ABN: 91 064 820 408

US: 350 W Phillips Road
Greer, SC 29650 USA

AU: Level 7, 330 Collins Street
Melbourne, Victoria, 3000

ASX | 28 August 2026

Appendix 4E and 2026 Annual Report

Sydney (Australia), Greer (South Carolina, US) – 28 August 2026: Alexium International Group Limited (Alexium or the Company) releases the Appendix 4E and 2026 Annual Report.

A FY2026 Results & FY2027 Trading Update webinar is planned for the morning of Wednesday, 9 September 2026 (Sydney) at 8:30am / Tuesday 8 September 2026 at 5:30pm.

Presenters will be Alexium Chair, Simon Moore, Chief Executive Officer / Managing Director, Billy Blackburn and Vice President, Finance, Heather McClain.

To pre-register for the investor webinar, please follow the link:
https://us02web.zoom.us/webinar/register/WN_UVZz7I4sTNCbp6Et8N_8kA

After registering, you will receive a confirmation email containing information about joining the webinar.

Shareholders may ask questions during the investor webinar, by submitting written questions via the Q&A tab on the Zoom platform.

ENDS

Authorised for release by the Board of Directors of Alexium International Group Limited.

About Alexium International Group Limited

Alexium International Group Limited (ASX: AJX) is a performance chemicals provider for advanced materials applications with a focus on flame retardancy and thermal management. The Company is driven by an innovation model for addressing market gaps with patent-protected technologies. These high-performance products have applications for several industries and can be customised to meet customer needs. Key markets for Alexium are bedding, body armour, military uniforms and workwear. Alexium brands include AlexiCool®, AlexiFlam®, Eclipsys®, BioCool® and DelCool™. For additional information about Alexium, please visit www.alexiuminternational.com.

For further information please contact:
Billy Blackburn
ir@alexiuminternational.com
+ 1.803.715.3641

ALEXIUM INTERNATIONAL GROUP LIMITED

APPENDIX 4E PRELIMINARY FINAL REPORT

For the Year Ended 30 June 2026

ABN 91 064 820 408 PRESENTED IN US DOLLARS

1.0 Reporting Period

Financial statements for the year ended 30 June 2026 as required by ASX Listing Rule 4.3A.

Previous corresponding period: Year ending 30 June 2025

Results for announcement to the market

2.1	Revenue from ordinary activities	up	7.9%	to	4,232,446
2.2	Loss from ordinary activities for the period after tax attributable to members	up	(60.0%)	to	(6,282,572)
2.3	Net loss for the period attributable to members	up	(60.0%)	to	(6,282,572)

		Amount per security	Franked amount per security
2.4	**Dividends**		
	Interim dividend declared this period	Nil	Nil
	Interim dividend declared and paid in previous corresponding period	Nil	Nil

2.5 Record date for determining entitlements to the dividends **N/A**

2.6 Brief explanation of any figures reported above to enable the figures to be understood:

Refer to Annual Report

3. Consolidated Statement of Comprehensive Income

	2026	2025
	US$	US$
Revenue	**4,232,446**	3,921,730
Cost of sales	**(3,007,621)**	(2,231,759)
Gross Profit	**1,224,825**	1,689,971
Administrative expenses	**(4,389,754)**	(3,445,655)
Sales and marketing expenses	**(467,162)**	(454,574)
Research and development costs	**(538,035)**	(728,711)
Impairment of intangibles	**(1,029,762)**	(625,870)
Impairment against right of use assets and property plant and equipment	**(486,341)**	-
Other expenses	**(346,019)**	(219,786)
Operating expenses	**(7,257,073)**	(5,474,596)
Loss before finance costs	**(6,032,248)**	(3,784,625)
Interest expense	**(262,054)**	(182,406)
Interest earned	**11,730**	40,742
Total finance costs	**(250,324)**	(141,664)
Loss before tax	**(6,282,572)**	(3,926,289)
Tax expense	**-**	-
Loss from continuing operations	**(6,282,572)**	(3,926,289)
Other comprehensive income - Exchange differences on translation of foreign operations which may subsequently be reclassified to profit or loss	**(93,406)**	(76,155)
Total comprehensive loss for the year	**(6,375,978)**	(4,002,444)
Loss for the year attributable to members of the group	**(6,282,572)**	(3,926,289)
Total comprehensive loss for the year attributable to members of the group	**(6,375,978)**	(4,002,444)
Basic and diluted loss per share (cents)	(0.28)	(0.25)

4. Consolidated Statement of Financial Position

	2026 US$	2025 US$
Current Assets		
Cash and cash equivalents	**217,080**	662,450
Trade and other receivables	**386,248**	411,114
Inventories	**1,490,827**	1,051,825
Other current assets	**94,358**	55,343
Total Current Assets	**2,188,513**	2,180,732
Non-Current Assets		
Other financial assets	**16,572**	16,570
Property, plant and equipment	**46,387**	356,826
Intangible assets	**82,969**	76,337
Right-of-use asset	**-**	246,260
Total Non-Current Assets	**145,928**	695,993
Total Assets	**2,334,441**	2,876,725
Current Liabilities		
Trade and other payables	**1,360,484**	733,389
Lease liabilities	**313,555**	180,293
Borrowings - line of credit	**360,029**	483,206
Borrowings - shareholder loans	**518,028**	-
Total Current Liabilities	**2,552,096**	1,396,888
Non-Current Liabilities		
Borrowings - shareholder loans	**-**	1,618,516
Lease liabilities	**125,580**	263,399
Total Non-Current Liabilities	**125,580**	1,881,915
Total Liabilities	**2,677,676**	3,278,803
Net (Liabilities)/Assets	**(343,235)**	(402,078)
Equity		
Contributed equity	**80,093,575**	73,775,898
Reserves	**(1,499,918)**	(1,412,800)
Accumulated losses	**(78,936,892)**	(72,765,176)
Total Equity	**(343,235)**	(402,078)

5. Consolidated Statement of Cash Flows

	2026 US$	2025 US$
Cash flow from operating activities		
Receipts from customers and other income	**4,257,312**	4,448,342
Payments to suppliers and employees	**(7,504,311)**	(7,017,742)
Interest received	**11,730**	40,742
Interest and other costs of finance paid	**(74,947)**	(104,859)
Goods & services tax received	**55,950**	56,037
Net cash flows (used in) operating activities	**(3,254,266)**	(2,577,480)
Cash flows from investing activities		
Purchase of property, plant, and equipment	**(1,213)**	(10,101)
Payments for development costs	**(6,632)**	(207,984)
Net cash flows (used in) investing activities	**(7,845)**	(218,085)
Cash flows provided by financing activities		
Proceeds from issue of ordinary shares	**1,426,484**	-
Movement of borrowings – Line of Credit	**(123,177)**	100,112
Proceeds from shareholder loan	**1,766,471**	1,484,608
Transaction costs related to issues of shares	**(60,298)**	(5,228)
Transaction costs related to loans and borrowings	**-**	(1,173)
Repayment of lease liabilities	**(223,517)**	(157,083)
Net cash flows from financing activities	**2,785,963**	1,421,236
Net increase/(decrease) in cash and cash equivalents	**(476,148)**	(1,374,329)
Cash and cash equivalents at beginning of year	**662,450**	2,053,000
Effect of exchange rate changes on cash and cash equivalents	**30,778**	(16,221)
Cash and cash equivalents at end of year	**217,080**	**662,450**

6. Consolidated Statement of Changes in Equity

	Contributed Equity US$	Shares to be Issued Reserve US$	Share Appreciation Rights Reserve US$	Foreign Currency Translation Reserve US$	Consolidated Accumulated Losses US$	Total US$
Balance at 1 July 2025	**73,775,898**	**141,362**	**139,143**	**(1,693,305)**	**(72,765,176)**	**(402,078)**
Loss for the period	**-**	**-**	**-**	**-**	**(6,282,572)**	**(6,282,572)**
Foreign currency translation	**-**	**-**	**-**	**(93,406)**	**-**	**(93,406)**
Total comprehensive income / (loss)	**-**	**-**	**-**	**(93,406)**	**(6,282,572)**	**(6,375,978)**
Transactions with owners in their capacity as owners:						
Expiration of share appreciation rights	**-**	**-**	**(110,856)**	**-**	**110,856**	**-**
Issued capital	**6,124,433**	**-**	**-**	**-**	**-**	**6,124,433**
Capital raising costs	**(60,298)**	**-**	**-**	**-**	**-**	**(60,298)**
Share appreciation rights expense	**-**	**-**	**73,186**	**-**	**-**	**73,186**
Shares earned in lieu of director's fees	**-**	**297,500**	**-**	**-**	**-**	**297,500**
Shares in lieu of director's fees issued	**253,542**	**(253,542)**	**-**	**-**	**-**	**-**
Balance at 30 June 2026	**80,093,575**	**185,320**	**101,473**	**(1,786,711)**	**(78,936,892)**	**(343,235)**
Balance at 1 July 2024	73,594,023	113,237	298,612	(1,617,150)	(69,086,500)	3,302,222
						-
Loss for the period	-	-	-	-	(3,926,289)	(3,926,289)
Foreign currency translation	-	-	-	(76,155)	-	(76,155)
Total comprehensive income / (loss)	-	-	-	(76,155)	(3,926,289)	(4,002,444)
Transactions with owners in their capacity as owners:						
Expiration of share appreciation rights	-	-	(247,613)	-	247,613	-
Share appreciation rights expense	-	-	88,144	-	-	88,144
Shares earned in lieu of director's fees	-	210,000	-	-	-	210,000
Shares in lieu of director's fees issued	181,875	(181,875)	-	-	-	-
Balance at 30 June 2025	73,775,898	141,362	139,143	(1,693,305)	(72,765,176)	(402,078)

7.0 Dividends

Date dividend is payable	Not applicable
Record date to determine entitlement	Not applicable
If it is a final dividend, has it been declared?	Not applicable

		Amount per security	Franked amount per security at 30%	Amount per security of foreign source dividend
8.0	**Final dividend: Current year**	Nil	Not applicable	Not applicable
	Interim dividend: Current year	Nil	Not applicable	Not applicable

	Current period	Previous period
Ordinary securities	Not applicable	Not applicable
Preference securities	Not applicable	Not applicable

9.0	**Results for announcement to the market**	**2026**	2025
	Net tangible asset backing (deficiency) per ordinary share	**US (0.01) Cents**	US(0.03) Cents

10. Details of entities over which control has been gained or lost during the period, including the following.

Not applicable

11. Details of associates and joint venture entities including the following.

Not applicable

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

Refer to the annual report

13. Foreign entities set of accounting standards used in compiling the report (IAS)

Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the AASB and the Corporations Act 2001 (Cth)

14. Commentary on the results for the period

Refer to the annual report

14.1	**Earnings per share (EPS)**	**2026**	2025
	Basic loss per share (cents)	**(0.28)**	**(0.25)**

14.2	**Returns to shareholders**	**2026**	2025
	Ordinary securities	-	-
	Preference securities	-	-
	Other equity instruments	-	-
	Total	-	-

15. Compliance statement

This report is based on accounts to which one of the following applies:

- ✓ The accounts have been audited.
- ☐ The accounts have been subject to review.
- ☐ The accounts are in the process of being audited or subject to review.
- ☐ The accounts have not yet been audited or reviewed.

Annual General Meeting

The Company advises that its Annual General Meeting will be held at 10:00am (AEDT) on Thursday, 19 November 2026. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after dispatch.

In accordance with the Company's Constitution and ASX Listing Rules, valid nominations for the position of director are required to be lodged at the Registered Office of the Company by 5:00pm (AEDT) Wednesday, 7 October 2026.

W. T. Bl

Sign here: .... Date: 28 August 2026
Mr. William Blackburn
Chief Executive Officer

ALEXIUM INTERNATIONAL GROUP LIMITED

ANNUAL REPORT

For the Year Ended 30 June 2026

ABN 90 064 820 408
US Dollars

TABLE OF CONTENTS

COMPANY DIRECTORY

DIRECTORS	Mr Simon Moore Dr Paul Stenson Mr Martyn Strickland Mr Randall Lane Mr James Williamson Mr William Blackburn
COMPANY SECRETARY	Sandra McIntosh
REGISTERED OFFICE	Acclime Corporate Services Australia Pty Ltd Level 3, 62 Lygon Street Carlton VIC 3053 Telephone: +61 3 8689 9997
AUDITORS	Grant Thornton Audit Pty Ltd Grosvenor Place, Level 26 225 George Street Sydney NSW 2000
SHARE REGISTRY	Automic Registry Services Level 5, 126 Phillip St Sydney NSW 2000 Telephone: +61 1300 288 664
BANKERS	Macquarie Bank Limited Level 4, 235 St Georges Terrace Perth WA 6000
SOLICITORS	Steinepreis Paganin Level 14, QVI Building 250 St Georges Terrace Perth WA 6000
ABN	91 064 820 408
DOMICILE AND COUNTRY OF INCORPORATION	Australia
LEGAL FORM OF ENTITY	Listed Public Company
SECURITY EXCHANGE	Australian Securities Exchange Limited Home Exchange: Sydney ASX Code: AJX

Dear Shareholders,

FY26 was a transformational year for Alexium International, marked by the acquisition of Microtek Laboratories and a fourth-quarter production setback.

The key challenge for the year was a Q4 production issue at our newly leased Dayton, Ohio facility, which caused about $200,000 in sales returns and delayed the Microtek sales ramp-up. The issue has since been addressed through a multi-faceted approach which has been implemented.

Despite this setback, the Company made strong strategic progress. The Microtek Laboratories acquisition, completed 28 January 2026, shifted Alexium to a manufacturing-centred model and combined two mPCM market leaders, with production successfully merged during the year. Regulatory bans on competing FR materials in the US continue to favour Alexium's compliant technologies, including AlexiShield. The U.S. military's evaluation of our treated combat-uniform fabric also continued, with limited user evaluation results now expected in Q2 FY27. The Company has also made significant business development progress placing its cooling and flame-retardant technologies in foam products.

Together, these advances and the Company's expanded scale following the Microtek acquisition position Alexium well to convert this platform into commercial and financial results in the year ahead.

During the year, Dr Bob Brookins stepped down as Executive Director and Chief Technology Officer after more than a decade with the Company. We thank him for his contributions. Nick Leitner was appointed Vice President of Technology to lead our R&D team. Subsequent to year end, in July 2026, Randall Lane was appointed Chief Operating Officer on an interim basis, and has transitioned from a non-executive to an executive director role.

On behalf of the Board, thank you to our stakeholders, customers, suppliers, employees, and shareholders for your support. We look forward to reporting on the Company's progress in the year ahead.

Yours sincerely,

Simon Moore
Interim Chairman

Billy Blackburn
Chief Executive Officer

The Directors present their report on Alexium International Group Limited and its subsidiaries ('Company' or 'Group') for the period ended 30 June 2026.

DIRECTORS

The Directors of the Company in office at any time during the fiscal year are set out below. Directors were in office for the entire period unless otherwise stated.

- Mr William Blackburn
- Dr Robert Brookins (resigned 1 August)
- Mr Simon Moore
- Dr Paul Stenson
- Mr James Williamson
- Mr Martyn Strickland
- Mr Randall Lane

RESULTS AND REVIEW OF OPERATIONS

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was the development of high-performance materials where there is a market opportunity for commercialisation. During the period, activities included:

- Research and development in consultation with end customers;
- Maintaining and protecting the Company's patent portfolio, including patents acquired as part of the Microtek Laboratories acquisition; and
- Manufacturing, sales, and distribution of the products.

DIVIDENDS

No dividend was paid during the period, and the Board has not recommended the payment of a dividend (2024: Nil).

SHARE CAPITAL

The following were on issue for the years ended:

	30-Jun-26	30-Jun-25
Ordinary shares	3,127,784,951	1,586,428,671
Share appreciation rights	213,460,220	124,885,281

OPERATING AND FINANCIAL REVIEW

Operations and Technology Review

The Company's operations are based in Greer, South Carolina, USA, and, following the Microtek Laboratories acquisition, in Dayton, Ohio, USA. The Company is transitioning from a contract-manufacturing model to a manufacturing-centred model, focused on developing and commercialising phase change materials ("PCM"), flame-retardant ("FR") technologies, and thermal management materials for bedding, military, workwear, footwear, and body armour applications.

During FY26, the Company completed the acquisition of Microtek Laboratories and began integrating its people, manufacturing, technology, and customers, while continuing its Grow and Diversify Strategy. Key areas of focus:

1. Microtek Acquisition and Integration: Completed 28 January 2026 for 361,717,485 shares. Microtek and Alexium's mPCM product lines and production were successfully merged during the year, improving cost efficiency, quality, and customer options.
2. Manufacturing-Centred Transition: The acquisition accelerated Alexium's shift from outsourced production to a manufacturing-centred model.
3. Commercial Progress: New mPCM coatings placements commenced during the year, alongside growing opportunities in FR coatings, dehumidification textiles (DelCool™), and heat transfer textiles (Eclipsys®), including new non-bedding markets such as furniture, building materials, and apparel.
4. AlexiShield and FR Market Development: Trade pressures continue to drive demand for US-produced FR materials. Alexium's compliant product lines are well placed to benefit, with FR production now integrated into the Dayton facility.
   AlexiFlam® Military Program: Field trials of AlexiFlam-treated uniform fabric continued during the year, with limited user evaluation results now expected in Q2 FY27, ahead of anticipated Military Requests for Proposals.
5. Leadership: William Blackburn continues as CEO. Randall Lane was appointed COO on an interim basis in July 2026 and has transitioned to an Executive Director role. Heather McClain serves as VP Finance and Nick Leitner as VP Technology.

Product Highlights

Microencapsulated Phase Change Materials (mPCM)

AlexiCool® Products
AlexiCool® represents the Company's original and widely adopted mPCM cooling technology, designed for textile and foam applications. Renowned for its class-leading cooling performance, reliability, and ease of integration, AlexiCool® remains a core solution across the bedding sector. It delivers measurable value to customers by enabling differentiated product offerings, strengthening their competitive positioning.

BioCool® Products
BioCool® is a proprietary, biobased mPCM range developed for use in textile and foam applications. Certified under the USDA BioPreferred Program, BioCool® aligns with growing market demand for sustainable solutions. It currently stands as the Company's top-selling mPCM product.

In late FY24, the Company implemented a strategic shift in its mPCM market approach, commencing in-house production of petroleum-based microcapsules—complementing its existing capability in biobased microcapsule manufacturing. This vertical integration has enhanced manufacturing efficiency, improved product performance and quality, and unlocked new opportunities. Notably, Alexium can now supply microcapsules directly to other formulators in the phase change materials sector, potentially doubling the addressable market for its mPCM products. The sales pipeline includes a significant number of qualified opportunities for AlexiCool®, positioning the Company for substantial revenue growth.

BioCool+ Products
BioCool+ is the first product in Alexium's new "PCM+" line—a next-generation mPCM formulation derived from biobased components. This enhanced product offers a step-change improvement in cooling capacity, surpassing both legacy Alexium offerings and competitive products currently available in the bedding industry. Initial trials have produced strong results, and a major US mattress brand is targeting commercial launch in late calendar year 2025.

Eclipsys® Fabrics
Eclipsys® is Alexium's proprietary, IP-protected perpetual cooling technology for textiles and foam-based products. Unlike mPCM, which absorbs heat, Eclipsys® operates by continuously dissipating heat away from the body, mitigating the insulative effects of traditional materials. It is lightweight, adaptive and non-flammable, making it an ideal solution for advanced comfort applications.

DelCool™ Materials
DelCool™ delivers enhanced comfort through targeted dehumidification, reducing perceived temperature by regulating the microclimate around the body. The technology is built into a proprietary composite fabric, offered either as a roll good or in finished, cut-and-sewn formats.

- **Mattress Applications:** The Company has secured multiple, qualified opportunities with major mattress brands, with prototype builds already meeting or exceeding all thermal performance benchmarks.
- **Pillow Applications:** A premium, high-technology pillow is under development, integrating DelCool™ and mPCM technologies. This product will be offered under a private-label model to branded consumer goods companies. Unlike previous models, where technology was licensed to upstream manufacturers, Alexium will now control production via contracted partners and sell finished products directly, resulting in significantly higher revenue per unit.

AlexiFlam®
AlexiFlam® remains the Company's primary flame-retardant (FR) solution for military and industrial workwear. Ongoing development is focused on delivering a cost-effective, warm-weather FR uniform kit made from nylon-cotton (NyCo) blends for the US Military. The project is currently in Phase 2, addressing aesthetic refinements and retesting for heat signature management (NIR & SWIR compliance).

AlexiGuard®
AlexiGuard® is a flame-retardant emulsion tailored for 100% polyester fabrics. While regulatory constraints limit its use in bedding and furniture, it remains a high-performance, cost-effective FR finish for other applications requiring durable flame resistance without compromising fabric softness.

AlexiShield
AlexiShield represents the latest advancement in FR coatings from Alexium. Developed in early FY24, this formulation is free from all currently banned and soon-to-be banned substances, including organophosphorus compounds. The product was rapidly brought to market in anticipation of regulatory changes—such as recent legislation in New York banning organophosphorus in bedding and furniture. AlexiShield is highly effective on substrates including cotton, rayon, polyester, and foam. It has several qualified sales opportunities in the pipeline, with forecasted annual revenues that could potentially quadruple current sales.

Capital Management and Funding
During FY26, in association with the Microtek Laboratories acquisition, the Company undertook an entitlement offer to secure additional working capital. The offer, launched in December 2025, closed on 16 January 2026, raising $4.6 million in gross proceeds. Of this, $3.05 million was used to extinguish outstanding shareholder loans, with the remaining $1.4 million providing additional working capital. Further information is provided in Note 19 of the Consolidated Financial Statements.

The Company maintains an asset-based line of credit ("LOC") with Alterna Capital Solutions for working capital, providing $3.0 million (extendable to $5.0 million). The LOC's variable rate stood at 9.75% at 30 June 2026.

The borrowing base is 90% of eligible accounts receivable, following Alterna's removal of inventory as eligible collateral in July 2025. The facility, amended in August 2024, was renewed in February 2026 and renews annually.

At 30 June 2026, the facility was fully utilised, exceeding its nominal limit by approximately $150,000 due to timing differences in cash flows. This has been resolved post year-end.

During FY26, the Company took additional unsecured loans from Colinton Capital Partners and Wentworth Williamson Management (15% interest, maturing 1 September 2026, maturity extended to 1 September 2027 post year end), a portion of which was extinguished through the entitlement offer described above. Refer to Note 15 for further details.

Environmental, Social and Governance (ESG)

Alexium is committed to providing innovative, sustainable, and ecofriendly solutions to our customers and end consumers. We take responsibility for our impact on the environment and human welfare seriously and are dedicated to exceeding industry standards for safety and environmental sustainability. The Board recognises the importance of formally integrating Environmental, Social and Governance (ESG) principles into our daily operations and as such, is committed to implementing a transparent, data driven program to help identify opportunities to align our business activities with these values. Entities preparing annual reports under Chapter 2M of the *Corporations Act 2001* that meet certain minimum financial thresholds are required to include a Sustainability Report in accordance with AASB S2 *Climate-related Disclosures*. While Alexium is currently below these thresholds, the Company will continue to consider the requirements and will implement appropriate policies and reporting frameworks to ensure future compliance with ESG standards.

An integral part of Alexium's ESG strategy is supporting our customers in achieving their own ESG objectives. Two key products play a significant role in this effort:

- BioCool® mPCM product - meets the USDA's criteria for biobased products and is registered in the USDA BioPreferred program with 94% biobased content.
- AlexiShield – AlexiShield represents the Company's most recent advancement in flame retardant (FR) coatings. Developed in early FY24, this innovative formulation is free from several restricted substances, including halogens, antimony, formaldehyde, PFAS, fiberglass, and organophosphorus compounds. The initiative was expedited in anticipation of proposed regulatory bans on organophosphorus in states such as California and New York. Since then, New York has enacted legislation prohibiting the use of organophosphorus in FR products for bedding and furniture (effective 1 December 2024). AlexiShield demonstrates high performance across a range of materials, including cotton, rayon, polyester, and foam.

Financial Result Overview

Net loss attributable to members was $6,282,572 (2025: $3,926,289), an 47.6% increase, driven by lower gross profit and higher operating and interest expenses, partly offset by revenue growth from the Microtek acquisition.

Revenue increased 7.9% to $4,232,446 (2025: $3,921,730), reflecting the Microtek acquisition, partly offset by soft US retail bedding demand and the Q4 Dayton production disruption.

Gross profit fell 14.2% to $1,224,825 (2025: $1,689,971) due to the Q4 Dayton production issue, which caused about $200,000 in sales returns and inventory write-offs. Gross margin declined to 28.9% (2025: 43.1%).

Operating expenses rose 32.6% to $7,257,073 (2025: $5,474,596), reflecting the addition of Microtek's cost base and impairment recognized during the year of $1.5 million (refer note 11 and 12).

Interest expense rose 43.7% to $262,054 (2025: $182,406), due to additional unsecured shareholder loans from Colinton Capital Partners and Wentworth Williamson Management.

Inventory levels increased in the current year by $0.4 million due to several factors including (a) introduction and ramp up of new product offerings, (b) timing of raw material purchases with large minimum order quantities and (c) timing of finished goods production and customer orders.

Cash at year end was $217,080 (2025: $662,450). The Alterna revolving facility was fully utilised, with no undrawn availability (2025: $115,000 undrawn), reflecting cash used for the Microtek acquisition and entitlement offer.

Material Business Risks

The Board actively identifies, monitors, and manages the factors that could affect Alexium's ability to meet its strategic objectives. The key risks below are addressed through established policies, disciplined operations, and regular oversight from the Board and Risk Committee.

Intellectual property position and product innovation: Product differentiation is central to how Alexium competes, so innovation and IP protection go hand in hand. The Company continues developing next-generation solutions that are inventive, market-responsive, and commercially attractive. This year, the Microtek Laboratories acquisition added new patents to Alexium's portfolio, and the company filed one new patent application of its own during FY2026. The existing portfolio spans each core technology platform, with geographic coverage guided by market analysis, to protect long-term product and market value.

Competitive landscape: Bedding and performance materials are competitive markets, but Alexium keeps a close eye on competitors and shifting dynamics. The Company responds by:

- Maintaining effective pricing disciplines through regular cost and margin reviews;
- Continuing to innovate in product design and performance;
- Providing objective, data-driven demonstrations of product value; and
- Targeting areas of the market where current commercial solutions are less effective.

Together, these measures help Alexium compete on value, not just price, and uncover new areas for growth.

Capital Management: Every month, management builds multiple cash flow and funding scenarios and reviews them with the Board, alongside the Company's revenue pipeline and expansion plans. This close monitoring ensures Alexium has the working capital it needs for the next twelve months while it works toward profitability.

Market Dynamics and Diversification: Consumer demand and distribution channels keep shifting, so Alexium diversifies rather than stands still — broadening its product portfolio, building customer-driven solutions, and growing its customer base. In FY26, that meant extending market reach into Australasia, Asia-Pacific, and Europe, complementing the Company's existing North American operations.

Inflationary Pressures: US inflation has eased from its peak, but bedding-sector consumer sentiment hasn't fully recovered. Alexium is countering this by expanding into new markets and customer segments, while maintaining strong relationships with existing customers — positioning the business to benefit once North American bedding demand rebounds.

Likely Developments

The Company's FY27 focus includes:

- Completing Microtek integration and realising further mPCM manufacturing efficiencies;
- Growing international and non-bedding mPCM business, including building materials and industrial applications;
- Growing FR sales, including AlexiShield, in bedding, furniture, and transportation markets;
- Progressing AlexiFlam® military qualification, with results expected Q2 FY27; and
- Expanding Dayton capacity via a phased approach, prioritising labour (including a second shift) ahead of capital expenditure.

The Company will pursue these objectives by:

- Leveraging its market position and expanded manufacturing platform following the Microtek acquisition;
- Strengthening strategic relationships that support its commercial goals;
- Applying disciplined management of resources and expenditure relative to sales growth; and
- Maintaining a financially strong, transparent, and well-governed operating environment.

Events since the end of the financial period

In early July 2026, the Company appointed Randall Lane as Chief Operating Officer on an interim basis, with Mr Lane transitioning from a Non-Executive Director to an Executive Director role.

On 7 July, 24 July, and 11 August 2026, the Company entered into additional unsecured loans with CCP in the amounts of $208,170, $349,390, and $211,818, respectively. The loans carry an interest rate of 15% and mature on 1 September 2028.

Other than noted above, there has not arisen any item, transaction, or event of a material and unusual nature, which in the opinion of the Directors of the Company, is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Environmental Reporting

The Company's operations are currently located solely in the United States, and as such are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

United States Laws concerning the environment that affect or could affect our operations include, among others, the Clean Water Act, the Resource Conservation and Recovery Act, the Occupational Safety and Health Act, the National Environmental Policy Act, the Toxic Substances Control Act, regulations promogulated under these Acts, and other federal, state, and local laws or regulations governing environmental matters. We believe that the Company complies with these laws and that future compliance will not materially affect our earnings or competitive position.

The BioCool® product line has a USDA BioPreferred Certification based on its biobased content which has a positive impact on the environmental standing of our customers whenever they choose to use the Company's products as part of their ultimate products. Additionally, the Company's vendors are selected in part based on their adherence to established environmental standards as well as compliance with manufacturing standards such as ISO 9001.

For the reporting period, the Board is not aware of any breach of applicable environmental regulations by the Company.

Corporate Governance Statement

The documents that govern the Company's corporate governance framework, including its Constitution, charters and polices are available in the Corporate Governance section on the Company's website - www.alexiuminternational.com/about/#corpGov

Information on Directors

The names of the Directors holding office at any time during the fiscal year are set out below, together with details of their experience, qualifications, special responsibilities, and other company directorships during the past three financial years.

Mr Simon Moore

BCom, LLB. Appointed as a Non-Executive Director February 2020 and is currently Chair of the Audit Committee and a member of the Risk Committee. He was also elected Interim Chair on 3 November 2023.

Skills and Experience: Mr Moore is the Senior Partner of the investment firm, Colinton Capital Partners. Prior to establishing Colinton Capital Partners in 2017, Mr Moore was a Global Partner of The Carlyle Group having established their operation in Australia in 2005. In his time at The Carlyle Group, he oversaw the Firm's investments in and served on the Boards of Directors of Coates Hire, Healthscope and QUBE.

External Appointments: Deputy Chair for AMA Group from November 2018 to February 2024 and Non-Executive Director of Palla Pharma Limited from July 2016 to December 2021. Mr Moore is also a Non-Executive Director for AMS Group, Inc. since July 2018, LPA Energy Group, Dimeo Cleaning Services since December 2018, Monoova since November 2024, Clear Dynamics since June 2022, Aires Rail since July 2025 and LPA since April 2025.

Dr Paul H. Stenson

BSc, PhD. Appointed as an independent Non-Executive Director June 2020. Dr Stenson is the chair of the Risk Committee and a member of the Nomination and Remuneration Committee.

Skills and Experience: Dr Stenson has a distinguished career with the research, development, manufacture, and commercialisation of new materials in the fields of coatings, adhesives, nonwovens, and pharmaceuticals.

Dr Stenson was President and CEO of StanChem Inc. from January 2018 to April 2024. StanChem Inc. is comprised of two companies – StanChem Polymers which is a manufacturer of water-based polymers for the coatings and adhesives industries, and Albi Protective Coatings which focuses on the specialty sector of fire protective intumescent paints and specialty high performance industrial coatings.

Prior to joining StanChem in 2017, Dr Stenson worked as a global technology director at Axalta Coating Systems. Between 2011 and 2016, Dr Stenson was the executive vice president of technology and product development at Ahlstrom for nonwoven and specialty high performance paper products. Prior to joining Ahlstrom, Dr Stenson was the vice president of technology for industrial and packaging coatings at Valspar based in Minneapolis and Zurich, Switzerland from 1993 until 2011. Dr Stenson is also the chairman of TopChem Pharmaceuticals (Ireland) which is a manufacturer of active pharmaceutical ingredients.

External Appointments: Director for TopChem Pharmaceuticals (Ireland) Limited since January 2005 to April 2024; Director for Deltech (StanChem) Holdings, LLC from July 2017 to April 2024; Director for RM Lucas in April 2025.

Mr Martyn Strickland

BEng, (NTA Deng). Appointed as a Non-Executive Director July 2024. Mr Strickland is a member of the Risk Committee.

Skills and Experience: Martyn Strickland is an Operating Partner of Colinton Capital Partners. Martyn joined the firm in June 2017 and represents Colinton Capital Partners on AMSG, Alexium and Clear Dynamics investments, where he has taken up a role as CEO.

Prior to joining Colinton Capital Partners, Martyn was a Senior Partner at Deloitte, where he led their middle-market strategy and the Operational Restructuring and CRO services divisions within the Financial Advisory business. Prior to Deloitte, Martyn joined KordaMentha as Managing Director to establish their 333 Consulting business focusing on company side turnaround, restructuring and growth. Prior to 333, Martyn was Principal with A.T. Kearney and an Operating Executive with Cadbury Schweppes. Martyn has a keen ability to cut through noise and focus on what really drives growth. Martyn has an MBA from the Melbourne Business School and a degree in Mechanical Engineering from the University of Melbourne. Outside of family, Martyn loves to catch surf breaks when he can.

External Appointments: Clear Dynamics NED (Nov 2024) and CEO (Feb 2025).

Mr James Williamson

BCom, Dipl. Appointed as a Non-Executive Director 21 November 2024. Mr Williamson is a member of the Nomination and Remuneration Committee.

Skills and Experience: James Williamson has over 30 years of experience in financial markets and is the Co-Founder and Chief Investment Officer of Wentworth Williamson Management, a substantial shareholder of Alexium International Group Limited. Founded in 2013, Wentworth Williamson Management is a private Australian-based value fund manager with both equity and private credit funds. Prior to Wentworth Williamson, Mr Williamson worked for Allan Gray Australia and prior to that he was Portfolio Manager of the Investec Australian Equity Fund. James has a Bachelor of Commerce, a Graduate Diploma of the Securities Institute of Australia and is a Senior Associate of FINSIA.

External Appointments: Chairman, Australian Vintage Limited since August 2024, Executive Director of Wentworth Williamson Management Pty Limited and Non-Executive Director of Finanzor Pty Limited

Mr Randall Lane
BS. Appointed as a Non-Executive Director July 2024. Mr Lane chairs the Nomination and Remuneration Committee and sits on the Audit Committee. In July 2026, he was also appointed Chief Operating Officer on an interim basis, and is expected to transition to an Executive Director role.

Skills and Experience: Randall Lane has had an exceptional career in research, manufacturing, start-ups and product commercialisation including 25 years of senior management positions in the chemical and medical device industries. Specifically, he has served as CEO/CSO at CAVU group, comprised of Microtek, American Thermal Instruments and Latent Heat Solutions. Mr. Lane has also served on several Boards in the private sector.

External Appointments: None.

Mr William Blackburn
BS. Appointed as Chief Executive Officer and Managing Director in September 2022 and is currently a member of the Audit Committee (since December 2023).

Skills and Experience: Mr Blackburn has over 25 years of experience in general management, with a track record of driving commercial growth. He has enjoyed success as both an entrepreneur and as an executive in larger organisations. He founded Emes, LLC, a technology-based specialty chemical business. Emes had a unique business model focused on high-purity chemical production paired with recycling in the pharmaceutical and consumer healthcare markets. Mr. Blackburn sold the business to Nova Molecular and then joined their executive team to lead further commercial growth of the merged organisations. More recently, Mr. Blackburn was the Vice President of Giant Cement Holdings Inc., and executive manager of its subsidiary, Giant Resource Recovery (GRR), where he led a significant turn-around of the business resulting in 70% EBITDA growth over two-years. He also raised significant capital for the GRR business to modernise its plants for sustained profitable growth.

Since joining Alexium, Mr. Blackburn has been leading the company's efforts to commercialise its significant intellectual property. He is very active in daily sales management, marketing and in building a robust supply chain to support significant sales growth. Mr. Blackburn is a team builder focused on retaining and acquiring talent, and ensuring people are in the right position to support the company's strategic growth plans.

External Appointments: Member, Board of Trustees for International Sleep Products Associations (ISPA) since April 2024 and Member, Sustainability Committee of the Mattress Recycling Council.

Dr Robert Brookins
PhD, M.A.E. BA, BSc. Served as Chief Executive Officer and Managing Director (July 2018–August 2022), then Chief Technology Officer, resigning as Executive Director on 1 August 2025 and as CTO effective 27 October 2025.

Skills and Experience: Dr Brookins has more than 15 years of experience in organic synthesis and materials chemistry. He received his PhD from the University of Florida in the areas of synthesis and characterisation of conjugated polyelectrolytes and polymers with an emphasis on developing new polymerisation methods. Upon completion of his PhD, he worked at the US Air Force Research Laboratory at Tyndall AFB, FL where he developed decontamination methods for chemical and biological threats and developed novel synthetic routes for reactive and functional surfaces. In 2010, Dr Brookins joined Alexium where he and his team pioneered new classes of flame-retardants for key textile markets. Additionally, his research focuses on phase change materials, particularly novel application methods and analytical tools.

Dr Brookins has been instrumental in the research and development of the Company's innovative technologies. Dr Brookins led the development and commercialisation of Alexium's phase change material (PCM) platform technologies and the AlexiCool® product line, which is the foundation of the Company's success in the bedding and top-of-bed markets.

Dr Brookins has, during his time with the Company, been involved in multiple facets of the business, including working with customers on product design and marketing, analysing markets to assess opportunities, and planning for logistics and supply-chain management. In addition, Dr Brookins co-invented Alexium's flame-retardant (FR) technologies for military uniforms and formaldehyde-free, flame-retardant products for cotton-based materials.

Current External Appointments: None.

Company Secretary
Ms Sandra McIntosh of Acclime Corporate Services has extensive experience working with Boards of ASX listed, unlisted, private and non-for-profit companies as an accomplished Company Secretary with over 17 years' experience. Sandra has a proven ability to contribute to the success and growth of businesses through her expertise in corporate governance, investor relations and operational management.

Meetings of Directors
Directors' attendance at scheduled board and committee meetings during the reporting period:

Directors	Board	Audit	Risk	Nomination & Remuneration
Mr Moore	15/15	5/5	2/2	-
Mr Williamson	14/15	-	-	6/6
Mr Stenson	15/15	-	2/2	3/6
Mr Strickland	12/15	-	1/2	-
Mr Lane	14/15	5/5	-	6/6
Dr Brookins	-	-	-	-
Mr Blackburn	12/15	4/5	-	-

In addition to the above, the board and committees meet regularly on an informal basis.

The information provided in this Remuneration Report has been audited as required under section 308(3C) of the Corporations Act (Cth).

A. Key Management Personnel (KMP)

For the purposes of this report, personnel deemed KMP at any time during the reporting period are:

Name	Position	Appointed	Resigned
Mr Simon Moore	Non-Executive Interim Chair	-	-
Dr Paul Stenson	Non-Executive Director	-	-
Mr Martyn Strickland	Non-Executive Director	-	-
Mr Randall Lane	Non-Executive Director	-	-
Mr William Blackburn	Chief Executive Officer and Managing Director	-	-
Dr Robert Brookins	Chief Technology Officer and Executive Director	-	1 Aug
Mr James Williamson	Non-Executive Director	-	-

B. Remuneration Policy

The objective of the Company's remuneration framework is to ensure a reward for performance is competitive, appropriate for the stage of development of the Company, results delivered and to attract and retain suitably qualified and experienced candidates. The Nomination and Remuneration Committee continuously monitors the remuneration framework with a goal of ensuring that remuneration is aligned with performance and shareholder value creation. The Company's remuneration framework aims to ensure that:

- Rewards reflect the competitive global market in which the Company operates;
- Incentive remuneration is linked to KPI's, which are designed to encourage behaviours that are short, medium and long term in nature;
- Rewards to executives are linked to shareholder value creation;
- Executives are rewarded for both financial and non-financial performance; and
- Remuneration arrangements ensure equity between executives and facilitate the deployment of human resources.

The Board utilises published market data and independent consultation as needed in developing and updating its remuneration policies and practices. In accordance with best practice corporate governance, the structure of Non-Executive and Executive remuneration is separate and distinct. Nomination and Remuneration Committee responsibilities are carried out by Mr Lane (Chair), Dr Stenson, and Mr Williamson.

Non-Executive Director Remuneration Policy
Fees and payments to the Non-Executive Directors reflect the demands and the responsibilities of the Directors. Fees and payments are reviewed by the Remuneration Committee to ensure they are appropriate and in line with the market. Non-Executive Directors receive a fixed fee for service. The fees for an individual director are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum aggregate annual fees are $375,000 as approved at the 2016 AGM. No retirement benefits are provided other than compulsory where applicable.

Executive Remuneration Policy
The Company's Managing Director's and Executives' remuneration packages contain the following key elements:

- Primary benefits – base salary, short-term incentives, post-employment contributions and medical benefit plan for US based executives.
- Long term incentives – Share appreciation rights under the Company's Share Appreciation Rights Share Plan.

External remuneration information provides benchmark information to ensure remuneration is set to reflect the market for a comparable role. Base fees are reviewed annually to ensure the level is competitive with the market. There is no guaranteed salary increase included.

C. Consequence on Shareholder Wealth

In considering the performance of the Company and the benefits for shareholder wealth, the Nomination and Remuneration Committee has considered a range of indicators in respect to senior executive remuneration and has linked these to the previously described short- and long-term incentives.

The following table presents these indicators over the past five financial years:

	2026	2025	2024	2023	2022
Net profit/(loss)	**(6,282,572)**	**(3,926,289)**	(2,760,710)	(2,950,943)	(3,360,271)
Dividends declared	**Nil**	**Nil**	Nil	Nil	Nil
Share price as at 30 June (A$)	**0.007**	**0.007**	0.012	0.013	0.024
EPS (cents)	**(0.28)**	**(0.25)**	(0.35)	(0.46)	(0.52)

D. Details of Remuneration

	Short-term benefits			Share-based payments		Other Benefits			
2026	**Salary and fees**	**Other benefits**	**Short-term incentives**	**Share appreciation rights(1)**	**Shares in lieu of salary(2)**	**Post-employment benefits**	**Termination Benefits**	**Total**	**Performance based % of Total**
Non-Executive Directors									
Mr Moore	-	-	-	-	100,000	-	-	100,000	-
Mr Williamson	-	-	-	-	50,000	-	-	50,000	-
Mr Strickland	-	-	-	-	50,000	-	-	50,000	-
Dr Stenson	32,500	-	-	-	32,500	-	-	65,000	-
Mr Lane(4)	96,000	-	-	2,294	65,000	-	-	163,294	1.4%
Total Non-Executive Directors	128,500	-	-	2,294	297,500	-	-	428,294	
Executive Directors									
Mr Blackburn - CEO & MD	336,375	15,392	50,456	37,049	-	14,000	-	453,272	19.3%
Dr Brookins – CTO(3)	37,618	5,078	-	14,955	-	1,407	82,760	141,818	10.5%
Total Executive Directors	373,993	20,470	50,456	52,004	-	15,407	82,760	595,090	
Total	502,493	20,470	50,456	54,298	297,500	15,407	82,760	1,023,384	

(1) See *F. Share Based Compensation* section for detail on long-term incentives. Issuance of shares will occur only when all vesting conditions are met.
(2) Shares in lieu of salary to directors were approved by shareholders at the 2025 AGM. There are no performance conditions related to these shares.
(3) Represents remuneration from 1 July 2025 to 1 August 2025 which is the date on which Dr Brookins resigned from his position
(4) Salary and fees for Mr Lane includes cash remuneration from consulting fees ($96,000).

	Short-term benefits		Share-based payments		Other Benefits			
2025	**Salary and fees**	**Other benefits**	**Share appreciation rights(1)**	**Shares in lieu of salary(2)**	**Post-employment benefits**	**Termination Benefits**	**Total**	**Performance based % of Total**
Non-Executive Directors								
Mr Moore	25,000	-	-	75,000	-	-	100,000	-
Mr Williamson(3)	11,042	-	-	19,375	-	-	30,417	-
Mr Strickland	12,500	-	-	37,500	-	-	50,000	-
Dr Stenson	32,500	-	-	32,500	-	-	65,000	-
Mr Lane(5)	109,125	-	-	45,625	-	-	154,750	-
Mr Dennis(4)	25,278	-	-	-	-	-	25,278	-
Total Non-Executive Directors	215,445	-	-	210,000	-	-	425,445	
Executive Directors								
Mr Blackburn - CEO & MD	335,938	15,481	38,088	-	14,028	-	403,535	9.4%
Dr Brookins - CTO	325,601	14,342	33,312	-	3,256	-	376,511	8.8%
Total Executive Directors	661,539	29,823	71,400	-	17,284	-	780,046	
Total	876,984	29,823	71,400	210,000	17,284	-	1,205,491	

(1) See *F. Share Based Compensation* section for detail on long-term incentives. Issuance of shares will occur only when all vesting conditions are met.
(2) Shares in lieu of salary to directors were approved by shareholders at the 2024 AGM (with the exception of Mr Williamson's – see (3) below). There are no performance conditions related to these shares.
(3 Represents remuneration from 21 November 2024 which is the date on which Mr Williamson began his position. Mr Williamson was appointed to the position of non-executive director after the 2024 AGM. Therefore, his shares have not yet been approved by shareholders. He will seek shareholder approval for his shares in lieu of salary at the 2025 AGM. No shares will be issued until after the AGM. If shareholder approval is not granted, his fees will subsequently be paid in cash.
(4) Mr Moore's shares in lieu of salary were approved up to a maximum of $70,000 at the 2023 AGM which was his then annual fee as a director. Once accepting the position of Interim Chair, however, Mr Moore's annual fee increased, thereby exceeding the previously approved share payment amount. He obtained shareholder approval for the overage at the 2024 AGM.
(4) Represents remuneration from 1 July 2024 to 20 November 2024 which is the date on which Mr Dennis resigned from his position
(5) Salary and fees for Mr Lane includes cash remuneration from both Board of Directors' fees ($13,125) and consulting fees ($96,000). The remainder of his Director's fees were settled in shares.

E. Service Agreements

On appointment, the Non-Executive Directors enter into an agreement with the Company in the form of a letter of appointment. The letter outlines the Board's policies and terms, including remuneration relevant to the office of a director. Non-Executive directors are compensated for their contributions to the board and any committees they lead or serve. These agreements can be terminated without cause by either party at any time.

The Company has entered into service agreements with executives, which contain standard terms and conditions for agreements of this nature, including confidentiality, restraint on competition and intellectual property provisions. These agreements may be terminated with 90 days' notice by either party, or earlier in the event of certain terms and conditions breaches. The Company may at its sole discretion terminate employment without cause by giving 90 days' written notice or making a payment of 90 days' salary in lieu of notice. Remuneration is reviewed annually and approved by the Board of Directors and includes potential short-term and long-term incentive opportunities as well as salary and other benefits.

F. Share-based Compensation

Share Appreciation Rights

The number of share appreciation rights held during the reporting periods by KMPs, including their personally related parties, is set out below:

2026	**Balance at start of year**	**Granted**	**Expired**	**Forfeited**	**Balance at end of year**	**Vested - not issued**
Executive Directors						
Mr Blackburn - CEO & MD	**55,418,797**	**66,491,935**	**(22,843,648)**	**-**	**99,067,084**	**-**
Dr Brookins - CTO	**38,078,544**		**(6,505,703)**	**-**	**31,572,841**	**-**
Total Executive Directors	**93,497,341**	**66,491,935**	**(29,349,351)**	**-**	**130,639,925**	**-**
Non-Executive Director						
Mr Lane	**-**	**8,063,233**			**8,063,233**	**-**
Total	**93,497,341**	**74,555,168**	**(29,349,351)**	**-**	**138,703,158**	**-**
2025						
Executive Directors						
Mr Blackburn - CEO & MD	29,555,881	25,862,916	-	-	55,418,797	3,831,212
Dr Brookins - CTO	19,882,851	25,067,138	(6,871,445)	-	38,078,544	-
Total Executive Directors	**49,438,732**	**50,930,054**	**(6,871,445)**	**-**	**93,497,341**	**3,831,212**
Total	**49,438,732**	**50,930,054**	**(6,871,445)**	**-**	**93,497,341**	**3,831,212**

Share appreciation rights granted and current year expenses by plan year:

	Grant date	**Vesting date**	**Opening price**	**Fully vested target price**	**FV at grant date**	**Total grants**	**Current year exp**
Mr Blackburn, CEO & MD							
FY26-Tranche 1	24-Nov-25	30-Sep-28	**A$0.007**	**A$0.025**	**A$0.001**	**18,112,538**	**2,817**
FY26 -Tranche 2a	24-Nov-25	30-Sep-28	**A$0.007**	**N/A**	**A$0.003**	**16,448,995**	**7,297**
FY26 -Tranche 2b	24-Nov-25	30-Sep-28	**A$0.007**	**A$0.016**	**A$0.002**	**15,965,201**	**3,985**
FY26 -Tranche 2c	24-Nov-25	30-Sep-28	**A$0.007**	**A$0.025**	**A$0.001**	**15,965,201**	**2,483**
2025-Tranche 1	21-Nov-14	30-Sep-27	**A$0.010**	**A$0.044**	**A$0.002**	**18,112,538**	7,665
2025-Tranche 2	21-Nov-14	30-Sep-27	**A$0.010**	**A$0.070**	**A$0.002**	**7,750,378**	3,025
2024	15-Nov-23	21-Sep-26	**A$0.015**	**A$0.105**	**A$0.009**	**6,712,233**	3,014
2023	23-Nov-22	23-Sep-25	**A$0.030**	**A$0.171**	**A$0.005**	**6,712,233**	1,726
Joining Award	16-Nov-22	Various[1]	**A$0.030**	**A$0.150**	**A$0.006**	**16,131,415**	5,038
Total						**121,910,732**	**37,050**
Dr Brookins, CTO and Director[(1)]							
2025-Tranche 1	21-Nov-14	30-Sep-27	**A$0.010**	**A$0.044**	**A$0.002**	**17,555,231**	7,429
2025-Tranche 2	21-Nov-14	30-Sep-27	**A$0.010**	**A$0.070**	**A$0.002**	**7,511,907**	2,932
2024	15-Nov-23	21-Sep-26	**A$0.015**	**A$0.105**	**A$0.009**	**6,505,703**	2,921
2023	16-Nov-22	23-Sep-25	**A$0.030**	**A$0.171**	**A$0.005**	**6,505,703**	1,673
Total						**38,078,544**	**14,955**
Mr Lane							
FY26 -Tranche 2a	24-Nov-25	30-Sep-28	**A$0.007**	**N/A**	**A$0.003**	**2,741,499**	**1,216**
FY26 -Tranche 2b	24-Nov-25	30-Sep-28	**A$0.007**	**A$0.016**	**A$0.002**	**2,660,867**	**664**
FY26 -Tranche 2c	24-Nov-25	30-Sep-28	**A$0.007**	**A$0.025**	**A$0.001**	**2,660,867**	**414**
						8,063,233	**2,294**
Total						**168,052,509**	**54,299**

(1) Reflects SARs retained upon departure under "good leaver" provisions; no forfeiture occurred upon termination. Rights remain subject to plan rules.

The expense is recognised over the vesting period based on the originally calculated Monte Carlo option fair value.

Vested Rights:

(a) Participants are entitled to the amount by which the closing share price exceeds the opening share price.

(b) Shares will be issued in the amount equal to the closing share price less opening share price divided by closing share price then multiplied by the vested and exercised SARs. Closing price is defined as the 20-day volume weighted average price ("VWAP") as at the vesting date of the relevant SAR.

Vesting Conditions:

(a) The Board sets the Fully Vested Target Price by applying the CAGR on the opening share price for the term of the relevant SAR. The opening price is the 20-day VWAP from the issuance date of the annual report or as set by the Board. Partial vesting will begin at the approved minimum CAGR at an approved percentage of the total SAR grants. Vesting from the minimum CAGR to the fully vested CAGR (i.e. Fully Vested Target Price) will occur on a linear scale between the minimum percentage of the total SAR grants and 100% of the total SAR grants.

(b) Continued employment through the vesting date.

Shares:

The value of shares issued or agreed to be issued in lieu of salary during the year was $297,500 (2025: $210,000) – see Section D above. The calculation of these shares was presented and approved at the 2025 AGM.

The number of shares in the Company held during the financial year by each director and other key management personnel, including their personally related parties, is set out below:

2026	**Balance at start of year**	**Granted & issued shares in lieu of salary**	**Capital Raise**	**Other changes(1)**	**Balance at end of year**	**Granted & to be issued shares in lieu of salary**
Non-Executive Directors						
Mr Moore	**803,926,703**	**18,888,005**	**809,044,333**	**9,444,015**	**1,641,303,056**	**18,495,931**
Mr Williamson(2)	**171,403,225**	**8,373,970**	**136,981,856**	**-**	**316,759,051**	**6,165,315**
Mr Strickland	**803,926,703**	**9,444,015**	**809,044,333**	**18,888,005**	**1,641,303,056**	**18,495,931**
Dr Stenson	**17,996,964**	**6,138,607**	**6,195,833**	**-**	**30,331,404**	**4,007,454**
Mr Lane	**1,937,668**	**9,119,645**	**10,127,605**	**-**	**21,184,918**	**11,172,480**
Total Non-Executive Directors	**1,799,191,263**	**51,964,242**	**1,771,393,960**	**28,332,020**	**3,650,881,485**	**58,337,111**
Executive Directors						
Mr Blackburn - CEO & MD	**12,000,000**	**-**	**16,659,830**	**-**	**28,659,830**	**-**
Dr Brookins – CTO(3)	**10,696,346**	**-**	**-**	**-**	**10,696,346**	**-**
Total Executive Directors	**22,696,346**	**-**	**16,659,830**	**-**	**39,356,176**	**-**
Total	**1,821,887,609**	**51,964,242**	**1,788,053,790**	**28,332,020**	**3,690,237,661**	**58,337,111**

(1) Other changes for Mr Moore include the issue of 9,444,015 shares to Mr Strickland in lieu of director fees, which were issued to Colinton Capital Partners Pty Ltd ("CCP"). Similarly, the 18,888,005 shares for Mr Strickland represent shares in lieu of director fees for Mr Moore. This is due to both directors having an interest in shares held by CCP.
(2) Shares shown for Mr Williamson and Mr Dennis include their interest in shares held by Wentworth Williamson Management Pty Limited ("Wentworth Williamson")
(3) Shares shown as held by Dr Brookins at 30 June 2026 are the balance at the date of his resignation on 1 August 2025.

2025	**Balance at start of year**	**Granted & issued shares in lieu of salary**	**Capital Raise**	**Other changes(1)**	**Balance at end of year**	**Granted & to be issued shares in lieu of salary**
Non-Executive Directors						
Mr Moore(2)(5)	**792,075,663**	**9,995,322**	**-**	**1,855,718**	**803,926,703**	**13,758,626**
Mr Williamson(3)	**171,403,225**	**-**	**-**	**-**	**171,403,225**	**3,516,167**
Mr Strickland(2)(5)	**628,458,023**	**1,855,718**	**-**	**173,612,962**	**803,926,703**	**13,758,626**
Dr Stenson	**11,500,000**	**6,496,964**	**-**	**-**	**17,996,964**	**2,981,037**
Mr Lane	**-**	**1,937,668**	**-**	**-**	**1,937,668**	**5,962,075**
Mr Dennis(3)(4)	**171,165,002**	**4,084,530**	**-**	**-**	**175,249,532**	**-**
Total Non-Executive Directors	**1,774,601,913**	**24,370,202**	**-**	**175,468,680**	**1,974,440,795**	**39,976,531**
Executive Directors						
Mr Blackburn - CEO & MD	**12,000,000**	**-**	**-**	**-**	**12,000,000**	**-**
Dr Brookins - CTO	**10,696,346**	**-**	**-**	**-**	**10,696,346**	**-**
Total Executive Directors	**22,696,346**	**-**	**-**	**-**	**22,696,346**	**-**
Total	**1,797,298,259**	**24,370,202**	**-**	**175,468,680**	**1,997,137,141**	**39,976,531**

(1) Other changes include the issue of 1,855,718 shares to Mr Strickland in lieu of director fees, which were issued to Colinton Capital Partners Pty Ltd ("CCP"). Given Mr Moore's shareholding and directorship in CCP, this resulted in Mr Moore also having an interest in those shares. Similarly, the 173,612,962 shares represent the creation of an interest for Mr Strickland in shares held by CCP, as his director's fees were satisfied in shares issued to that company.
(2) Shares shown for Mr Moore and Mr Strickland include their interest in shares held by CCP, an entity in which they are both partners and Colinton Capital Partners Fund 1(A) Pty Ltd., an entity in which they each hold shareholdings.
(3) Shares shown for Mr Williamson and Mr Dennis include their interest in shares held by Wentworth Williamson Management Pty Limited ("Wentworth Williamson")
(4) Shares shown as held by and to be issued to Mr Dennis at 30 June 2025 are the balances as of the date of his resignation on 20 November 2024.
(5) Shares issued in lieu of director fees to Mr Moore (9,995,322 shares) and Mr Strickland (1,855,718 shares) are included within the total shares held by CCP and CCP Fund 1(A) Pty Ltd.

Options:

No options were granted or outstanding to KMPs during the reportable period.

G. Additional Disclosures Relating to KMP

The interests of the Directors and other KMP of the Company in shares and rights (including shares to be issued) are set out below:

	No. of ordinary shares	No. of share appreciation rights
Non-Executive Directors		
Mr Moore	**1,659,798,987**	**-**
James Williamson	**322,924,366**	**-**
Martyn Strickland	**1,659,798,987**	**-**
Paul Stenson	**34,338,858**	**-**
Randall Lane	**30,995,946**	**8,063,233**
Total Non-Executive Directors	**3,707,857,144**	**8,063,233**
Executive Directors		
Mr Blackburn - CEO & MD	**28,659,830**	**99,067,084**
Dr Brookins – CTO(1)	**10,696,346**	**31,572,841**
Total Executive Directors	**39,356,176**	**130,639,925**
Total	**3,747,213,320**	**138,703,158**

(1) Shares shown as held by Dr Brookins at 30 June 2026 are the balance at the date of his resignation on 1 August 2025.

H. Loans to KMP

There are no loans currently provided to KMP of the Company.

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

SHARES UNDER OPTION/WARRANT

As at the date of this report there were NIL unlisted options and warrants (2025: nil).

No option/warrant holder has any right under the options/warrants to participate in any other share issue of the Company or any other entity. The options/warrants are exercisable at any time after vesting and on or before the expiry date.

INSURANCE OF OFFICERS

During the reporting period, the Company paid a premium in respect to a contract insuring the Directors and Officers of the Company against potential liabilities incurred as a director or officer to the extent permitted by the Corporations Act 2001 (Cth). Due to a confidentiality clause in the policy, the amount of the premium has not been disclosed.

The potential liabilities insured against are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 (Cth) for leave to bring proceedings on behalf of the economic entity, or to intervene in any proceedings to which the entity is a party, for the purpose of taking responsibility on behalf of the entity for all or part of those proceedings. No proceedings have been brought or intervened in or on behalf of the entity with leave of the Court under section 237 of the Corporations Act 2001 (Cth).

ROUNDING OF AMOUNTS

Amounts in the financial statements and Directors' report are presented in US dollars and all values are rounded to the nearest dollar, unless otherwise stated.

INDEMNITY OF AUDITORS

The Company has agreed to indemnify their auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from the Company's breach of their agreement. The indemnity stipulates that Alexium will meet the full amount of any such liabilities including a reasonable amount of legal costs.

NON-AUDIT SERVICES

There were no non-audit services provided by the Company's auditor, Grant Thornton Audit Pty Ltd in the current financial year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is attached.

This report is made in accordance with a resolution of the Directors.

Simon Moore

Simon Moore
Interim Chair
28 August 2026

GrantThornton

Grant Thornton Audit Pty Ltd
Level 26
Grosvenor Place
225 George Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230
T +61 2 8297 2400

Auditor's Independence Declaration

To the Directors of Alexium International Group Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Alexium International Group Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 28 August 2026

grantthornton.com.au

ACN-130 913 594

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	Note	**2026 US$**	2025 US$
Revenue	3	**4,232,446**	3,921,730
Cost of sales		**(3,007,621)**	(2,231,759)
Gross Profit		**1,224,825**	1,689,971
Administrative expenses	4	**(4,389,754)**	(3,445,655)
Sales and marketing expenses		**(467,162)**	(454,574)
Research and development costs	5	**(538,035)**	(728,711)
Impairment of intangibles	12	**(1,029,762)**	(625,870)
Impairment against right of use assets and property plant and equipment	11	**(486,341)**	-
Other expenses		**(346,019)**	(219,786)
Operating expenses		**(7,257,073)**	(5,474,596)
Loss before finance costs		**(6,032,248)**	(3,784,625)
Interest expense	26	**(262,054)**	(182,406)
Interest earned	3	**11,730**	40,742
Total finance costs		**(250,324)**	(141,664)
Loss before tax		**(6,282,572)**	(3,926,289)
Tax expense	7	**-**	-
Loss from continuing operations		**(6,282,572)**	(3,926,289)
Other comprehensive income - Exchange differences on translation of foreign operations which may subsequently be reclassified to profit or loss		**(93,406)**	(76,155)
Total comprehensive loss for the year		**(6,375,978)**	(4,002,444)
Loss for the year attributable to members of the group		**(6,282,572)**	(3,926,289)
Total comprehensive loss for the year attributable to members of the group		**(6,375,978)**	(4,002,444)
Basic and diluted loss per share (cents)	8	(0.28)	(0.25)

This consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

	Note	2026 US$	2025 US$
Current Assets			
Cash and cash equivalents	18	**217,080**	662,450
Trade and other receivables	9	**386,248**	411,114
Inventories	10	**1,490,827**	1,051,825
Other current assets		**94,358**	55,343
Total Current Assets		**2,188,513**	2,180,732
Non-Current Assets			
Other financial assets		**16,572**	16,570
Property, plant and equipment	11	**46,387**	356,826
Intangible assets	12	**82,969**	76,337
Right-of-use asset	11	**-**	246,260
Total Non-Current Assets		**145,928**	695,993
Total Assets		**2,334,441**	2,876,725
Current Liabilities			
Trade and other payables	13	**1,360,484**	733,389
Lease liabilities	14	**313,555**	180,293
Borrowings - line of credit	15	**360,029**	483,206
Borrowings - shareholder loans	15	**518,028**	-
Total Current Liabilities		**2,552,096**	1,396,888
Non-Current Liabilities			
Borrowings - shareholder loans	15	**-**	1,618,516
Lease liabilities	14	**125,580**	263,399
Total Non-Current Liabilities		**125,580**	1,881,915
Total Liabilities		**2,677,676**	3,278,803
Net Liabilities		**(343,235)**	(402,078)
Equity			
Contributed equity	16	**80,093,575**	73,775,898
Reserves		**(1,499,918)**	(1,412,800)
Accumulated losses		**(78,936,892)**	(72,765,176)
Total Equity		**(343,235)**	(402,078)

This consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

	Contributed Equity US$	Shares to be Issued Reserve US$	Share Appreciation Rights Reserve US$	Foreign Currency Translation Reserve US$	Consolidated Accumulated Losses US$	Total US$
Balance at 1 July 2025	73,775,898	141,362	139,143	(1,693,305)	(72,765,176)	(402,078)
Loss for the period	-	-	-	-	(6,282,572)	(6,282,572)
Foreign currency translation	-	-	-	(93,406)	-	(93,406)
Total comprehensive income / (loss)	-	-	-	(93,406)	(6,282,572)	(6,375,978)
Transactions with owners in their capacity as owners:						
Expiration of share appreciation rights	-	-	(110,856)	-	110,856	-
Issued capital	6,124,433	-	-	-	-	6,124,433
Capital raising costs	(60,298)	-	-	-	-	(60,298)
Share appreciation rights expense	-	-	73,186	-	-	73,186
Shares earned in lieu of director's fees	-	297,500	-	-	-	297,500
Shares in lieu of director's fees issued	253,542	(253,542)	-	-	-	-
Balance at 30 June 2026	80,093,575	185,320	101,473	(1,786,711)	(78,936,892)	(343,235)
Balance at 1 July 2024	73,594,023	113,237	298,612	(1,617,150)	(69,086,500)	3,302,222
						-
Loss for the period	-	-	-	-	(3,926,289)	(3,926,289)
Foreign currency translation	-	-	-	(76,155)	-	(76,155)
Total comprehensive income / (loss)	-	-	-	(76,155)	(3,926,289)	(4,002,444)
Transactions with owners in their capacity as owners:						
Expiration of share appreciation rights	-	-	(247,613)	-	247,613	-
Share appreciation rights expense	-	-	88,144	-	-	88,144
Shares earned in lieu of director's fees	-	210,000	-	-	-	210,000
Shares in lieu of director's fees issued	181,875	(181,875)	-	-	-	-
Balance at 30 June 2025	73,775,898	141,362	139,143	(1,693,305)	(72,765,176)	(402,078)

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

	Note	2026 US$	2025 US$
Cash flow from operating activities			
Receipts from customers and other income		**4,257,312**	4,448,342
Payments to suppliers and employees		**(7,504,311)**	(7,017,742)
Interest received		**11,730**	40,742
Interest and other costs of finance paid		**(74,947)**	(104,859)
Goods & services tax received		**55,950**	56,037
Net cash flows (used in) operating activities	18(b)	**(3,254,266)**	(2,577,480)
Cash flows from investing activities			
Purchase of property, plant, and equipment		**(1,213)**	(10,101)
Payments for development costs		**(6,632)**	(207,984)
Net cash flows (used in) investing activities		**(7,845)**	(218,085)
Cash flows provided by financing activities			
Proceeds from issue of ordinary shares		**1,426,484**	-
Movement of borrowings – Line of Credit		**(123,177)**	100,112
Proceeds from shareholder loan		**1,766,471**	1,484,608
Transaction costs related to issues of shares		**(60,298)**	(5,228)
Transaction costs related to loans and borrowings		**-**	(1,173)
Repayment of lease liabilities	14	**(223,517)**	(157,083)
Net cash flows from financing activities		**2,785,963**	1,421,236
Net increase/(decrease) in cash and cash equivalents		**(476,148)**	(1,374,329)
Cash and cash equivalents at beginning of year		**662,450**	2,053,000
Effect of exchange rate changes on cash and cash equivalents		**30,778**	(16,221)
Cash and cash equivalents at end of year	18(a)	**217,080**	**662,450**

This consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

1. CORPORATE INFORMATION

The consolidated financial statements of Alexium International Group Limited and its subsidiaries (collectively the "Company" or "Group") for the year ended 30 June 2026 were authorised for issue in accordance with a resolution of the directors on 28 August 2026. Alexium International Group Limited ('Parent') is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange under the ticker AJX. The ultimate parent company of Alexium International Group Limited is Colinton Capital Partners (CCP). These financial statements include the consolidated financial statements and notes of Alexium International Group Limited and its controlled entities. This financial report, the comparative period within, and all future financial reports, are presented in US Dollars. This presentation aligns the Company's financial reporting with the nature of the business operations which primarily occur in the United States. The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation
These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the AASB and the Corporations Act 2001 (Cth). The Company is a for-profit entity for the purpose of preparing its financial statements. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events, and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of the financial statements are presented below. They have been consistently applied unless otherwise stated. The financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable by the measurement at fair value.

(b) New and amended standards issued but not yet effective
On 14 June 2024, the AASB released AASB 18 Presentation and Disclosure in Financial Statements, which replaces AASB 101 Presentation of Financial Statements as the standard governing the presentation and disclosure of the primary financial statements. AASB 18 introduces two new required subtotals in the statement of profit or loss — operating profit, and profit before financing and income taxes — and requires income and expenses to be classified into one of five categories: operating, investing, financing, income taxes, and discontinued operations. It also introduces a requirement to disclose "management-defined performance measures" (subtotals of income and expenses used in public communications that are not specified by Australian Accounting Standards) in a single note, and enhanced principles for the aggregation and disaggregation of information presented in the financial statements and notes. AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027, which for the Company will be the financial year ending 30 June 2028, with earlier application permitted. Management is currently assessing the impact of AASB 18 on the presentation and disclosure of the Group's financial statements and has not yet quantified its effect.

The following other standards and amendments, identified by the Group's auditors as potentially relevant to future reporting periods, are not expected to have a material impact on the Group's financial statements: AASB 2024-2 Classification and Measurement of Financial Instruments, AASB 2024-3 Annual Improvements Volume 11, AASB 2025-1 Contracts Referencing Nature-dependent Electricity, and AASB 2024-4b Effective Date of Amendments to AASB 10 and AASB 128, each effective for annual reporting periods beginning on or after 1 January 2026 (2028 for AASB 2024-4b). AASB 2025-2 Classification and Measurement of Financial Instruments: Tier 2 Disclosures, also effective from 1 January 2026, applies only to entities preparing Tier 2 (reduced disclosure regime) financial statements and is not applicable to the Group, which reports under Tier 1. No other Australian Accounting Standards issued but not yet effective as at the date of this report are expected to have a material impact on the Group's financial statements.

(c) Company Accounting Policies

Fair Value of Assets and Liabilities
The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Australian Accounting Standard. Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable, and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made with regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- Market approach uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13: *Fair value measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Company will change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Company recognises transfers between levels of the fair value hierarchy (i.e., transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(d) Principles of Consolidation

The consolidated financial statements incorporate all assets, liabilities, and results of the Company. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 23.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Company from the date on which control is obtained by the Company. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Company entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Company.

Equity interests in a subsidiary not attributable, directly, or indirectly, to the Company are presented as “non-controlling interests". The Company initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. After initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(e) Foreign currency translation

The consolidated financial statements are presented in United States Dollars ($). The functional currency of the Parent is Australian Dollars (A$) and the functional currency of the subsidiary is US Dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date and exchange differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All resulting exchange differences are recognised in other comprehensive income.

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency at the rate of exchange ruling at the reporting date and the statement of comprehensive income is translated at the weighted average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign entity, the cumulative exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

(f) Property, plant, and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

Leased assets

The Company recognises all lease liabilities and corresponding right of use assets, except for short-term (12 months or less) and low value leases, on the balance sheet. The assets and liabilities are initially measured at the present value of future lease payments using the Company's incremental borrowing rate unless the interest rate implicit in the lease can be readily determined. The Company recognises depreciation of leased assets and interest on lease liabilities over the term of the lease.

Subsequent costs

The Company recognises in the carrying amount of an item of property, plant, and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each asset.

The estimated useful lives in the current and comparative years are as follows:

Asset Type	Years
Computer equipment	3 years
Machinery and equipment	3 to 15 years
Furniture, fixtures, and office equipment	3 to 10 years
Leased plant and equipment	Shorter of the lease term or the useful life

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(g) Intangible assets

Acquired intangible assets

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to the class of intangible assets whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, which is considered five years, as these assets are considered finite. Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Internally Generated Intangible Assets

Expenditures on internally generated goodwill and brands are recognised in the statement of comprehensive income as an expense as incurred. Expenditures on the research phase of projects to develop new specialty chemicals or high-performance materials are recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- Development costs can be measured reliably;
- Project is technically and commercially feasible;
- The Company intends to and has sufficient resources to complete the project;
- The Company has the ability to use or sell the asset; and
- The asset will generate probable future economic benefits.

Costs directly attributable to capitalised development include employee expenses incurred on technology development, external testing fees, and product trial costs. Costs not meeting these criteria are expensed as incurred. The ultimate recoupment of costs carried forward for capitalised development is dependent on the successful development and commercialisation of the Company's technology. Any internally generated asset that is not yet complete or not fully amortised is subject to impairment testing.

Subsequent expenditures

Subsequent expenditures on capitalised intangible assets are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortisation

Goodwill and intangible assets with an indefinite life are systematically tested for impairment at each annual reporting date. Capitalised development costs, patents, and trademarks with a finite life are amortised based on estimated future economic life. The useful life of development assets ready for use is estimated at five years. Amortisation charges are included as an expense in the consolidated statement of profit or loss and other comprehensive income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised as profit or loss. Intangible assets' useful lives are assessed as either finite or indefinite. Amortisation is charged on assets with finite lives with the expense taken into profit or loss. Intangible assets are tested for impairment where an indicator of impairment exists. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted accordingly.

(h) Business combinations

Business combinations are accounted for using the acquisition method. Consideration transferred is measured at the fair value, at the acquisition date, of the assets given, liabilities incurred, and equity instruments issued by the Company. Acquisition-related costs are expensed as incurred.

The Company first applies the optional AASB 3 "concentration test" to determine whether a transaction is a business combination or an asset acquisition. If substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets, the transaction is an asset acquisition: cost is allocated to the assets and liabilities acquired based on relative fair value, and no goodwill is recognised. Where the test is not met, the Company assesses whether the acquired set includes a substantive process together with inputs capable of producing outputs; if so, it is accounted for as a business combination.

Identifiable assets acquired and liabilities assumed in a business combination are recognised at their acquisition-date fair values. The excess of consideration transferred (plus any non-controlling interest and previously held equity interest) over the fair value of identifiable net assets acquired is recognised as goodwill; a shortfall is recognised as a gain on bargain purchase in profit or loss. Provisional fair values are finalised within 12 months of the acquisition date.

Details of the business combination completed during the year are set out in Note 20.

(i) Goodwill

Goodwill represents the excess of the consideration transferred for a business, plus the amount of any non-controlling interest, over the fair value of the net identifiable assets acquired. Where that amount is lower than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a gain on bargain purchase. Goodwill is not amortised and is carried at cost less any accumulated impairment losses. Goodwill is allocated to the cash-generating units expected to benefit from the synergies of the combination and is tested for impairment annually, and whenever there is an indication of impairment. Where the recoverable amount of a unit is less than its carrying amount, the impairment loss is applied first against goodwill and then against the other assets of the unit. Impairment losses on goodwill are recognised in profit or loss and are not reversed.

(j) Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount and an assessment of market value on the assumption no changes are made to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount to profit or loss.

Recoverable amount is the greater of fair value less costs to sell and value in use. The recoverable amount is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less cost to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(k) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less any expected credit losses (ECL) determined under the simplified approach to accounting for trade and other receivables as detailed in AASB 9. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses. The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

(l) Determination and presentation of operating segments

For management purposes, the Company is organised into one main operating segment which involves the development and commercialisation of its proprietary flame-retardant and thermal management materials technologies and selling its specialised high-performance materials to customers.

All Company activities are interrelated, and discrete financial information is reported to the Chief Executive Officer as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The Company applies *AASB 8 Operating Segments* that requires a 'management approach' of reporting segment information on the same basis as that used for internal reporting purposes.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Board considers the business from both a product and a geographical perspective and takes the view that the Company operates under a single operating segment.

(m) Cash and cash equivalents

Cash and short-term deposits in the balance sheet are comprised of cash on hand and short-term deposits. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(n) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
• amortised cost
• fair value through profit or loss (FVTPL)
• fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
• they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
• their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest, all financial assets in the periods presented are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:
• they are held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
• their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset. In the periods presented, the Company does not have any financial assets categorised as FVOCI.

Impairment of financial assets

In accordance with AASB 9, impairment requirements use more forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model. Instruments within the scope of the ECL model included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is not dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1')
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- Financial instruments that have objective evidence of impairment at the reporting date ('Stage 3')

'12-month expected credit losses' are recognised for the first category (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. Stage 2).

Measurement of the expected credit losses measurement is determined by a probability-weighted estimate of credit losses over the expected life of the instrument.

Trade and other receivables and contract assets
The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due.

Classification and measurement of financial liabilities
The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(o) Trade and other payables
Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

(p) Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. Provisions are discounted to their present values, where the time value of money is material.

(q) Contributed equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Revenue recognition
In accordance with the standard, revenue is recognised and measured when the entity satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. The transfer is complete when the "FOB Shipping Point" or "Ex Works" terms are satisfied at the time of shipment which in turn completes the performance obligation.

Sale of goods
Revenue is recognised at a specific point in time and measured when the entity satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. AASB 15 - Revenue from Contracts with Customers outlines the accounting requirements for when and how revenue is recognised using one core principle: "Recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." This is accomplished by using a 5-step recognition process consisting of the following:

1.) *Identify the contract* - The Company utilises a set of criteria to clearly identify the existence of contracts with customers, which includes contract approval by both parties, identification of each party's rights and commitments, determination of payment terms, presence of commercial substance and a probability that the consideration will be collected.

2.) *Identify the performance obligations* - The Company has identified the sole performance obligation of customer contracts to be the complete transfer of the goods to the customer. In accordance with AASB 15, there are no additional goods or services, warranties, repurchase agreements, or public return policies, or other limitations of the seller that would not allow the Company to consider its performance completed at this time of transfer. The Company considers the transfer complete in line with “FOB Shipping Point” or “Ex Works” terms and recognises the completion of this performance obligation when products are shipped.

3.) *Determine the transaction price* - The Company considers the transaction price to be the amount of consideration to which it expects to be entitled in exchange for transferring promised goods or services to a customer. As and when a performance obligation is satisfied the Company recognises revenue to the extent of the transaction price allocated to that performance obligation considering the impact of constraints arising from variable consideration.

4.) *Allocate the transaction price to separate performance obligations* - Given that there is a single performance obligation to each contract, and the price is clearly identified in the contract, the Company allocates the full contract price to the transfer of goods discussed in Step 2, except for combined contracts noted as having variable consideration.

5.) *Recognise revenue when each obligation is satisfied* - at contract inception the Company has determined that the sole performance obligation is the complete transfer of goods to the customer. The Company must then determine the specific point in time at which it is appropriate to recognise revenue for the contract. AASB 15 states that an entity shall consider indicators of the transfer of control, which include, but are not limited to, the following:
- Company has a present right to payment for the asset;
- Customer has legal title to the asset;
- Company has transferred physical possession of the asset;
- Customer has the significant risks and rewards of ownership of the asset; and
- Customer has accepted the asset

Management recognises that the application of the control criteria requires judgment and there are various factors to consider, as described above. Accordingly, management believes that control is transferred in accordance with the shipping terms, as this is the point in time that the customer obtains legal title, when customer obtains the risk and rewards of ownership, and when the customer has an obligation to pay for the asset.

Interest and dividends
Interest income is recorded when earned based on cash balances. Interest expenses are reported on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive payment is established.

(s) Income and other taxes
Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:
- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences and the carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised:
- Except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Other taxes
Revenues, expenses, and assets are recognised net of the amount of GST except:
- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Earnings per share
Basic earnings per share ('EPS') is calculated by dividing the net profit attributable to members of the parent entity for the reporting year, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares of EPS calculation purposes), by weighted average number of ordinary shares of the Company.

(u) Employee benefits
Termination benefits
Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits because of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Long-Term Employee Benefits
The Company's liabilities for annual leave are included in other current liabilities. Any adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur. The Company presents employee benefit obligations as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, irrespective of when the actual settlement is expected to take place.

Short-term employee benefits
Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulated sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled. There are no employee-benefit expenses recognised within cost of sales.

Share-based payment transactions
The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(v) Inventories
Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: average cost; and
- Finished goods and work in progress: average cost of direct materials and manufacturing charges from contract manufacturer.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(w) Significant accounting judgements, estimates and assumptions
The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Share-based payments
The Company initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 17.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF), Black-Scholes option pricing models and Monte Carlo option valuation model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. The assessed fair values of the embedded derivatives were determined using a Black-Scholes option pricing model which approximates the results that would have been achieved by using a binomial lattice. The model considers the expected price, volatility of the underlying instrument, expected dividend yield and the risk-free interest rate. Changes in assumptions in relation to these factors could affect the reported fair value of financial instruments. See Note 24(f) for further disclosures.

Intangible assets

The Company assesses at initial recognition whether an internally developed asset has met the recognition requirements established in AASB 138 and measures the direct and indirect costs of development using several estimates and assumptions. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired. For assets not yet ready for use, management estimates the fair value less costs of disposal (FVLCD). To estimate the FVLCD, management applies the cost replacement model whereby an estimate is made of all costs required in current market conditions to produce a similar product. With respect to ready for use assets, management assesses whether impairment indicators exist in accordance with AASB 136. In the instance where indicators of impairment exist, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results, the determination of a suitable discount rate, and the appropriate classification of cash generating units. See Note 12 for further disclosures.

(x) Going Concern

These financial statements have been prepared based on the going concern basis of accounting which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group incurred a loss after tax attributable to members of $6,282,572 (2025: $3,926,289), representing an increase in net loss of approximately 60% year-over-year. The Group incurred negative cash flows from operating activities of $3,254,266 for the year ended 30 June 2026 (2025: $2,577,480). Cash and cash equivalents were $217,080 at 30 June 2026.

The Group has a net asset deficiency at the report date of $343,235 (2024: $402,078). Additional funding of approximately $769,378 has been raised through shareholder loans subsequent to year end, see Note 29 for further details.

During the reporting period

- the Group has received continuous shareholder financial support through shareholder loans totalling $1,591,453;
- the Group completed a non-renounceable entitlement offer on 16 January 2026, raising $1.4 million in new cash and extinguishing $3,049,137 of shareholder loan principal

Subsequent to the reporting period, the Group raised further funds through shareholder loans totalling $769,378.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and be able to pay its debts as and when they fall due after consideration of the following mitigating matters:

- the Group has performed a cash flow forecast and determined that it has or will have access to adequate cash resources to fund its operations for at least 12 months from the date of approval of these financial statements;
- the Group expects to have continued access to working capital facilities to support cash needs and expected growth in revenues;
- the Group can raise funds on a timely basis pursuant to the Corporations Act 2001 and ASX Listing Rules or through shareholder loans; the amount of funding assumed in the Group's cash flow forecast from 1 July 2026 to 31 August 2027 is $1.1 million, of which $0.8 million has already been raised through shareholder loans subsequent to the reporting date;
- maturities of all outstanding shareholder loans as of 30 June 2026 have been formally extended to 1 September 2027 pursuant to an agreement executed on 30 July 2026, and the shareholders can further extend or convert these loans based on the working capital needs of the Group;
- all shareholder loans entered into subsequent to the year-end have a maturity date of 1 September 2028;
- the Group is able to extend its line of credit facility (secured against the Group's trade receivables) which is due to renew on 28 February 2027;
- the Group is able to extend shareholder loans or renegotiate with conversion terms;
- the Group expects continued and new revenue from existing and ramping customer programs, supported by business combination during the year (refer to note 20), customer correspondence and demand levels; and
- the Group expects to successfully convert current commercialisation efforts to future revenue and cash receipts to support the fixed base of expenditures.

Should any of the above matters not eventuate or are not able to be resolved in the Group's favour, then there will be a material uncertainty regarding the ability of the Group to continue as a going concern and pay its debts and obligations as and when they become due and payable. Therefore, the Company is evaluating strategies to obtain the required additional funding for future operations. These strategies may include, but are not limited to, obtaining equity financing, issuing debt or entering into other financing arrangements, and restructuring of operations to grow revenues and decrease expenses.

If the Group is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business at amounts different from those stated in the financial report. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classifications of liabilities that might be necessary should the Group not continue as a going concern.

3. REVENUE & OTHER INCOME

	2026	2025
Sale of goods - point in time	**4,232,446**	3,921,730
Interest earned	**11,730**	40,742

All revenue from the sale of goods is derived from the Company's operations in the US.

4. ADMINISTRATIVE EXPENSES

	2026	2025
Employee benefits expense	**2,954,780**	2,161,054
Post-employment benefits - defined contribution	**83,226**	74,157
Professional fees	**583,140**	468,382
Other administrative expenses	**223,402**	151,775
Occupancy	**110,402**	84,092
Depreciation	**290,531**	282,749
Insurance expenses	**144,273**	223,446
Total	**4,389,754**	3,445,655

5. RESEARCH AND DEVELOPMENT COSTS

	2026	2025
Research and development costs	**538,035**	459,330
Amortisation	**-**	269,381
Total	**538,035**	728,711

6. AUDITOR'S REMUNERATION

	2026	2025
Amount received or due and receivable by Grant Thornton Audit Pty Ltd for:		
Audit or review of the financial report of the Company	**115,760**	118,315
Total auditor's remuneration	**115,760**	118,315

7. TAXATION

	2026	2025
(a) Income tax recognised in profit and loss		
Profit /(loss) before tax	**(6,282,572)**	(3,926,289)
Prima facie tax on operating loss before income tax at 30.0%	**(1,884,772)**	(1,177,887)
Temporary differences not recognised	**(312,667)**	187,967
Tax effect of permanent differences:		
Other	**182,583**	(10,882)
Differences in jurisdictional tax rates	**348,166**	279,598
Difference in foreign exchange rates	**4,879**	(5,969)
Tax losses not brought to account	**1,661,811**	727,172
Income tax benefit attributable to reversal of deferred tax liability on intangible assets	**-**	-
(b) Deferred tax assets		
Deferred tax assets at 30 June brought to account:		
Accrued and prepaid expenses	**-**	22,658

Expenses deducted over 5 years	-	1,806
Income tax losses	-	494,712
Total	-	519,176

(c) Deferred tax liability

Unrealised FX	-	519,176
Total	-	519,176

(d) Net deferred tax position

Deferred tax assets	-	519,176
Deferred tax liabilities	-	519,176
Net deferred tax position	-	-

(e) Deferred tax assets not recognised

Basis difference on intangible assets	**182,166**	263,688
Accrued and prepaid expenses	**101,657**	19,917
Other	**116,725**	101,647
Fixed assets	**71,080**	63,150
Income tax losses	**15,552,938**	13,686,157
Net deferred tax position	**16,024,566**	14,134,559

(f) Net deferred tax position by region	**2026**			2025		
	AUS	**US**	**Total**	AUS	US	Total
Deferred tax assets	-	-	-	519,176	-	519,176
Deferred tax liabilities	-	-	-	519,176	-	519,176
Net deferred tax position	-	-	-	-	-	-
Income tax losses not recognised	**15,836,508**	**71,671,250**	**87,507,758**	14,006,524	66,464,901	80,471,425

No income tax is payable by the Company. The Directors have considered it prudent not to bring to account the future income tax benefit of income tax losses until it is probable of deriving assessable income of a nature and amount to enable such benefit to be realised. The Company has estimated unrecouped income tax losses of $87,507,757 (2025: $80,471,425) which may be available to offset against taxable income in future years. The benefit of these losses and timing differences will only be obtained if there is sufficient probability that taxable profits will be generated by the Company in future periods. Deferred tax assets and liabilities which relate to income taxes levied by the same taxation authority are offset where the Company intends to settle those tax assets and liabilities on a net basis.

8. EARNINGS PER SHARE

Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic earnings per share.

Classification of securities as potential ordinary shares

There are currently no securities to be classified as dilutive potential ordinary shares on issue.

	2026	2025
Weighted average number of ordinary shares	**2,258,738,643**	1,576,058,257
Basic loss ($)	**(6,282,572)**	(3,926,289)
Basic / Diluted loss per share (cents)	**(0.28)**	(0.25)

9. TRADE AND OTHER RECEIVABLES

	2026	2025
Trade receivables	**375,858**	347,525
Other receivables	**10,390**	63,589
Total	**386,248**	411,114

All amounts are short-term. The company does not recognise any expected credit losses based on an assessment of historic recoveries and trends. The net carrying value of trade receivables is considered a reasonable approximation of fair value. The receivables are secured as collateral in the Alterna Capital Solutions line of credit (see Note 15 - Borrowings).

10. INVENTORIES

	2026	2025
Raw materials - at cost	**935,458**	**586,971**
Finished goods - at cost	**960,399**	**735,561**
Provision for obsolescence and slow moving stock	**(405,030)**	**(270,707)**
Total	**1,490,827**	**1,051,825**

During the current year, inventories of $3,007,621 (2025: $2,231,759) were recognised as an expense and included in Cost of Sales.

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSET

Cost	**Furniture and equipment**	**Right-of-use assets**	**Total**
Balance at 30 June 2024	2,614,497	902,952	3,517,449
Additions	13,650	-	13,650
Balance at 30 June 2025	2,628,147	902,952	3,531,099
Additions	**1,213**	**218,961**	**220,174**
Balance at 30 June 2026	**2,629,360**	**1,121,913**	**3,751,273**
Depreciation and impairment			
Balance at 30 June 2024	2,098,020	547,244	2,645,264
Depreciation	**173,301**	**109,448**	**282,749**
Balance at 30 June 2025	**2,271,321**	**656,692**	**2,928,013**
Depreciation	**135,142**	**155,390**	**290,532**
Impairment (refer to note 12)	**176,510**	**309,831**	**486,341**
Balance at 30 June 2026	**2,582,973**	**1,121,913**	**3,704,886**
Net book value			
at 30 June 2025	**356,826**	**246,260**	**603,086**
at 30 June 2026	**46,387**	**-**	**46,387**

Impairment testing for property, plant and equipment and right of use asset
The Company assessed its property, plant and equipment and right-of-use assets for indicators of impairment in accordance with AASB 136 having regard to revised, lower projected profitability for the relevant cash generating units. As a result, the recoverable amount of the affected assets was determined to be lower than their carrying amounts. Consistent with the impairment assessment described in Note 12 and the Company's accounting policy of allocating an impairment loss first against goodwill and then against the cash-generating unit's other assets, the impairment loss remaining after goodwill was written off in full (see Note 12) was allocated to the unit's right-of-use assets and leasehold improvements. This resulted in an impairment of $309,821 against the right-of-use assets, reducing their carrying value to $nil, and an impairment of $176,510 against leasehold improvements within property, plant and equipment, together totaling $486,331, recognised in profit or loss for the year ended 30 June 2026.

12. INTANGIBLE ASSETS

	2026	2025
Capitalised development costs	**82,969**	76,337
Goodwill	**-**	-
Total	**82,969**	76,337

Cost	**Capitalised development costs**
Balance at 30 June 2024	4,462,881
Additions	208,985
Balance at 30 June 2025	**4,671,866**
Additions	**6,634**
Balance at 30 June 2026	**4,678,500**

Amortisation and impairment

Balance at 30 June 2024	3,700,278
Amortisation	269,381
Impairment	625,870
Balance at 30 June 2025	**4,595,529**
Amortisation	**2**
Balance at 30 June 2026	**4,595,531**
Net book value	
at 30 June 2025	76,337
at 30 June 2026	**82,969**

Impairment testing for capitalized development costs

The Group assessed its intangible assets (other than goodwill) for indicators of impairment in accordance with AASB 136, and indicators of impairment were identified during the year and tested as part the impairment testing done for goodwill. Management's assessment is that capitalized development costs are not impaired. The impairment of intangibles recognised in profit or loss for the year relates solely to goodwill arising from the Microtek Laboratories acquisition; refer to Note 20 for further details.

Goodwill	
Balance at 30 June 2025	-
Business combination (refer to note 20)	**1,029,762**
Impairment	**(1,029,762)**
Balance at 30 June 2026	-

Impairment testing for goodwill

Goodwill is tested annually for impairment, or more frequently where indicators of impairment exist, in accordance with AASB 136 *Impairment of Assets*. The recoverable amount of the identified cash-generating unit ("CGU") was determined using a value-in-use methodology. The value-in-use calculation is based on cash flow projections derived from management-approved budgets and forecasts. The key assumptions used in the impairment assessment were:

Assumption	**2026**
Revenue growth rate	10% per annum from FY2028 onwards
Terminal growth rate	2%
Pre-tax discount rate	15%

Management's forecast cash flows assume achievement of the FY2027 budget, with revenue growth of 10% per annum thereafter. The terminal growth rate reflects management's estimate of the long-term growth rate expected for the CGU and does not exceed long-term industry growth expectations. The discount rate reflects current market assessments of the time value of money and the risks specific to the CGU.

The impairment assessment is particularly sensitive to forecast revenue assumptions. Sensitivity analysis performed by management indicated that a reduction in FY2027 forecast revenue of between 20% and 30% would result in the recoverable amount of the CGU being lower than its carrying amount. Based on this analysis, the entire goodwill balance and right-of-use asset balance would be impaired, together with a partial impairment of property, plant and equipment.

13. TRADE AND OTHER PAYABLES

	2026	2025
Trade payables	**703,764**	410,288
Other payables	**656,720**	312,181
Interest payable	**-**	10,920
Total	**1,360,484**	733,389

All amounts are short-term. The carrying values of trade payables are a reasonable approximation of fair value.

14. LEASE LIABILITIES

	2026	2025
Lease payments during the period:		
Principal payments	**223,517**	157,083
Interest	**44,161**	51,274
Total	**267,678**	208,357
Minimum future rental payments under non-cancellable leases:		
Current	**343,597**	215,363
Non-current	**128,495**	280,766
Total	**472,092**	496,129
Present value of future minimum rental payments under leases:		
Lease liability - current	**313,555**	180,293
Present value of lease liability - non-current	**125,580**	263,399
Total	**439,135**	443,692

The Company leases its corporate office which includes laboratories and a warehouse under one agreement. This facility is used for administration, research and operational activities and has a remaining lease term of 1.25 years.

In connection with the Microtek Laboratories acquisition completed on 28 January 2026 (see Note 20), the Company entered into two new leases directly with the landlord and equipment lessor at its Moraine, Ohio facility: a building lease with Scientific Advancement, LLC and an equipment lease with Microtek Laboratories, LLC.

15. BORROWINGS

	2026	2025
Current borrowings:		
Line of credit	**360,029**	**483,206**
Shareholder loan(s)	**274,549**	-
Accrued interest	**243,479**	-
Total borrowing – shareholder loan(s)	**518,028**	-
Total current borrowings	**878,057**	**483,206**
Non-current borrowings:		
Shareholder loan	**-**	**1,539,250**
Accrued interest	**-**	**79,266**
Total non-current borrowings	**-**	**1,618,516**

(a) Shareholder Loan(s)

Between 23 December 2024 and 31 December 2025, the Company entered into a series of unsecured loans with its two largest shareholders, Colinton Capital Partners Pty Ltd ("CCP") and Wentworth Williamson Management Pty Limited ("WW"), to provide working capital funding. During the current fiscal year, eight additional shareholder loans were entered into to assist with working capital needs. All loans carried an interest rate of 15% and matured on 1 September 2026.

On 16 January 2026, the Company completed a non-renounceable entitlement offer (the "Entitlement Offer"), issuing 1,127,674,553 new shares at $0.006 per share for gross proceeds of $6,766,047.32. A portion of the proceeds from the Entitlement Offer were applied to repay $3,196,930 of the outstanding shareholder loans owed to CCP and WW. As at 30 June 2026, the carrying value of shareholder loans owed to CCP and WW was $274,549.

On 30 July 2026, the maturity date for the outstanding loan agreements and corresponding accrued interest were extended to 1 September 2027. Subsequent to year end, the Company entered into three additional shareholder loans to meet working capital needs. See further information at Note 29.

(b) Line of Credit

The Company holds a line of credit ("LOC") with Alterna Capital Solutions to provide working capital funding. The facility, as amended in August 2024, extends to February 2026 with automatic annual renewals thereafter. The LOC is an asset-based facility that provides up to $3.0 million in funding which can be increased to $5.0 million with lender approval. The borrowing base consists of 90% of eligible accounts receivable.

The interest rate at execution of the agreement was 8.25% and adjusts with changes in the Wall Street Journal Prime Rate. The applicable interest rate at 30 June 2026 was 9.75%.

16. CONTRIBUTED EQUITY

	2026 Shares	2025 Shares	**2026 $**	2025 $
(a) Issued capital				
Ordinary shares fully paid	**3,127,784,951**	1,586,428,671	**80,093,575**	73,775,898
(b) Movement in share capital[(1)]				
Balance at 01 July	**1,586,428,671**	1,562,058,469	**73,775,898**	73,594,023
Costs of capital raising	**-**	-	**(60,298)**	-
Issued capital from capital raise	**1,489,392,038**	-	**6,124,433**	-
Shares issued in lieu of directors' fees	**51,964,242**	24,370,202	**253,542**	181,875
Balance at 30 June	**3,127,784,951**	1,586,428,671	**80,093,575**	73,775,898

During the year, the Company issued share capital totaling $6,124,433, comprising of $1,507,559 issued as consideration for a business combination, refer to Note 20, and $4,568,165 issued pursuant to an entitlement offer, refer Note 19.

(c) Share appreciation rights ("SARs")

	Grant Date	Vesting Date	Opening Price (AUD)	Fully Vested Target Price (AUD)	FV at Grant (AUD)	Open Balance	Granted	Forfeited	Expired	Outstanding
FY26-Tranche 1	**24-Nov-25**	**30-Sep-28**	**0.007**	**0.025**	**0.001**		**34,977,999**	**(1,288,769)**		**33,689,230**
FY26 -Tranche 2a	**24-Nov-25**	**30-Sep-28**	**0.007**	**N/A**	**0.003**		**34,268,741**	**(1,370,750)**		**32,897,991**
FY26 -Tranche 2b	**24-Nov-25**	**30-Sep-28**	**0.007**	**0.016**	**0.002**		**33,260,834**	**(1,330,433)**		**31,930,401**
FY26 -Tranche 2c	**24-Nov-25**	**30-Sep-28**	**0.007**	**0.025**	**0.001**		**33,260,834**	**(1,330,433)**		**31,930,401**
FY 25-Tranche 1	21-Nov-24	30-Sep-27	0.010	0.044	0.002	51,915,379		(5,639,814)		46,275,565
FY 25-Tranche 2	21-Nov-24	30-Sep-27	0.010	0.070	0.002	22,214,659		(2,413,283)		19,801,376
FY24	15-Nov-23	30-Sep-26	0.015	0.105	0.002	18,188,850		(1,253,594)		16,935,256
FY23	23-Sep-22	23-Sep-25	0.020	0.171	0.005	3,217,042		(90,374)	(3,126,668)	-
FY23-ELT	16-Nov-22	23-Sep-25	0.030	0.171	0.005	13,217,936			(13,217,936)	-
CEO Award	16-Nov-22	Various	0.030	0.150	0.006	16,131,415			(16,131,415)	-
Total						**124,885,281**	**135,768,408**	**(14,717,450)**	**(32,476,019)**	**213,460,220**

At the discretion of the Board, the Company may make offers and issue share appreciation rights (SARs) to eligible individuals under the Plan. Unless the Board determines otherwise, the award is calculated by multiplying a defined percentage by the fixed component of compensation.

The objective of the plan is to:

(a) provide an incentive and to reward, retain and motivate participants;
(b) recognise the abilities, efforts, and contributions of participants to the performance and success of the Group; and
(c) provide participants with the opportunity to acquire or increase their ownership interest in the Group.

Vested Rights:

(a) Participants are entitled to the amount by which the closing share price exceeds the opening share price.
(b) Shares will be issued in the amount equal to the closing share price less opening share price divided by closing share price then multiplied by the vested and exercised SARs. Closing price is defined as the 20-day volume weighted average price ("VWAP") as at the vesting date of the relevant SAR.

Vesting Conditions:
The Board sets the vesting conditions for each SAR plan year using the following as general guidelines.

(a) The Board sets the Fully Vested Target Price by applying a compounded annual growth rate ("CAGR") on the opening share price for the term of the relevant SAR. The opening price is the 20-day VWAP from the issuance date of the annual report or as set by the Board. Partial vesting will begin at the approved minimum share price at an approved percentage of the total SAR grants. Vesting from the minimum share price to the fully vested share price will occur on a linear scale between the minimum percentage of the total SAR grants and 100% of the total SAR grants.
(b) Continued employment through the vesting date.

The fair value of the SARs granted during the year were measured using a Monte Carlo simulation model at the grant date, with the following inputs:

	Grant Date	Share Price at Grant Date (AUD)	FV at Grant Date (AUD)	Expected Volatility (%)	Risk-free Interest Rate (%)	Dividend Yield (%)	Expected Term (years)
FY26-Tranche 1	24-Nov-25	0.0065	0.0010	55.00%	3.69%	0.00%	2.84
FY26 -Tranche 2a	24-Nov-25	0.0065	0.0027	55.00%	3.69%	0.00%	2.84
FY26 -Tranche 2b	24-Nov-25	0.0065	0.0015	55.00%	3.69%	0.00%	2.84
FY26 -Tranche 2c	24-Nov-25	0.0065	0.0010	55.00%	3.69%	0.00%	2.84

(d) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

(e) Capital management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for the stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

17. SHARE-BASED PAYMENTS

The following is the summary of movements in share-based payments along with the amounts expensed during the year:

	2026		2025	
	Number	**$**	Number	$
Shares in lieu of director's fees	**51,964,242**	**110,417**	24,370,202	66,875
Shares in lieu of director's fees to be issued	**38,479,728**	**187,083**	26,173,905	143,125
Total	**90,443,970**	**297,500**	50,544,107	210,000

In addition to the information presented above, share appreciation rights expensed during the year were $73,186 (2025: $88,144). See Note 16(c) for plan details.

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	2026	2025
Cash on hand	**217,080**	662,450
(b) Reconciliation of operating loss after income tax to net cash used in operating activities		
Operating loss after income tax	**(6,282,572)**	(3,926,289)
Non-cash items:		
Depreciation and amortisation and impairment of non-current assets	**1,806,634**	1,178,000
Share-based payments	**370,686**	298,144
Movement in provision obsolescence and slow-moving stock	**134,323**	-
Interest expense accrued not paid	**187,107**	64,532
Changes in assets and liabilities net of effect of purchase of subsidiaries:		
(Increase) / Decrease in trade and other receivables	**24,866**	484,089
(Increase) / Decrease in inventories on hand	**(95,528)**	(491,773)
(Increase) / Decrease in other current assets	**(39,015)**	12,470
Increase / (Decrease) in trade and other payables	**639,233**	(219,864)
Increase / (Decrease) in other current liabilities	**-**	23,211
Net cash (used in) operating activities	**(3,254,266)**	(2,577,480)

19. ENTITLEMENT OFFER

During the fiscal year, the Company underwent a fully underwritten, non-renounceable pro-rata entitlement offer (the "Offer") of 3.4414 new shares for every 5 shares held on the record date, at $0.006 per share. The Offer closed on 16 January 2026 and shares were issued 22 January 2026, raising $4.7 million in funds.

	Shares	$
Entitlement shares	**867,294,901**	**3,513,377**
Shortfall shares	**260,380,589**	**1,054,770**
	1,127,675,490	**4,568,147**

The Offer was fully underwritten by Colinton Capital Partners Pty Ltd, Wentworth Williamson Management Pty Limited, Mr William Blackburn, and Mr Randall Lane (together, the "Underwriters"), all related parties of the Company. Proceeds were applied to reduce the shareholder loans by $3.1 million, see Note 15, fund Microtek Asset Purchase, see Note 20, and meet working capital needs.

20. BUSINESS COMBINATION

On 28 January 2026, the Group acquired the Microtek business, a manufacturer of microencapsulated phase change materials used in commercial bedding applications. The acquisition expands the Company's vertically integrated Phase Change Material manufacturing capability, adding in-house microencapsulation capacity, technology and personnel to complement Alexium's existing AlexiCool® and BioCool® product lines. Prior to the acquisition, the Company relied on third-party manufacturers for production. The acquisition is expected to improve operational efficiency, reduce reliance on external manufacturing providers, provide greater control over product quality and supply chain management, and support future growth of the Company's Phase Change Material product portfolio.

The acquisition was structured as the purchase of a business comprising inventory, intellectual property and an established manufacturing operation, rather than the acquisition of the equity interests of Microtek.

Identifiable assets acquired and goodwill recognised

The fair values of the identifiable assets acquired at the acquisition date were as follows:

	2026
Inventory	**477,797**
Total identifiable net assets acquired	**477,797**
Goodwill	**1,029,762**
Consideration transferred	**1,507,559**

The identifiable assets acquired and liabilities assumed have been recognised at their acquisition-date fair values in accordance with AASB 3.

Consideration transferred

The consideration transferred for the acquisition was $1,507,559 which was satisfied through the issue of ordinary shares.

Goodwill

Goodwill of $1,029,762 arising on the acquisition represents the expected future economic benefits arising from assets that are not capable of being individually identified and separately recognised. These benefits primarily relate to expected operational efficiencies, the assembled workforce and other synergies arising from the integration of the acquired business with the Group's existing operations. The goodwill recognised is not expected to be deductible for income tax purposes.

Acquisition-related costs

Acquisition-related costs were recognised as an expense during the year and are included within administrative expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Contribution of the acquired business

From the acquisition date to 30 June 2026, the acquired business contributed revenue of $796,229 to the Group.

21. RELATED PARTY TRANSACTIONS AND BALANCES

Balances and transactions between the Company and its subsidiary, which is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

(a) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	2026	2025
Short-term employee benefits:		
Salary and fees	**502,493**	876,984
Other benefits	**20,470**	29,823
Short-term incentives	**50,456**	-
Total short-term benefits	**573,419**	906,807
Post-employment benefits - defined contribution retirement plans	**15,407**	17,284
Share-based compensation	**351,798**	281,400
Termination benefits	**82,760**	-
Total remuneration	**1,023,384**	1,205,491

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report.

(b) Other transactions and outstanding balances with related parties

During the year, the following transactions occurred with entities that are either related to or controlled by key management personnel:

	2026	2025
Interest expense on shareholder loan	**187,107**	76,768

The above amount is reported in Interest Expense on the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The following related-party balances were reported in Borrowings in the Consolidated Statement of Financial Position as of the reporting date.

	2026	2025
Shareholder loan	**274,549**	1,539,250
Accrued interest on shareholder loan	**243,479**	79,266

See Note 15 for additional information.

As disclosed in Note 19, the Company's entitlement offer (which closed on 16 January 2026) was fully underwritten by Colinton Capital Partners Pty Ltd, Wentworth Williamson Management Pty Limited, Mr William Blackburn, and Mr Randall Lane (together, the "Underwriters"), all related parties of the Company. Under the terms of the underwriting arrangement, the Underwriters took up the shortfall shares not otherwise subscribed for under the offer, comprising 260,380,589 ordinary shares in total, issued on 22 January 2026. The value of shares taken up by each Underwriter at the transaction date, translated to US dollars at the AUD:USD exchange rate of 0.67516 prevailing on that date, was as follows:

	Shares	A$	US$
Colinton Capital Partners Pty Ltd	236,217,298	1,417,275	956,888
Wentworth Williamson Management Pty Limited	13,245,744	79,473	53,657
Mr William Blackburn	8,400,470	50,402	34,029
Mr Randall Lane	2,517,077	15,101	10,196
	260,380,589	**1,562,251**	**1,054,770**

No underwriting fee or commission was paid or is payable to the Underwriters in connection with the offer.

22. SEGMENT REPORTING

The financial results from this segment are equivalent to the financial statements of the Company as a whole. Geographic information of revenue and non-current assets excluding financial instruments are as follows:

2026	Australia	US	Total
Revenue	-	4,232,446	4,232,446
Interest earned	7,027	4,702	11,729
Depreciation, amortisation and impairment expenses	1,039,035	776,872	1,815,907
Interest expense	189,785	72,269	262,054
Property, plant and equipment	-	46,387	46,387
Right of use asset	-	-	-
Intangible assets	-	82,969	82,969

2025	Australia	US	Total
Revenue	-	3,921,730	3,921,730
Interest earned	28,717	12,025	40,742
Depreciation, amortisation and impairment expenses	-	1,178,000	1,178,000
Interest expense	80,637	101,769	182,406
Property, plant and equipment	-	356,826	356,826
Right of use asset	-	246,260	246,260
Intangible assets	-	76,337	76,337

23. INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation	2026	2025
Parent Entity			
Alexium International Group Limited	Australia	-	-
Subsidiaries of Alexium International Group Limited			
Alexium Inc.	USA	100	100

The parent entity has an interest free intercompany receivable from Alexium Inc. amounting to $50,459,996 (2025: $47,017,482). Balances between the parent company and its subsidiary, however, are eliminated on consolidation in the Consolidated Statement of Financial Position.

24. FINANCIAL INSTRUMENTS

(a) Interest rate risk exposures

The Company is exposed to interest rate risk through primary financial assets and liabilities. The carrying amounts of financial assets and financial liabilities held at the balance sheet date approximate their estimated net fair values and are given below. The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or liability settled in a current transaction between willing parties after allowing for transaction costs.

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities:

	Weighted average effective interest rate	Variable interest rate	Fixed Interest Rate and Maturity Dates			Non-interest bearing	Total
			< 1 Year	1-5 Years	5+ years		
	%	$	$	$	$	$	$
2026							
Financial Assets							
Cash and cash equivalents	**1.53**	**217,080**	**-**	**-**	**-**	**-**	**217,080**
Trade and other receivables/other financial assets	**-**	**-**	**-**	**-**	**-**	**386,248**	**386,248**
Total Financial Assets		**217,080**	**-**	**-**	**-**	**386,248**	**603,328**
Financial Liabilities							
Trade and other payables	**-**	**-**	**-**	**-**	**-**	**1,360,483**	**1,360,483**
Line of Credit	**9.98**	**360,029**	**-**	**-**	**-**	**-**	**360,029**
Shareholder Loan	**15.00**	**-**	**518,028**	**-**	**-**	**-**	**518,028**
Lease liabilities	**10.53**	**-**	**313,555**	**125,580**	**-**	**-**	**439,135**
Total Financial Liabilities		**360,029**	**831,583**	**125,580**	**-**	**1,360,483**	**2,677,675**
2025							
Financial Assets							
Cash and cash equivalents	1.53	662,450	-	-	-	-	662,450
Trade and other receivables/other financial assets	-	-	-	-	-	411,114	411,114
Total Financial Assets		662,450	-	-	-	411,114	1,073,564
Financial Liabilities							
Trade and other payables	-	-	-	-	-	733,389	733,389
Line of Credit	10.99	483,206	-	-	-	-	483,206
Shareholder Loan	15.00	-	-	1,618,516	-	-	1,618,516
Lease liabilities	9.66	-	180,293	263,399	-	-	443,692
Total Financial Liabilities		483,206	180,293	1,881,915	-	733,389	3,278,703

The Company's shareholder loan and lease liabilities bear interest at fixed rates over their respective terms. As a result, they are not exposed to changes in market interest rates and have been included in the fixed interest rate category in the table above. No interest rate sensitivity analysis has been presented for these liabilities as changes in market interest rates would not have a material impact on their carrying amounts or future cash flows.

(b) Interest rate risk

At the reporting period end date, if interest rates had increased by 1% from the year end variable rates with all other variables held constant, after-tax profit and equity for the Company would have decreased by $1,429 (2025: $20,530) based on cash and cash equivalents and variable interest rate debt. The 1% sensitivity is based on reasonable possible changes using an observed range of historical interest rate movements.

(c) Foreign currency risk

A large proportion of the Company's revenues, cash inflows, other expenses, capital expenditure and commitments are denominated in US dollars with smaller, less frequent transactions in Australian dollars. Exposure to foreign exchange risk may result in the fair value of future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Company holds financial instruments which are other than the US dollar reporting currency. With instruments being held by overseas operations, fluctuations in the Australian dollar may impact the Company's financial results.

(d) Credit risk

Credit risk arises from the Company's financial assets which are comprised of trade receivables. The Company's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company does not hold any credit derivatives to offset its credit exposure. The Company's exposure to credit risk is minimal. Furthermore, to the extent the Company has borrowed against the receivables in conjunction with its line of credit agreement with Alterna Capital, the lender provides credit insurance against the eligible collateral which provides additional mitigation of credit risk. Total bad debt expense for the year was Nil (2025: Nil). Past experience has shown no instances of credit losses, and accordingly, no allowance for expected credit losses has been recognised at the reporting date. Due to the Company' low exposure to significant credit risk and past experience of nil credit losses, a formal credit risk management policy is not considered necessary at this time. The Company monitors outstanding receivables on an ongoing basis and follows up on overdue amounts promptly.

(e) Liquidity risk

The Company manages liquidity risk by continuously monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecasted cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day basis, as well as based on a rolling 30-day projection. Long-term liquidity needs for a 180-day and 360-day period are identified monthly. Net cash requirements are compared to available borrowing facilities to determine headroom or shortfalls.

The Company's non-derivative financial liabilities have contractual maturities as summarised below:

	Current	1-5 Years	5+ years
2026			
Trade and other payables	**1,358,553**	**-**	**-**
Lease liabilities	**313,555**	**125,580**	**-**
Line of credit	**360,029**	**-**	**-**
Shareholder loan	**518,028**	**-**	**-**
Statement of financial position exposure	**2,550,165**	**125,580**	**-**
2025			
Trade and other payables	733,389	-	-
Lease liabilities	215,363	280,766	-
Borrowings	483,206	-	
Shareholder loan	-	1,618,516	-
Statement of financial position exposure	1,431,958	1,899,282	-

(f) Fair values of financial assets and liabilities

Cash and cash equivalents

The carrying amount approximates fair value because of their short-term to maturity.

Trade receivables and trade creditors

The carrying amount approximates fair value.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

There were no other financial assets and liabilities other than cash, trade receivables and payables, leases, and borrowings at the close of the reporting periods.

Measurement of fair value of financial instruments

The Company's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every year.

25. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Alexium International Group Limited. The information presented here has been prepared using consistent accounting policies as presented in Note 2. Comparative data has been corrected.

	2026	2025
Current assets	**66,176**	161,020
Non-current assets	**286,122**	1,198,458
Total Assets	**352,298**	1,359,478
Current liabilities	**695,533**	143,040
Long term liabilities	**-**	1,618,516
Total liabilities	**695,533**	1,761,556
Total equity	**(343,235)**	(402,078)
Loss for the year	**(4,370,901)**	(3,943,651)

26. INTEREST EXPENSE

Interest expense recognised for the reporting periods consisted of the following:

	2026	2025
Shareholder loan interest	**187,107**	76,768
Interest Expense-Line of Credit	**23,165**	43,723
Interest Expense-Leases	**46,213**	54,683
Interest Expense Other	**5,569**	7,232
Total Interest Expense	**262,054**	182,406

27. COMMITMENTS AND CONTINGENCIES

The Company does not have any commitments or contingencies beyond those disclosed in the financial statements or the notes above.

28. DIVIDENDS

No dividend has been declared or paid during the current financial year or the prior financial year. The Company does not have any franking credits available for current or future years as it is not in a tax paying position.

29. SUBSEQUENT EVENTS

On 7 July, 24 July, and 11 August 2026, the Company entered into additional unsecured loans with CCP in the amounts of $208,170, $349,390, and $211,818, respectively. The loans carry an interest rate of 15% and mature on 1 September 2028.

In early July 2026, the Company appointed Randall Lane as Chief Operating Officer on an interim basis, with Mr Lane expected to transition to an Executive Director role.

Other than as noted above, there has not arisen any item, transaction, or event of a material and unusual nature, which in the opinion of the Directors of the Company, is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Name of entity	Type of entity	Trustees, partner, or participant in joint venture	Percentage share capital held	Country of incorporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction(s) of foreign residents
Alexium International Group Limited	Body corporate	n/a	n/a	Australia	Australia	n/a
Alexium, Inc.	Body corporate	n/a	100	United States of America	Foreign	United States of America

1. Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes required information for each entity that was part of the consolidated entity as at the end of the financial year.

2. Consolidated entity

This CEDS includes only those entities consolidated as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements (AASB 10).

3. Determination of Tax Residency

Section 295 (3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency
The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance.

Foreign tax residency
Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

The Directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

    a. comply with Accounting Standards and the Corporations Regulations 2001, other mandatory professional reporting requirements

    b. give a true and fair view of the Company's financial position as at 30 June 2026 and of its performance for the year ended on that date; and

    c. comply with International Financial Reporting Standards as disclosed in Note 2.

2. The remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report) for the year ended 30 June 2026, comply with section 300A of the Corporations Act 2001 (Cth).

3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. The Directors have been given the declarations by the Chief Executive Officer and Vice President, Finance required by section 295A of the Corporations Act 2001 (Cth).

5. With regard to the Consolidated Entity Disclosure Statement, the statement is true and correct and complies with the requirements of Section 295 of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Simon Moore
Interim Chair
Dated: 28 August 2026

Grant Thornton

Grant Thornton Audit Pty Ltd
Level 26
Grosvenor Place
225 George Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

Independent Auditor's Report

To the Members of Alexium International Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Alexium International Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(x) in the financial statements, which indicates that the Group incurred a net loss of US$6,282,572 and incurred negative cash flows from operating activities of US$3,254,266 during the year ended 30 June 2026. As stated in Note 2(x), these events or conditions, along with other matters as set forth in Note 2(x), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment (note 11, 12)	

During the year ended 30 June 2026, the group recorded impairment of $1,516,103. Goodwill of $1,029,762, which was recognised on the acquisition of the Microtek business was fully impaired, as well as $486,341 associated with property, plant and equipment and right-of-use assets.
 	
In accordance with AASB 136 *Impairment of* Assets, management estimated the recoverable amount of the cash-generating-unit (CGU) using a value in use (VIU) model, which involves significant judgement in determining forecast revenues, operating margins, terminal growth rates and discount rates.
 	
This area is a key audit matter due to the significant auditor judgement required in assessing management's assumptions and inputs used in the impairment model.
	Our procedures included:
	• Assessing the appropriateness of the identification of cash-generating units and the allocation of goodwill to those CGUs;
	• Evaluating the VIU model used by management against the requirements of AASB 136, by:
	  • assessing the reasonableness of key assumptions used in the impairment model, including forecast revenues, operating margins, terminal growth rates and discount rates;
	  • comparing forecast cash flows used in the impairment assessment to approved budgets and historical performance;
	  • performing sensitivity analysis over key assumptions to assess the impact of reasonably possible changes in those assumptions on the impairment assessment;
	• Assessing the disclosures against the requirements of Australian Accounting Standards.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of:

a the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and

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b the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 10 to 14 of the Directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Alexium International Group Limited, for the year ended 30 June 2026 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

N P Smietana
Partner – Audit & Assurance

Sydney, 28 August 2026

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The shareholder information set out below was applicable as of 18 August 2026.

Quoted equity securities
3,127,784,951 fully paid ordinary shares are held by 3,217 shareholders.

Shareholder distribution
The number of shareholders, by size of holding, are:

Holding Range Units			Holders	Total Units	% Issued Share Capital
1	-	1,000	416	159,759	0.01%
1,001	-	5,000	632	1,805,152	0.06%
5,001	-	10,000	448	3,580,181	0.11%
10,001	-	100,000	1,214	44,427,718	1.42%
100,001	-	999,999,999	507	3,077,812,141	98.40%
			3,217	3,127,784,951	100.00%

Unmarketable parcels

Holding Range Units	Holders	Total Units	% Issued Share Capital
Minimum parcel A$500 at $0.007 per unit	2,553	36,253,671	1.16%

Substantial holders

Rank	Name	Total Units	% Issued Share Capital
1	COLINTON CAPITAL PARTNERS PTY LTD <COLINTON CP FUND 1 (A) A/C>	1,061,013,112	33.92%
2	COLINTON CAPITAL PARTNERS PTY LTD	580,289,944	18.55%
3	MICROTEK HOLDINGS INC	361,717,485	11.56%
4	SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	306,984,033	9.81%
5	DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS <SL & FJ PHILLIPS PENS F A/C>	186,576,008	5.97%

Voting rights
The voting rights attaching to each class of equity securities are set out below:
- Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- Options and Warrants: No voting rights.

Stock exchange listing
- Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Ltd.

Equity Security Holders
Twenty largest holders of quoted equity securities:

Rank	Name	Total Units	% Issued Share Capital
1	COLINTON CAPITAL PARTNERS PTY LTD <COLINTON CP FUND 1 (A) A/C>	1,061,013,112	33.92%
2	COLINTON CAPITAL PARTNERS PTY LTD	580,289,944	18.55%
3	MICROTEK HOLDINGS INC	361,717,485	11.56%
4	SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	306,984,033	9.81%
5	DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS <SL & FJ PHILLIPS PENS F A/C>	186,576,008	5.97%
6	N & G TD PROPRIETARY LIMITED <N & G TD SUPER FUND A/C>	46,000,000	1.47%
7	DR ELYSE JANE PHILLIPS	39,999,999	1.28%
8	DR PAUL STENSON	30,331,404	0.97%
9	WILLIAM T BLACKBURN JR	28,659,830	0.92%
10	RANDALL LANE	21,184,918	0.68%
11	MR MICHAEL JOSEPH DUHAMEL & MS KATHLEEN MARY BEAMAN <DUHAMEL & BEAMAN S/F A/C>	21,000,000	0.67%
12	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	18,821,779	0.60%
13	MRS SANDRA KAYE CONTI	12,920,000	0.41%
14	MR JOSEPH JOHN HILL	12,000,000	0.38%
15	ROSHEEN GARNON	11,483,822	0.37%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	10,032,000	0.32%
17	DUCKY'S LIFELINE PTY LTD <THE R EDWARDS SUPER A/C>	8,826,670	0.28%
18	AUBERGISTE PTY LTD <MFC DISCRETIONARY A/C>	8,512,229	0.27%
19	WENTWORTH WILLIAMSON MANAGEMENT PTY LTD	8,373,970	0.27%
20	MR MARK SHANE AITKEN	8,140,000	0.26%