ALEXIUM INTERNATIONAL GROUP LIMITED

1H26 Results Presentation

26th February 2026

ABN 91 064 820 408

PRESENTED IN US DOLLARS

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1H26 Results Summary

Consolidated Statement of Profit or Loss

US$	31-Dec-25	31-Dec-24
Revenue	**1,791,934**	**2,290,345**
Cost of sales	(1,060,238)	(1,325,068)
Gross Profit	**731,696**	**965,277**
Administrative expenses	(1,984,310)	(1,765,177)
Sales and marketing expenses	(212,958)	(241,110)
Research and development costs	(306,204)	(376,811)
Impairment of Intangibles	-	(129,857)
Other expenses	(109,582)	(87,585)
Operating expenses	**(2,613,054)**	**(2,600,540)**
Loss before finance costs	**(1,881,358)**	**(1,635,263)**
Interest expense	(216,809)	(44,388)
Interest earned	4,238	24,526
Total finance costs	**(212,571)**	**(19,862)**
Loss before tax	**(2,093,929)**	**(1,655,125)**
Loss from continuing operations	**(2,093,929)**	**(1,655,125)**
Other comprehensive income - Exchange differences on translation of foreign operations which may subsequently be reclassified to profit or loss	(76,179)	(37,607)
Total comprehensive loss for the period	(2,170,108)	(1,692,732)
Loss for the year attributable to members of the group	(2,093,929)	(1,655,125)
Total comprehensive loss for the year attributable to members of the group	(2,170,108)	(1,692,732)
Basic and diluted loss per share (cents)	(0.13)	(0.11)

Financial Review

- In the first half of FY2026, the company has faced difficult market conditions as demand has suffered from economic factors such as interest rates, unemployment and inflation affecting consumer spending
- However, there has been a significant upswing in customer demand in 2026, and industry analysts are expecting 2026 to signal the start of recovery.
- Revenues were down 21.8% versus the comparative period due to continued softness in US retail market conditions negatively impacting bedding market sales as consumer confidence is weakened amid ongoing inflationary concerns. Gross margin decreased slightly from 42% to 41% over the same period.
- Operating expenses, excluding the impairment on intangibles, increased from the prior year by 5.8%. The loss before finance costs of $1.8M was an increase of $0.2M or 15% versus the comparative period primarily due to the decrease in revenue.
- Total net loss for the period was $2M which increased $0.4M from a $$1.7M net loss in the comparative period. This increase was primarily driven by a reduction in sales of $0.5M. The interest expense increased $0.2M due to additional shareholder loans obtained during the period.

Microtek Acquisition – Transaction Summary

- Successful completion of the acquisition of the Microencapsulation Phase Change Materials business and associated intellectual property of Microtek Holdings, Inc. on 28 January 2026 and the related Entitlement Offer

- What the acquisition added:
  - Microtek's intellectual property
  - Long-term lease at Dayton manufacturing facility
  - Customer relationships
  - Key employees
  - Inventory

- The combined business now has 16 patents, with several pending. The acquisition also resulted in the Company controlling significantly improved microencapsulation, manufacturing, and formulating technologies

Microtek Acquisition – Transaction Rationale

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The acquisition brings together two of the industry's most established innovators in microencapsulation and phase change materials. Integrating Microtek's state-of-the-art manufacturing plant and decades of micro encapsulation expertise into Alexium's formulated products and vertically integrated U.S. operations enhances domestic production capability, strengthens supply-chain resiliency, and expands the combined technology portfolio.

	ALEXIUM	microtek laboratories, inc. PCM Business	Combined
Manufacturing	◐	●	●
Sales	◕	◔	●
IP	◐	◐	●
Financial	◐	◔	◕

Microtek Acquisition – Integration Update

- **Customers**
  - At one-month post-acquisition, customer retention remains high
  - The Company has held introductory meetings with all current customers of Microtek – the response to the news has been extremely positive
  - The Company is now collaboratively working with the expanded customer base to improve manufacturing efficiency and quality, which will result in improved terms and forecasts
- **Operations**
  - The Company has identified several process improvements to be implemented by the end of FY26
  - These include techniques that sharply improve efficiency and lessen operating costs, approaches that utilize Alexium's legacy contract manufacturing processes and larger capacities to achieve immediate increases in scale
  - Additionally, these techniques implement immediate quality control measures that will reduce rework and quality issues
- **Facilities / Systems**
  - After a detailed review, the Company is moving to a new ERP system – an upgraded version of Microtek's legacy ERP system
  - The Microtek system had a well-established manufacturing resource planning (MRP) module, and the accounting and CRM systems were more modern and capable
  - This new system and Alexium' s existing system will run in parallel until the close of FY26
  - The plant control systems were adequate and will be maintained going forward. The facilities were all in good working order and Alexium will be making minor upgrades to small equipment in the coming weeks. The overall facility is going through a full safety and compliance audit to establish a baseline for the larger volume business ahead

Operations Plan – Overview

Strategic Intent

- Alexium will transition from a primarily outsourced production model to a manufacturing-centered business model designed to improve margins, control, scalability, and long-term competitiveness. The strategy prioritizes disciplined asset utilization, phased capacity expansion, and selective use of contract manufacturing partners to balance risk, capital efficiency, and operational focus.

3-Phase Plan

Operations Plan – 3-Phase Plan

1 Maximize Efficiency of Existing Assets (Dayton)

The first priority is to achieve **maximum operational efficiency** from the existing manufacturing assets at the Dayton facility in their current configuration. This phase focuses on:

- Process stabilization and standardization
- Yield, throughput, and uptime optimization
- Workforce training and operational discipline
- Elimination of bottlenecks and non-value-added activities

No major capital investments will be made during this phase; the objective is to fully realize the inherent capability of the assets already in place.

2 Capacity Expansion via Labor Utilization

Once baseline efficiency is achieved, Alexium will increase capacity through **incremental manpower additions**, rather than capital expenditures. Capacity will be scaled in a controlled manner by:

- Transitioning from current operations to a **24 x 5 operating model**
- Subsequently expanding to a **24 x 7 operating model**, as demand warrants

This approach enables higher asset utilization, improved fixed-cost absorption, and faster response to customer demand while deferring capital spend.

3 Capacity Expansion via Capital Expenditures

Only after labor-based utilization rates are maximized will Alexium pursue **capacity growth through capital equipment additions**. CAPEX decisions will be driven by:

- Sustained demand that exceeds labor-expanded capacity
- Clear economic justification and return on investment
- Strategic alignment with core production capabilities

This sequencing ensures capital is deployed efficiently and only when operational leverage from existing assets has been fully captured.

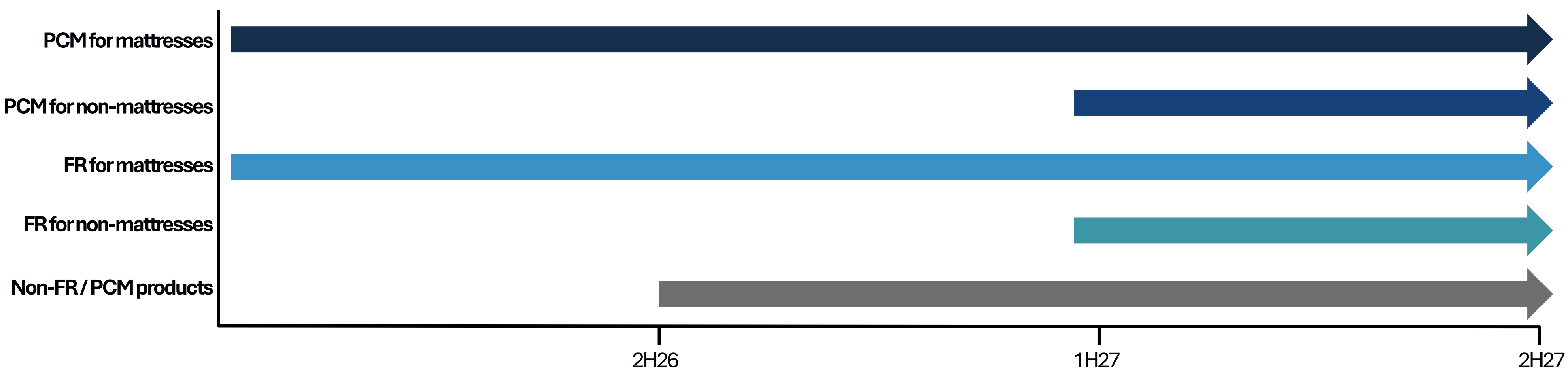
Operations Plan – In Practice

- **Dayton Facility**
  - Our goal of manufacturing 80% of Alexium's mPCM, mPCM formulating, and FR formulating running in-house in Dayton by the end of calendar year 2026 is on track
  - On-site visits which included making pilot-scale batches of mPCM throughout February has confirmed the facility can operate at the required level to support the merged business
- **Co-manufacturing**
  - The management team has developed an initial plan for production across both the Dayton facility and existing contract manufacturing partner toll solutions
  - Contract manufacturing will continue to play a key role in the merged business even once the Dayton facility is fully ramped up
- **Cost Savings**
  - Expected and anticipated manufacturing input cost savings are being realized as per plan
  - Initial wins include savings on Microtek's wax costs

Outlook

- **Sales Guidance**
  - Customer retention and reaction to the transaction has been extremely positive, the increased engagement is expected to result in improved manufacturing efficiency, quality and improved terms
  - Strong outlook for sales growth with several short- and medium-term opportunities available post successful integration
  - **March-26 month revenue: $500k** (compared to c.$250k monthly revenue in the Dec-25 quarter)
  - **June-26 month revenue: $750k**
- **People**
  - The combined and integrated management team is largely settled, having effectively filled the key team roles with existing players from both businesses
  - As the Company continues to grow and scale, key roles will be added as needed

Key product group revenue realization timeline



Investor Webinar

- **Alexium will host an Investor Webinar**
  - Date: Wednesday, 4th March 2026
  - Time: 10:00am (Sydney / Canberra / Melbourne)
  - Link: https://us02web.zoom.us/webinar/register/WN_ZxEltSseQSqTOg9x2azF-w