrapolated using estimated long-term growth rates. The growth rates are based on historical performance as well as expected long-term market operating conditions specific to each industry.

The judgements and estimates used in assessing impairment are best estimates based on current and forecast market conditions and are subject to change in the event of shifting economic and operational conditions. Actual cash flows may therefore differ from forecasts and could result in changes to impairment recognised in future years.

b) Leases - Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

2.5 Accounting, judgments, estimate and assumptions *continued*

The Group included the renewal period as part of the lease term for leases of property, plant and equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on operations if a replacement is not readily available.

c) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has K18.66m (2024: K8,344k loss) of tax losses carried forward. These losses relate to the Company at loss position in 2024 and may be used to offset future taxable income. The Group has determined that deferred tax assets on the tax losses carried forward has been recognised only up to the extent of the probable future taxable income. This is reassessed at each reporting period end. Further details on taxes disclosed in Note 6.

d) Fair value of Land

The Group carries its Land at fair value, with changes in fair value being recognised in other comprehensive income. The fair value of the freehold land was determined based on the income stream approach supplemented by market comparable approach that reflects recent transaction prices for similar properties/other methods adjusted for specific market factors such as nature, location and condition of the property. Significant judgment were also made on certain valuation assumptions due to limited observable data.

The key assumptions used to determine the fair value of the land are provided in Note 11.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Group has adopted the new and revised and Interpretations issued by the International Accounting Standards Board (IASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 January 2025:

- Lack of exchangeability – Amendments to IAS 21

The Group considered the impact of the foregoing amended accounting standard and noted no significant impact on the Group's financial statements and disclosures.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) *(continued)*

3.1 New and revised International Accounting Standards Board and Interpretations on issue but not yet effective

The Group will adopt, where applicable, the following standards, amendments to existing standards and interpretations when these become effective:

Annual Improvements to IFRS Accounting Standards — Volume 11

In July 2024, the IASB issued these improvements effective for annual reporting periods beginning on or after 01 January 2026:

<i>IFRS 7 – Financial Instruments: Disclosures</i>	<ul style="list-style-type: none">• Gain or Loss on Derecognition• Difference between Fair Value and Transaction Price• Credit Risk
<i>IFRS 9 – Financial Instruments</i>	<ul style="list-style-type: none">• Lessee Derecognition of Lease Liabilities• Transaction Price
<i>IFRS 10 – Consolidated Financial Statements</i>	<ul style="list-style-type: none">• Determination of a “De Facto Agent”
<i>IAS 7 - Statement of Cash Flows</i>	<ul style="list-style-type: none">• Cost Method

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the Board issued these Amendments, which:

- Clarifies that financial liability is derecognised on the ‘settlement date’, i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features
- Clarifies the treatment of non-recourse assets and contractually linked instruments
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (PFS) and the notes.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts of the new and revised standards and amendments will have on the primary financial statements and notes to the financial statement

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Consolidated		Parent Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Contract with Customers (point in time)	453,023	500,548	309,679	358,274

5 OTHER OPERATING EXPENSES

a) Distribution expenses

	Consolidated		Parent Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Freight and handling	9,013	8,694	4,600	5,195

b) Marketing expenses

Advertising and promotions	1,569	1,864	994	1,242
Other marketing expenses	1,347	1,663	1,128	1,535
Total	2,916	3,527	2,122	2,777

c) Other Income

Profit on sale of assets (Note 11 & 13)	14,772	28	14,801	28
Dividends received	-	-	891	546
Management fees	115	156	1,315	1356
Rental Income	776	-	-	-
Rebates	648	291	49	-
Freight	1,581	1,269	-	-
Commission	470	555	-	-
Pre-termination gain (Note 17)	831	-	1,776	-
Gain on subleases (Note 17)	1,983	-	1,107	-
Others	3,214	2,272	2,030	843
Total	24,390	4,571	21,969	2,773

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6 INCOME TAX EXPENSE / (BENEFIT)

	Consolidated		Parent Company	
	2025	2024	2025	2024
	K'000	K'000	K'000	K'000
(a) Income tax expense/(benefit)				
Current tax	797	264	-	72
Deferred tax	4,903	(9,375)	4,340	(9,398)
Income tax expense/(benefit)	5,700	(9,111)	4,340	(9,326)

The prima facie for the period is reconciled to the tax expense as follows:

Accounting profit before tax	16,970	(17,871)	13,425	(19,173)
Tax for the period at 30%	5,090	(5,361)	4,027	(5,752)
Share of profit from joint ventures	(1,514)	(1,167)	(1,514)	(1,167)
Adjustments in respect of current income tax of previous years	1,412	4,314	1,451	4,651
Recognised carry-over tax losses	-	(7,119)	-	(7,119)
Non-deductible expenses	712	222	376	61
Income tax expense/(benefit)	5,700	(9,111)	4,340	(9,326)

(b) Deferred taxes

Deferred tax assets (liabilities)

Expected credit loss	1,084	1,033	399	355
Provision for inventory losses	1,729	1,878	420	901
Provision for employee benefits	2,096	2,382	1,390	1,985
Lease liability – net	7,098	7,543	5,835	6,335
Others	271	(72)	582	238
Fixed assets	956	3,109	956	3,109
Prepaid revenue, net	(551)	308	(484)	295
Unrealised foreign exchange gain	4	(517)	(87)	(569)
Carryover losses	6,418	8,344	6,418	7,119
Net Deferred tax assets	19,105	24,008	15,429	19,768

(c) Carry forward losses

HHL

Year	Losses K'000	Utilised in 2025 K'000	Unutilised K'000	Expiry
2018	4,085	1,177	-	2025
Unutilized Revenue Losses (gross)			-	

CPL

Year	Losses K'000	Utilised in 2025 K'000	Unutilised K'000	Expiry
2024	22,623	(1,229)	21,394	2031
Unutilized Revenue Losses (gross)			21,394	

The HHL utilised K 1.18m (2024: K0.29m) revenue losses in 2025 to offset taxable profits for the year.

As at 31 December 2025, the Group's deferred tax assets arising from carry forward revenue losses amounted to K21.39m. The Group has determined that deferred tax assets on the tax losses carried forward would be recognised to the extent of the probable future taxable income.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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7 SEGMENT INFORMATION

Reportable segments are based on internal reports on the business units of the Group that are regularly reviewed by the Key Management composed of Chief Executive Officer and Heads of Department/Segment in order to allocate resources to the segment and assess its performance.

The Group has three reportable segments such as Retail, Wholesale and Healthcare services. The retail segment operates retail stores across the country, Wholesale segment distributes wholesale pharmacy products and medical equipment, and the Healthcare segment operates primary healthcare clinics.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below. The impact of IFRS 16 adjustments is presented as this is viewed by the Key Management when monitoring the business.

2025	Retail	Wholesale and Tender	Healthcare Service	Total Segment	Elimination	Consolidated
	K'000	K'000		K'000	K'000	K'000
Revenue						
External customer	377,799	73,796	1,428	453,023	-	453,023
Inter-segment	-	12,904		12,904	(12,904)	-
Total revenue	377,799	86,700	1,428	465,927	(12,904)	453,023
Cost of sales	(251,157)	(60,708)	(201)	(312,066)	12,904	(299,162)
Share of profit from joint ventures	4,223	824	-	5,047	-	5,047
Distribution Expense	(7,540)	(1,473)	-	(9,013)	-	(9,013)
Marketing expense	(2,425)	(474)	(17)	(2,916)	-	(2,916)
Finance income / (expense)	(704)	(1,528)	-	(2,232)	-	(2,232)
Depreciation and amortisation	(4,848)	(4,795)	(124)	(9,767)	-	(9,767)
Other Income	24,165	4,200	-	28,365	-	28,365
Material non-cash transaction (GST provision)	(8,630)	(1,686)	-	(10,316)	-	(10,316)
Other operating expense	(120,485)	(17,318)	(1,499)	(139,302)	989	(138,313)
Segment profit before IFRS 16 impact	10,398	3,742	(413)	13,727	989	14,716
IFRS 16 Impact:						
Amortisation – ROU	(24,038)	(847)	-	(24,885)	-	(24,885)
Interest expense	(8,084)	(188)	-	(8,272)	-	(8,272)
Rent expense	37,055	1,021	-	38,076	-	38,076
Interest Income	1,472	-	-	1,472	-	1,472
Rent Income	(6,464)	-	-	(6,464)	-	(6,464)
Other Income	2,326	-	-	2,326	-	2,326
Total IFRS16 Impact on segment profit	2,267	(14)	-	2,253	-	2,253
Profit before income tax	12,665	3,728	(413)	15,980	989	16,969
Income tax expense	(4,844)	(856)	-	(5,700)	-	(5,700)
Total Net Profit	7,821	2,872	(413)	10,280	989	11,269

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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FOR THE YEAR ENDED 31 DECEMBER 2025**

7 SEGMENT INFORMATION *continued*

2024	Retail	Wholesale and Tender	Total Segment	Elimination	Consolidated
	K'000	K'000	K'000	K'000	K'000
Revenue					
External customer	447,064	53,484	500,548	-	500,548
Inter-segment	-	9,749	9,749	(9,749)	-
Total revenue	447,064	63,233	510,297	(9,749)	500,548
Cost of sales	(294,340)	(51,590)	(345,930)	9,749	(336,181)
Share of profit from joint ventures	3,475	416	3,891	-	3,891
Distribution Expense	(7,765)	(929)	(8,694)	-	(8,694)
Marketing expense	(3,150)	(377)	(3,527)	-	(3,527)
Finance Cost/expenses	(3,990)	(1,416)	(5,406)	-	(5,406)
Depreciation and amortisation	(9,408)	(3,047)	(12,455)	-	(12,455)
Finance income	10,223	790	11,013	-	11,013
Material non-cash transaction (GST provision)	(6,897)	(825)	(7,722)	-	(7,722)
Other operating expense	(144,922)	(13,968)	(158,890)	-	(158,890)
Segment profit before IFRS 16 impact	(9,710)	(7,713)	(17,423)	-	(17,423)
IFRS 16 Impact:					
Amortisation – ROU	(23,138)	(847)	(23,985)	-	(23,985)
Interest expense	(9,945)	(251)	(10,196)	-	(10,196)
Rent expense	36,369	982	37,351	-	37,351
Interest Income	1,636	-	1,636	-	1,636
Rent Income	(5,662)	-	(5,662)	-	(5,662)
Other Income	408	-	408	-	408
Total IFRS16 Impact on segment profit	(332)	(116)	(448)	-	(448)
Profit before income tax	(10,042)	(7,829)	(17,871)	-	(17,871)
Income tax expense	9,156	(45)	9,111	-	9,111
Total Net Profit	(886)	(7,874)	(8,760)	-	(8,760)

Segment profit before impact of IFRS 16 is calculated adjusting the following

- Profit or loss IFRS 16 related amortisation and accretion including ROU amortisation, Interest accretions on lease liability and lease receivable
- Adding back cash rental payment and receipt recorded during the year.

Revenue from external customers

Consolidated	For the years ended 31 December 2025				2024			
	Retail	Wholesale and Tender	Healthcare Service	Total	Retail	Wholesale and Tender	Healthcare Service	Total
	K'000	K'000		K'000	K'000	K'000		K'000
Geographical markets								
Papua New Guinea	377,799	59,043	1,428	438,270	437,315	43,304	-	480,619
Australia	-	5,575	-	5,575	-	4,017	-	4,017
Others	-	9,178	-	9,178	-	15,912	-	15,912
Total revenue	377,799	73,796	1,428	453,023	437,315	63,233	-	500,548

Parent Company	For the years ended 31 December					
	2025			2024		
	Retail	Wholesale and Tender	Total	Retail	Wholesale and Tender	Total
K'000	K'000	K'000	K'000	K'000	K'000	
Geographical markets						
Papua New Guinea	264,519	42,099	306,618	324,973	30,588	355,561
Fiji	-	3,061	3,061	-	2,700	2,700
Others	-	-	-	-	13	13
Total revenue	264,519	45,160	309,679	324,973	33,301	358,274

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7 SEGMENT INFORMATION *continued*

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2025 and 2024, respectively:

	Retail K'000	Wholesale and Tender K'000	Healthcare services K'000	Total K'000
Assets				
31 December 2025	348,605	17,222	2,304	368,131
31 December 2024	428,827	16,597	-	445,424
Liabilities				
31 December 2025	189,428	4,099	-	193,527
31 December 2024	271,837	5,782	-	277,619

Non-current operating assets

	2025 K'000	2024 K'000
Papua New Guinea	127,921	173,855
Australia	3,454	4,425
	<u>131,375</u>	<u>178,280</u>

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, and intangible assets.

8 CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Cash and cash equivalents	20,947	8,612	13,287	4,930
	<u>20,947</u>	<u>8,612</u>	<u>13,287</u>	<u>4,930</u>

9 TRADE AND OTHER RECEIVABLES

Current				
Trade receivables	32,038	29,481	23,758	23,361
Related party receivables (trade)	648	2,140	1,546	2,725
	<u>32,686</u>	<u>31,621</u>	<u>25,304</u>	<u>26,086</u>
Less: Expected credit losses	(3,619)	(3,448)	(1,331)	(1,184)
Total trade and related party receivables	29,067	28,173	23,973	24,902
Other receivables	27,708	32,774	22,985	29,190
Net current receivables	<u>56,775</u>	<u>60,947</u>	<u>46,958</u>	<u>54,092</u>

Breakdown of other receivables is as follows:

Insurance Claims	1,113	821	921	605
Employee loans	96	173	82	167
GST receivable	21,974	19,938	19,445	18,038
Government relief (business recovery)	-	4,000	-	4,000
Various deposits	2,418	3,316	1,970	2,870
Other	2,107	4,526	567	3,510
Total Other Receivables	<u>27,708</u>	<u>32,774</u>	<u>22,985</u>	<u>29,190</u>

The general credit period on sales of goods is 30 to 90 days for wholesale customers. No interest is charged on outstanding trade receivables.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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9 TRADE AND OTHER RECEIVABLES *continued*

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Consolidated	Not past due K'000	Past due not impaired K'000	Impaired K'000	Total K'000
2025				
Balance as at 31 December 2025	16,289	12,778	3,619	32,686
Expected Credit Losses	-	-	(3,619)	(3,619)
Total trade and related party receivables	16,289	12,778	-	29,067
2024				
Balance as at 31 December 2024	15,259	12,914	3,448	31,621
Expected Credit Losses	-	-	(3,448)	(3,448)
Total trade and related party receivables	15,259	12,914	-	28,173
Parent Company	Not past due K'000	Past due not impaired K'000	Impaired K'000	Total K'000
2025				
Balance as at 31 December 2025	10,957	13,016	1,331	25,304
Expected Credit Losses	-	-	(1,331)	(1,331)
Total trade and related party receivables	10,957	13,016	-	23,973
2024				
Balance as at 31 December 2024	11,209	13,693	1,184	26,086
Expected Credit Losses	-	-	(1,184)	(1,184)
Total trade and related party receivables	11,209	13,693	-	24,902

Roll-forward of expected credit losses:

	Consolidated		Parent	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Balance at the beginning of the year	3,448	3,173	1,184	467
Impairment recognised on receivable	2,127	275	1,765	717
Reversals recognised on receivables	(1,956)	-	(1,618)	-
Balance at the end of the year	3,619	3,448	1,331	1,184

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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10 INVENTORIES

	Consolidated		Parent Company	
	2025	2024	2025	2024
	K'000	K'000	K'000	K'000
Inventory for resale	101,032	136,558	51,353	86,487
Provision for inventory obsolescence	(5,783)	(6,280)	(1,399)	(3,004)
Total	95,249	130,278	49,954	83,483

These inventories are carried at lower of cost and net realisable value. Due to the nature of the business environment and operations, a provision for stock obsolescence has been made based on past experience. During 2025, K290.5m (2024: K313.4m) was recognised as an expense for inventories sold while K3.1m (2024: K2.4m) was expense carried at net realizable value. These are recognised in cost of sales. The carrying value of the inventory is below the selling price less costs necessary to sell the inventory as at 31 December 2025 and 2024.

11 PROPERTY, PLANT AND EQUIPMENT

Group	Land at valuation	Buildings at cost	Motor Vehicles at cost	Leasehold Improvement, Office equipment and Furniture & Fixtures at cost	Total
	K'000	K'000	K'000	K'000	K'000
Cost or Valuation					
At 01 January 2025	24,297	48,549	25,951	81,607	180,405
Additions	-	-	317	3,122	3,438
Disposals	(2,904)	(5,041)	(8,602)	(34,177)	(50,724)
Work in progress	-	-	-	511	511
Transfers	-	-	-	-	-
Revaluation	4,714	-	-	-	4,714
At 31 December 2025	26,107	43,508	17,666	51,063	138,344
Accumulated Depreciation					
At 01 January 2025	-	6,885	21,084	54,847	82,816
Charge for the period	-	2,316	1,916	5,640	9,872
Disposals	-	(968)	(7,734)	(21,449)	(30,151)
Transfers	-	-	-	-	-
At 31 December 2025	-	8,233	15,265	39,039	62,537
Net Carrying Value					
At 31 December 2025	26,107	35,275	2,401	12,024	75,807
At 01 January 2025	24,297	41,664	4,868	26,761	97,589

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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11 PROPERTY, PLANT AND EQUIPMENT *continued*

Group	Land at valuation	Buildings at cost	Motor Vehicles at cost	Leasehold Improvement, Office equipment and Furniture & Fixtures at cost	Total
	K'000	K'000	K'000	K'000	K'000
Cost or Valuation					
At 01 January 2024	24,297	48,453	25,343	102,097	200,190
Additions	-	96	1,219	8,463	9,778
Disposals	-	-	(611)	(29,220)	(29,831)
Work in progress	-	-	-	268	268
Transfers	-	-	-	-	-
At 31 December 2024	24,297	48,549	25,951	81,608	180,405
Accumulated Depreciation					
At 01 January 2024	-	4,498	18,756	71,822	95,076
Charge for the period	-	2,442	2,740	7,275	12,457
Disposals	-	-	(519)	(24,198)	(24,717)
Transfers	-	(55)	107	(52)	-
At 31 December 2024	-	6,885	21,084	54,847	82,816
Net Carrying Value					
At 31 December 2024	24,297	41,664	4,868	26,761	97,589
At 01 January 2024	24,297	43,955	6,587	30,275	105,114

Parent Company	Land and Buildings at valuation	Buildings at cost	Motor Vehicles At cost	Leasehold Improvement, Office equipment and Furniture & Fixtures at cost	Total
	K'000	K'000	K'000	K'000	K'000
Cost or Valuation					
At 01 January 2025	13,000	48,257	18,050	67,799	147,107
Additions	-	-	85	2,741	2,826
Disposals	(2,904)	(5,041)	(8,602)	(35,742)	(52,289)
Work in progress	-	-	-	273	273
Revaluation	3,769	-	-	-	3,769
At 31 December 2025	13,865	43,216	9,534	35,071	101,686
Accumulated Depreciation					
At 01 January 2025	-	6,713	14,376	43,454	64,543
Charge for the period	-	2,316	1,408	4,388	8,112
Disposals	-	(968)	(7,754)	(21,427)	(30,149)
Reclassification	-	-	-	-	-
At 31 December 2025	-	8,061	8,030	26,415	42,507
Net Carrying Value					
At 31 December 2025	13,865	35,155	1,504	8,656	59,179
At 01 January 2025	13,000	41,544	3,674	24,345	82,564

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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11 PROPERTY, PLANT AND EQUIPMENT *continued*

	Land and Buildings at valuation	Buildings at cost	Motor Vehicles At cost	Leasehold Improvement, Office equipment and Furniture & Fixtures at cost	Total
Parent Company	K'000	K'000	K'000	K'000	K'000
Cost or Valuation					
At 01 January 2024	13,000	48,249	17,717	88,356	167,322
Additions	-	8	944	7,930	8,882
Disposals	-	-	(610)	(28,741)	(29,351)
Work in progress	-	-	-	254	254
Revaluation	-	-	-	-	-
At 31 December 2024	13,000	48,257	18,051	67,799	147,107
Accumulated Depreciation					
At 01 January 2024	-	4,349	12,784	61,252	78,385
Charge for the period	-	2,419	2,024	6,339	10,782
Disposals	-	-	(539)	(24,085)	(24,624)
Reclassification	-	(55)	107	(52)	-
At 31 December 2024	-	6,713	14,376	43,454	64,543
Net Carrying Value					
At 31 December 2024	13,000	41,544	3,674	24,345	82,564
At 01 January 2024	13,000	43,900	4,933	27,104	88,937

SNS Divestment and meat factory sales

In May 2025, The CPL Board resolved to enter into arrangements to divest the assets of the SNS division and meat factory, and proceed with the buyer's due diligence. The sale of the SNS division was completed on 11th August 2025 while meat factory was on September 2025.

The details of SNS and Meat Factory sales are presented as below:

	Consolidated & Parent K'000
Assets associated to sales	
Inventories	11,758
Property, plant and equipment	21,188
Goodwill	2,111
Total Assets Sold	35,057
Consideration received	49,858
Gain from sale (Note 5c)	14,801

The gain is presented under Other Income in statement of comprehensive income.

Fair Value measurement of Land

The Group's and Parent's freehold land are stated at their revalued amounts being the fair value at the date of revaluation. In June 2025, according to CJ Valuers Limited, an independent valuer, there was an increase in the freehold land value amounted to K4.7 million (Parent Company: K3.7 million). As at December 2025, the independent valuer confirmed there are no changes in the market that will significantly change the value of the land.

The Valuer is a member of the Institute of Valuers and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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11 PROPERTY, PLANT AND EQUIPMENT *continued*

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties/other methods. In determining the fair value, a capitalisation rate of 10% was used along with a market rent of between K630 to K1500 per square metre.

Impairment

There are no indications that the assets may be impaired as at 31 December 2025 (2024: K Nil).

12 INVESTMENTS

	Note	Consolidated		Parent Company	
		2025	2024	2025	2024
		K'000	K'000	K'000	K'000
Non-Current					
Investment in Subsidiaries - at cost	12(a)	-	-	20,590	17,901
Joint Ventures – Equity method	12(b)	17,858	14,555	17,858	14,555
Total		17,858	14,555	38,448	32,456

	Country	Ownership	2025	2024
			K'000	K'000
12(a) Subsidiary Companies				
Pharmacy Wholesales Pty Limited	Australia	80%	2,105	2,105
Hardware Haus Limited	PNG	100%	15,796	15,796
Paradise Cinemas (PNG) Limited	PNG	100%	-	-
CP Medical Center Limited	PNG	100%	2,689	-
City Property Limited	19 PNG	100%	-	-
Real Rewards Limited	19 PNG	100%	-	-
			20,590	17,901
12(b) Joint Ventures				
Jacks Retail (PNG) Limited	PNG	50%	11,202	8,599
DFS (PNG) Limited	PNG	50%	6,656	5,956
-			17,858	14,555

Summarised statement of financial position of joint ventures, based on its IFRS Financial Statements, and reconciliation with the carrying amount of the investment in the consolidated financial statement:

Jacks Retail (PNG) Limited*

	2025	2024
	K'000	K'000
Current assets	27,561	28,609
Non-current assets	20,822	16,269
Current liabilities	(12,466)	(18,210)
Non-current liabilities	(13,513)	(9,470)
Net assets	22,404	17,198
Total Revenue	66,843	48,832
Total Profit (including net asset gains)	7,429	4,123
Group's share of Profit	3,714	2,062
Carrying amount of the investment (50%)	11,202	8,599

*Jack Retail (PNG) Limited declared dividends amounting to K2.22 (50%: K 1.11m) (2024: K 2.76m), which is accounted for as a deduction in Investment.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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12 INVESTMENTS *continued*

DFS PNG Limited

	2025 K'000	2024 K'000
Current assets	16,942	16,432
Non-current assets	6,188	6,093
Current liabilities	(7,169)	(7,270)
Non-current liabilities	(2,649)	(3,343)
Net assets	<u>13,312</u>	<u>11,912</u>
Total Revenue	22,483	19,019
Total Profit (including net asset gains)	<u>2,666</u>	<u>3,658</u>
Group's share of Profit / (Loss)	<u>1,333</u>	<u>1,829</u>
Carrying amount of the investment (50%)	<u>6,656</u>	<u>5,956</u>

**DFS (PNG) Limited declare dividends on 30th June 2025 of K1.24m 50% of FY23 Profit (2024: Nil).*

13 GOODWILL

	Consolidated		Parent Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Carrying value	<u>2,714</u>	<u>4,825</u>	<u>1,320</u>	<u>3,431</u>

As part of the purchase of the supermarket operations in 2005, K3,431k of goodwill was recognised. Also, the Group recognised K1,394k of goodwill in relation to the business combination with Pharmacy Wholesalers Pty. Limited. In August 2025, the parent company divested the supermarket division consequently derecognised goodwill value of K2.1m, based on its relative value to the total City Pharmacy Limited CGU, with sales proceed of K3.4 resulted K1.29m gain which is presented under Other Income in statement of comprehensive income.

For impairment testing purposes, goodwill has been allocated to the group of cash-generating units according to the level at which Directors and management monitors and controls the goodwill:

	2025 K'000	2024 K'000
City Pharmacy Limited	1,320	3,431
Pharmacy Wholesalers Pty. Ltd.	1,394	1,394
Carrying value	<u>2,714</u>	<u>4,825</u>

City Pharmacy Limited

The recoverable amount of this cash generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a discount rate of 17% per annum (2024: 17%).

Cash flow projections during the budget period are based on the same expected gross margin and inventory price inflation throughout the budget period. The terminal growth rate used beyond that five-year period is 4.50% (2024: 5%) which is the projected long-term average growth rate.

The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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13 GOODWILL *continued*

Pharmacy Wholesalers Limited

The recoverable amount of this cash generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a discount rate of 15% per annum (2024: 15.5%).

Cash flow projections during the budget period are based on the same expected gross margin and inventories price inflation throughout the budget period. The terminal growth rate used beyond that five-year period is 2.5% (2024: 4%) which is the projected long-term average growth rate.

The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

14 INTEREST BEARING LOANS AND BORROWINGS

	Note	Consolidated		Parent	
		2025 K'000	2024 K'000	2025 K'000	2024 K'000
Current					
Bank overdraft	14(a)	3,278	1,361	-	1,361
Bank Loans	14(b)	-	18,035	-	18,035
Non-Current					
Bank Loans	14(b)	-	-	-	-
Total loans and borrowings		3,278	19,396	-	19,396

Bank facilities and security:

- a) In 2011, the Company entered into a multi - option facility with Westpac Bank (PNG) Limited that includes loans, overdraft and assistance for documentary letters of credit to finance import payments into PNG. The loan is secured by the following:
1. Various Registered Mortgage Deeds;
 2. Fixed and floating charge over all Company assets and undertakings;
 3. Carrying value of motor vehicles as security over leases;
 4. Deed of Cross Guarantee; and
 5. Master Lease Agreement.
- Revolving overdraft facility has an interest rate of 6.45% per annum.
- b) In August 2020, the City Pharmacy Facility Agreement with Westpac was amended via the Fifth Deed of Amendment and Restatement. Under the Deed, the Company entered into a K22m facility to complete the construction of the Gerehu warehouse. The facility is to be repaid within 5 years of drawdown, the first year being interest only (5.95% per annum) and the succeeding 4 years to be principal and interest. The facility is secured by the following assets:
- Interlocking guarantee between CPL and HHL supported by:
 - First ranking fixed and floating charge over the current and future assets and undertakings of the Obligors; and
 - First ranking registered mortgages over the two (2) commercial properties plus all improvements thereon, properties being:
 1. Lot 18 Section 342 Uduka Street Hohola; and
 2. Allotment 2, Sec 163, Orion Rd, Taraka, Lae

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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14 INTEREST BEARING LOANS AND BORROWINGS *continued*

- c) In October 2024, City Pharmacy entered into a K3.5m facility to assist in the capital expenditures planned to rebuild the damaged stores and fit-out new shops. The facility is to be repaid within 5 years of the drawdown, at an interest rate of 6.45% per annum.

- d) Debt covenants

The loan agreement requires the Company to maintain certain covenants and ratios as follows:

Covenant	Assessment
a) Tangible net worth greater than K115 million or 90% of the previous year's consolidated tangible net worth	Group's TNW is K152.78M (90% previous year's consolidated TNW is K125.07M)
b) Fixed charge cover ratio of the Group is not less than 1.20:1	CPL is at 3.11 ratio
c) Fixed charge cover ratio of HHL is not less than 1.25:1	HHL is at 1.69 ratio
d) Gearing ratio of the Group is not more than 1.5:1	Group is at 1.36 ratio

The company has fully repaid the terms loans with Westpac in September 2025 and the overdraft facility of K13.6m unutilised as of 31 December 2025.

- e) At 31 December 2025, the Group had available K14.77m (2024: K11.8m) of undrawn overdraft facilities.

15 TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Current				
Trade payables	39,289	82,244	23,153	62,215
Related party payables	-	-	1,399	5,138
Other payables	23,679	30,874	14,321	16,598
	62,968	113,118	38,873	83,951
Non-current				
Security bond	613	527	53	54
Total payables	63,581	113,645	38,926	84,005

Breakdown of other payables is as follows:

	Consolidated		Parent	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Contract liability	10,345	14,393	3,480	2,402
Withholding taxes	4,010	3,158	3,956	3,159
Accruals	8,679	10,242	6,533	8,284
Wages payable	248	204	180	171
Other accruals	397	2,877	172	2,582
Total other payables	23,679	30,874	14,321	16,598

Contract liabilities are recorded when consideration is received in advance of the delivery of goods or services. Reductions in the contract liability will be recorded upon satisfaction of the performance obligations.

Contract liabilities primarily relate to deferred revenue consisting of advanced payments from customer from hardware products and unredeemed loyalty points.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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16 LEASES

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

Consolidated	<u>Right-of-use assets</u>	<u>Lease</u>	<u>Lease</u>
	<u>- Buildings</u>	<u>liabilities</u>	<u>receivable</u>
	K'000	K'000	K'000
As at 1 January 2024	88,975	138,429	24,449
Additions	13,167	13,167	-
Sub-lease	-	-	-
Modification	-	-	-
Depreciation	(24,408)	-	-
Lease termination	(1,868)	(2,277)	-
Interest expense	-	10,196	-
Interest income	-	-	1,635
Collections from sublessee	-	-	-
Payment of lessee	-	(36,369)	(5,662)
As at 31 December 2024	75,886	123,146	20,422
Additions	11,975	11,975	-
Sub-lease	(4,059)	-	6,042
Revaluation	1,883	230	(1,197)
Depreciation	(24,885)	-	-
Lease termination	(7,926)	(8,757)	-
Interest expense	-	8,272	-
Interest income	-	-	1,472
Collections from sublessee	-	-	(6,464)
Payment of lessee	-	(38,076)	-
As at 31 December 2025	52,855	96,790	20,275
Parent	<u>Right-of-use assets</u>	<u>Lease</u>	<u>Lease</u>
	<u>- Buildings</u>	<u>liabilities</u>	<u>receivable</u>
	K'000	K'000	K'000
As at 1 January 2024	61,014	97,128	13,791
Additions	12,134	12,134	-
Sublease	-	-	-
Modification	-	-	-
Depreciation	(15,496)	-	-
Lease termination	(1,868)	(2,276)	-
Interest expense	-	7,220	-
Interest income	-	-	757
Collections from sublessee	-	-	-
Payment of lessee	-	(23,871)	(2,828)
As at 31 December 2024	55,784	90,335	11,720
Additions	11,674	11,674	-
Sublease	(1,921)	-	3,029
Revaluation	(36)	(596)	-
Depreciation	(16,538)	-	-
Lease termination (SNS Shops)	(7,926)	(9,702)	-
Interest expense	-	5,963	-
Interest income	-	-	739
Collections from sublessee	-	-	(3,277)
Payment of lessee/sublessee	-	(24,974)	-
As at 31 December 2025	41,037	72,700	12,211

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16 LEASES *continued*

The following are amounts recognised in profit or loss:

Consolidated	2025 K'000	2024 K'000
Depreciation expense of right-of-use assets	(24,885)	(24,408)
Interest expense on lease liabilities	(8,272)	(10,196)
Interest income on lease receivables	1,472	1,636
Gain from lease termination	-	408
Gain or Loss from subleases	(1,495)	-
Expense relating to leases of low-value assets	(242)	100
Total amount recognised in profit or loss	(33,422)	(32,461)

Parent	2025 K'000	2024 K'000
Depreciation expense of right-of-use assets	(16,538)	(15,496)
Interest expense on lease liabilities	(5,963)	(7,220)
Interest income on lease receivables	739	757
Gain from lease termination	-	409
Gain or Loss from subleases	(1,668)	-
Expense relating to leases of low-value assets	-	(264)
Total amount recognised in profit or loss	(23,430)	(21,815)

The Group has accounted for its sub-lease arrangements as finance leases.

Refer to Note 7 for a reconciliation demonstrating the impact of IFRS 16 between Segment profit and Net profit.

(a) Classification of lease receivable and liability

	Consolidated		Parent	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Lease receivables				
Current	7,836	6,790	4,248	4,309
Non-current	12,439	13,632	7,963	7,411
Total lease receivables	20,275	20,422	12,211	11,720
Lease liabilities				
Current	58,195	35,741	54,636	28,304
Non-current	38,595	87,405	18,064	62,031
Total lease liabilities	96,790	123,146	72,700	90,335

17 PROVISIONS

	Consolidated		Parent	
	2025 K'000	2024 K'000	2024 K'000	2024 K'000
Current				
Provisions*	22,481	12,165	22,481	12,165
Employee provisions:				
Wages Payable	409	897	431	747
Annual Leave	2,225	2,879	1,516	2,114
Employee bonus	526	261	170	(44)
Long service leave	1,530	2,264	1,530	1,832
Total Current	27,171	18,466	26,127	16,814
Non-current				
Long service leave	2,707	2,966	1,417	2,712

*GST liability As disclosed in note 2.3

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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18 EQUITY

Share capital

In accordance with the provisions of the Companies Act 1997, the share capital does not have a par value. The Board of Directors of the Group, in line with the provisions of the constitution, may issue shares at its discretion.

The total number of shares issued as at 31 December 2025 is 206,277,911 (2024: 206,277,911).

Earnings per Share

Basic EPS is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic EPS calculations:

	Consolidated	
	2025	2024
	K'000	K'000
Profit (loss) attributable for basic and diluted earnings	10,694	(8,905)
Weighted average number of shares for basic and diluted EPS	206,278	206,278
Earnings (loss) per share - basic and diluted (toea per share)	5.18	(4.32)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

The Group and Parent Company's revaluation reserve has increased to K18.52m for year-ended 31 December 2025 with valuation undertaken as disclosed in Note 11. The property revaluation reserve arises on the revaluation of land and buildings. When the revalued land and buildings are sold, the portion of the property revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the property revaluation reserve will not be reclassified subsequently to profit or loss.

Foreign currency translation reserve

	Consolidated	
	2025	2024
	K'000	K'000
Balance at beginning of year	1,187	1,448
Exchange differences arising on translating the foreign operations	1,477	(261)
Balance at end of year	2,664	1,187

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (PNG Kina) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations) are reclassified upon disposal of foreign operations.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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18 EQUITY *continued*

Retained earnings and dividend on equity instruments

	Consolidated		Parent	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Retained earnings	80,709	80,330	57,862	59,091
Balance at beginning of year	80,330	89,235	59,091	68,938
Profit attributable to the owners of the Company	10,694	(8,905)	9,086	(9,847)
Special Dividends declared and paid	(10,315)	-	(10,315)	-
Balance at end of year	80,709	80,330	57,862	59,091

Special Dividends declared and paid

There was a special year end dividend declared at 5 toea per share and paid on 23 December 2025 amounting to 10.3m from parent company (2024: Nil).

Dividends declared and paid through subsidiary

There was dividends declared and paid to Non-Controlling interest from Pharmacy Wholesaler Limited, subsidiary, amounting to PGK 223k (2024: K214k).

19 RELATED PARTY TRANSACTIONS

Related parties are considered to be enterprises or individuals with whom the Company and the Group is especially related because either they or the Company are in a position to significantly influence the outcome of transactions entered into with the Company and the Group, by virtue of being able to control, dominate or participate in a fiduciary capacity in decision making functions or processes. A number of transactions are entered into with these related parties in the normal course of business. These transactions are carried out on commercial terms and market rates.

a) Transactions with Subsidiaries and Joint Ventures

- The Company provides administration assistance to Hardware Haus Limited (HHL), a wholly owned subsidiary. Management fees billed to HHL for the year is K 1.2m (2024: K1.2m). The Company's total sales to HHL in 2025 is K108k (2024: K578k) while purchases is K975k (2024: K3.2m). As at 31 December 2025, the Company has receivable from HHL of K1.1m (2024: K4.6m) while payable of K403k (2024: 1.1m).
- The Company has transactions with Pharmacy Wholesalers Pty. Ltd. 'PWL', a subsidiary. The Company's purchases from PWL in 2025 is K15.7m (2024: K10.5m). The Company has a payable to Pharmacy Wholesalers of K105k (2024: K4.0m).
- The Company provides administration assistance to Paradise Cinema (PNG) Limited, a wholly owned subsidiary. As at 31 December 2025, the Company has a receivable from Paradise Cinema of K739k (2024: K647k).
- The Company provides administration assistance to Jack's of PNG Limited, a joint venture. Management fees billed to Jack's for 2025 is K101k (2024: K100k). The Company's purchases from Jack's during the year is K 889k (2024: K510k). As at 31 December 2025, the Company has receivable from Jack's of K169k (2024: 459k) while payable of K169k (2024: payable K135k).

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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19 RELATED PARTY TRANSACTIONS *continued*

- The Company provides administration assistance to DFS (PNG) Limited, a joint venture. The Company's total sales to DFS in 2025 is K77k (2024: K85k), while purchases from DFS is K 385k (2024: K400k). As at 31 December 2025, CPL has receivable from DFS of K236k (2024: K559k) while payable of K89k (2024: K103k).

b) Remuneration of the Directors and key management officers

The total remuneration paid to Directors and key management for 2025 is K7.4m (2024: K6.7m) and consisted of fixed directors' fees, salaries and fees and non-monetary benefits (i.e. accommodation and motor vehicle), as follows:

	2025 K'000	2024 K'000
Short-term employment benefits	5,987	6,713

In the current year, the Company does not have post-employment benefits, other long-term benefits and termination benefits for its directors and employee.

Remuneration of Directors

	2025 K'000	2024 K'000
Stanley Thomas Joyce	200	200
Sir Mahesh Patel	150	150
Siang Kee Lim	1,430	588
Mary Handen	100	100
Aru Chellappan	100	100
Eunice Parua	100	100
Edward Hamilton Ruha	100	100
Stephanie Jane Copus Campbell	100	100
Flaire Namaliu	207	35

Interest Register

Name of Director	Interest/Position	Name of entity/ individual
Stanley Thomas Joyce	Chairman	South Pacific Brewery Limited
	Director	NGIP Agmark Limited
	Director	PNG Chiefs
Sir Mahesh Patel, OBE	Shareholder	Manu Nominees Pty. Limited, Australia
	Director/Shareholder	Amar Business Holding Pte Ltd, Singapore
	Director Chairman	Short Circuit Pte Ltd CPL Foundation Inc.
Mary Handen	Director/Shareholder	KBS Network Limited
	Director/Shareholder	Jedjays Limited
Eunice Parua	Director/Shareholder	LLLS Services Limited
	Director/Shareholder	Cresco Ventures Limited
	Director	First Investment Finance Limited
	Councillor	PNG Law Society Council
Siang Kee Lim	Director	Hardware Haus Limited
	Director	Hardware Haus Properties Limited
	Director	CP Medical Center Limited
	Director	Paradise Cinema (PNG) Limited
	Director	Business Council of PNG
	Director	Fairdeal management Limited
Aru Chellappan	Director	Geoinvest Limited
	Director	Jacks (PNG) Limited

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19 RELATED PARTY TRANSACTIONS *continued*

Shareholdings of Directors and Related Parties

Related Party	No. of Shares in the Company	% Holding
Sir Mahesh Patel & Lady Usha Patel	25,148,051	12.19%
Amar Business Holdings Pte Limited, Singapore	21,280,712	10.32%
Sir Mahesh Patel	9,842,395	4.77%
Ajay Patel	5,096,319	2.47%
Nikhil Patel	4,864,219	2.36%
Manu Nominees Pty. Limited, Australia	3,000,000	1.45%
Siang Kee Lim	210,210	0.10%

Remuneration of employees

Below table shows number of employees with remuneration above K100k.

K'000				K'000				K'000				
2025		2024		2025		2024		2025		2024		
100	110	11	7	541	550	-	-	981	990	-	-	
111	120	10	5	551	560	-	-	991	1,000	-	-	
121	130	10	17	561	570	-	-	1,001	1,010	-	-	
131	140	6	3	571	580	2	1	1,011	1,020	-	-	
141	150	4	5	581	590	-	-	1,021	1,030	-	-	
151	160	2	2	591	600	-	1	1,031	1,040	-	-	
161	170	4	3	601	610	-	-	1,041	1,050	-	-	
171	180	4	4	611	620	-	-	1,051	1,060	-	-	
181	190	6	6	621	630	-	-	1,061	1,070	-	-	
191	200	4	7	631	640	-	1	1,071	1,080	-	-	
201	210	5	4	641	650	-	-	1,081	1,090	-	-	
211	220	2	3	651	660	-	-	1,091	1,100	-	-	
221	230	1	1	661	670	-	-	1,101	1,110	-	-	
231	240	1	2	671	680	-	-	1,111	1,120	-	-	
241	250	-	-	681	690	-	-	1,121	1,130	-	-	
251	260	2	1	691	700	-	-	1,131	1,140	-	-	
261	270	-	1	701	710	-	-	1,141	1,150	-	-	
271	280	-	1	711	720	1	-	1,151	1,160	-	-	
281	290	5	1	721	730	-	-	1,161	1,170	-	-	
291	300	2	1	731	740	-	-	1,171	1,180	-	-	
301	310	1	2	741	750	-	-	1,181	1,190	-	-	
311	320	-	-	751	760	-	1	1,191	1,200	-	-	
321	330	1	1	761	770	-	-	1,201	1,210	-	-	
331	340	-	1	771	780	-	-	1,211	1,220	-	-	
341	350	-	-	781	790	-	-	1,221	1,230	-	-	
351	360	2	-	791	800	-	-	1,231	1,240	-	-	
361	370	1	1	801	810	-	-	1,241	1,250	-	-	
371	380	-	1	811	820	-	-	1,251	1,260	-	-	
381	390	-	3	821	830	-	-	1,261	1,270	-	-	
391	400	-	1	831	840	-	-	1,271	1,280	-	-	
401	410	2	2	841	850	-	-	1,281	1,290	-	-	
411	420	-	-	851	860	-	-	1,291	1,300	-	-	
421	430	1	-	861	870	1	-	1,301	1,310	-	-	
431	440	-	2	871	880	-	-	1,311	1,320	-	-	
441	450	1	-	881	890	-	-	1,321	1,330	-	-	
451	460	-	1	891	900	-	-	1,331	1,340	-	-	
461	470	-	-	901	910	-	-	1,341	1,350	-	-	
471	480	-	-	911	920	-	-	1,351	1,360	-	-	
481	490	-	-	921	930	1	1	1,361	1,370	-	1	
491	500	-	-	931	940	-	-	1,371	1,380	-	-	
501	510	-	1	941	950	-	-	1,381	1,390	-	-	
511	520	-	-	951	960	-	-	1,391	1,400	1	-	
521	530	-	-	961	970	-	-	-	-	-	-	
531	540	-	-	971	980	-	-	-	-	-	-	
								Total	94	96		

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
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20 FINANCIAL INFORMATION

The Group's activities expose it to a variety of financial risks, including the effects of changes in market prices and interest rates. The Group monitors these financial risks and seeks to minimize the potential adverse effects on the financial performance of the Group. The Group does not use any derivative financial instruments to hedge these exposures.

a) Fair Value

The face values for financial assets and liabilities approximate their fair values.

b) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit. The maximum exposure to credit risk is represented by the gross amount before ECL of each financial asset in the balance sheet.

	Consolidated		Parent	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Cash at bank	20,947	8,612	13,287	4,930
Trade receivables	32,686	31,621	25,304	26,086
Related party receivables	219	124	458	780
Lease receivable	20,275	20,422	12,211	11,720
	74,127	60,779	51,260	43,516

Management expects all accountable parties to meet its obligations.

c) Foreign exchange risk

The Group's foreign currency risk arises on account of transactions with suppliers. Due to current BPNG regulations, management is unable to fully mitigate against foreign exchange fluctuations, and foreign currency is only available upon providing the appropriate documents to the bank.

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Group	On demand	0-3 Months	3 Months – 1 Year	Due more than a year
	K'000	K'000	K'000	K'000
2025				
Trade payables	62,968	-	-	-
Bank overdraft	3,278	-	-	-
Borrowings	-	-	-	-
Lease liabilities	-	14,865	23,618	92,759
	66,246	14,865	23,618	92,759

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20 FINANCIAL INFORMATION *continued*

Group	On demand	0-3 Months	3 Months – 1 Year	Due more than a year
	K'000	K'000	K'000	K'000
2024				
Trade payables	113,118	-	-	-
Bank overdraft	1,361	-	-	-
Borrowings	18,035	-	-	-
Lease liabilities	-	12,657	24,030	114,423
	132,514	12,657	24,030	114,423

Parent Company	On demand	0-3 Months	3 Months – 1 Year	Due more than a year
	K'000	K'000	K'000	K'000
2025				
Trade and related party payables	38,873	-	-	-
Bank overdraft	-	-	-	-
Borrowings	-	-	-	-
Lease liabilities	-	10,415	17,986	75,767
	38,873	10,415	17,986	75,767

Parent Company	On demand	0-3 Months	3 Months – 1 Year	Due more than a year
	K'000	K'000	K'000	K'000
2024				
Trade and related party payables	83,951	-	-	-
Bank overdraft	1,361	-	-	-
Borrowings	18,035	-	-	-
Lease liabilities	-	8,410	15,410	89,478
	103,347	8,410	15,410	89,478

The Group regularly reviews its short, medium- and long-term funding requirements. The policy requires that sufficient committed funds are available to meet medium term requirements, with flexibility and headroom in the event a strategic opportunity should arise.

e) Interest risk

The Group monitors the interest rate exposure on a regular basis and has no current exposure to variable interest rates on its financial assets and liabilities. However, the Group is restricted in its ability to mitigate the risks associated with interest rate movements.

f) Sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the long term, however, permanent changes in foreign exchange and interest rates would have a material impact on consolidated earnings.

At 31 December 2025 and 2024, a general increase of one percentage point in interest rates or one percentage point in the value of the Kina against other foreign currencies would not have a significant impact on the Group's profit.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

20 FINANCIAL INFORMATION *continued*

g) Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, lease liability, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

The Group's policy is to keep the gearing ratio between 20% and 40%. The Company's gearing ratio increased at year-end 2024 due to civil unrest resulting to assets loss and business interruption. These events impacted the Company's financial performance and contributed to the higher gearing ratio. Meanwhile in 2025, The Company has made a strategic move after disposing the supermarket division, include in meat factory assets, which driven the ratio within the policy this financial year.

Gearing Ratio

As at year end, the ratio was as follows:

	Consolidated	
	2025	2024
	K'000	K'000
Interest-bearing loans and borrowings	3,278	19,396
Trade and other payables	63,581	113,646
Less: cash and short-term deposits	(20,947)	(8,612)
Net debt	45,912	124,430
Equity (i)	172,762	166,192
Capital and net debt	218,674	290,622
Gearing ratio	21%	43%

(i) Equity includes all capital and reserves of the Group that are managed as capital.

To achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

21 COMMITMENTS AND CONTINGENCIES

Commitments

Future financial charges is K Nil (2024: K3,396) in relation to the bank loans from the Westpac Bank PNG Limited.

Contingencies

- a) The Company has a credit facility of K19,750k (2024: K19,750k) for Multi - Option Facilities which includes documentary letters of credit from Westpac Bank PNG Limited.
- b) The Company has guaranteed the Hardware Haus Limited multi-option and fully drawn loan facilities from Westpac Bank PNG Limited. The guarantee is supported by a mortgage of the Company property.

22 REMUNERATION OF AUDITOR

	Consolidated		Parent	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Financial statement audits	549	519	339	299
	549	519	339	299

23 SUBSEQUENT EVENTS

The Directors are of the opinion that no significant events or condition occurred after 31 December 2025 which requires adjustment or disclosure in the financial statements.

Independent auditor's report to the members of City Pharmacy Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of City Pharmacy Limited (the Company) and its subsidiaries (collectively the Group), which comprises:

- ▶ The Group consolidated and Company statements of financial position as at 31 December 2025;
- ▶ The Group consolidated and Company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended;
- ▶ Notes to the financial statements, including material accounting policy information; and
- ▶ The director's declaration.

In our opinion, the accompanying financial report is in accordance with the Companies Act 1997, including:

- ▶ Giving a true and fair view of the Company's and the Group's financial position as at 31 December 2025 and of their financial performance for the year ended on that date; and
- ▶ Complying with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Auditing Standards. 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 ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Papua New Guinea. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.



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Sale of supermarket assets

Why significant	How our audit addressed the key audit matter
<p>In May 2025, The CPL Board resolved to enter into arrangements to divest certain assets of Stop N Shop, and meat factory facilities.</p> <p>The sale of these assets was completed on 11th August 2025 while the meat factory sale was completed on 02 September 2025.</p> <p>Stop N Shop is part of the CPL Group’s Retail operating segment. As a result, its disposal has therefore been identified as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ We read management’s accounting papers and calculation associated with the transactions and assessed whether the proposed treatment was consistent with the requirements of IFRS and agreed key facts within the accounting papers to underlying sale and purchase agreements. ▶ We verified the consideration received and agreed it to the proceeds recognised in the cash flow statement. ▶ We tested the gain on disposal by agreeing the consideration received to sales documents and cash received, and agreed the net assets disposed to underlying records. ▶ We confirmed that the appropriate accounting entries, including de-recognition of divested assets and the corresponding depreciation for the financial year till disposal, were recorded. ▶ We evaluated the presentation of the significant transactions in the financial statements. <p>We also assessed the adequacy and appropriateness of the disclosures included in the Notes to the financial statements.</p>

Information other than the financial report and auditor’s report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company’s 2025 annual report, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Accounting Standards and the Companies Act 1997 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are 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 the International Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the International Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial



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report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Papua New Guinea Companies Act 1997 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- a) In our opinion proper accounting records have been kept by the Company, so far as appears from our examination of those records; and
- b) we have obtained all the information and explanations we have required.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'M Savage' in a cursive style.

Matthew Savage
Partner

Registered under the Accountants Act 1996
Port Moresby

16 March 2026

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
STOCK EXCHANGE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025**

City Pharmacy Limited is listed on Port Moresby Stock Exchange (POMSOX) in a compliance listing 20 February 2002.

Top Shareholding

Shareholder	No. of Shares	Percentage
National Superannuation Fund	34,579,566	16.76%
Mahesh Patel & Usha Patel	25,148,051	12.19%
Nambawan Super Limited	23,660,343	11.47%
Amar Business Holdings Pte. Ltd.	21,280,712	10.32%
Almana Holdings Pte. Ltd.	17,000,000	8.24%
New World Limited	13,887,857	6.73%
Mrl Capital Limited	10,325,510	5.01%
Mahesh Patel	9,842,395	4.77%
Ajay Patel	5,096,319	2.47%
Nikhil Patel	4,864,219	2.36%
Rolex Investments Limited	4,134,241	2.00%
Mr. Yang Boon Boo	3,100,000	1.50%
Manu Nominees Pty Limited	3,000,000	1.45%
Real Genius Investments	2,737,773	1.33%
Capital Nominees Limited	2,718,059	1.32%
Even Stronger Investments Limited	2,700,269	1.31%
Mineral Resources Star Mountains Limited	2,500,000	1.21%
Mineral Resources Ok Tedi No 2 Limited	2,500,000	1.21%
Laxmi Investments Limited	2,061,317	1.00%
Sky Finance Limited	1,967,989	0.95%
Others*	13,173,291	6.39%
Total	206,277,911	100.00%

*740 other shareholders hold less than 1,000,000 shares in total

Shareholding Bands

Shareholders	No. of Shareholders	No. of Shares
1 - 1000	168	103,477
1,001 - 5,000	448	1,088,634
5,001 - 10,000	49	341,403
10,001 - 100,000	50	1,529,521
100,001 and above	48	203,214,876
Total	763	206,277,911

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
STOCK EXCHANGE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025

	Amounts in PGK'000				
	2021	2022	2023	2024	2025
Statement of Comprehensive Income					
Turnover	579,633	606,082	574,922	500,548	453,023
Operating Profit/(loss) before tax	15,669	16,431	8,692	-17,871	16,970
Operating Profit/(loss) after tax attributable to the Group	14,237	15,539	6,002	-8,760	11,269
Dividends proposed/paid	8,251	10,314	-	-	10,315
Shares on issue (number)	206,277,911	206,277,911	206,277,911	206,277,911	206,277,911
Dividends proposed per share (Kina)	4 toea	5 toea	0 toea	0 toea	5 toea

	Amounts in PGK'000				
	2021	2022	2023	2024	2025
Statement of Financial Position					
Shareholders' Funds	169,776	178,893	175,358	166,192	172,762
Inventories	103,198	113,831	156,941	130,278	95,249
Other assets	360,278	326,319	327,773	315,146	272,882
Borrowings	21,125	18,625	15,958	18,035	-
Other liabilities	271,435	241,114	291,716	259,584	193,527
Current Ratio	1.58	1.46	1.37	1.15	1.03
Debt to Net worth	12%	10%	9%	11%	0%
Net asset backing per Share (Kina)	0.80	0.85	0.83	0.79	0.83
Net Profit Margin	2.46%	2.56%	1.04%	-1.75%	2.49%
Net Profit to Equity	8.39%	8.69%	3.42%	-5.27%	6.52%
Earnings per Share (Toea)	6.76	7.35	2.83	-4.32	5.18

**CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
STOCK EXCHANGE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025**

Corporate Governance Statement

The Board of Directors conducts the affairs of the Company in accordance with best practices to achieve a high standard of governance. It sets the strategic decision of the Company and continually review management performance. Transparent reporting procedures are in place for all Company activities.

Composition of the Board

The Board is made up of 1 non-executive director, 2 executive directors and 6 independent directors. One-third (1/3) of the directors retire on a rotational basis in accordance with the Company's constitution (para. 38(4)). Retiring directors may be eligible for re-election by the shareholders at the Company's Annual General Meeting. The Chairman is responsible for reviewing the Board's membership following consultation with existing Board members.

Staff Appointment and Remuneration

Officers and staff remuneration is handled by the People & Culture Committee, headed by Ms. Mary Handen. Company performance is assessed to determine the compensation of senior management staff and the directors themselves.

Risk Management

The Risk Committee oversees the risk management policies and practices of the Group, led by Ms. Stephanie Copus-Campbell, and supported by Ms. Eunice Parua and Ms. Flare Namaliu. The Committee ensures that there are policies in place to identify, measure and mitigate the risks faced by the Group, and that these policies are in line with the Company's risk appetite.

Financial Reporting, Internal Control and Compliance

The Audit Committee, led by Mr. Edward Ruha and supported by Mr. Aru Chellappan, plays a critical role in safeguarding the Group's financial stability. They achieve this by overseeing the financial reporting process, ensuring the effectiveness of internal controls, and guaranteeing the Group's compliance with relevant rules and regulations.

Access to Professional Advice

Directors are entitled to seek independent legal advice on their duties at the Company's expense, provided that they seek prior approval of the Chairman.



2025 ANNUAL REPORT



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