ALEXIUM INTERNATIONAL GROUP LIMITED

4Q26 Results Presentation

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PRESENTED IN US DOLLARS

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CONTENTS

4Q26 Results Summary

Consolidated Statement of Profit & Loss

US$	Q4FY26	Q3FY26
Revenue	1,154,081	1,286,431
Cost of sales	(944,249)	(736,868)
Gross Profit	209,833	549,563
Other Income	0	(403)
Administrative expenses	(1,173,074)	(1,230,967)
Sales and marketing expenses	(128,613)	(125,591)
Research and development costs	(109,150)	(122,681)
Impairment of intangibles	-	-
Other expenses	(102,422)	(124,339)
Operating expenses	(1,513,259)	(1,603,578)
Loss before finance costs	(1,303,426)	(1,054,418)
Interest expense	(40,337)	4,329
Interest earned	2,329	5,163
Total finance costs	(38,008)	9,492
Loss before tax	(1,341,435)	(1,044,926)
Tax expense	-	-
Loss from continuing operations	(1,341,435)	(1,044,926)

Financial Review

- Revenue dropped in the last quarter due to $200K sales returns relating to a production issue in our Dayton OH facility. The problem has now been remediated and will not be ongoing.
- Relating to the sales returns above is the increased Cost of Sales, as the returned product was unsalable and written off.
- The impact of these returns is quite evident in the Gross Profit, which is less than half of the prior quarter. Management is confident that this issue has been fully addressed in FY26, and no impact will be felt in FY27.
- Interest expense appears to have increased significantly over last quarter. However, the Q3 figure reflects a one-time timing difference on the interest related to shareholder loans, which makes it seem unusually low by comparison.

Trading Update

During the quarter, Alexium identified and successfully resolved a production issue at the Dayton Facility, bolstered the management team with a COO appointment, and saw good momentum on the Sales & Technology front.

Operations

- During the quarter, the manufacturing side of the business failed to consolidate on its early progress with a production issue at the Dayton Facility disrupting production volumes, which in turn delayed the anticipated sales ramp up.
- Management has now addressed the manufacturing issue, the business is back to producing at pre-issue volume levels and importantly, customers are renewing their purchase commitments.

People

- To assist the management team to execute on its strategy, the Company appointed Randy Lane as its Chief Operating Officer in early July.
- Randy has been an active non-executive director for two years; having joined the Board five years after having retired from his former role as Chief Executive Officer of Microtek Laboratories.
- The Board is excited to have two executives of the quality of Billy Blackburn and Randy Lane leading the organisation and feel that this combination, along with Finance Vice-President Heather McClain and Technology Lead Nick Leitner, are the leadership team which will deliver for both customers and shareholders in the coming years.

Sales & Technology

- Several new mPCM coatings placements commenced in Q3, and the volumes associated with placements have continued to grow over the Quarter.
- These are the early stages of these programs and we expect that there will be meaningful volume increases associated with them across FY27.
- The technology and sales team continued to drive new opportunities across Q4 with a diversified mix of mPCM coatings, flame resistant coatings, dehumidification textile (DelCool), and heat transfer textile (Eclipsys) advanced to trial with prospective customers.

Commercial Update

In Q4, significant progress was made in three key commercial areas. Additionally, there were new customer requests for mPCM for non-bedding markets (furniture, building materials, and apparel), dehumidification for furniture, and flame-resistant coatings (AlexiShield) for transportation.

Nextek mPCM, AlexiCool®, and BioCool

The legacy Microtek and Alexium mPCM product and production were successfully merged in Q3 and marketed to customers as a single product line in Q4. This product optimisation delivered the path for cost efficiency, enhanced quality, and a diverse range of options for customer applications.

- Alexium is now building on its historical focus on textile applications with diversified production and sales to foam customers, capitalising on a larger addressable market.
- New international mPCM business continued to grow in Q4 and will ramp up throughout FY27.
- Engagement with the acquired Microtek customers in adjacent, non-bedding markets has highlighted a range of new potential application of the company's core encapsulation technology.
- New requests for mPCM in large new industrial segments have increased in Q4 with lab trials underway on novel applications at customer request.

AlexiShield - FR Technology

Consistent with Q3, geopolitical pressures (trade disputes and tariffs) continue to drive increased demand for US-produced FR materials in the bedding and furniture industries. At the same time, regulatory actions against certain substances historically used in FR materials have further increased customer interest in our existing product lines which are free from substances recently banned in major US markets.

- The FR market is a much larger space for the company, ultimately presenting greater sales growth potential than mPCM.
- Current FR market trends and regulatory developments are increasingly favourable for Alexium.
- Well-positioned to commercialise FR technologies with production to be integrated in the newly acquired Dayton, OH manufacturing facility with production trials commenced in July.
- New opportunities in furniture and transportation offer market diversification over the historical concentration in bedding.

AlexiFlam®

Increased emphasis on rebuilding the US military supply chain has created urgency to drive lingering projects involving low-cost, warm weather, flame-resistant textiles for military uniforms to a near-term timeline and conclusion.

- In Q4, the penultimate phase of testing for AlexiFlam treated fabric that were cut-and-sewn into uniforms for enlisted personnel field trials at a US Military base in 2026 continued and we now expect test results in Q2 FY27. Upon completion of successful limited user evaluations ("LUEs"), the Military will issue Requests for Proposals to preferred qualified parties, leading to adoption and material contracts.
- Technology development has allowed promising engagements with fabric providers to the technical workwear market, although the investment of time and resources in this area remained paused to allot our limited resources to our core focuses of the military uniform and bedding markets.

Operations Plan – Update Overview

Transition to a Manufacturing-Centred Operating Model: The Microtek Laboratories acquisition was completed in Q3, thus accelerating the Company's transition from a primarily outsourced production model to a manufacturing-centred business model.

This evolution should lead to improved margins, control, scalability, and long-term competitiveness; however, in Q4 FY26, the potential risks of this model for a rapidly growing nascent manufacturer were highlighted when manufacturing issues impacted the company's ability to meet customer orders on a timely basis. The manufacturing issues experienced in the quarter have been addressed and customer orders are now successfully being completed in full and on time.

Despite these setbacks, Alexium will continue to execute its manufacturing strategy to prioritize disciplined asset utilization, phased capacity expansion, and selective use of contract manufacturing partners to balance risk, capital efficiency, and operational focus.

Operations Plan – Q4 Updates (Phase 1)

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Phase 1: Maximize Efficiency of Existing Assets

The priority is to achieve maximum operational efficiency from the existing manufacturing assets at the Dayton facility in their current configuration.

Key Updates:

- **Process stabilization and standardization:** The Nextek and AlexiPCM mPCM processes were successfully merged in Q3. This product rationalisation created an optimized platform for drying mPCM, high-quality and superior performance mPCM for formulated coatings, improved quality, and lower costs.

- **Yield, throughput, and uptime optimization:** Major improvements on yield and throughput were proven at pilot-scale in Q3. The planned implementation in Q4 was set back by the manufacturing issues. Production uptime and quality became the major issue in Q4 and were ultimately addressed with an entire production process reset to address historical lapses in preventative maintenance programs. The production performance since these initiatives were undertaken has reaffirmed the company's initial views of the financial opportunity associated with the manufacturing business model strategy.

- **Workforce training and operational discipline:** A number of the issues experienced in Q4 were founded in poor processes which were inherited at the time of the acquisition and were yet to be addressed by the new plant level management. Under the operational leadership of Randy Lane, the Company is confident that these shortcomings will be successfully addressed and a strong operating culture built.

- **Elimination of bottlenecks and non-value-added activities:** The initial gains associated with the merger of the mPCM products and their manufacturing processes revealed several opportunities for gains in efficiency and quality. The realisation of these opportunities has been delayed by the production issues but will be realised across H1 FY27.

In Q3, we estimated that no major capital investments would be made during this phase; the theory behind that objective was to fully realize the inherent capability of the assets already in place. With the benefit of another three months of ownership, it is likely we will execute a few minor capital projects in H1 FY27 to match the production line equipment capacity to optimally match the growing customer demand.

Operations Plan – Q4 Updates (Phase 2 & 3)

Phase 2: Capacity Expansion via Labor Utilisation

The initial strategy to increase capacity through incremental manpower additions, rather than capital expenditures has been amended due to evident bottlenecks that will see greater efficiencies realised if production line equipment capacity is optimised to production scale and labour availability.

Key Updates:

- **Transitioning from current operations to a 24 x 5 operating model:** Recruiting will commence in H1 FY27 for additional operators and a Quality Control chemist to support a fractional second shift to maximize output from batches started and concluded during the first shift.
- **Subsequently expand to a 24 x 7 operating model as demand grows:** Depends upon the successful ramp to a second shift in H1 FY27 and continued customer demand growth.

This approach enables higher asset utilisation, improved fixed-cost absorption, and faster response to customer demand while deferring significant capital spend until customer demand levels are clearly established.

Phase 3: Capacity Expansion via Capital Expenditures

Only after labour-based utilisation rates are maximized will Alexium pursue capacity growth through significant capital equipment additions. CAPEX decisions will be driven by:

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

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

Summary

Overview:

- Q4 FY26 was a frustrating period for Alexium. The Company entered the Quarter with strong momentum after the successful closing of the acquisition of the Microtek Laboratories business and early wins from the combination of two of the market leaders in microencapsulation of phase change materials.

- This strong business momentum was maintained on the technology and sales team fronts with technology advances and new customer program wins. However, the manufacturing side of the business failed to consolidate on its early progress with a production issue at the Dayton Facility disrupting production volumes, which in turn delayed the anticipated sales ramp up.

- Management has now addressed the manufacturing issue, the business is back to producing at pre-issue volume levels and importantly, customers are renewing their purchase commitments.

Financial result:

- At the 3Q results, we set a revenue target of $750k for the month of June 2026. The business subsequently missed this target, with revenues for the quarter of $1.15m down from $1.29m in 3Q24 which was primarily driven by the production issue at the Dayton Facility which has now been resolved. We believe this setback will push our $750k target out by ~3 months and we will present a trading status update to the market at the time of the release of our full year results.

- Despite these setbacks, Alexium will continue to execute its manufacturing strategy to prioritize disciplined asset utilization, phased capacity expansion, and selective use of contract manufacturing partners to balance risk, capital efficiency, and operational focus.