CPL GROUP

SINCE 1987

CITY PHARMACY LIMITED
AND SUBSIDIARY COMPANIES

APPENDIX 5B

# HALF YEAR FINANCIAL REPORT

FOR THE SIX MONTH ENDED JUNE 2026

## 1. REPORTING PERIOD

| | |
|---|---|
| Reporting period-six months ended | 30th June 2026 |
| Previous corresponding period-six months ended | 30th June 2025 |

## 2. THE DIRECTORS

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

| | |
|---|---|
| Stephanie Copus Campbell (Appointed on 11th May 2026) | Chairman |
| Aru Chellappan | Independent Director |
| Eunice Parua | Independent Director |
| Flare Namaliu | Executive Director |
| Dr. Polash Adhikari (Appointed on 11th May 2026) | Independent Director |
| Sir Mahesh Patel, OBE (Appointed on 11th May 2026) | Chairman Emeritus |
| Stanley Thomas Joyce, CSM (Retired 11th May26) | Chairman |
| Sir Mahesh Patel, OBE (Retired on 11th May 2026) | Independent Director |
| Edward Hamilton Ruha (Retired 11th May26) | Independent Director |
| Siang Kee Lim (Retired 11th May26) | Executive Director |
| Mary Handen (Retired 11th May26) | Independent Director |

**Company Secretary**

Mohanraj Natarajan

## CHAIRMAN'S STATEMENT

The revenue for the first six months period was K171.27m, compared to K250.41m in the prior corresponding period, a decrease of 31.6%, principally reflecting the SNS divestment.

On a normalised basis, excluding SNS revenue from the prior corresponding period, revenue from continuing operations increased by approximately 15%, from K149.50m to K171.27m

Group profit before tax for the six months period was K7.24m, up from K2.85m LY, reflecting a substantial 154% increase driven by the SNS divestment strategy, operating cost restructuring and pharmacy division revenue growth.

Our JV partners Jacks of PNG and Prouds continue to deliver impressive performance and the JVs' profit contribution for the period was K2.03m compared to K1.58m LY, growth of 28%.

We recognise that sustainable shareholder value will depend not simply on growing topline, but on converting that growth into consistent profitability and cash generation. This is now central to the Group's performance improvement agenda.

The Board is pleased to welcome Mr.Ajay Patel as Group Chief Executive Officer. I was also appointed as Board Chair in May 2026 and have since worked closely with the Board and leadership team to build on the important foundations already established. Our focus is to provide clear strategic direction, rigorous oversight of risk and performance, and strong support to management as CPL moves forward.

We remain excited by CPL's health strategy. Our medical centres are gaining momentum, and early customer uptake reinforces our view that there is substantial demand for accessible, affordable and quality primary health care in Papua New Guinea. CPL's established pharmacy network, medical capabilities and trusted brand provide a strong platform from which to build an integrated health offering over time.

We do not underestimate the work ahead. However, CPL has a clear strategic opportunity, an experienced Board, renewed executive leadership and a national platform. We are confident that the actions now underway will position the Group to deliver more sustainable performance and long term value for shareholders.

Reflecting the group financial performance, the Board is pleased to announce an interim dividend of 2 toea per share.

On behalf of the Board, I thank our customers, shareholders, management and staff for their continued support and commitment during this transformational journey of the company.

**Stephanie Copus Campbell, AM GAICD**
Board Chair
CPL Group

## 3. HALF YEAR RESULTS

Name of entity

| **CITY PHARMACY LIMITED** |
|---|

| Company No: | Half year end (current period) |
|---|---|
| **1-11575** | **30 JUNE 2026** |

**Results for announcement to the market**

| | | | **2026 K'000** | **2025 K'000** |
|---|---|---|---|---|
| Revenue from ordinary operations | ↓ | **31.6%** | **171,269** | **250,412** |
| Revenue from normalised operations post SNS | ↑ | **14.6%** | **171,269** | **149,500** |
| Profit (loss) from ordinary operations before tax | ↑ | **154.5%** | **7,242** | **2,846** |
| Profit (loss) from ordinary operations after tax | ↑ | **275.6%** | **4,110** | **1,094** |
| Profit (loss) after tax attributable to shareholders | ↑ | **371.6%** | **3,707** | **786** |

| **Dividends (distribution)** | **Amount per security** |
|---|---|
| Special Dividend – 2025 | 5 toea |
| Final Dividend – 2025 | 4 toea |
| Interim Dividend – 2026 | 2 toea |

| Record date for determining entitlements to the interim dividends, | 23 September 2026 |
|---|---|

## 4. Financial Statements

### 4.1 Consolidated Statement of Comprehensive Income

| | Consolidated For the 6 months period ended | |
|---|---|---|
| | **2026** | **2025** |
| | **K'000** | **K'000** |
| Revenue from Contract with Customers | 171,269 | 250,412 |
| Cost of sales | (113,797) | (166,356) |
| **Gross profit** | 57,472 | 84,056 |
| Distribution expenses | (4,207) | (4,596) |
| Marketing expenses | (1,340) | (1,410) |
| Administration expenses | (42,289) | (56,168) |
| Finance costs | (3,156) | (5,968) |
| Finance income | 779 | 341 |
| Depreciation expense | (11,222) | (18,832) |
| Other income | 10,486 | 3,657 |
| Foreign exchange (loss)/gains | (1,309) | 184 |
| Total Expenses | (52,258) | (82,792) |
| Share of profit from joint ventures | 2,028 | 1,582 |
| **Profit before income tax expense** | **7,242** | **2,846** |
| Income tax expense | (3,132) | (1,752) |
| **Profit for the period after income Tax** | **4,110** | **1,094** |
| Exchange differences on translating foreign operation | 1,222 | 639 |
| **Total comprehensive income for the period** | **5,332** | **1,733** |
| Owners of the parent | 3,707 | 786 |
| Non-controlling interest | 403 | 308 |
| | **4,110** | **1,094** |
| Owners of the parent | 4,929 | 1,425 |
| Non-controlling interest | 403 | 308 |
| | **5,332** | **1,733** |
| **Earnings per share - basic and diluted (toea per share)** | 1.99 | 0.53 |

## 4.2. Statement of Financial Position

| | Consolidated | |
|---|---|---|
| | **June 2026 K'000** | **December 2025 K'000** |
| **ASSETS** | | |
| Cash and cash equivalents | 11,690 | 20,947 |
| Trade and other receivables | 45,255 | 56,775 |
| Lease receivable | 9,855 | 7,836 |
| Income tax receivable | 2,830 | 2,617 |
| Inventories | 93,362 | 95,249 |
| Prepayments | 3,997 | 3,710 |
| **Total Current Asset** | **166,989** | **187,134** |
| Related party receivables | 975 | 219 |
| Lease receivable | 5,112 | 12,439 |
| Property, plant and equipment | 76,038 | 75,807 |
| Right of use asset | 29,514 | 52,855 |
| Investment in Subsidiaries | - | - |
| Investment in Joint Ventures | 17,188 | 17,858 |
| Deferred tax assets, net | 16,672 | 19,105 |
| Goodwill | 2,714 | 2,714 |
| **Total Non-Current Asset** | **148,213** | **180,997** |
| **TOTAL ASSETS** | **315,202** | **368,131** |
| **LIABILITIES** | | |
| Borrowings | - | - |
| Bank overdraft | 1,639 | 3,278 |
| Trade and other payables | 65,619 | 62,968 |
| Lease Liabilities | 17,377 | 58,195 |
| Employee provisions | 8,417 | 27,171 |
| **Total Current Liabilities** | **93,052** | **151,612** |
| Borrowings | - | - |
| Other payables | 610 | 613 |
| Lease liabilities | 45,402 | 38,595 |
| Employee provisions | 4,453 | 2,707 |
| **Total Non-Current Liabilities** | **50,465** | **41,915** |
| **TOTAL LIABILITES** | **143,517** | **193,527** |
| **NET ASSETS** | **171,685** | **174,604** |
| **SHAREHOLDERS' EQUITY** | | |
| Issued capital | 70,867 | 70,867 |
| Reserves | 18,522 | 18,522 |
| Other reserve | 3,886 | 2,664 |
| Retained earnings | 76,165 | 80,709 |
| **Equity attributable to owners of the Parent** | 169,440 | **172,762** |
| Non - controlling interest | 2,245 | 1,842 |
| **TOTAL SHAREHOLDERS' EQUITY** | **171,685** | **174,604** |

## 4.2 Consolidated Statement of Changes in Equity

| | Share Capital | Retained Earnings | Revaluation Reserve | Translation Reserve | Attributable to owners of the parent | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|---|
| | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 | K'000 |
| **Group** | | | | | | | |
| **Balance at 01 January 2025** | **70,867** | **80,330** | **13,808** | **1,187** | **166,192** | **1,613** | **167,805** |
| Profit for the period | - | 787 | - | - | 787 | 308 | 1,095 |
| Other comprehensive income: | | | | | | | |
| Translation differences | - | - | - | 639 | 639 | - | 639 |
| **Total comprehensive income for the year** | **-** | **787** | **-** | **639** | **1,426** | **308** | **1,734** |
| Dividends declared | - | - | - | - | - | (151) | (151) |
| **Balance at 30 June 2025** | **70,867** | **81,117** | **13,808** | **1,826** | **167,618** | **1,770** | **169,388** |
| **Balance at 01 January 2026** | **70,867** | **80,709** | **18,522** | **2,664** | **172,762** | **1,842** | **174,604** |
| Profit for the period | - | 3,707 | - | - | 3,707 | 403 | 4,110 |
| Other comprehensive income: | | | - | | | | |
| Translation difference | - | - | - | 1,222 | 1,222 | - | 1,222 |
| **Total comprehensive income for the year** | **-** | **3,707** | **-** | **1,222** | **4,929** | **403** | **5,332** |
| Dividends declared | - | (8,251) | | | (8,251) | - | (8,251) |
| **Balance at 30 June 2026** | **70,867** | **76,165** | **18,522** | **3,886** | **169,440** | **2,245** | **171,685** |

### 4.3 Consolidated Statement of Cash Flows

| | Consolidated | |
|---|---|---|
| | **June 2026** | **June 2025** |
| | **K'000** | **K'000** |
| **Operating Activities** | | |
| Cash receipts from customers | 187,207 | 260,189 |
| Cash paid to suppliers and employees | (168,035) | (246,328) |
| Cash receipts from lessees | 3,076 | 1,807 |
| Cash payments from low value and short-term leases | (1,821) | (189) |
| Cash generated from operations | 20,427 | 15,479 |
| Interest paid from borrowings | (801) | (1,487) |
| Interest paid from lease liabilities | (2,355) | (4,380) |
| Interest received | 779 | 341 |
| Income tax paid | (912) | - |
| **Cash generated by operating activities** | **17,138** | **9,953** |
| **Investing Activities** | | |
| Dividend received | 2,697 | - |
| Purchase of plant and equipment | (3,806) | (2,069) |
| **Cash utilised by investing activities** | **(1,109)** | **(2,069)** |
| **Financing Activities** | | |
| Payment of borrowings | (3,277) | (2,567) |
| Repayment of lease liabilities | (11,283) | (17,615) |
| Receipt/(Payment) of rental bonds | - | - |
| Receipts/(Payment) from related parties | (4,114) | (1,065) |
| Dividend payment | (8,251) | (150) |
| **Cash utilised by financing activities** | **(26,925)** | **(21,397)** |
| **Net decrease in Cash and cash equivalents** | **(10,896)** | **(13,513)** |
| Cash and cash equivalents at beginning of the period | 20,947 | 8,612 |
| **Cash and cash equivalents at end of the period** | **10,051** | **(4,901)** |
| **Composed of:** | | |
| Cash and Cash Equivalents | 11,690 | 8,221 |
| Bank Overdraft | (1,639) | (13,122) |
| | **10,051** | **(4,901)** |

### 4.5 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:

| | **June 2026 K'000** | **June 2025 K'000** |
|---|---|---|
| Cash on hand and at bank, term deposit | 11,690 | 8,221 |
| Bank overdraft | (1,639) | (13,122) |
| Total cash at end of period | **10,051** | **(4,901)** |

## 6 OTHER NOTES TO THE CONDENSED FINANCIAL STATEMENTS

| **6.1 Ratios** | **June 2026 K'000** | **June 2025 K'000** |
|---|---|---|
| **Profit (loss) before tax / revenue** Consolidated profit from ordinary activities before tax as a percentage of revenue | 7,242/171,269= 4.2% | 2,846/250,412= 1.1% |
| **Profit (loss) after tax /equity interests** Consolidated net profit from ordinary activities after tax attributable to members as a percentage of equity (similarity attributable) at the end of period | 3,707/169,440= 2.19% | 786/167,618= 0.5% |

| **6.2 Earnings Per security (EPS)** Calculated of the following in accordance with IAS 33: Earning per share | **June 2026** | **June 2025** |
|---|---|---|
| (a) Basic EPS | 1.99t | 0.53t |
| (b) Diluted EPS (if materially different from (a) | 1.99t | 0.53t |
| (c) Weighted average number of ordinary shares outstanding during the period use in the calculation of the Basic EPS | 206,277,911 | 206,277,911 |

### 6.3 Net Tangible Asset (NTA) Backing

Net tangible asset backing is determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interests etc.).

| **6.3 NTA Backing** | **June 2026** | **June 2025** |
|---|---|---|
| Net tangible asset backing per ordinary security | K 0.82 | K 0.81 |

### 6.4 Equity accounted associated entities and other material interests.

| **a) Investment in associated entities** | **June 2026 K'000** | **June 2025 K'000** |
|---|---|---|
| Statutory carrying value of investment associated entities (SCV) | **17,188** | **14,431** |
| Share of associated entities retained profits and reserve not included (SCV) | - | - |
| Retained profits (losses) | - | - |
| Reserve | - | - |
| Equity carrying value of investments. | **17,188** | **14,431** |

**b) Material interest in entities which are not controlled entities.**

| Name of Entity | Percentage of ownership interest held at end of period or date of disposal | | Contribution to operational profit (loss) and extraordinary items after tax | |
|---|---|---|---|---|
| Equity accounted associated entities | June 2026 | June 2025 | June 2026 | June 2025 |
| Jacks Retail (PNG) Limited | 50% | 50% | 1,365 | 1,051 |
| DFS (PNG) Limited | 50% | 50% | 663 | 531 |

**c) Details of entities over which control has been gained or lost during the period.**

Current Period
There were no changes in ownership on non-controlled entities during the period.

Previous Period
There were no changes in ownership on non-controlled entities during the period.

**6.5 Segment Reporting**

The report below provides information on the industry and geographical segments of the company for the current period.

| **Segments** | **Retail K'000** | **Wholesale & Tender K'000** | **Healthcare Service K'000** | **Total K'000** |
|---|---|---|---|---|
| **Operating Revenue** | | | | |
| Sales to customer outside the economic entity | 129,120 | 40,588 | 1,561 | 171,269 |
| Inter – segment sales | - | - | - | - |
| Unallocated revenue | - | - | - | - |
| Total revenue | **129,120** | **40,588** | **1,561** | **171,269** |
| Segment result (including abnormal item where relevant) | (2,679) | 6,039 | 750 | 4,110 |
| Unallocated expenses | - | - | - | - |
| Consolidated operating profit/(loss) before tax (before equity accounting) | (2,679) | 6,039 | 750 | 4,110 |
| Segment asset (includes revaluation of fixed assets) | 292,868 | 20,935 | 1,399 | 315,202 |
| Inter -segment assets | - | - | | - |
| Unallocated assets | - | - | | - |
| **Total assets** | **292,868** | **20,935** | **1,399** | **315,202** |

**6.6 Dividends**

| | **Record Date** | **Date Payable/Paid** | **Amount per security** |
|---|---|---|---|
| **Dividend 2026- Interim** | 23/09/2026 | 19/10/2026 | 2 toea |
| **Dividend 2025- Final** | 15/05/2026 | 03/06/2026 | 4 toea |
| **Dividend 2025- Special** | 08/12/2025 | 05/01/2026 | 5 toea |

**Details of any dividend or distribution reinvestment plans in operation, the record date and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.**

**Total dividend (distribution) per security (*interim plus final)***

| | **June 2026** | **Dec 2025** |
|---|---|---|
| Ordinary securities | K 4.1m | K18.6m |
| Preference securities | K Nil | K Nil |

**Half yearly report – interim dividend (*distribution*) on all securities**

| | **June 2026** | **June 2025** |
|---|---|---|
| Ordinary securities | K4.1m | Nil |
| Preference securities | - | - |
| Total | Nil | Nil |

The dividend or distribution plans shown below are in operation.

Not Applicable

The last date(s) for receipt of election notice for the dividend or distribution plans.

-

Any other discussion in relation to dividends (distribution)

Not Applicable

**Compliance statement**

1. This report has been prepared under accounting policies which comply with International Financial Reporting Standards approved by the Accounting Standards Board pursuant to the Companies Act 1997.
2. This report does give a true and fair view of the matters disclosed.
3. This report is based on financial statements to which one of the following applies.

| | | | |
|---|---|---|---|
| ☐ | The financial statements have been audited. | The financial statements have been subject to review. | ☑ |
| ☐ | The financial statements are in the process of being audited or subject to review. | The financial statements have not yet been audited or reviewed. | ☐ |

4. The entity has a formally constituted audit committee.

**For and behalf of the Board of Directors.**

**Aru Chellappan**

**Director**
**Date: 14 Sep 2026**

**Stephanie Copus Campbell**

**Director**
**Date: 14 Sep 2026**