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 2025

Appendix 4E and 2025 Annual Report

Sydney (Australia), Greer (South Carolina, US) – 28 August 2025: Alexium International Group Limited (**Alexium** or the **Company**) releases the Appendix 4E and 2025 Annual Report.

A FY2025 Results & FY2026 Trading Update webinar is planned for the morning of Friday 26 September (Sydney) / Thursday 25 September evening (US). Webinar details will be provided closer to the date.

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®, DelCool™ and AlexiShield. For additional information about Alexium, please visit www.alexiuminternational.com.

For further information please contact:
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ALEXIUM INTERNATIONAL GROUP LIMITED

APPENDIX 4E PRELIMINARY FINAL REPORT

For the Year Ended 30 June 2025

ABN 91 064 820 408 PRESENTED IN US DOLLARS

Results for announcement to the market

2.1	Revenue from ordinary activities	down	33.4%	to	3,921,730
2.2	Loss from ordinary activities for the period after tax attributable to members	down	(42.2%)	to	(3,926,289)
2.3	Net loss for the period attributable to members	down	(42.2%)	to	(3,926,289)

2.4	**Dividends**	**Amount per security**	**Franked amount per security**
	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:

Additional information supporting the Appendix 4E disclosure requirements may be found in the Directors' Report and the consolidated financial statements and notes for the year ended 30 June 2025.

This report is based on the consolidated financial statements for the year ended 30 June 2025 which have been audited by Grant Thornton Audit Pty Ltd.

3. Consolidated Statement of Comprehensive Income

	2025	2024
	US$	US$
Revenue	**3,921,730**	5,892,824
Cost of sales	**(2,231,759)**	(3,254,086)
Gross Profit	**1,689,971**	2,638,738
Other Income	**-**	50
Administrative expenses	**(3,445,655)**	(3,545,895)
Sales and marketing expenses	**(454,574)**	(354,782)
Research and development costs	**(728,711)**	(976,837)
Impairment of intangibles	**(625,870)**	(615,356)
Other expenses	**(219,785)**	(208,049)
Operating expenses	**(5,474,595)**	(5,700,919)
Loss before finance costs	**(3,784,624)**	(3,062,130)
Interest expense	**(182,406)**	(1,058,996)
Gain on embedded derivative	**-**	179,065
Gain on debt extinguishment	**-**	1,154,786
Interest earned	**40,742**	26,565
Total finance costs	**(141,664)**	301,420
Loss before tax	**(3,926,289)**	(2,760,710)
Tax expense	**-**	-
Loss from continuing operations	**(3,926,289)**	(2,760,710)
Other comprehensive income - Exchange differences on translation of foreign operations which may subsequently be reclassified to profit or loss	**(76,155)**	(12,738)
Total comprehensive loss for the year	**(4,002,444)**	(2,773,448)
Loss for the year attributable to members of the group	**(3,926,289)**	(2,760,710)
Total comprehensive loss for the year attributable to members of the group	**(4,002,444)**	(2,773,448)
Basic and diluted loss per share (cents)	(0.25)	(0.35)

4. Consolidated Statement of Financial Position

	2025 US$	2024 US$
Current Assets		
Cash and cash equivalents	**662,450**	2,053,000
Trade and other receivables	**411,114**	895,203
Inventories	**1,051,825**	560,052
Other current assets	**55,343**	67,813
Total Current Assets	**2,180,732**	3,576,068
Non-Current Assets		
Other financial assets	**16,570**	16,571
Property, plant and equipment	**356,826**	516,477
Intangible assets	**76,337**	762,603
Right-of-use asset	**246,260**	355,708
Total Non-Current Assets	**695,993**	1,651,359
Total Assets	**2,876,725**	5,227,427
Current Liabilities		
Trade and other payables	**733,389**	955,779
Lease liabilities	**180,293**	157,083
Borrowings	**483,206**	368,651
Total Current Liabilities	**1,396,888**	1,481,513
Non-Current Liabilities		
Borrowings	**1,618,516**	-
Lease liabilities	**263,399**	443,692
Total Non-Current Liabilities	**1,881,915**	443,692
Total Liabilities	**3,278,803**	1,925,205
Net (Liabilities)/Assets	**(402,078)**	3,302,222
Equity		
Contributed equity	**73,775,898**	73,594,023
Reserves	**(1,412,800)**	(1,205,301)
Accumulated losses	**(72,765,176)**	(69,086,500)
Total Equity	**(402,078)**	3,302,222

5. Consolidated Statement of Cash Flows

	2025 US$	2024 US$
Cash flow from operating activities		
Receipts from customers and other income	**4,448,342**	6,045,616
Payments to suppliers and employees	**(7,017,742)**	(7,179,767)
Interest received	**40,742**	26,564
Interest and other costs of finance paid	**(104,859)**	(132,974)
Goods & services tax received	**56,037**	47,626
Net cash flows (used in) operating activities	**(2,577,480)**	(1,192,935)
Cash flows from investing activities		
Purchase of property, plant, and equipment	**(10,101)**	-
Payments for development costs	**(207,984)**	(156,224)
Net cash flows (used in) investing activities	**(218,085)**	(156,224)
Cash flows provided by financing activities		
Proceeds from issue of ordinary shares	**-**	2,984,023
Proceeds from borrowings	**3,493,004**	6,007,783
Proceeds from shareholder loan	**1,484,608**	-
Repayment of borrowings	**(3,392,892)**	(5,773,696)
Transaction costs related to issues of shares	**(5,228)**	(170,972)
Transaction costs related to loans and borrowings	**(1,173)**	-
Repayment of lease liabilities	**(157,083)**	(136,498)
Net cash flows from financing activities	**1,421,236**	2,910,641
Net increase/(decrease) in cash and cash equivalents	**(1,374,329)**	1,561,482
Cash and cash equivalents at beginning of year	**2,053,000**	513,277
Effect of exchange rate changes on cash and cash equivalents	**(16,221)**	(21,758)
Cash and cash equivalents at end of year	**662,450**	**2,053,000**

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 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)**

Balance at 1 July 2023	66,610,771	77,987	551,996	(1,604,412)	(66,619,478)	(983,136)
Loss for the period	-	-	-	-	(2,760,710)	(2,760,710)
Foreign currency translation	-	-	-	(12,738)	-	(12,738)
Total comprehensive income / (loss)	-	-	-	(12,738)	(2,760,710)	(2,773,448)
Transactions with owners in their capacity as owners:						
Expiration of share appreciation rights	-	-	(293,688)	-	293,688	-
Issued capital	2,997,028	-	-	-	-	2,997,028
Issued capital on Debt Extinguishment	4,010,323	-	-	-	-	4,010,323
Capital raising costs	(174,213)	-	-	-	-	(174,213)
Share appreciation rights expense	-	-	40,304	-	-	40,304
Shares earned in lieu of director's fees	-	185,364	-	-	-	185,364
Shares in lieu of director's fees issued	150,114	(150,114)	-	-	-	-
Balance at 30 June 2024	73,594,023	113,237	298,612	(1,617,150)	(69,086,500)	3,302,222

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	**2025**	2024
Net tangible asset backing (deficiency) per ordinary share	**US (0.03) Cents**	US 0.16 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)	**2025**	2024
Basic loss per share (cents)	**(0.25)**	**(0.35)**

14.2 Returns to shareholders	**2025**	2024
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 (AEST) on Friday, 21 November 2025. 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 (AEST) Thursday, 9 October 2025.

W. T. Bl

Sign here: .... Date: 28 August 2025
Mr. William Blackburn
Chief Executive Officer

ALEXIUM INTERNATIONAL GROUP LIMITED

ANNUAL REPORT

For the Year Ended 30 June 2025

ABN 90 064 820 408
Presented in US Dollars

TABLE OF CONTENTS

DIRECTORS	Mr Simon Moore Dr Paul Stenson Mr Martyn Strickland Mr Randall Lane Mr James Williamson Dr Robert Brookins Mr William Blackburn
COMPANY SECRETARY	Mark Licciardo
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,

The 2025 Financial Year proved to be a challenging one for all Alexium International stakeholders. However, it was also a year in which much progress was made.

The primary frustration for the Board, Management and Shareholders was undoubtedly the continued weak sales and earnings performance of the business. While prolonged weakness in our core United States mattress market contributed to this outcome, the result was further impacted by the cost-cutting response of mattress manufacturers and their Tier One supply partners who reduced the application levels of Alexium International's product and reduced risk by postponing new product launches, many of which were to incorporate Alexium International's products.

Despite the challenges, the Company made significant advances throughout the financial year, which we are confident will result in significant sales in future periods. First, our Research and Development Team achieved significant breakthroughs with our base Phase Change Material ("PCM") technology. This development has already generated post-year-end sales and opened a sizeable new market for selling microencapsulated PCM to foam formulators and foam formulations to mattress brands. Second, regulatory changes in large U.S. states, specifically California and New York, introduced regulations which effectively banned critical raw materials widely used in major flame retardant solutions in the mattress and furniture industries. Alexium International's core flame retardant technologies, which are free from the chemicals driving these bans, are well positioned to capture strong demand as mattress and furniture manufacturers transition to safer and compliant flame retardant solutions. We expect significant flame retardant product sales in the coming financial year. Finally, the United States military's search for a new treated fabric for its combat uniforms continued during the financial year and Alexium International was included in a second round of paid trials in FY26 Q1 with its chosen fabric partner, a long-term supplier to the United States military.

Together, these areas of progress position the Company extremely well for the coming financial year where we expect to convert our undisputed technology leadership into meaningful commercial outcomes.

Subsequent to year-end, the Company announced an important leadership transition. After more than a decade of service with the Company, in critical roles such as Chief Executive Officer and Chief Technology Officer, Dr Bob Brookins will step down at the end of October. We would like to take this opportunity to sincerely thank Dr Bob Brookins for his many contributions to the business. He has been the driving force behind the core technologies in the business over this period and he was instrumental in developing a culture of technical excellence behind Alexium's products. We thank him for his outstanding contribution and are pleased he will remain involved as a consultant. We also congratulate Nick Leitner on his appointment to lead our world-class R&D team, ensuring continuity and momentum.

On behalf of the Board, we would like to thank all our stakeholders, customers, suppliers, management, employees and shareholders for their support and commitment. We are confident that the progress made this year will underpin stronger performance in the year ahead, and we look forward to reporting on these advances in due course.

Yours sincerely,

Simon Moore W. T. Bl

Simon Moore	Billy Blackburn
Interim Chairman	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 2025.

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
- Mr Simon Moore
- Dr Paul Stenson
- Mr Carl Dennis (resigned 20 November)
- Mr James Williamson (joined 21 November)
- 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;
- Obtaining patents in relation to new products developed; 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-25	30-Jun-24
Ordinary shares	1,586,428,671	1,562,058,469
Share appreciation rights	124,885,281	60,416,295

OPERATING AND FINANCIAL REVIEW

Operations and Technology Review

The Company's corporate and operating activities are performed from our single facility located in Greer, South Carolina, USA. The Company utilises contract manufacturers to produce finished goods; this creates a variable cost model for manufacturing and allows the Company to focus its efforts on product development and commercialisation of high-performance products. The main product families are phase change materials ("PCM") and cooling products for bedding, flame-retardant ("FR") technologies for markets such as bedding, military, and workwear and thermal management materials (using heat dissipation and/or moisture management products) for bedding, athletic shoes and body armour.

During FY25, the Company focused on executing its Grow and Diversify Strategy with an emphasis on aggressive revenue growth within its Core Markets. The organisational structure was aligned to deliver across five strategic focus areas:

1. Retention of Key Accounts in North America
   The Company successfully retained supply to most of its existing North American bedding customers. However, volumes remained under pressure due to ongoing market conditions.
2. Product and Customer Diversification in North America
   Significant progress was made in diversifying both the product portfolio and customer base in the North American bedding market. Late-stage pipeline opportunities advanced for PCM+, the new AlexiCool®, DelCool™, and AlexiShield with new customers.
3. International Expansion
   Efforts to penetrate new bedding accounts in Asia Pacific, Latin America, and Europe are ongoing. While progress has been made, particularly with late-stage opportunities for DelCool™ and AlexiCool® in APAC and AlexiCool® in Europe, global trade tariff uncertainties have recently delayed momentum.
4. Expansion into Adjacent Markets
   Activities in adjacent market segments were deprioritised in FY25 H2 to focus on closing late-stage opportunities in the U.S. bedding sector.

5. Strategic Alliances and Co-Development
   Notable progress was achieved with key supply chain partners. Co-development efforts focused on major new revenue opportunities:
   - mPCM manufacturing improvements (high solids slurries and dry powder mPCM)
   - DelCool™ for mattress applications
   - AlexiShield for FR barrier solutions

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 FY24, the Company completed a capital raising and refinancing transaction (the "Transaction"), generating $3.0 million in new funds. As part of the Transaction, the Company's existing convertible note, with a face value of $4.8 million (A$7.0 million), together with accrued interest, was converted into ordinary shares. Further information is provided in Note 20 of the Consolidated Financial Statements.

The Company maintains an asset-based line of credit ("LOC") with Alterna Capital Solutions to support working capital requirements and facilitate growth initiatives. The facility provides $3.0 million in funding, with an option to increase to $5.0 million subject to approval by Alterna Capital Solutions. The LOC bears interest at a variable rate comprising a fixed base of 3.0% plus the US Prime Lending Rate as published in the *Wall Street Journal*, which was 7.5% at 30 June 2025, resulting in a total annual interest rate of 10.5% at that date.

The borrowing base of the facility includes 90% of eligible accounts receivable and a calculated portion of eligible inventory, subject to several factors, one of which is a maximum of 50% of eligible inventory cost. The term of the facility, as amended in August 2024, extends through to February 2026 with automatic one-year renewal terms thereafter.

Prior to year-end, Alexium was advised by Alterna Capital Solutions—following its acquisition by Paychex, Inc.—that it had revised its lending criteria and would no longer include inventory as collateral. While this change did not formally alter the maximum facility limit, it has reduced the Company's practical access to funding under the LOC, as current eligible accounts receivable do not meet the threshold to fully utilise the facility. This change took effect subsequent to year-end on 7 July 2025.

To address the reduction in available funding and to provide additional working capital, the Company secured two shareholder loans during FY25 with Colinton Capital Partners Pty Ltd and Wentworth Williamson Management Pty Limited. The total committed funding under these arrangements was $1.7 million (A$2.55 million), of which $131,000 (A$200,000) remained undrawn at 30 June 2025. Both loans mature on 1 September 2026. Refer to Note 15 of the Consolidated Financial Statements for further details.

Skilled Labour: United States unemployment remained low throughout the year. The skills needed for positions within the Company are typically related to the sciences and administrative functions. The Company did not have any issues filling vacancies throughout the year.

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
The Company's net loss attributable to members of the Company for the financial year was $3,926,289 (2024: $2,760,710). This represents a 42.2% increase in net loss over the prior period. If the net loss of both the current year and prior year were adjusted for unusual/non-recurring items such as the intangible impairment, gain/loss on debt extinguishment, gain/loss on substantial modification of borrowings and gain/loss on embedded derivative, the normalised net loss would have been $3,300,419 in the current year compared to a net loss of $3,479,205 in the prior year, resulting in a year-over-year decrease in net loss of $178,786 which is due primarily to lower sales offset by a decrease in interest expense from the conversion of the convertible note to shares and a decrease in operating expenses.

Revenues from ordinary operating activities decreased 33.4% from the prior year at $3,921,730 (2024: $5,892,824). Revenue continues to be impacted by a decline in the US retail market conditions which have negatively impacted the bedding market sales as consumer confidence remains weak amid ongoing inflationary concerns.

Gross profit decreased 36.0% year over year to $1,689,971 (2024: $2,638,738) due to lower sales from a soft bedding market amid inflationary concerns. The gross margin percentage decreased 1.7 percentage points to 43.1% (2024: 44.8%). This decrease is attributable to unfavorable customer/product mix.

Operating expenses decreased 4% to $5,474,596 (2024: $5,700,918). The net change of $226,322 was primarily due to a reduction in amortisation expense for intangible assets (included in Research and Development Costs in the Consolidated Statement of Profit or Loss) as a result of impairment adjustments taken in late FY24 and in FY25 (refer to Note 12). The Company continues to remain positive with respect to the business potential of the intangible assets based on customers' engagement and market analysis. However, delays in the timing of revenues related to the technology necessitated the impairment adjustment. Refer to Note 12 of the financial statements for further details. Without the impairment adjustments, normalised Operating Expenses would have been $4,848,726 (2024: $5,085,562), a decrease in the current year of $236,836 or 4.7%.

Interest expense at $182,406 (2024: $1,058,996) reflects a decrease of $876,590 or 82.8% due primarily to the redemption of the convertible note (face value $4.8 million) into equity in May 2024 as a part of the capital raise and refinancing transaction (refer to Note 20). In addition, a reduction in the interest rate applicable to the Alterna LOC further contributed to the reduction in interest expense.

Inventory levels increased in the current year by $0.5 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.

As at the reporting date, the cash position was $662,450 (2024: $2,053,000). There was undrawn availability of $115,000 on outstanding financing arrangements (2024: $408,804). Cash changes were primarily from normal operating and financing activities.

Material Business Risks

The Board is committed to identifying, monitoring, and managing factors that could influence the Company's ability to achieve its strategic objectives. The following key areas have been identified as part of the Company's ongoing risk management process. These risks are actively managed through established policies, disciplined operational practices, and regular Board and Risk Committee oversight.

<u>Intellectual property position and product innovation</u>: Innovation remains central to the Company's business model, with product differentiation a key competitive advantage. The Company continues to develop next-generation solutions that are inventive, market-responsive, and commercially attractive. Protecting these innovations is an important focus. The Company maintains a structured patent registration program, filing applications for each core technology platform and its applications, and ensuring relevant geographic coverage based on market analysis. This program is designed to safeguard our intellectual property while supporting long-term product and market development.

<u>Competitive landscape</u>: the bedding and performance materials markets are competitive, but the Company maintains a strong understanding of competitor offerings and market dynamics. Our response strategy includes:

- 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.

These measures position the Company to respond constructively to market competition and to identify new opportunities for growth.

<u>Capital Management</u>: the Company closely monitors its financial position, including capital requirements and cash flow forecasts, to support its path toward profitability. Management prepares multiple forecast scenarios each month and communicates outcomes to the Board along with the Company's revenue pipeline and market expansion initiatives. The Company and the Board work together to ensure the most viable funding options are utilised to ensure sufficient working capital for the next twelve months.

<u>Market Dynamics and Diversification</u>: changes in underlying market conditions, such as shifts in consumer demand or distribution channels, are addressed through proactive diversification. The Company continues to broaden its product portfolio, develop customer-driven solutions, and expand its customer base. In FY26, this includes extending market reach into Australasia, Asia-Pacific, and Europe to complement existing North American operations.

<u>Inflationary Pressures</u>: while US inflation has eased from prior highs, consumer sentiment in the bedding sector remains below historic levels. The Company is mitigating these conditions through continued market expansion and by identifying new market segments for future commercialisation. Maintaining strong relationships with existing customers while entering new regions positions the business to benefit from an eventual recovery in the North American bedding market.

Likely Developments

The Company's focus for FY26 includes:

- Optimising the mPCM supply chain and manufacturing processes to create new revenue opportunities for bedding formulators;
- Growing sales of the Company's FR technologies in bedding, home furnishings, and workwear;
- Expanding the USDA BioPreferred certified BioCool® product line into new markets;
- Broadening market penetration for DelCool™ technology in high-volume bedding applications; and
- Progressing qualification of FR NyCo technology for US military uniforms.

The Company will pursue these objectives by:

- Leveraging its established market position and internal resources;
- 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
On 7 July 2025, Alexium paid off the balance of the inventory facility portion of the LOC with Alterna ($181,133) due to Alterna's decision to eliminate inventory-backed financing arrangements. Refer to Note 15 of the financial statements for further details.

On 1 August 2025, Dr Brookins resigned from his position as Executive Director of the Company and its subsidiary, effective on that date. Dr Brookins also provided notice of his resignation as Chief Technology Officer (CTO) from the Company, effective 27 October 2025.

On 8 August 2025, the Company entered into a third unsecured loan with CCP in the amount of $195,000 (A$300,000). The loan carries an interest rate of 15% and matures on 1 September 2026.

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 Carl Dennis

BCom. Appointed as an independent Non-Executive Director from September 2021. Mr Dennis was considered an independent director up until his participation in the Company's Placement and Entitlement Offer in May 2024 via Wentworth Williamson at which time he was no longer considered an independent director. He served as Chair of the Remuneration Committee and was a member of the Audit Committee. He resigned as a director on 20 November 2024.

Skills and Experience: Mr Dennis is an operational management professional with over 25 years of experience with expertise in Consumer and Pharmaceutical Goods. As a former CEO and commercial director, Mr Dennis has deep skills in new product development, sales and marketing, international brand management and operational execution. Mr Dennis was the CEO and co-owner of Vital Merchandising Services Pty Ltd for 11 years which was acquired by Imperial Logistics Limited in 2007 and he went on to hold both operational and business development C-suite roles with Imperial Logistics as part of the DP World Group. Throughout his career, his clients have included Blue Chip FMCG organisations with globally recognised brands. Over the past seven years, Mr Dennis has focused on creating new markets for international Australian consumer brands across Asia, the Middle East, and Africa.

External Appointments: None.

Mr Martyn Strickland

DEng, MBA. 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 recently 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: CEO and NED, Clear Dynamics since November 2024.

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 28 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.

Mr Randall Lane

Appointed as a Non-Executive Director July 2024. Mr Lane is the chair of the Nomination and Remuneration Committee and a member of the Audit Committee.

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

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 from July 2018 to August 2022 and currently serves as Chief Technology Officer (since September 2022) and a member of the Risk Committee (since December 2023).

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

Mr Mark Licciardo, of Acclime Corporate Services, has extensive experience working with Boards of ASX listed companies in the areas of corporate governance, accounting and finance and company secretarial practice. His expertise is in developing and guiding effective governance and he is considered a leader in this sector. His 40-year corporate career has encompassed executive roles in banking and finance, funds management, investment and infrastructure development. Mark was the Managing Director and founder of Mertons Corporate Services which was acquired by Acclime in 2022 and is currently Partner and Managing Director of Acclime's Listed Services division and a Non-executive Director of various public and private companies.

Meetings of Directors

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

Directors	Board	Audit	Risk	Nomination & Remuneration
Mr Moore	17/17	6/6	3/3	3/3
Mr Williamson	8/9	-	-	2/2
Mr Stenson	15/17	-	3/3	3/5
Mr Dennis	7/7	1/3	-	3/3
Mr Strickland	17/17	-	3/3	-
Mr Lane	17/17	6/6	-	2/2
Dr Brookins	14/16	-	3/3	-
Mr Blackburn	16/17	5/6	-	-

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 Carl Dennis	Non-Executive Director	-	Nov-24
Mr Martyn Strickland	Non-Executive Director	Jul-24	-
Mr Randall Lane	Non-Executive Director	Jul-24	-
Mr William Blackburn	Chief Executive Officer and Managing Director	-	-
Dr Robert Brookins	Chief Technology Officer and Executive Director	-	-
Mr James Williamson	Non-Executive Director	Nov-24	

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:

	2025	2024	2023	2022	2021
Net profit/(loss)	**(3,926,289)**	(2,760,710)	(2,950,943)	(3,360,271)	(1,445,319)
Dividends declared	**Nil**	Nil	Nil	Nil	Nil
Share price as at 30 June (A$)	**0.007**	0.012	0.013	0.024	0.049
EPS (cents)	**(0.25)**	(0.35)	(0.46)	(0.52)	(0.23)

D. Details of Remuneration

	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) 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 are settled in shares.

	Short-term benefits		Share-based payments		Other Benefits			
2024	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								
Mrs Garnon[5]	-	-	-	30,530	3,359	-	33,889	-
BGen Cheney[6]	20,000	-	-	-	-	-	20,000	-
Mr Moore[4]	-	-	-	89,833	-	-	89,833	-
Dr Stenson	32,500	-	-	32,500	-	-	65,000	-
Mr Dennis	32,500	-	-	32,500	-	-	65,000	-
Total Non-Executive Directors	**85,000**	**-**	**-**	**185,363**	**3,359**	**-**	**273,722**	
Executive Directors								
Mr Blackburn - CEO & MD	325,000	66,870	29,317	-	13,200	-	434,387	6.7%
Dr Brookins - CTO	315,000	14,703	84,931	-	3,150	-	417,784	20.3%
Total Executive Directors	**640,000**	**81,573**	**114,248**	**-**	**16,350**	**-**	**852,171**	
Executives								
Mr Lewis - CFO[3]	132,500	27,896	-	-	6,122	71,009	237,527	-
Total Executives	**132,500**	**27,896**	**-**	**-**	**6,122**	**71,009**	**237,527**	
Total	**857,500**	**109,469**	**114,248**	**185,363**	**25,831**	**71,009**	**1,363,420**	

(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 2023 AGM. There are no performance conditions related to these shares.
(3) Represents remuneration from 1 July 2023 to 1 December 2023 which is the date on which Mr Lewis resigned from his position. Mr Lewis' share appreciation rights are expressed at NIL on an accumulated basis due to forfeitures upon resignation and expiry.
(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.
(5) Represents remuneration from 1 July 2023 to 2 November 2023 which is the date on which Mrs Garnon resigned from her position
(6) Represents remuneration from 1 July 2023 to 1 November 2023 which is the date on which BGen Cheney resigned from his position

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:

2025	Balance at start of year	Granted	Expired	Forfeited	Balance at end of year	Vested - not issued
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	**49,438,732**	**50,930,054**	**(6,871,445)**	**-**	**93,497,341**	**3,024,641**
2024						
Executive Directors						
Mr Blackburn - CEO & MD	22,843,648	6,712,233	-	-	29,555,881	3,024,641
Dr Brookins - CTO	19,882,851	6,505,703	(6,505,703)	-	19,882,851	-
Total Executive Directors	**42,726,499**	**13,217,936**	**(6,505,703)**	**-**	**49,438,732**	**3,024,641**
Executives						
Mr Lewis - CFO	16,726,844	-	(5,473,052)	(11,253,792)	-	-
Total	**59,453,343**	**13,217,936**	**(11,978,755)**	**(11,253,792)**	**49,438,732**	**3,024,641**

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							
2025-Tranche 1	21-Nov-14	30-Sep-27	**A$0.010**	**A$0.044**	**A$0.002**	**18,112,538**	**5,749**
2025-Tranche 2	21-Nov-14	30-Sep-27	**A$0.010**	**A$0.070**	**A$0.002**	**7,750,378**	**2,269**
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**	**6,905**
Joining Award	16-Nov-22	Various[1]	**A$0.030**	**A$0.150**	**A$0.006**	**16,131,415**	**20,152**
Total						**55,418,797**	**38,089**
Dr Brookins, CTO and Director							
2025-Tranche 1	21-Nov-14	30-Sep-27	**A$0.010**	**A$0.044**	**A$0.002**	**17,555,231**	**5,572**
2025-Tranche 2	21-Nov-14	30-Sep-27	**A$0.010**	**A$0.070**	**A$0.002**	**7,511,907**	**2,199**
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**	**6,692**
2022	23-Sep-21	23-Sep-24	**A$0.076**	**A$0.148**	**A$0.038**	**6,871,445**	**15,929**
Total						**44,949,989**	**33,313**
Total						**100,368,786**	**71,402**

(1) Of the total SARs granted as part of the Joining Award, 75% vest based on the compounded annual growth rate ("CAGR") as set by the Board (see section (a) below) while 25% vest over time with full vesting by September 2025.

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 $210,000 (2024: $185,364) – see Section D above. The calculation of these shares was presented and approved at the 2024 AGM with the exception of $19,375 of shares to be issued to Mr Williamson due to joining the Board after the 2024 AGM. Approval for his shares will be sought 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:

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.

2024	Balance at start of year	Granted & issued shares in lieu of salary	Capital Raise(1)	Other changes(2)	Balance at end of year	Granted & to be issued shares in lieu of salary
Non-Executive Directors						
Mrs Garnon(5)	6,616,118	3,853,481	-	-	10,469,599	2,953,617
BGen Cheney(5)	848,914	-	-	-	848,914	-
Mr Moore(3)	81,724,298	7,198,519	703,152,846	-	792,075,663	6,283,887
Dr Stenson	-	-	11,500,000	-	11,500,000	4,084,530
Mr Dennis(4)	420,500	-	171,144	170,573,358	171,165,002	4,084,530
Total Non-Executive Directors	89,609,830	11,052,000	714,823,990	170,573,358	986,059,178	17,406,564
Executive Directors						
Mr Blackburn - CEO & MD	-	-	12,000,000	-	12,000,000	-
Dr Brookins - CTO	5,262,638	-	3,850,000	1,583,708	10,696,346	-
	5,262,638	-	15,850,000	1,583,708	22,696,346	-
Executives						
Mr Lewis - CFO(5)	819,590	-	-	-	819,590	-
Total	95,692,058	11,052,000	730,673,990	172,157,066	1,009,575,114	17,406,564

(1) Capital Raise includes shares issued in relation to the Capital Raise and Refinancing Transaction (see Note 20 for additional information).
(2) Other changes include, amongst other movements, open-market transactions.
(3) Shares shown for Mr Moore include his interest in shares held by Colinton Capital Partners Pty Ltd and Colinton Capital Partners Fund 1(A) Pty Ltd.
(4) Through an investment in Wentworth Williamson Management Pty Limited ("Wentworth Williamson"), Mr Dennis obtained an interest in the shares held by Wentworth Williamson (170,573,358) during the year.
(5) Shares shown as held by and to be issued to Mrs Garnon, BGen Cheney, and Mr Lewis at 30 June 2024 are their balances as of the date of their resignations on 2 November 2023, 1 November 2023, and 1 December 2023, respectively.

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	**814,932,120**	**-**
James Williamson	**174,001,655**	**-**
Martyn Strickland	**814,932,120**	**-**
Paul Stenson	**20,381,472**	**-**
Randy Lane	**6,706,685**	**-**
Carl Dennis(1)	**175,249,532**	**-**
Total Non-Executive Directors	**2,006,203,584**	**-**
Executive Directors		
Mr Blackburn - CEO & MD	**12,000,000**	**55,418,797**
Dr Brookins - CTO	**10,696,346**	**38,078,544**
Total Executive Directors	**22,696,346**	**93,497,341**
Total	**2,028,899,930**	**93,497,341**

(1) Shares shown as held by Mr Dennis at 30 June 2025 are the balance at the date of his resignation on 20 November 2024.

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 (2024: 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 2025

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 2025, 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 2025

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ACN-130 913 594

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 US$	2024 US$
Revenue	3	**3,921,730**	5,892,824
Cost of sales		**(2,231,759)**	(3,254,086)
Gross Profit		**1,689,971**	2,638,738
Other Income	3	**-**	50
Administrative expenses	4	**(3,445,655)**	(3,545,895)
Sales and marketing expenses		**(454,574)**	(354,781)
Research and development costs	5	**(728,711)**	(976,837)
Impairment of intangibles	12	**(625,870)**	(615,356)
Other expenses		**(219,786)**	(208,049)
Operating expenses		**(5,474,596)**	(5,700,918)
Loss before finance costs		**(3,784,625)**	(3,062,130)
Interest expense	26	**(182,406)**	(1,058,996)
Gain on embedded derivative	16	**-**	179,065
Gain on debt extinguishment	15	**-**	1,154,786
Interest earned	3	**40,742**	26,565
Total finance costs		**(141,664)**	301,420
Loss before tax		**(3,926,289)**	(2,760,710)
Tax expense	7	**-**	-
Loss from continuing operations		**(3,926,289)**	(2,760,710)
Other comprehensive income - Exchange differences on translation of foreign operations which may subsequently be reclassified to profit or loss		**(76,155)**	(12,738)
Total comprehensive loss for the year		**(4,002,444)**	(2,773,448)
Loss for the year attributable to members of the group		**(3,926,289)**	(2,760,710)
Total comprehensive loss for the year attributable to members of the group		**(4,002,444)**	(2,773,448)
Basic and diluted loss per share (cents)	8	(0.25)	(0.35)

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	2025 US$	2024 US$
Current Assets			
Cash and cash equivalents	19	**662,450**	2,053,000
Trade and other receivables	9	**411,114**	895,203
Inventories	10	**1,051,825**	560,052
Other current assets		**55,343**	67,813
Total Current Assets		**2,180,732**	3,576,068
Non-Current Assets			
Other financial assets		**16,570**	16,571
Property, plant and equipment	11	**356,826**	516,477
Intangible assets	12	**76,337**	762,603
Right-of-use asset	11	**246,260**	355,708
Total Non-Current Assets		**695,993**	1,651,359
Total Assets		**2,876,725**	5,227,427
Current Liabilities			
Trade and other payables	13	**733,389**	955,779
Lease liabilities	14	**180,293**	157,083
Borrowings	15	**483,206**	368,651
Total Current Liabilities		**1,396,888**	1,481,513
Non-Current Liabilities			
Borrowings	15	**1,618,516**	-
Lease liabilities	14	**263,399**	443,692
Total Non-Current Liabilities		**1,881,915**	443,692
Total Liabilities		**3,278,803**	1,925,205
Net (Liabilities)/Assets		**(402,078)**	3,302,222
Equity			
Contributed equity	17	**73,775,898**	73,594,023
Reserves		**(1,412,800)**	(1,205,301)
Accumulated losses		**(72,765,176)**	(69,086,500)
Total Equity		**(402,078)**	3,302,222

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 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)**

	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 2023	66,610,771	77,987	551,996	(1,604,412)	(66,619,478)	(983,136)
Loss for the period	-	-	-	-	(2,760,710)	(2,760,710)
Foreign currency translation	-	-	-	(12,738)	-	(12,738)
Total comprehensive income / (loss)	-	-	-	(12,738)	(2,760,710)	(2,773,448)
Transactions with owners in their capacity as owners:						
Expiration of share appreciation rights	-	-	(293,688)	-	293,688	-
Issued capital	2,997,028	-	-	-	-	2,997,028
Issued capital on Debt Extinguishment	4,010,323	-	-	-	-	4,010,323
Capital raising costs	(174,213)	-	-	-	-	(174,213)
Share appreciation rights expense	-	-	40,304	-	-	40,304
Shares earned in lieu of director's fees	-	185,364	-	-	-	185,364
Shares in lieu of director's fees issued	150,114	(150,114)	-	-	-	-
Balance at 30 June 2024	73,594,023	113,237	298,612	(1,617,150)	(69,086,500)	3,302,222

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

	Note	2025 US$	2024 US$
Cash flow from operating activities			
Receipts from customers and other income		**4,448,342**	6,045,616
Payments to suppliers and employees		**(7,017,742)**	(7,179,767)
Interest received		**40,742**	26,564
Interest and other costs of finance paid		**(104,859)**	(132,974)
Goods & services tax received		**56,037**	47,626
Net cash flows (used in) operating activities	19(b)	**(2,577,480)**	(1,192,935)
Cash flows from investing activities			
Purchase of property, plant, and equipment		**(10,101)**	-
Payments for development costs		**(207,984)**	(156,224)
Net cash flows (used in) investing activities		**(218,085)**	(156,224)
Cash flows provided by financing activities			
Proceeds from issue of ordinary shares		**-**	2,984,023
Proceeds from borrowings		**3,493,004**	6,007,783
Proceeds from shareholder loan		**1,484,608**	-
Repayment of borrowings		**(3,392,892)**	(5,773,695)
Transaction costs related to issues of shares		**(5,228)**	(170,972)
Transaction costs related to loans and borrowings		**(1,173)**	-
Repayment of lease liabilities	14	**(157,083)**	(136,498)
Net cash flows from financing activities		**1,421,236**	2,910,641
Net increase/(decrease) in cash and cash equivalents		**(1,374,329)**	1,561,482
Cash and cash equivalents at beginning of year		**2,053,000**	513,277
Effect of exchange rate changes on cash and cash equivalents		**(16,221)**	(21,759)
Cash and cash equivalents at end of year	19(a)	**662,450**	**2,053,000**

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 2025 were authorised for issue in accordance with a resolution of the directors on 28 August 2025. 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) Impact of standards issued but not yet applied by the Company
On 14 June 2024, the AASB released AASB 18 Presentation and Disclosure in Financial Statements. AASB 18 replaces AASB 101 as the standard describing the primary financial statements and sets out requirements for the presentation and disclosure of information in AASB-compliant financial statements. Amongst other changes, it introduces the concept of the “management-defined performance measure” to financial statements and requires the classification of transactions presented within the statement of profit or loss within one of five categories – operating, investing, financing, income taxes, and discontinued operations. It also provides enhanced requirements for the aggregation and disaggregation of information. AASB 18 applies to annual reporting periods beginning on or after 1 January 2027. Management is currently assessing the impact of AASB 18 on presentation and disclosures in the Group’s Financial Statements.

Several other new standards are effective for annual periods beginning on or after 1 July 2025 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these consolidated financial statements. While these new or amended standards remain subject to ongoing assessment, no significant impacts to future reporting periods have been identified to date.

(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) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) Embedded derivative
The Company had a liability with embedded derivatives in connection with its convertible debt during FY24. An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way like a stand-alone derivative. The embedded derivative is separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. The embedded derivative is measured at fair value with changes in value being recorded in profit or loss.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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.

(v) 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 18.

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.

(w) 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 $3,926,289 (2024: $2,760,710). The Group incurred negative cash flows from operations and investing activities of $2,795,565 for the year ended 30 June 2025 (2024: ($1,349,159)). The Group has reported negative net assets of $402,078 (2024: net assets of $3,302,222).

The Group has current assets of $2,180,732 (2024: $3,576,068) and current liabilities of $1,396,888 (2024: $1,481,513).

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 Groups cash flow forecast from 1 July 2025 to 31 August 2026 is $1.1 million, of which $0.3 million has already been raised through shareholder loans subsequent to the reporting date;
- the Group is able to extend its line of credit facility which is due to auto renew on 28 February 2026;
- the Group is able to extend shareholder loans falling due on 1 September 2026 or renegotiate with conversion terms; 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

	2025	2024
Sale of goods - point in time	**3,921,730**	5,892,824
Interest earned	**40,742**	26,565
Other income	**-**	50

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

4. ADMINISTRATIVE EXPENSES

	2025	2024
Employee benefits expense	**2,161,054**	2,243,930
Post-employment benefits - defined contribution	**74,157**	80,302
Professional fees	**468,382**	418,656
Other administrative expenses	**151,775**	141,169
Occupancy	**84,092**	95,902
Depreciation	**282,749**	324,502
Insurance expenses	**223,446**	241,434
Total	**3,445,655**	3,545,895

5. RESEARCH AND DEVELOPMENT COSTS

	2025	2024
Research and development costs	**459,330**	493,757
Amortisation	**269,381**	483,080
Total	**728,711**	976,837

6. AUDITOR'S REMUNERATION

	2025	2024
Amount received or due and receivable by Grant Thornton Audit Pty Ltd for:		
Audit or review of the financial report of the Company	**118,315**	113,978
Total auditor's remuneration	**118,315**	113,978

7. TAXATION

	2025	2024
(a) Income tax recognised in profit and loss		
Profit /(loss) before tax	**(3,926,289)**	(2,760,710)
Prima facie tax on operating loss before income tax at 30.0%	**(1,177,886)**	(828,213)
Temporary differences not recognised	**187,967**	293,928
Tax effect of permanent differences:		
Other	**(10,882)**	(368,127)
Interest	**-**	277,507
Fair value movement	**-**	(50,658)
Differences in jurisdictional tax rates	**279,598**	226,960
Difference in foreign exchange rates	**(5,969)**	4,239
Tax losses not brought to account	**727,172**	444,364
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**	21,993
Expenses deducted over 5 years	**1,806**	3,771
Income tax losses	**494,712**	364,941
Total	**519,176**	390,705
(c) Deferred tax liability		
Unrealised FX	**519,176**	390,705
Total	**519,176**	390,705
(d) Net deferred tax position		
Deferred tax assets	**519,176**	390,705
Deferred tax liabilities	**519,176**	390,705
Net deferred tax position	**-**	-
(e) Deferred tax assets not recognised		
Basis difference on intangible assets	**263,688**	75,530
Accrued and prepaid expenses	**19,917**	44,210
Other	**101,647**	91,656
Fixed assets	**63,150**	54,439
Income tax losses	**13,686,157**	13,131,563
Net deferred tax position	**14,134,559**	13,397,398

(f) Net deferred tax position by region	2025			2024		
	AUS	US	Total	AUS	US	Total
Deferred tax assets	519,176	-	519,176	390,705	-	390,705
Deferred tax liabilities	519,176	-	519,176	390,705	-	390,705
Net deferred tax position	-	-	-	-	-	-
Income tax losses not recognised	14,006,524	66,464,901	80,471,425	13,327,683	63,516,526	76,844,209

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 $80,471,425 (2024: $76,844,209) 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.

	2025	2024
Weighted average number of ordinary shares	1,576,058,257	790,456,982
Basic loss ($)	(3,926,289)	(2,760,710)
Basic / Diluted loss per share (cents)	(0.25)	(0.35)

9. TRADE AND OTHER RECEIVABLES

	2025	2024
Trade receivables	347,525	874,460
Other receivables	63,589	20,743
Total	411,114	895,203

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

	2025	2024
Raw materials - at cost	586,971	284,504
Finished goods - at cost	735,561	442,365
Provision for obsolescence	(270,707)	(166,817)
Total	1,051,825	560,052

During the current year, inventories of $2,231,759 (2024: $3,254,086) were recognised as an expense and included in Cost of Sales. The inventory is secured as collateral in the Alterna Capital Solutions line of credit (see Note 15 - Borrowings).

11. PROPERTY, PLANT AND EQUIPMENT

Cost	Furniture and equipment	Right-of-use building	Total
Balance at 30 June 2023	2,613,497	902,952	3,516,449
Additions	1,000	-	1,000
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**
Depreciation and impairment			
Balance at 30 June 2023	1,882,967	437,795	2,320,762
Depreciation	215,053	109,449	324,502
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**
Net book value			
at 30 June 2024	516,477	355,708	872,185
at 30 June 2025	**356,826**	**246,260**	**603,086**

12. INTANGIBLE ASSETS

Cost	Capitalised development costs
Balance at 30 June 2023	4,297,207
Additions	165,674
Balance at 30 June 2024	4,462,881
Additions	**208,985**
Balance at 30 June 2025	**4,671,866**
Amortisation and impairment	
Balance at 30 June 2023	2,601,842
Amortisation	483,080
Impairment	615,356
Balance at 30 June 2024	3,700,278
Amortisation	**269,381**
Impairment	**625,870**
Balance at 30 June 2025	**4,595,529**
Net book value	
at 30 June 2024	762,603
at 30 June 2025	**76,337**

Impairment testing for intangible assets

Assets not ready for use

The Group has capitalised development costs of $173,558 (2024: nil) in relation to certain intangible assets not yet ready for use. In accordance with AASB 136 Impairment of Assets, intangible assets not yet available for use are required to be tested for impairment annually, or more frequently if indicators of impairment exist.

Indicators of Impairment

During the year, the Group incurred continued operating losses and has not secured signed customer contracts to support future revenue streams. While management continues to pursue commercialisation opportunities, the absence of binding agreements or other objective evidence of cash inflows was considered an indicator of impairment under AASB 136.

Recoverable Amount Assessment
Management considered both the fair value less costs of disposal (FVLCD) and the value in use (VIU) of the intangible asset:

- There is no active market for the asset that could provide a reliable measure of FVLCD.
- Forecast cash flows for VIU could not be supported on a reasonable and reliable basis given the current stage of development and the lack of contracted revenue.

Accordingly, the recoverable amount of the intangible asset was assessed as nil.

Impairment Recognised
As the carrying amount of the intangible asset of $173,558 exceeded its recoverable amount, a full impairment loss of $173,558 has been recognised in profit or loss for the year ended 30 June 2025.

Future Prospects
Management continues to explore commercialisation opportunities and will revisit the carrying value of the project when objective evidence of value (such as signed contracts or observable market transactions) emerge in future reporting periods.

Whilst management strongly believes in the economic and commercial viability of these assets based on recent product testing and commercialisation activities, an impairment charge of $173,558 was recognised for compliance with the accounting standards.

<u>Assets ready for use</u>
For assets ready for use and being amortised, the Group conducted its annual impairment review in accordance with AASB 136 – Impairment of Assets. Although the Group continues to achieve strong gross margins from the sale of products and services linked to these intangible assets, the following factors triggered an impairment assessment:

- Significant year-on-year decline in sales revenue over the past three financial years;
- Increasing net losses, despite stable or improving product margins;
- A soft market environment and a long commercialisation cycle, which have delayed expected revenue growth and cash inflows.

As such, for these impacted assets, a recoverable amount assessment was carried out based on a Relief from Royalty Method (RRM) model. The following are the key assumptions used in the expected RRM model:

- A post tax discount rate of 25%
- Revenue from commercialisation increases in the 2026 financial year with continued increases over the lesser of the remaining useful life of the asset or the five-year forecast period at growth rates between 20% and 100%
- Probability weighted scenarios between 10% to 75% with respect to the success of commercialisation efforts
- A royalty relief rate of 5%
- Taxable rate of 30%

Based on the above, impairment was identified as the recoverable amount exceeded the carrying amount.

Management believes these assets are commercially viable and as such economic benefits may be realised in the future. The Group will continue pursuing opportunities to commercialise these assets. However, given that the recoverable amount as at the balance date has been determined to be lower than the carrying amount and the remaining carrying amount would be negligible, an impairment to adjust recoverable amount to zero has been recorded for these assets. The impairment loss of $452,312 (2024: $615,356) has been recognised in the statement of profit or loss and other comprehensive income in the current period.

Together with the impairment on Assets not Ready for Use, the total impairment adjustment was $625,870 in the current period (2024: $615,356).

13. TRADE AND OTHER PAYABLES

	2025	2024
Trade payables	**410,288**	516,307
Other payables	**312,181**	413,818
Interest payable	**10,920**	25,654
Total	**733,389**	955,779

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

14. LEASE LIABILITIES

	2025	2024
Lease payments during the period:		
Principal payments	**157,083**	136,498
Interest	**51,274**	65,345
Total	**208,357**	201,843
Minimum future rental payments under non-cancellable leases:		
Current	**215,363**	208,358

Non-current	**280,766**	496,129
Total	**496,129**	704,487
Present value of future minimum rental payments under leases:		
Lease liability - current	**180,293**	157,083
Present value of lease liability - non-current	**263,399**	443,692
Total	**443,692**	600,775

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 2.25 years. Where a right to control an asset specified in a lease agreement exists, the Company recognises a right-of-use asset, representing its right to use the underlying leased asset, and a lease liability representing its obligation to make lease payments. Lease liabilities are recognised similarly to financial liabilities with cash repayments recorded into a principal portion and an interest portion and they are presented as such in the statement of cash flows. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-variable lease payments expected to be incurred for the term of the lease. The term of the lease is determined by reference to non-cancellable periods and those periods subject to exercise of an option, where that option is considered reasonably certain to be exercised.

15. BORROWINGS

	2025	2024
Current borrowings:		
Line of credit	**483,206**	368,651
Total	**483,206**	368,651
Non-current borrowings:		
Shareholder loan	**1,539,250**	-
Accrued interest	**79,266**	-
Total	**1,618,516**	-

(a) Shareholder Loan

On 23 December 2024, the Company entered into an unsecured loan with its two largest shareholders, Colinton Capital Partners Pty LTD (“CCP”) and Wentworth Williamson Management Pty Limited (“WW”) to provide working capital funding. The facility carries a face value of $982,500 (A$1,500,000 in total with A$1,250,000 funded by CCP and A$250,000 funded by WW). The loan carries an interest rate of 15%. On 30 June 2025, the Company signed an amendment to the loan extending its maturity to 1 September 2026.

On 30 June 2025, the Company entered into a second unsecured loan with CCP and WW. The facility carries a face value of $687,750 (A$1,050,000 in total with A$850,000 funded by CCP and A$200,000 funded by WW). The loan carries an interest rate of 15% and matures on 1 September 2026. As of 30 June 2025, the Company had drawn $556,750 of this loan, leaving future availability of $131,000 as at the reporting date.

(b) *Extinguishment of debt in the prior reporting period*

In the prior year, the Company had an outstanding convertible note with an existing shareholder (CCP) with a face value of $4.8M (A$7.0 M). On 8 May 2024, as part of the capital raise and refinancing transaction (refer to Note 20), the Company issued 549,306,692 shares in full settlement of the convertible note and the accrued interest thereon. The total accrued interest on the convertible note through 7 May 2024 was $0.8 million (A$1,239,600).

The convertible note was considered a hybrid instrument with host and derivative liability components. When initially recorded, the derivative liability was measured at fair value and separated from the host liability. Prior to the conversion of the convertible note into shares, the derivative liability was adjusted to its fair market value on 7 May 2024, resulting in a YTD gain in the prior year from changes in fair valuation of $179,065 (also refer to Note 16).

With the conversion into shares, the convertible note (along with the derivative liability component) was extinguished and derecognised from the financial statements resulting in a gain on debt extinguishment of $1,154,786 through profit or loss.

	2025	2024
Gain on debt extinguishment	-	1,154,786

(c) Line of Credit

The Company entered into a line of credit (“LOC”) agreement on 05 Apr 2022 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 which can be increased to $5.0 million with lender approval. The borrowing base of the line of credit consists of 90% of eligible accounts receivable plus a calculated portion of inventory which, among other factors, will not exceed 50% of eligible inventory cost.

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 2025 was 10.5%.

Costs incurred to obtain financing are deferred and amortised on a straight-line basis over the term of the financing facility. The unamortised deferred financing costs are shown as a reduction of the carrying value of the related debt. The amortisation expense was $14,442 (2024: $19,256) and is included in interest expense.

	2025	2024
Line of credit liability	**483,206**	383,093
Unamortised deferred financing costs	-	(14,442)
Net carrying value of line of credit	**483,206**	**368,651**

Prior to year-end, Alexium was informed that Alterna, following its acquisition by Paychex, Inc, had revised its lending strategy and would no longer provide funding secured by inventory. While the maximum facility limit remains unchanged, this revision has reduced the Company's practical access to funding under the LOC as the borrowing base is now solely dependent on accounts receivable, which are currently below the threshold required to access the full facility. This change took effect subsequent to year-end on 7 July 2025 at which time Alexium paid off the balance on the inventory facility ($181,133).

16. GAIN ON EMBEDDED DERIVATIVE IN THE PREVIOUS REPORTING PERIOD

The convertible note (see Note 15) was considered a hybrid instrument with host and derivative liability components. When initially recorded, the derivative is measured at fair value and separated from the host liability. Subsequently, changes in value are recorded in profit or loss upon revaluation.

Prior to the conversion of the convertible note into shares, the derivative liability was adjusted to its fair market value on 7 May 2024, resulting in a YTD gain in the prior year from changes in fair valuation of $179,065.

	2025	2024
Gain on embedded derivative due to changes in fair valuation	-	179,065

On conversion of the previously issued convertible note into shares as part of the Capital Raise and Refinancing Transaction (see Note 20), the derivative liability component was also extinguished and included in the recognition of the total gain on debt extinguishment.

17. CONTRIBUTED EQUITY

	2025 Shares	2024 Shares	2025 $	2024 $
(a) Issued capital				
Ordinary shares fully paid	**1,586,428,671**	1,562,058,469	**73,775,898**	73,594,023
(b) Movement in share capital[(1)]				
Balance at 01 July	**1,562,058,469**	651,389,760	**73,594,023**	66,610,771
Costs of capital raising	-	-	-	(174,213)
Issued capital from capital raise	-	347,356,400	-	2,997,028
Issued capital on debt conversion	-	549,306,692	-	4,010,323
Shares issued in lieu of directors' fees	**24,370,202**	14,005,617	**181,875**	150,114
Balance at 30 June	**1,586,428,671**	1,562,058,469	**73,775,898**	73,594,023

(1) See Note 20 for the detail of share capital movements between related party and third-party transactions

(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
FY 25-Tranche 1	**21-Nov-24**	**30-Sep-27**	**0.010**	**0.044**	**0.002**	**-**	**52,992,302**	**(1,076,923)**	**-**	**51,915,379**
FY 25-Tranche 2	**21-Nov-24**	**30-Sep-27**	**0.010**	**0.070**	**0.002**	**-**	**22,675,476**	**(460,817)**	**-**	**22,214,659**
FY24	15-Nov-23	30-Sep-26	0.015	0.105	0.002	18,656,294		(467,444)	-	18,188,850
FY23	23-Sep-22	23-Sep-25	0.020	0.171	0.005	3,509,195	-	(292,153)	-	3,217,042
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
FY22	23-Sep-21	23-Sep-24	0.076	0.148	0.038	8,901,455	-	-	(8,901,455)	-
Total						**60,416,295**	**75,667,778**	**(2,297,337)**	**(8,901,455)**	**124,885,281**

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)**
FY 25 -Tranche 1	21-Nov-24	0.0096	0.0019	55.00%	4.05%	0.00%	2.84
FY 25 -Tranche 2	21-Nov-24	0.0096	0.0017	55.00%	4.05%	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.

18. SHARE-BASED PAYMENTS
The following is the summary of movements in share-based payments along with the amounts expensed during the year:

	2025		2024	
	Number	**$**	Number	$
Shares in lieu of director's fees	**24,370,202**	**66,875**	14,005,617	70,364
Shares in lieu of director's fees to be issued	**26,173,905**	**143,125**	14,452,947	115,000
Total	**50,544,107**	**210,000**	28,458,564	185,364

In addition to the information presented above, share appreciation rights expensed during the year were $88,144 (2024: $40,304). See Note 17(c) for plan details.

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	2025	2024
Cash on hand	**662,450**	2,053,000

(b) Reconciliation of operating loss after income tax to net cash used in operating activities

	2025	2024
Operating loss after income tax	**(3,926,289)**	(2,760,710)
Non-cash items:		
Depreciation, amortisation and impairment of non-current assets	**1,178,000**	1,422,939
Share-based payments	**298,144**	225,668
Amortisation on borrowings	**-**	286,326
(Gain) on fair value movement- embedded derivative	**-**	(179,065)
Loss on debt extinguishment	**-**	(1,154,787)
Interest expense accrued not paid	**64,532**	17,273
Interest expense settled via note conversion	**-**	532,482
Changes in assets and liabilities net of effect of purchase of subsidiaries:		
(Increase) / Decrease in trade and other receivables	**484,089**	151,747
(Increase) / Decrease in inventories on hand	**(491,773)**	264,929
(Increase) / Decrease in other current assets	**12,470**	19,386
Increase / (Decrease) in trade and other payables	**(219,864)**	(39,708)
Increase / (Decrease) in other current liabilities	**23,211**	20,585
Net cash (used in) operating activities	**(2,577,480)**	(1,192,935)

20. CAPITAL RAISE TRANSACTION

In the previous fiscal year, the Company strengthened its cash position by undertaking a capital raise and refinancing transaction (“Transaction”) via a fully underwritten entitlement offer and placement. The Transaction was completed in May 2024, raising an additional $3.0 million in funds. Related to the Transaction, Colinton Capital Partners (“CCP”) provided a bridging loan of US$1.3 million (A$2.0 million) to the Company to allow it to continue to pursue a number of significant near-term opportunities while the Company sought the necessary shareholder approvals for the Transaction. Once shareholder approval was obtained and the Rights Offer completed, the bridging loan principal was applied to meet CCP’s commitments with respect to the equity raise.

Furthermore, the Company’s existing convertible note with CCP with a face value of $4.8 million (A$7.0 million) along with the accrued interest thereon was converted to shares as part of the Transaction.

See below for a summary of the Transaction amounts in both shares and values.

		Shares			Value (USD)				
	Issue Date	Third Party	Related Party	Total	Third Party	Related Party	Total	Non-Cash Trans	Net Cash (Before Exp)
Placement	6-May	-	27,350,000	27,350,000	-	235,979	235,979	-	235,979
Rights Offering	6-May	31,224,667	171,144	31,395,811	269,410	1,477	270,887	-	270,887
Shortfall Shares	6-May	3,379,820	-	3,379,820	29,162	-	29,162	-	29,162
Underwriting Shares	6-May	100,430,205	133,906,940	234,337,145	866,522	1,155,362	2,021,884	-	2,021,884
Underwriting Placement	7-May	14,954,410	19,939,214	34,893,624	129,028	172,038	301,066	-	301,066
Placement	7-May	16,000,000	-	16,000,000	138,050	-	138,050	-	138,050
Note Conversion	8-May	-	549,306,692	549,306,692	-	4,010,323	4,010,323	4,010,323	-
Total		165,989,102	730,673,990	896,663,092	1,432,172	5,575,179	7,007,351	4,010,323	2,997,028

Included in Third-party transactions above are shares issued to Wentworth Williamson as part of the underwriting (100,430,205) and underwriting placement (14,954,410). At the time of the Transaction, Wentworth Williamson was not considered a related party. In FY25, James Williamson, founder and Chief Investment Officer for Wentworth Williamson, was appointed as a non-executive director of the Company and is now considered to be a related party. He has an interest in and voting control of all of the shares owned by Wentworth Williamson.

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:

	2025	2024
Short-term employee benefits:		
Salary and fees	**876,984**	857,500
Non-monetary benefits	**29,823**	109,469
Total short-term benefits	**906,807**	966,969
Post-employment benefits - defined contribution retirement plans	**17,284**	25,831
Share-based compensation	**281,400**	299,611
Termination benefits	**-**	71,009
Total remuneration	**1,205,491**	1,363,420

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:

	2025	2024
Interest expense on shareholder loan	**76,768**	-
Interest expense on convertible note	**-**	608,976

Both of the above amounts are reported in Interest Expense in 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.

	2025	2024
Shareholder loan	**1,539,250**	-
Accrued interest on shareholder loan	**79,266**	-

See Note 15 for additional information.

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:

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**

2024	Australia	US	Total
Revenue	-	5,892,824	5,892,824
Interest earned	20,909	5,656	26,565
Other income	-	50	50
Depreciation, amortisation and impairment expenses	-	1,422,939	1,422,939
Interest expense	923,405	135,591	1,058,996
Property, plant and equipment	-	516,477	516,477
Right of use asset	-	355,708	355,708
Intangible assets	-	762,603	762,603

23. INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (ordinary shares) 2025	2024
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 $47,017,482 (2024: $44,399,338). 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		
	%	$	$	$	$	$	$
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**	**-**	**-**	**1,578,450**	**-**	**-**	**1,578,450**
Lease liabilities	**9.66**	**-**	**180,293**	**263,399**	**-**	**-**	**443,692**
Total Financial Liabilities		**483,206**	**180,293**	**1,841,849**	**-**	**733,389**	**3,238,737**
2024							
Financial Assets							
Cash and cash equivalents	3.20	2,053,000	-	-	-	-	2,053,000
Trade and other receivables/other financial assets	-	-	-	-	-	895,203	895,203
Total Financial Assets		2,053,000	-	-	-	895,203	2,948,203
Financial Liabilities							
Trade and other payables	-	-	-	-	-	955,779	955,779
Line of Credit	13.37	-	368,651	-	-	-	368,651
Lease liabilities	9.66	-	157,083	443,692	-	-	600,775
Total Financial Liabilities		-	525,734	443,692	-	955,779	1,925,206

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 increased by $1,792 (2024: $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 (2024: 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
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**	**-**
2024			
Trade and other payables	955,779	-	-
Lease liabilities	208,358	496,129	-
Borrowings	368,651	-	-
Statement of financial position exposure	1,532,788	496,129	-

(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.

	2025	2024
Current assets	**161,020**	1,755,957
Non-current assets	**2,002,614**	(4,917,481)
Total Assets	**2,163,634**	(3,161,524)
Current liabilities	**143,040**	140,699
Long term liabilities	**1,618,516**	-
Total liabilities	**1,761,556**	140,699
Total equity	**402,078**	(3,302,222)
Income (Loss) for the year	**3,943,651**	(6,752,648)

26. INTEREST EXPENSE

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

	2025	2024
Interest expense for borrowings at amortised cost:		
Convertible note coupon interest	**-**	608,976
Convertible note effective interest amortisation	**-**	314,429
Subtotal	**-**	**923,405**
Shareholder loan interest	**76,768**	-
Interest Expense-Line of Credit	**43,723**	63,647
Interest Expense-Capital Lease	**54,683**	67,806
Interest Expense Other	**7,232**	4,138
Total Interest Expense	**182,406**	1,058,996

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 2025, Alexium paid off the balance of the inventory facility portion of the LOC with Alterna ($181,133) due to Alterna's decision to eliminate inventory-backed financing arrangements. Refer to Note 15 for further details.

On 1 August 2025, Dr Brookins resigned from his position as Executive Director of the Company and its subsidiary, effective on that date. Dr Brookins also provided notice of his resignation as Chief Technology Officer (CTO) from the Company, effective 27 October 2025. Following the conclusion of his employment, Dr Brookins will provide consulting services to the Company to support the transition of his responsibilities. The consulting arrangement is expected to continue through 30 April 2026 unless terminated earlier by either party and may continue on a month-to-month basis up to 12 months following the end of his employment.

On 8 August 2025, the Company entered into a third unsecured loan with CCP in the amount of $195,000 (A$300,000). The loan carries an interest rate of 15% and matures on 1 September 2026.

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 2025 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 2025, 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

Simon Moore
Interim Chair
Dated: 28 August 2025

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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 2025, 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 2025 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.

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Material uncertainty related to going concern

We draw attention to Note 2(w) in the financial statements, which indicates that the Group incurred a net loss of US$3,926,289 during the year ended 30 June 2025, incurred negative cash flows from operations and investing activities of US$2,795,565 and as of that date, the Group's total liabilities exceeded its total assets by US$402,078. As stated in Note 2(w), these events or conditions, along with other matters as set forth in Note 2(w), 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
Intangible asset (note 12)	
During the year, the Group capitalised development costs in relation to its ongoing projects. As at 30 June 2025, these have a net book value of US$76,337 after recognising an impairment expense of US$625,870 for the year then ended. In accordance with AASB 136 *Impairment of Assets*, the Group must determine if impairment indicators exist and where indicators of impairment do exist, test intangible assets for impairment by determining the recoverable amount of assets. As a result of the identification of impairment indicators, management prepared impairment models to estimate the recoverable amounts of these assets. This area is a key audit matter due to the significant management judgement involved in assessing whether impairment indicators exist and then determining the recoverable amounts of intangible assets.	Our procedures included, amongst others: • conducting a detailed review of management's assessment of external and internal impairment indicators in accordance with AASB 136, including corroborating and challenging management's assumptions where appropriate; • obtaining the impairment models used to determine the recoverable amounts of assets being tested for impairment; • checking arithmetic accuracy of impairment model; • evaluating the impairment models against the requirements of AASB 136; • obtaining evidence to support the key assumptions used by management in the models to verify accuracy and challenging those key assumptions; • performing sensitivity analysis on the key assumptions used in the impairment models; • reconciling the calculated impairment expense to amounts recognised in profit or loss; and • assessing the adequacy of the disclosures in the financial report.

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 2025, 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

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 2025.

In our opinion, the Remuneration Report of Alexium International Group Limited, for the year ended 30 June 2025 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 2025

The shareholder information set out below was applicable as of 13 August 2025.

Quoted equity securities
1,586,428,671 fully paid ordinary shares are held by 3,505 shareholders.

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

Holding Range Units			Holders	Total Units	% Issued Share Capital
1	-	1,000	425	166,465	0.01%
1,001	-	5,000	672	1,913,421	0.12%
5,001	-	10,000	515	4,124,833	0.26%
10,001	-	100,000	1,370	50,762,520	3.20%
100,001	-	999,999,999	523	1,529,461,432	96.41%
			3,505	1,586,428,671	100.00%

Unmarketable parcels

Holding Range Units	Holders	Total Units	% Issued Share Capital
Minimum parcel A$500 at $0.008 per unit	2,709	36,161,937	2.28%

Substantial holders

Rank	Name	Total Units	% Issued Share Capital
1	COLINTON CAPITAL PARTNERS PTY LTD <COLINTON CP FUND 1 (A) A/C>	628,458,023	39.61%
2	COLINTON CAPITAL PARTNERS PTY LTD	175,468,680	11.06%
3	SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	170,573,358	10.75%
4	DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS <SL & FJ PHILLIPS PENS F A/C>	98,673,146	6.22%

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>	628,458,023	39.61%
2	COLINTON CAPITAL PARTNERS PTY LTD	175,468,680	11.06%
3	SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	170,573,358	10.75%
4	DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS <SL & FJ PHILLIPS PENS F A/C>	98,673,146	6.22%
5	N & G TD PROPRIETARY LIMITED <N & G TD SUPER FUND A/C>	36,000,000	2.27%
6	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	22,962,612	1.45%
7	DR PAUL STENSON	17,996,964	1.13%
8	DR ELYSE JANE PHILLIPS	13,332,692	0.84%
9	WILLIAM T BLACKBURN JR	12,000,000	0.76%
10	ROSHEEN GARNON	11,483,822	0.72%
11	MR MICHAEL JOSEPH DUHAMEL & MS KATHLEEN MARY BEAMAN <DUHAMEL & BEAMAN S/F A/C>	10,000,000	0.63%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	10,000,000	0.63%
12	DUCKY'S LIFELINE PTY LTD <THE R EDWARDS SUPER A/C>	8,826,670	0.56%
13	MR CHEE MING YOUNG	8,472,057	0.53%
14	MR MARK SHANE AITKEN	8,000,000	0.50%
15	MR IAN MORTON & MRS DEBORAH MORTON <DEBIAN SUPER FUND A/C>	7,520,359	0.47%
16	BNP PARIBAS NOMS PTY LTD	7,310,378	0.46%
17	MR ROBERT NEAL BROOKINS	6,762,662	0.43%
18	CITICORP NOMINEES PTY LIMITED	6,538,474	0.41%
19	MABETH PTY LTD	6,400,000	0.40%
20	MR MARTIN KEITH THOMAS & MRS HELEN PATRICIA THOMAS	5,431,500	0.34%