



QUARTERLY ACTIVITIES REPORT



FOR THE PERIOD ENDED
30 SEPTEMBER 2025

Q1 FY2026 Update Contents

- Introduction by CEO
- Commercial Focus
- FY26 Plan Update
- Funding Update
- Quarterly Performance and Cash Flow

Introduction

Alexium has undertaken a heightened focus of endeavour through Q4 FY25 and Q1 FY26 to optimise its commercial operations, driving improvements in sales, supply chain, distribution, and manufacturing. To grow our niche position in the bedding industry and beyond, we must modernise the way we operate and broaden our offering beyond Phase Change Materials (“PCM”). This requires Alexium to complete its transition from a technology company focused on developing intellectual property to an organisation dedicated to scaling sales and manufacturing.

The Company has sharpened its strategic and commercial focus to concentrate on two key areas of strength:

1. Thermal regulation and flame-retardant (“FR”) technologies for sleep products, and
2. Flame-resistant, wash-durable coatings for military apparel and workwear applications

Commercial Focus

From a go-to-market perspective for the Company’s products, sales and manufacturing efforts are being concentrated on:

1. **AlexiCool® - Microencapsulated Phase Change Material (mPCM):** Significant breakthroughs in our microcapsule production have led to new market opportunities with PCM formulators globally, and for sales of formulations to major foam bedding brands
 - a) Historical focus was textile applications
 - b) Now positioned for foam applications (larger market opportunity)
 - c) Positioned for significant growth, despite soft market conditions
 - d) The mPCM market is ripe for consolidation
 - e) New overseas product sales in meaningful volumes are forecasted to start in January 2026

2. **AlexiShield - FR Technology:** Geopolitical pressures (trade disputes and tariffs) have created increased demand for US-produced FR materials in the bedding and furniture industries. Our existing product lines include offerings free from substances recently banned in major US markets, which has also increased customer interest and demand.
 - a) FR market presents significantly larger opportunities than for mPCM
 - b) Current FR market trends and regulatory developments are increasingly favourable for Alexium
 - c) Well-positioned to commercialise FR technologies with production and sales capabilities in place
 - d) New business pipeline includes advanced opportunities for significant FR sales revenue
3. **AlexiFlam®** - Increased emphasis on rebuilding the US military supply chain has created urgency to drive lingering projects involving low-cost, warm weather, flame-resistant textiles for military uniforms to a near-term timeline and conclusion.
 - a) We are in the penultimate phase of improvements and testing on the development of such fabric ahead of final trials after which the Military will issue requests for proposals, leading to adoption and material contracts
 - b) Technology development has allowed promising engagements with fabric providers to the technical workwear market

FY26 Plan Update

Through recent periods, Alexium has executed its strategic plan to *Grow and Diversify* revenue, which emphasised aggressive growth within the Company's core market of bedding diversified across product mix, customers served, and geographic markets.

The organisation was structured to deliver across five strategic focus areas:

1. **Retention of Key Accounts in North America**

The Company successfully retained supply to the vast majority of its existing North American bedding customers. However, volumes remained depressed due to ongoing bedding market conditions.

2. **Product and Customer Diversification in North America**

Significant progress was made in diversifying both the product portfolio and customer base in the North American bedding market. Late-stage pipeline opportunities advanced for PCM+, the new AlexiCool®, DelCool™, and AlexiShield with new customers.

3. **International Expansion**

Efforts to penetrate new bedding accounts in Asia Pacific, Latin America, and Europe led to near-term revenue opportunities with program sales planned for H1 FY26 and meaningful volumes forecasted for H2 FY26.

4. **Expansion into Adjacent Markets**

Throughout FY25, focus on developing adjacent market segments was de-prioritised to allow for increased focus on closing late-stage opportunities in the North American, Australasian and European bedding markets. However, the theme of diversification continued via new opportunity developments for the Company's existing PCM coatings and FR formulations to foam products for furniture and transportation-related products.

5. **Strategic Alliances and Co-Development**

Notable progress was achieved with key supply chain partners. Co-development efforts focused on major new revenue opportunities:

- a) mPCM manufacturing improvements (high-solids slurries and dry powder mPCM) – successful scaleup of these manufacturing processes led to new product placements
- b) DelCool™ for mattress applications – new finishing partners allowed for improved substrate production which has the technology positioned for a major brand placement in FY26
- c) AlexiShield for flame-resistant barriers in bedding – the production of woven and non-woven prototypes utilising this coating has opened significant opportunities to sell the coating to large-volume finishers, and for the Company to offer coated bedding components.

Our Sales and Marketing activities will focus on:

1. AlexiShield for FR barriers in bedding and furniture
2. AlexiFlam® for military FR apparel textiles
3. mPCM sales to formulators serving the bedding and furniture markets
4. AlexiCool® for cooling in mattress and pillow applications
5. BioCool® for cooling in mattress and pillow applications

While our Operations and Supply Chain will focus on:

1. Secure and cost-effective supply of critical raw materials
2. Increased manufacturing scale and efficiency driving lower costs and superior quality
3. Formulated products to deliver differentiated performance for Alexium's customers
4. World class service to shorten lead times and increase delivery reliability for customers

These targeted initiatives continued throughout the recent quarter and will remain a priority for the balance of FY26. The Company expects revenues to begin growing dramatically over the remainder of the fiscal year. It will be driven by mPCM and flame-retardant textile opportunities in the bedding industry, especially in foam bedding components. The Alexium team remains focused and committed to delivering these outcomes in FY26.

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 \$3.0 million in funding, with the option to increase to \$5.0 million subject to lender approval. The LOC bears interest at a variable rate (10.25% at 30 September 2025). The LOC, as amended in August 2024, runs through February 2026 and automatically renews annually thereafter.

The borrowing base of the facility is equal to 90% of eligible accounts. Prior to FY26, the borrowing base also included a portion of eligible inventory. Effective 7 July 2025, however, Alterna's lending criteria was changed to exclude inventory from the borrowing base. This was a policy change tied to a change in ownership of Alterna and not specific to Alexium. While the maximum facility limit remains unchanged, this revision has reduced the Company's practical access to funding under the LOC.

To mitigate the reduced availability under the LOC and to provide additional working capital, the Company has secured a series of shareholder loans during FY25 and FY26 from Colinton Capital Partners Pty Ltd (CCP) and Wentworth Williamson Management Pty Limited (WW). The additional funding committed under these arrangements during Q1 FY26 was US\$0.46 million, specifically from CCP. Total outstanding funding from these loans was US\$2.1 million at 30 September 2025 with deferred accrued interest of US\$0.2 million for a total balance outstanding of US\$2.3 million (US\$2.0 million owed to CCP and US\$0.3 million owed to WW). The total increase during the quarter in the amounts outstanding, including deferred accrued interest was US\$0.55 million. These loans mature on 1 September 2026.

Quarterly Performance and Cash Flows

The financial results for this quarter do not yet reflect the efforts of the Company. However, as discussed in our recent updates, Alexium is extremely well positioned for growth in the near term.

Alexium continues to prioritise near-term revenue 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

US\$0.97 million, up 26% from the prior quarter. This increase is due both to revenue from new opportunities (including a small grant from the US military for development efforts on military uniforms) as well as timing of existing customer orders. In general, there is continued softness in the United States mattress market as weak consumer sentiment persists amid elevated interest rates, inflationary pressures, and global tariff uncertainty. Elevated long-term mortgage rates have continued to hold back a recovery in consumer discretionary spending, but recent declines in the US 30-year fixed mortgage interest rates offer encouraging signs that improvement may be underway.

2. Operating Activity Outflows

- a) Cash Receipts: US\$0.68 million, down US\$0.3 million from the prior quarter due to the timing of customer receipts and lower sales in 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 US\$235 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 US\$565 thousand include included routine activity on the Line of Credit (LOC) as well as proceeds from shareholder loans (see Funding commentary)
- b) The LOC balance at the end of the period was US\$502 thousand against an eligible borrowing base of US\$524 thousand, reflecting US\$22 thousand of available funding undrawn at the end of the quarter

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. 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-2025

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	679	679
1.2 Payments for		
(a) research and development	(153)	(153)
(b) product manufacturing and operating costs	(467)	(467)
(c) advertising and marketing	(2)	(2)
(d) leased assets	(11)	(11)
(e) staff costs	(665)	(665)
(f) administration and corporate costs	(365)	(365)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(20)	(20)
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	(991)	(991)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(2)	(2)
(d) investments		
(e) intellectual property	(17)	(17)
(f) other non-current assets		

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	(19)	(19)

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	1,341	1,341
3.6	Repayment of borrowings	(776)	(776)
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	565	565

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	662	662
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(991)	(991)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(19)	(19)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	565	565
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of quarter	218	218

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	192	636
5.2	Call deposits	26	26
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)	218	662

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	235
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
	6.1 Total payment of \$235K for non-Executive Directors fees, payroll for Mr Blackburn, CEO & Managing Director, Dr Brookins, CTO & Director, and consulting fees for Mr Lane	

7.	Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	2,297	2,297
7.2	Credit standby arrangements	524	502
7.3	Other (please specify)	-	-
7.4	Total Financing facilities	2,821	2,799
7.5	Unused financing facilities available at quarter end		22
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.		
	7.1 - Shareholder unsecured term loans from Colinton Capital and Wentworth Williamson with an interest rate of 15% maturing on 1 September 2026. See Funding Update section above for more details.		
	7.2 - Alterna CS - Asset based loan secured with working capital accounts with \$502K drawn on a total availability of \$524K 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 10.25%. Loan ends on 28 Feb 2026 but is auto-renewable for 1-year periods.		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(991)
8.2	Cash and cash equivalents at quarter end (item 4.6)	218
8.3	Unused finance facilities available at quarter end (item 7.5)	22
8.4	Total available funding (item 8.2 + item 8.3)	240
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.2
	<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?	
	Answer: Yes. The Company has strong support from its substantial shareholders and has multiple new business opportunities it is pursuing that will generate increased cash flow.	
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: Yes. In addition to the likelihood of increased sales from near-term business opportunities, the Company has strong support from its existing lender and major shareholders. The Board and management regularly review the funding needs of the business, both amount and timing, and potential sources.	
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: Yes. The company has strong support from its substantial shareholders and has multiple new business opportunities it is pursuing that are expected to generate increased cash flow in the near term.	
	<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.

31 October 2025

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 – 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.