



QUARTERLY ACTIVITIES REPORT



FOR THE PERIOD ENDED
30 SEPTEMBER 2026

Q1 FY 2027 Update Contents

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Quarter Highlights

1. Manufacturing turnaround in Dayton

Operational performance at the Company's Dayton facility improved materially during the quarter. By September, the plant was operating significantly more efficiently and at substantially higher capacity than at the start of the quarter, and first-pass quality exceeded 90%. The Company has also consolidated almost its entire product range into Dayton manufacturing ahead of its year-end target, giving it a more reliable and cost-effective platform to support growing customer volumes. During the quarter, the Company appointed a new plant manager who has since performed strongly and contributed to the turnaround in reliability and performance under the leadership of COO Randy Lane.

2. Revenue momentum building through the quarter

Revenue built steadily through the quarter, with September the strongest month at approximately \$0.7 million at a gross margin of 36%. The Company has sharpened its commercial focus on a number of cash-generative programs with leading bedding manufacturers and component partners. These programs are embedded in the core product lines of key customers, supporting the development of a long-term recurring sales book. They include repeat orders for the Company's phase change material (PCM) products, first shipments under a new mattress ticking program, and a full-scale production trial of its foam coating with a major OEM scheduled for November. Additionally, the Company completed a sale of AlexiShield, its novel flame-retardant coating, which continues to show good momentum. This marks AlexiShield's first placement in the furniture market and demonstrates the technology's potential as an effective flame-retardant option for foam applications.

3. Product pipeline progressing to commercialisation

The Company continued to advance its next-generation product portfolio. Its new high-solids cooling coating for foam has shown strong performance in laboratory testing for usability, durability and cooling, and is now in customer qualification. EcoTek 29, a biodegradable microencapsulated PCM (mPCM) technology, has received its first commercial order from an international customer. Large-scale flame-retardant burn testing of the AlexiShield range is also underway, with promising early results in latex foam applications.

Outlook

The Company will publish a detailed presentation and trading update to accompany its 2026 Annual General Meeting, to be held on Thursday, 19 November 2026 at 10:00 am (AEDT).

Funding Update

The Company maintains an asset-based line of credit ("LOC") with Alterna Capital Solutions to support working capital requirements and facilitate growth initiatives. The facility provides up to \$3.0 million in funding, with the option to increase to \$5.0 million subject to lender approval. The borrowing base of the facility is equal to 90% of eligible accounts. The LOC bears interest at a variable rate (10% at 30 September 2026). The LOC, as amended in August 2024, renewed in February 2026 and automatically renews annually thereafter. At 30 September 2026 the Company's revolving credit facility was substantially fully utilised, with \$622 thousand drawn against an eligible borrowing base of \$624 thousand, leaving undrawn capacity of approximately \$2 thousand at quarter end. See additional commentary at section 7 of the Appendix 4C.

To mitigate the reduced availability under the LOC and to provide additional working capital, the Company secured a series of shareholder loans during FY25, FY26 and FY27 from Colinton Capital Partners Pty Ltd (CCP), Wentworth Williamson Management Pty Limited (WW) and MKL Plus Pty Ltd. CCP, WW and MKL Plus Pty Ltd are entities associated with directors Simon Moore, James Williamson and Martyn Strickland respectively. During the September 2026 quarter, the Company received a further US\$1.1 million of new shareholder loans. The additional funds are being used to meet working capital needs. CCP and WW, together with other directors, have repeatedly confirmed their intention to continue supporting the Company until it achieves positive operating cash flow (see section 8.6 of the Appendix 4C).

Quarterly Performance and Cash Flows

The financial results for this Quarter do not yet reflect the significant efforts of the Company. However, as discussed in our recent updates, the Company continues to be extremely well positioned for growth in the near term. The Company continues to prioritise near-term sales opportunities while advancing technology, product and customer initiatives that underpin medium-to-long-term growth. The Company maintains a disciplined focus on expense management, raw material purchasing and optimisation of its cash conversion cycle.

Key Financial Results for the Quarter:

1. Sales

Sales increased from \$1.2 million in Q4 FY2026 to \$1.5 million in the current quarter.

2. Operating Activity Outflows

- a) Cash Receipts: \$1.3 million, down \$100 thousand from the prior quarter.
- b) Outflows primarily consisted of raw material purchases, manufacturing, staffing and corporate/administrative costs.
- c) Other cash outflows are in line with typical quarterly expenses.

3. Related Party Payments

Aggregate payments to related parties for the quarter were \$172 thousand, including payments to non-executive directors for directors' fees and consulting fees as well as compensation to executives.

4. Financing Activities and Liquidity

- a) Cash flows from financing activities for the quarter of \$1.4 million include routine activity on the Line of Credit (LOC) as well as \$1.1 million of new shareholder loans.
- b) The LOC balance at the end of the period was \$622 thousand against an eligible borrowing base of \$624 thousand, reflecting full utilisation of the facility.

The Company continues to receive strong support from its lenders and major shareholders and is well positioned to benefit from anticipated near-term sales growth opportunities. The Board and management maintain regular oversight of funding requirements and available financing options.

Name of Entity	
ALEXIUM INTERNATIONAL GROUP LIMITED	
ABN	Quarter ended
91 064 820 408	30-September-2026

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,344	1,344
1.2 Payments for		
(a) research and development	(42)	(42)
(b) product manufacturing and operating costs	(1,012)	(1,012)
(c) advertising and marketing	(41)	(41)
(d) leased assets	(84)	(84)
(e) staff costs	(952)	(952)
(f) administration and corporate costs	(417)	(417)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(10)	(10)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST received)	(10)	(10)
1.9 Net cash from / (used in) operating activities	(1,223)	(1,223)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(5)	(5)
(d) investments		
(e) intellectual property	(1)	(1)
(f) other non-current assets		

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'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 (provide details if material)		
2.6	Net cash from / (used in) investing activities	(6)	(6)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
3.5	Proceeds from borrowings	1,355	1,355
3.6	Repayment of borrowings		
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	1,355	1,355

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	217	217
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,223)	(1,223)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,355	1,355
4.5	Effect of movement in exchange rates on cash held	(8)	(8)
4.6	Cash and cash equivalents at end of quarter	335	335

Quarterly report for entities subject to Listing Rule 4.7B

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 \$US'000	Previous quarter \$US'000
5.1	Bank balances	335	217
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)	335	217

6.	Payments to related entities of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	172
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
	6.1 – Payments related to non-executive directors' fees, payroll for Mr Blackburn (CEO) and Mr Lane (COO).	

7.	Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	1,654	1,654
7.2	Credit standby arrangements	624	622
7.3	Other (please specify)		
7.4	Total Financing facilities	2,278	2,276
7.5	Unused financing facilities available at quarter end		2
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.		
	<p>7.1 – Unsecured shareholder term loans from Colinton Capital, Wentworth Williamson, and MKL Plus Pty Ltd with an interest rate of 15%. The loans mature on 1 September 2028. Colinton Capital Partners, Wentworth Williamson and MKL Plus Pty Ltd are entities associated with directors Simon Moore, James Williamson and Martyn Strickland respectively.</p> <p>7.2 – Alterna CS - Asset based loan secured with working capital accounts with \$622K drawn on a total availability of \$624K as of the reporting date. Interest is variable based on the Wall Street Journal published Prime Rate + 3% spread. The total rate at 30 September was 10%. The term of the loan ended on 28 Feb 2026 and has auto-renewed for a 1-year period.</p> <p>7.5 – Unused financing facilities of \$2K at quarter end reflect the undrawn availability under the Alterna CS facility (\$624K eligible borrowing base less \$622K drawn).</p>		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,223)
8.2	Cash and cash equivalents at quarter end (item 4.6)	335
8.3	Unused finance facilities available at quarter end (item 7.5)	2
8.4	Total available funding (item 8.2 + item 8.3)	337
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.3
	<i>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.</i>	
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?	
	<p>Answer: No. The Company expects net operating cash outflows to continue through at least the March 2027 quarter before it transitions to positive operating cash flow, which it currently expects to achieve during the June 2027 quarter. Operating outflows in the September quarter were elevated by two factors. First, the Company is ramping sales volumes rapidly, which requires up-front investment in raw materials, inventory and receivables ahead of customer collections; net working capital increased by approximately US\$0.36 million during the quarter. Second, customer receipts were reduced by product returns of approximately US\$0.33 million over the five months to 30 September 2026, arising from a production issue at the Dayton facility. Corrective actions have significantly reduced returns, and the most recent shipments have not resulted in any returns to date, although work to fully resolve the issue is ongoing. With the improvements in plant performance described in the activities report and a gross margin of 36% in September, the Company expects returns to normalise and operating cash flows to improve progressively as volumes increase.</p>	
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?	
	<p>Answer: Yes. The Company's major shareholders, Colinton Capital Partners and Wentworth Williamson, entities associated with directors Simon Moore and James Williamson respectively, have repeatedly confirmed to the Board their intention to continue funding the Company through its sales ramp-up until it achieves positive operating cash flow. Other directors, including Martyn Strickland through MKL Plus Pty Ltd, have also provided or indicated their willingness to provide support on a smaller scale. While these confirmations are not legally binding and do not specify a maximum amount, these director-associated lenders have consistently provided funding when required, including loans during FY25 and FY26 and a further US\$1.1 million of new loans during the September 2026 quarter. The Company also continues to draw on its Alterna asset-based facility, the availability of which increases as eligible receivables grow with sales. Based on this record of support, the Board expects the required funding to continue to be available. The Company keeps its funding requirements under regular review and will consider other funding sources if required.</p>	
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?	
	<p>Answer: Yes. The Company expects to be able to continue its operations and meet its business objectives on the basis of: (a) the continued support of its major shareholders and directors described in 8.6.2, as demonstrated by their funding of the Company to date; (b) growing sales volumes, including repeat orders and new programs with leading bedding manufacturers; (c)</p>	

Quarterly report for entities subject to Listing Rule 4.7B

	the improved operating performance of the Dayton facility; and (d) improving gross margins, which reached 36% in September.
	<i>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.</i>

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 OCTOBER 2026

Date:

The Board of Directors

Authorised by:

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 – e.g. 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.