



16 March 2026

Mr. Taguma Araga
PNGX Markets
Monian Tower, Office 2, Level 1,
Douglas Street, Port Moresby.
P.O Box 1531,
Port Moresby 121, Papua New Guinea

By Electronic Lodgement

Dear Mr.Taguma,

RE: City Pharmacy Limited – Appendix 5C- Preliminary Financial Report FY25

In accordance with the PNGX Listing Rules, City Pharmacy Limited (**PNGX: CPL**) provides to PNGX for release to the market, its Appendix 5C Preliminary Financial Report and Audited Consolidated Financial Statements for the ended 31 December 2025.

Sincerely,

City Pharmacy Limited

Mohanraj Natarajan
**Chief Financial Officer & Company
Secretary**

With over 35 Years of trading in Papua New Guinea, CPL Group is PNG's leading retail Group, with brands such as City Pharmacy, Hardware Haus, City Pharmacy Medical & Lab Supplies, City Pharmacy Wellness Clinics, Real Rewards Plus, Jacks of PNG, and Prouds (PNG).



CUSTOMER-FOCUSED ON DELIVERING COMMITMENTS & QUALITY



SINCE 1987

CITY PHARMACY LIMITED
AND SUBSIDIARY COMPANIES

_____ APPENDIX 5C

PRELIMINARY FINANCIAL REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2025

1. REPORTING PERIOD

Reporting period-twelve months ended	31 st December 2025
Previous corresponding period-twelve months ended	31 st December 2024

2. THE DIRECTORS

The persons who have been 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:

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

3. 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.

4. PRELIMINARY FINANCIAL REPORT

Name of entity

CITY PHARMACY LIMITED

Company No:

1-11575

31 DECEMBER 2025

Results for announcement to the market

			2025 K'000	2024 K'000
Revenue from ordinary operations		9.5%	453,023	500,548
Profit (loss) from ordinary operations after tax		228.6%	11,269	(8,760)
Profit (loss) after tax attributable to shareholders		220.1%	10,694	(8,905)
Dividends (distribution)			Amount per security	
Final Dividend – 2024			N/A	
Special Dividend – 2025			K10.3m	

Record date for determining entitlements to the interim dividends:

Not Applicable

5. Overview

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.

Significant Events

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 including transfer of ownership of 7 supermarkets and related leases to Taylor Pacific Limited and meat factory facilities to BNG Trading Limited . 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 presented as below:

	Consolidated & Parent K'000
Assets sold during the year	
Inventories	11,758
Property, plant and equipment	21,188
Goodwill	2,111
Total Assets Sold	35,057
Consideration received	49,858
Gain from sale	14,801

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

IRC GST Audit settlement update and Going Concern Assessment

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 included in 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.

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.

6. FINANCIAL SUMMARY

6.1 Consolidated Statement of Comprehensive Income

	2025 K'000	2024 K'000
Revenue from Contract with Customers	453,023	500,548
Cost of sales	(299,162)	(336,181)
Gross profit	153,861	164,367
Distribution expenses	(9,013)	(8,694)
Marketing expenses	(2,916)	(3,527)
Administration expenses	(110,552)	(129,262)
Finance expense	(10,504)	(15,602)
Finance income	1,583	1,667
Depreciation expense	(34,652)	(36,440)
Other income	24,390	4,571
Foreign exchange gains	(275)	1,158
Total Expenses	(141,939)	(186,129)
Share of profit from joint ventures	5,047	3,891
(Loss)/Profit before income tax expense	16,969	(17,871)
Income tax benefit/(expense)	(5,700)	9,111
(Loss)/Profit for the period after income tax	11,269	(8,760)
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	-
Total comprehensive (loss)/income for the period	17,460	(9,021)
(Loss)/Profit for the period is attributed to:		
Owners of the parent	10,694	(8,905)
Non-controlling interest	575	145
	11,269	(8,760)
Total Comprehensive (loss)/income for the period is attributed to:		
Owners of the parent	16,885	(9,166)
Non-controlling interest	575	145
	17,460	(9,021)
Earnings per share - basic and diluted (toea per share)	5.18	(4.32)

6.2 Consolidated Statement of Financial Position

	2025 K'000	2024 K'000
ASSETS		
Cash and cash equivalents	20,947	8,612
Trade and other receivables	56,775	60,947
Lease receivable	7,836	6,790
Income tax receivable	2,617	3,062
Inventories	95,249	130,278
Prepayments	3,710	5,136
Total Current Asset	187,134	214,825
Related party receivables	219	124
Lease receivable	12,439	13,632
Property, plant and equipment	75,807	97,589
Right of use asset	52,855	75,866
Investment in Subsidiaries	-	-
Investment in Joint Ventures	17,858	14,555
Deferred tax assets, net	19,105	24,008
Goodwill	2,714	4,825
Total Non-Current Asset	180,997	230,599
TOTAL ASSETS	368,131	445,424
LIABILITIES		
Borrowings	-	18,035
Bank overdraft	3,278	1,361
Trade and other payables	62,968	113,118
Lease Liabilities	58,195	35,741
Provisions	27,171	18,466
Total Current Liabilities	151,612	186,721
Borrowings	-	-
Other payables	613	527
Lease liabilities	38,595	87,405
Provisions	2,707	2,966
Total Non-Current Liabilities	41,915	90,898
TOTAL LIABILITIES	193,527	277,619
NET ASSETS	174,604	167,805
SHAREHOLDERS' EQUITY		
Issued capital	70,867	70,867
Reserves	18,522	13,808
Other reserve	2,664	1,187
Retained earnings	80,709	80,330
Equity attributable to owners of the Parent	172,762	166,192
Non – controlling interest	1,842	1,613
TOTAL SHAREHOLDERS' EQUITY	174,604	167,805

6.3 Consolidated Statement of Changes in Equity- Group

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)	-	(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	-	10,964	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

6.4 Consolidated Statement of Cash Flows

	2025 K'000	2024 K'000
Operating Activities		
Cash receipts from customers	481,400	507,938
Cash paid to suppliers and employees	(448,946)	(461,371)
Cash receipts from lessees	5,729	4,027
Cash payments from low value and short-term leases	(255)	(102)
Cash generated from operations	37,958	50,492
Interest paid from borrowings	(2,420)	(5,657)
Interest paid from lease liabilities	(8,084)	(9,945)
Interest received	846	1,667
Income tax paid	(352)	156
Cash generated by operating activities	27,918	36,713
Investing Activities		
Dividend received	1,706	2,450
Proceeds from sale of SNS assets&Meat Factory	44,289	-
Proceeds from sale of equipment	-	413
Investment in Wellness Center	(2,688)	-
Purchase of plant and equipment	(3,801)	(10,047)
Cash utilised by investing activities	39,706	(7,184)
Financing Activities		
Payment of borrowings	(19,397)	(4,067)
Repayment of lease liabilities	(29,804)	(26,173)
Receipt/(Payment) of rental bonds	-	(19)
Receipts/(Payment) from related parties	1,294	(1,504)
Dividend payment	(10,660)	(214)
Cash utilised by financing activities	58,567	(31,977)
Net decrease in Cash and cash equivalents	9,057	(2,448)
Cash and cash equivalents at beginning of the period	8,612	9,699
Cash and cash equivalents at end of the period	17,669	7,251

6.5 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:

	Dec 2025 K'000	Dec 2024 K'000
Cash on hand and at bank, term deposit	20,947	8,612
Bank overdraft	(3,278)	(1,361)
Total cash at end of period	17,669	7,251

7. OTHER NOTES TO THE CONDENSED FINANCIAL STATEMENTS

7.1 Ratios	December 2025 K'000	December 2024 K'000
Profit (loss) before tax / revenue		
Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	16,969 / 453,023 = 3.75%	(17,871) / 500,548 = (3.57%)
Profit (loss) after tax / equity interests		
Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarity attributable) at the end of period	10,694 / 172,762 = 6.19%	(8,905) / 166,192 = (5.36%)
7.2 Earnings (Loss) Per security (EPS)	December 2025	December 2024
Calculated of the following in accordance with IAS 33: Earning per share		
(a) Basic EPS	5.18t	(4.32t)
(b) Diluted EPS (if materially different from (a))	5.18t	(4.32t)
(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

8. 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.).

NTA Backing	December 2025	December 2024
Net tangible asset backing per ordinary security	K 0.83	K 0.79

9. Equity accounted associated entities and other material interests.

a) Investment in associated entities	December 2025	December 2024
Statutory carrying value of investment associated entities (SCV)	17,858	14,555
Share of associated entities retained profits and reserve not included (SCV)	-	-
Retained profits (losses)	-	-
Reserve	-	-
Equity carrying value of investments.	17,858	14,555

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	December 2025	December 2024	December 2025	December 2024
Jacks Retail (PNG) Limited	50%	50%	3,714	2,062
DFS (PNG) Limited	50%	50%	1,333	1,829

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.

10. 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	377,799	73,796	1,428	453,023
Segment result (including abnormal item where relevant)	12,665	4,717	(413)	16,969
Consolidated operating profit/(loss) before tax (before equity accounting)	12,665	4,717	(413)	16,969
Segment asset (includes revaluation of fixed assets)	348,605	17,222	2,304	368,131
Total assets	348,605	17,222	2,304	368,131

11. Dividends

	Record Date	Paid	Amount per security
Special Dividends Paid in 2025	31 st December 25	K10.3m	5.00toea
Dividends declared in 2024	N/A	N/A	N/A

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.

		Amount per *security
	<i>(Preliminary final report only)</i>	
	Special dividend: 2025	5.00 toea
	2024	0.00 toea
	<i>(Half yearly and preliminary final reports)</i>	
	Interim Dividend: 2025	N/A
	2024	N/A

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

	December 2025	December 2024
Ordinary securities	K 5.00 toea	K Nil
Preference securities	K Nil	K Nil

Preliminary Final Report – interim dividend *(distribution)* on all securities

	December 2025	December 2024
Ordinary securities	Nil	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

12. Annual Meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

City Pharmacy Ltd., Lamana Hotel
NCD, Port Moresby

Date next

11 May 2026

Time

10:00 am

Approximate date the *annual report will be available

20 April 2026

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.
(Tick one)
- | | | | |
|-------------------------------------|--|--------------------------|--|
| ☒ | 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 <i>not</i> yet been audited or reviewed. |
- 4 The entity has a formally constituted audit committee.

Signed in accordance with the resolution of the Directors.

For and behalf of the Board of Directors.



Director

Date:16/03/2026



Director

Date:16/03/2026