MERINO&CO

ASX: MNC

QUARTERLY REPORT

Q1 *FY2027*

Merino & Co. Limited — quarterly activities report and report and Appendix 4C for the three months ended 30 ended 30 September 2026.

RELEASE DATE: 30 OCTOBER 2026

Chair's Statement

“The first quarter of FY27 was about funding the next stage of the Company and and beginning to build it.

Merino & Co. completed a placement of A$1,010,000 in September at A$0.10 per A$0.10 per share, a premium to the preceding trading price, and reduced reduced borrowings by A$146,000. Cash at bank closed at A$1,404,000, against A$1,404,000, against A$740,000 at 30 June 2026.

Those funds are directed at the launch of the Company's sub-brand YÙE and its associated YÙE+U botanical dye project, and at general working capital. YÙE+U is the work the Board has put first. It brings together fibre, science, place and experience, developed with urban and regional communities, and it is the clearest expression of what this Company is for. The appointment of Fiona Su in September, bringing nearly forty years in apparel and textile product development and more than fifteen in botanical eco-transfer printing, is the first substantive step in building it.

Cash receipts from customers were A$403,000 and net operating cash flow was an outflow of A$164,000. As disclosed in the June quarter, A$310,000 of that quarter's A$910,000 in receipts was received in advance of delivery, which accounts for part of the movement between the two periods.

The Board's position is unchanged. Contracted commitments become shareholder value as the Company builds awareness, wins orders and delivers delivers against them. Capacity, working capital and scheduling follow the the demand rather than lead it.”

Steve Woolley

BOARD CHAIR

Key Quarterly Highlights

Merino & Co. designs, manufactures and sells high-quality Australian Merino wool apparel. In Q1 FY27 the Company raised capital to launch its YÙE sub-brand and appointed specialist capability to lead its botanical dye development.

CAPITAL RAISED – GROSS	CASH AT 30 SEPT 2026	QUARTER RECEIPTS	NET OPERATING CASH
A$1,010,000	A$1,404,000	A$403,000	(A$164,000)

01

Placement completed

10,100,000 shares placed at A$0.10, raising A$1,010,000 A$1,010,000 before costs — a 2.9% premium to the fifteen-fifteen-day VWAP of A$0.09718. Issued under existing Listing Listing Rule 7.1 capacity, with Bell Potter Securities Limited as Limited as broker. Quoted 9 September 2026.

02

Cash position strengthened

A$1,404,000 at 30 September, up from A$740,000 at 30 June 2026.

03

YÙE+U botanical dye project

Funds received will be applied towards the Company's ongoing ongoing operational and marketing activities in connection with the with the launch of sub-brand YÙE and its associated YÙE+U botanical botanical dye project, and for general working capital purposes. purposes. YÙE+U applies native Australian plant material, including including eucalyptus leaf and bark, to Australian merino wool, wool, developed with urban and regional communities.

04

Capability appointed to lead it

Fiona Su appointed in September, for three years, to lead lead plant-dye development. A qualified Textile Engineer with Engineer with nearly forty years in apparel and textiles and and fifteen in botanical eco-transfer printing, she will set set dyeing quality standards and build internal training capability.

05

Borrowings reduced

A$146,000 repaid; no new borrowings drawn. drawn.

06

China fulfilment

The initial A$1.1 million purchase order, representing the first execution milestone under the agreement and covering wool garments and accessories, remains in progress. During the quarter, A$225,300 was received under this purchase order as part of ongoing execution.

Managing Director's Statement

“The September quarter funded the next chapter and started building it.

We completed a A$1,010,000 placement in September at a premium to market, and closed the quarter with A$1,404,000 in cash against A$740,000 at the end of June. That funding goes to launching YÙE and, within it, to the YÙE+U botanical dye project.

YÙE+U is where our attention is. It takes native Australian plant material, material, eucalyptus leaf and bark among it, much of which is treated as waste, as waste, and puts it onto Australian merino wool. It is work that only makes makes sense in a particular place, with particular plants and particular people, people, and that is what makes it difficult to copy.

In September we appointed Fiona Su to lead it. She has spent fifteen years in years in botanical eco-transfer printing with Australian plant material, and she and she will set the quality standards and control processes for the dye work and work and build the training capability behind it.

Cash receipts from customers were A$403,000 and operating cash flow was an outflow of A$164,000. Product manufacturing and operating costs were A$82,000 for the quarter against A$421,000 in June, one line on the production position in the quarter .

China sales continued to progress during the quarter, with A$225,300 received against the initial A$1.1 million purchase order for wool garments and accessories.

Fiona Yue

MANAGING DIRECTOR

Corporate & Financial Summary

CASH POSITION

The Company's Appendix 4C for the quarter ending 30 September 2026 is attached. As at 30 September 2026 the Company held approximately A$1,404,000 in cash, compared with A$740,000 in the previous quarter.

Net cash used in operating activities was approximately A$164,000 for the quarter, compared compared with net inflows of approximately A$74,000 A$74,000 in the June quarter. Cash receipts from from customers were A$403,000 for the quarter. quarter.
Financing activities were a net inflow of A$831,000, A$831,000, comprising A$1,010,000 in proceeds from proceeds from the issue of equity securities under the under the September placement, A$33,000 in associated transaction costs and A$146,000 in repayment of borrowings. Investing activities contributed A$8,000 in other income, and exchange exchange rate movements reduced cash by A$11,000. A$11,000.

OPERATING PAYMENTS – QUARTER

Staff costs	A$250,000
costs Administration & corporate costs	A$99,000
costs Product manufacturing & operating costs	A$82,000
Leased assets	A$66,000
Interest & other costs of finance	A$49,000
Advertising & marketing	A$21,000

ADDITIONAL ASX DISCLOSURE

As required under ASX Listing Rule 4.7C.2, a summary of the planned use of funds as per the IPO prospectus, together with actual expenditure to 30 September 2026, is provided on page 6.

FINANCING FACILITIES

Two loan facilities with National Australia Bank totalling A$2,403,000, both fully drawn at quarter end; no unused facilities were available at 30 September 2026. A$403,000 is secured against 3/82 Christable Way, Landsdale WA 6065, at 6.92% p.a. A further A$2,000,000 is secured over the Company's present and future rights, property and undertaking, with director personal guarantees, at 7.70% p.a., final repayment due December 2031.

RELATED PARTY TRANSACTIONS

Payments to related parties totalled approximately A$153,000 (Item 6, Appendix 4C), comprising A$94,373 in directors' remuneration for 1 July to 30 September 2026 and A$58,154 in remuneration to an associate of a director, being the director's spouse.

ALL FIGURES A$

Use of Funds – Year 2

USE OF FUNDS	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION	ACTUAL TO 30 SEPTEMBER 2026
Expanding production capacity	—	—	734,013
Preparing stock for wholesale orders	236,000	250,000	1,253,204
Marketing and branding, including online platforms	207,000	375,000	101,185
Research & development	150,000	150,000	—
Corporate expenses	534,000	534,000	575,189
Working capital	—	199,918	8,374
Costs of the Offer	—	—	—
Total funds allocated — Year 2	1,127,000	1,508,918	2,671,965

Comparatives at 30 June 2026: production capacity 512,290; wholesale stock 1,218,424; marketing and branding 79,694; research & development nil; corporate expenses 381,944; working capital 8,102; total 2,200,454.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Merino & Co. Limited	
ABN	**Quarter ended ("current quarter")**
74 162 863 121	30 September 2026

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	403	403
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(82)	(82)
	(c) advertising and marketing	(21)	(21)
	(d) leased assets	(66)	(66)
	(e) staff costs	(250)	(250)
	(f) administration and corporate costs	(99)	(99)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(49)	(49)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – GST and other taxes (paid)/refunded	-	-
1.9	**Net cash from / (used in) operating activities**	**(164)**	**(164)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other income	8	8
2.6	**Net cash from / (used in) investing activities**	**8**	**8**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,010	1,010
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(33)	(33)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(146)	(146)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**831**	**831**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	740	740
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(164)	(164)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	8	8

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	831	831
4.5	Effect of movement in exchange rates on cash held	(11)	(11)
4.6	**Cash and cash equivalents at end of period**	**1,404**	**1,404**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,404	740
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1.404**	**740**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	153
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payment of directors' remuneration for the period from 1 July 2026 to 30 September 2026: $94,373

Payment of remuneration to an associate of a director (being the director's spouse): $58,154

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	2,403	2,403
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	2,403	2,403

7.5	**Unused financing facilities available at quarter end**	

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Two separate loan facilities have been provided to the Company by National Australia Bank:

1) A facility of $403,000 is secured against the property located at 3/82 Christable Way, Landsdale WA 6065. Interest on the facility is charged at 6.92% p.a. At quarter end, the facility has been fully drawn down.

2) A further facility of $2m is secured over the Company's present and future rights, property and undertaking and director personal guarantees. Interest on the facility is charged at 7.7% p.a. with final repayment due in December 2031. At quarter end, the facility has been fully drawn down.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(164)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,404
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1.404
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	8.6

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable.

8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: Not applicable.	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

30.10.2026

Date: .....

Authorised by: .....The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Authorisation and Contact

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This presentation has been authorised and approved in accordance with Merino & Co.'s Co.'s Continuous Disclosure Policy and approved by the Board.