ALEXIUM INTERNATIONAL GROUP LIMITED

ANNUAL REPORT

For the Year Ended 30 June 2024

ABN 91 064 820 408 PRESENTED IN US DOLLARS

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DIRECTORS	Mr Simon Moore Dr Paul Stenson Dr Robert Brookins Mr Carl Dennis Mr William Blackburn
COMPANY SECRETARY	Mark Licciardo
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AUDITORS	Grant Thornton Audit Pty Ltd Level 17 383 Kent 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 4, The Read Buildings 16 Milligan Street 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,

FY24 marked another year of significant transition for Alexium. The Company concluded the fiscal year with a recapitalised balance sheet, a restructured Board of Directors commencing duty on 1 July 2024, a new sales organisation, a robust sales and product development pipeline, and a refined strategy. The Company continued efforts to build upon its foundational sales of microencapsulated PCM in the North American bedding market despite the North American bedding market experiencing another twelve-month period of lower sales volumes. According to the International Sleep Products Association's (ISPA's) 2023 Annual Report, "The quantity of total mattress shipments (including U.S.-produced and imported mattresses and stationary foundations) decreased by 8.0% and the value of shipments decreased by 6.8% in 2023 compared to 2022, according the ISPA's 2023 Mattress Industry Trends Report. For 2024, the Panel forecasted a 4.0% decrease in total mattress units and a 2.0% decrease in the value of shipments compared to 2023. The overall decrease in total shipments in 2024 reflects softer demand based on the lingering impact of higher interest rates on home affordability and the continued contraction in the housing market, as well as on the consumption of durable goods." To outperform this difficult core North American bedding market backdrop, the Company has pushed additional technologies into the bedding market, sought to attract new interest from large bedding brands abroad, and increased our development efforts in adjacent non-bedding markets such as Flame Retardant military apparel, Flame Retardant workwear, and thermal regulation for athletic products.

Over the period, the Company restructured the Sales Team to add significant sales expertise to enable the closing of more business in our core bedding market and the diversifying of our product offerings and customer base domestically and abroad. Two new Directors were added to the Board to add expertise in the thermal regulation market and strategic operational growth. Importantly, through these difficult times, the Company retained its key customers, which sees sales volumes poised to increase in line with any bedding market recovery. Despite difficult market conditions and cost pressures, management maintained gross margins at 44.8% and lowered overhead expenses from employee headcount reductions, while improving inventory management, making just-in-time purchases and production runs to extend cash reserves.

Key milestones for FY24 performance and activities that position the Company well for FY25 and the longer-term:

- Recapitalised the Company raising $3.0 million in new equity funds and converting the outstanding long-term Convertible Note into shares thus materially improving the financial position of the Company.
- With the addition of the new sales executives and led by a commercially oriented CEO, the Company made significant strides in its evolution from developing technology to commercialising existing technologies for growth.
- Improvements to Alexium's microencapsulated PCM supply chain, manufacturing process, and chemistry formulation created new opportunities for significant new sales to formulators, foam producers, and non-bedding applications, which will both diversify and grow future revenues.
- Several new Flame Retardant opportunities developed in the bedding market from regulatory changes in North America, and Alexium is developing new formulations to meet these new requirements in conjunction with major customers. This will lead to new diversified revenue growth in FY25.
- AlexiFlam® formulation improvements led to the development of an enhanced FR NyCo fabric which has passed the United States Military's most stringent burn tests, the PyroMan, and in turn led to increased interest and testing requests from the United States Military. These developments should culminate in an increased chance of full-scale adoption of the Company's technology for fabrics to be used by the United States military branches. The Company continued to improve its FR NyCo supply chain by adding proven collaborative manufacturers to the United States Military as initiative partners, readying the business for commercialising military supply.

These milestones are indicative of the change in approach at Alexium. The team consists of a well-aligned group of highly capable contributors focused on meaningful results for all Alexium stakeholders. The transitions undergone in FY23 and FY24 have paved the way for the delivery of strong results in FY25. Alexium continues to execute its articulated strategy which will position the business for success for years to come.

Thank you to all of our shareholders for your support throughout the year. We look forward to seeing you at our AGM.

Sincerely,

Simon Moore

Mr Simon Moore
Interim Chair of the Board

W. T. Bl

Mr William Blackburn
Chief Executive Officer

The Directors present their report on Alexium International Group Limited and its subsidiaries ('Company' or 'Group') for the period ended 30 June 2024.

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.

- Mrs Rosheen Garnon (resigned 2 November 2023)
- Brigadier General Stephen Cheney, USMC (Ret) (resigned 1 November 2023)
- Dr Robert Brookins
- Mr Simon Moore
- Dr Paul Stenson
- Mr Carl Dennis
- Mr William Blackburn

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 (2023: Nil).

SHARE CAPITAL

The following were on issue for the years ended:

	30-Jun-24	30-Jun-23
Ordinary shares	1,562,058,469	651,389,760
Share appreciation rights	60,416,295	67,274,436

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 FY24, the Company continued executing the strategy rolled out in Q3 FY23 to Grow and Diversity Revenues with key focus areas identified for both business and product development. The overall objective of growing and diversifying our revenue base was supported by the following objectives during FY24.

- **Team:** Build out direct sales team, add direct marketing expertise and bolster product development
- **Culture:** Become more sales and marketing centric.
- **Growth:** Diversify product and business development efforts.
- **Operations:** Secure the Company's supply chain to ensure resiliency.
- **Financial:** Cash and commercial discipline with the end goal of becoming cashflow positive.
- **Funding**: Adequate funding in place to execute the business plan.

In FY23, the Company reported a disciplined approach to focus 50% of its business and products development efforts in its core market of bedding, with 30% focused on adjacent markets, and 20% focused on breakthrough markets. Throughout FY24, management reported a shift in these focuses to place more emphasis on markets adjacent to its sales concentration of PCM to the North American bedding market. During this period, the Company has had several promising developments in its FR and PCM technologies. There have also been new regulations instituted in the bedding market that have created new opportunities for the Company's FR product lines. Lastly, the Company restructured its sales organisation to add significant expertise to focus on closing near-term revenue from the opportunities in the Company's existing pipeline. This shift has been effective in creating opportunities outside of PCM sales in the bedding market in North America. It has also opened new opportunities for sales of the Company's existing technologies in bedding markets globally. In summary, the Company met, or significantly progressed each of the above objectives.

Product Highlights

- Microencapsulated Phase Change Materials (mPCM)
  - AlexiCool® Products: mPCM cooling products for textile and foam applications. This product line is the Company's original PCM, and still serves as a work horse product in many bedding applications. Its cooling performance is best in class, reliable, and easily applied to customers' end products. Most importantly, AlexiCool® creates significant value for customers, giving them a competitive advantage through product differentiation.
  - BioCool® Products: Proprietary biobased mPCM used as a cooling product for textile and foam applications. It is a sustainable product line with a USDA BioPreferred Certification. BioCool® has continued to see strong adoption by customers and is the Company's best-selling mPCM product.

  New mattress product lines introduced at the Las Vegas bedding show in July 2024 integrated BioCool® products and have opened new revenue streams for Alexium. In addition, Alexium's work with international retail channels in Europe, Australasia and elsewhere has increased as the Alexium team supports product development efforts by these parties. Alexium made significant improvements to its production processes and supplier base to improve its manufacturing capabilities, and to open new sales opportunities to formulators of mPCM products. This has created significant near-term revenue growth opportunities.

- Eclipsys® Fabrics: Perpetual cooling technology for textile and foam-based products. This IP-protected technology is a lightweight product that has the benefits of being adaptive/responsive, cooling, non-flammable, and environmentally friendly. In contrast to mPCM technology, which works by absorbing heat, this technology counteracts the insulative effects of foam and textiles, constantly moving heat away from the body.

  Developments in Eclipsys® for bedding:
  - Commercial launch of an Eclipsys®-based mattress by a national brand is nearing completion with the scheduling of a product launch by a home shopping network in Q1 FY25.
  - Numerous US and international brands are evaluating the Eclipsys® fabric for additional product lines, with two major bedding brands seeking adoption of Eclipsys® for best-in-class cooling for high-end mattresses sold in the Australasia and Asia-Pacific ("APAC") regions.

  These new opportunities have been driven by greater market awareness of the Eclipsys® technology and increased sales activity by the Alexium team.

- DelCool™ Products - the technology is based on a proprietary composite fabric that is sold either as a rolled good or as a cut-and-sewn product. This product offers best-in-class cooling from heat index reduction via microclimate regulation.
  - Pillows: Additional placements at a large department store and a television shopping network are on track to begin in Q1 FY25.
  - Mattress: Product development of a DelCool™- based luxury mattress is underway with a major bedding brand. This effort is proceeding very well and has the potential to be a significant revenue stream.
  - Development of a high-tech pillow utilising Alexium's DelCool™ and mPCM technologies to be sold to branded products companies under a private label arrangement. Note that this is a paradigm shift from selling the Company's technologies through textile and foam producers who then sell the finished goods to the branded products companies. Alexium will hire textile and foam producers to incorporate its technology, then sell the finished goods to the branded products companies via private label licenses. This approach to market will lead to a significant increase in revenue per unit sold.

- AlexiFlam® - FR NyCo Treatment for Military Fabrics: Alexium continues working with key textile supply chain partners that have a rich history of supplying successful apparel fabrics to the United States Military. The Company is also working directly with key decision makers within the United States military to leverage our positive third-party PyroMan burn tests results with a general objective to start fabric supply for a large military uniform placement in FY26. Alexium is currently working with the textile supply partners to implement the improved aesthetics of the FR NyCo treatment which will then progress to an expanded round of testing and trial fabric production for limited user evaluation by the United States military's user base. It is anticipated that this fabric will then go through another round of PyroMan burn tests, once the testing and limited user evaluation have demonstrated the improvements to the aesthetics have been successful.

- AlexiGuard® - In FY24, the Company worked with several mattress market brands and suppliers to help them meet the mattress flammability test 16 CFR Part 1633. As regulatory changes continue to minimise the use of a wide range of flame retardants, the need for non-ecotoxic options is increasing. To this end, Alexium has developed its AlexiGuard® and AlexiShield product lines to bolster the flame resistance of mattress components. This technology leverages IP developed during our FR NyCo effort to enhance the burn resistance of bedding products.

- AlexiShield - The Company developed this product in FY24. AlexiShield is free of any banned substances for FR chemistries utilised in the bedding market, and it is free of proposed banned substances, such as organophosphorus. The Company is working under an exclusivity arrangement with a large global bedding brand for this FR technology to be adopted in high volume mattress lines in Calendar Year 2025.

Financing: In FY22, the Company entered an asset-based line of credit ("LOC") with Alterna Capital Solutions to provide working capital funding to support the Company's growth. The facility is a three-year $3.0 million asset-based line of credit which can be increased to $5.0 million with the approval of Alterna Capital Solutions as needed. This line will support the Company's growth initiatives for commercialisation of thermal management and flame-retardant products in new end-product markets. The interest rate is adjustable with a fixed base of 5.0% plus the US prime lending rate published in the Wall Street Journal which at the end of July 2024 was 8.5% for a total annual rate of 13.5%. 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. The initial term of the LOC was due to expire in April 2025. However, subsequent to year-end, Alexium has amended and extended the agreement with Alterna with more favorable terms. Refer to Note 29 for additional information.

The Company further strengthened its cash position by undertaking a capital raise and refinancing transaction ("Transaction") which was completed in May 2024, raising an additional $3.0 million in funds. As part of the Transaction, the Company's existing convertible note with a face value of $4.8 million (A$7.0 million) was converted to shares along with the accrued interest thereon. See additional details in the Notes to the Consolidated Financial Statements (Note 20).

Skilled Labour: United States unemployment remained very 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. Both the Australian Treasury and the Australian Accounting Standards Board ("AASB") have proposed mandatory climate-related disclosures that will affect all companies that are required to prepare annual reporting under the Corporations Act 2001. While the requirements have not yet been implemented, the adoption is highly probable. Alexium will continue to follow the development of these regulations and the impact on the Company. As we move forward, we will issue policy statements and establish comprehensive reporting to ensure compliance with ESG standards and reporting disclosures.

Another important component of Alexium's ESG strategy is to help our customers meet their own ESG goals. Our BioCool® mPCM product meets the USDA's criteria for biobased products and is registered in the USDA BioPreferred program with 94% biobased content.

Financial Result Overview

The Company's net loss attributable to members of the Company for the financial year was $2,760,710 (2023: $2,950,943). This represents a 6.4% decrease 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 $3,479,206 in the current year compared to a net loss of $3,168,667 in the prior year, resulting in a year-over-year increase in net loss of $310,539 which is due primarily to a year-over-year decrease in sales offset in part by an improvement in gross margin with operating expenses kept relatively flat.

Revenues from ordinary operating activities decreased 18.3% from the prior year at $5,892,824 (2023: $7,210,574). 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 6.5% year over year to $2,638,738 (2023: $2,821,601) due to a soft bedding market amid inflationary concerns. The gross margin percentage, however, increased by 5.7 percentage points to 44.8% (2023: 39.1%). This increase is attributable to manufacturing cost reductions and favorable customer/product mix.

Operating expenses increased 13.6% at $5,700,919 (2023: $5,019,684). The net change of $681,235 was primarily due to an impairment of intangible assets in the current year in the amount of $615,356. 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 expense in the current year, normalised Operating Expenses would have been $5,085,563 (2023: $5,019,684), an increase in the current year of $65,879 or 1.3% driven principally by a reduction in the amount of research and development expenses capitalised to Intangible Assets in the current year.

Interest expense at $1,058,996 (2023: $983,155) reflects an increase of $75,841 or 7.7% due to (a) the rise in interest rates, (2) an increased level of debt from the amendment of the convertible note in December 2022 along with higher interest rates thereon and (3) the additional interest on the Bridging Loan provided by Colinton Capital to allow the Company the necessary time to obtain shareholder approval for the capital raise (refer to Note 20 for additional details). There was a gain on the embedded derivative related to the convertible note of $179,065 (2023: $794,098) due to revaluation. Refer to Note 16 of the financial statements for further details. There was also a gain on debt extinguishment in the current year in the amount of $1,154,786 (2023: $0) which related to the conversion of the convertible note into ordinary shares as part of the Capital Raise and Refinancing Transaction. In the prior year, there was a loss of $576,374, resulting from a substantial modification of the convertible note.

As at the reporting date, the cash position was $2,053,000 (2023: $513,277) and there was $408,804 of undrawn availability on the Alterna Line of Credit (2023: $1,112,384). Cash changes were primarily from normal operating and investing activities along with a cash inflow of $3.0 million from the capital raise.

Material Business Risks
The Company has identified below the specific risks which could impact upon its prospects:

Maintaining strong intellectual property position: Product innovation is key to the Company's business model. Thus, maintaining a strong intellectual property position is critical. To ensure this, the Company is attentive to developing next-generation products that are not only well-differentiated in the market but are also inventive and market responsive. The Company recognises that it must not only develop these products but protect the technology underlying them through a sophisticated patent registration program. The management team predominantly focuses on patent protection to safeguard the Company's intellectual property. Therefore, patent applications are filed for each technology platform covering the key parts of the composition as well as product applications. To ensure adequate protection is provided by these applications, market analyses are performed to ensure protection is afforded in the relevant regions for the applicable markets.

Competition in key markets: The Company has worked diligently on its products to ensure that market competition is well understood, and that the Company's product portfolio adequately responds to these competitors. This response includes:

- Effective pricing strategies with regular pricing meetings to review costs and margins;
- Product innovation;
- Analytical tools and methods that objectively demonstrate the value of the Company's products versus those of competitors; and
- Identification of market gaps where current commercial technologies are not effective.

Sufficient capital for achieving profitability: On a monthly basis, Management monitors and creates various forecast scenarios to ensure there is sufficient capital to achieve profitability and communicates these results to the Board. The Board is confident that the Company's revenue forecasts, commercial pipeline, and funding options will provide the Company with sufficient working capital for the upcoming twelve months.

Commercial risks due to market dynamics: Beyond threats from competitors, the Company identifies changes in the markets themselves as potential risks and works to mitigate these risks through diversification of its product portfolio, customer-driven product innovation, and the expansion of its customer base. The Company is now expanding its target markets to grow sales into Australasia, Asia-Pacific and Europe.

Rising Interest Rates: The United States Federal Reserve raised interest rates one time in FY24 Q1 for 25 basis points after having raised rates seven times in FY23 for a total change of 350 basis points. Thus far, there have been no subsequent reductions in interest rates. The Company is impacted by these types of rate hikes on the interest it pays for the line of credit agreement. Based on forecast cash flow models, however, this will not create a significant impact to the company in the foreseeable future due to lower than historical drawn amounts on its line of credit. The Company also closely monitors accounts receivables to ensure expected payments are being made on a timely basis thereby minimising the need to borrow funds.

Inflation: United States inflation was at its highest level since 1981 at the end of FY22 and through the first half of FY23. This inflation caused consumer spending to decrease on discretionary spending for items such as mattresses. Inflation rates decreased in the second half of FY23 into FY24, but consumer confidence has not yet rebounded causing the bedding industry to remain in a depressed state. The Company is pursuing its strategy to grow its revenues through market expansion, identifying new markets of interest for future commercialisation which will help to offset the downturn in the North American bedding market. This target market expansion initiative while maintaining its existing customer base will position the Company to achieve even greater results when the market rebounds.

Likely Developments
The Company is committed to:

- Continued market expansion of the USDA BioPreferred certified BioCool® product line;
- Continued integration of efficiencies in its mPCM supply chain and manufacturing to create new revenue opportunities to formulators in the bedding market;
- Continued market expansion of the DelCool™ technology in bedding, especially focused on lower-priced, higher-volume product placements;
- Continued efforts to market and sell the Company's FR technologies in the bedding, home furnishings, and workwear markets;
- Continued work with the United States Military to qualify FR NyCo technology for military uniforms; and
- Commercialisation of the Eclipsys® product line in bedding and body armour.

The Company's business strategies to achieve the above goals include:

- Leveraging its market position and Company resources for greater market penetration,
- Strengthening and maintaining key relationships supporting the Company's initiatives,
- Maintaining a disciplined and conservative approach to managing resource allocations and expenditures relative to sales growth, and
- Ensuring a financially strong and stable business through detailed planning, responsible management and transparency of strategy and outcomes.

Events since the end of the financial period
On 21 June 2024, an announcement to the market was made of the appointment of two new Board members, Mr Martyn Strickland and Mr Randall Lane, effective 1 July 2024.

Martyn Strickland is an Operating Partner with Colinton Capital Partners. Martyn joined the firm in June 2017 and represents Colinton Capital Partners on its investments in AMS Group, Dimeo Cleaning Services, Alexium and Clear Dynamics.

Prior to joining Colinton Capital Partners, Martyn was a Senior Partner at Deloitte, where he led the Middle-Market Strategy and the Operational Restructuring and CRO Services Divisions within the Firm's Financial Advisory business. His career has also involved senior roles at 333 Consulting, A.T.Kearney and Cadbury Schweppes.

Martyn has an MBA from the Melbourne Business School and a degree in Mechanical Engineering from the University of Melbourne.

Mr. 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.

Effective 1 Aug 2024, the Company renegotiated and extended the terms of its outstanding asset-based line of credit with Alterna Capital Solutions (ACS) with more favorable terms. See Note 29 for additional information.

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 to 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.

Mrs Rosheen Garnon
BEc (Accounting major), LLB, FCA, CTA, GAICD. Appointed as an independent Non-Executive Director from September 2018; Chair from March 2019. She was also a member of the Risk and Nomination and Remuneration Committees. She resigned as a director on 2 Nov 2023.

Skills and Experience: Mrs Garnon is a non-executive director with experience in infrastructure and transport, financial services, and material sciences. She has had a distinguished career in the accounting profession as a chartered accountant and taxation advisor. She was a senior partner with KPMG and held senior executive leadership roles with the firm in Australia and at a global level. She has extensive experience working with Boards and C Suite executives.

External Appointments: None

Brigadier General Stephen Cheney
BS, MS. Appointed as an independent Non-Executive Director of the Company since April 2015. BG Cheney is a member of the Audit, Nomination and Remuneration, and Risk Committees. He resigned as a director on 1 Nov 2023.

Skills and Experience: BG Cheney is the former Inspector General of the Marine Corps and Commanding General of Parris Island Marine Base. He is also the former Deputy Executive Secretary to US Defense Secretary Dick Cheney under President George H.W. Bush. General Cheney was a member of Secretary of State John Kerry's Foreign Affairs Policy Board and is the President Emeritus of the Washington D.C. based 501(c)(3) policy group American Security Project as well as President of their 501(c)(4) company The American Security Action Fund.

External Appointments: Appointed President Emeritus of the American Security Project in April 2022 and remains a board member there. Appointed member of the Advisory Board of Workstorm, LLC in June 2022.

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 Nomination and Remuneration and Risk Committees. 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.

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 Audit 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. comprises 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 and a Director for Deltech (StanChem) Holdings, LLC from July 2017 to April 2024.

Mr Carl Dennis
BCom. Appointed as an independent Non-Executive Director from September 2021 and is currently a member of the Audit Committee and Chair of the Nomination and Remuneration Committee. 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. As Mr Dennis represents Wentworth Williamson, a substantial holder of the Company, as of 30 June 2024, he is no longer considered an Independent Director.

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 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.

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	Remuneration & Nomination
Mrs Garnon	4/4	-	1/1	2/2
Mr Cheney	1/3	2/2	1/1	2/2
Mr Moore	12/12	5/5	3/3	4/4
Dr Stenson	11/12	1/5	3/3	-
Mr Dennis	12/12	5/5	-	4/4
Dr Brookins	12/12	-	1/2	-
Mr Blackburn	12/12	3/3	-	-

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
Mrs Rosheen Garnon	Non-Executive Chair	-	November 2023
BG Stephen Cheney	Non-Executive Director	-	November 2023
Mr Simon Moore	Non-Executive Interim Chair[(1)]	-	-
Dr Paul Stenson	Non-Executive Director	-	-
Mr Carl Dennis	Non-Executive Director	-	-
Mr William Blackburn	Chief Executive Officer and Managing Director	-	-
Dr Robert Brookins	Chief Technology Officer	-	-
Mr Jason Lewis	Chief Financial Officer	-	December 2023

[(1)]Mr Moore was a Non-Executive Director until 3 November 2023 when Mrs Garnon resigned at which time Mr Moore was elected as Interim Chair

B. Remuneration Policy

The objective of the Company's remuneration framework is to ensure reward for performance is competitive, appropriate for the stage of development of the Company, results are delivered and to attract and retain suitably qualified and experienced candidates. The Remuneration and Nomination Committee continuously monitors the remuneration framework with a goal of ensuring that remuneration is aligned with performance and the 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. Remuneration Committee responsibilities are carried out by Mr Dennis (Chair), Dr Stenson, and Mr Moore.

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 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:

	2024	2023	2022	2021	2020
Net profit/(loss)	**(2,760,710)**	(2,950,943)	(3,360,271)	(1,445,319)	(6,125,476)
Dividends declared	**Nil**	Nil	Nil	Nil	Nil
Share price as at 30 June (A$)	**0.012**	0.013	0.024	0.049	0.060
EPS (cents)	**(0.35)**	(0.46)	(0.52)	(0.23)	(1.26)

D. Details of Remuneration

2024	Short-term benefits: Salary and fees	Short-term benefits: Other benefits	Short-term benefits: Short-term incentives(1)	Share-based payments: Share appreciation rights(2)	Share-based payments: Shares in lieu of salary(3)	Other Benefits: Post-employment benefits	Termination Benefits	Total	Performance based % of Total
Non-Executive Directors									
Mrs Garnon(6)	**-**	**-**	**-**	**-**	**30,530**	**3,359**	**-**	**33,889**	**-**
BGen Cheney(7)	**20,000**	**-**	**-**	**-**	**-**	**-**	**-**	**20,000**	**-**
Mr Moore(5)	**-**	**-**	**-**	**-**	**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**	
Executive									
Mr Lewis - CFO(4)	**132,500**	**27,896**	**-**	**-**	**-**	**6,122**	**71,009**	**237,527**	**-**
Total Executive	**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) Short-term incentive plan ("STI") is paid in cash for the achievement of a range of financial and non-financial performance criteria based on corporate objectives:

- Financial – revenue growth, gross margin and EBITDA;
- Non-Financial – numerous and distinct key performance goals approved by the board each having its own weight of the total bonus targets
- FY 24 STIs forfeited due to not meeting performance criteria are:
  a. Mr Blackburn – 100%
  b. Dr Brookins – 100%
  c. Mr Lewis – 100%

(2) See *F. Share Based Compensation* section for detail on long-term incentives. Issuance of shares will occur only when all vesting conditions are met.
(3) Shares in lieu of salary to directors were approved by shareholders at the 2023 AGM. There are no performance conditions related to these shares.
(4) 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.
(5) 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 will seek shareholder approval for the overage at the 2024 AGM. No shares will be issued for the overage until after the AGM. If shareholder approval is not granted, his fees will subsequently be paid in cash.
(6) Represents remuneration from 1 July 2023 to 2 November 2023 which is the date on which Mrs Garnon resigned from her position
(7) Represents remuneration from 1 July 2023 to 1 November 2023 which is the date on which BGen Cheney resigned from his position

2023	Short-term benefits: Salary and fees	Short-term benefits: Other benefits	Short-term benefits: Short-term incentives(1)	Share-based payments: Share appreciation rights(2)	Share-based payments: Shares in lieu of salary (3)	Other Benefits: Post-employment benefits	Termination Benefits	Total	Performance based % of Total
Non-Executive Directors									
Mrs Garnon	-	-	-	-	89,500	10,500	-	100,000	-
BGen Cheney	60,000	-	-	-	-	-	-	60,000	-
Mr Moore	-	-	-	-	70,000	-	-	70,000	-
Dr Stenson	65,000	-	-	-	-	-	-	65,000	-
Mr Dennis	61,750	-	-	-	2,250	-	-	64,000	-
Total Non-Executive Directors	**186,750**	**-**	**-**	**-**	**161,750**	**10,500**	**-**	**359,000**	
Executive Directors									
Mr Blackburn - CEO & MD(4)	270,625	23,526	-	20,293	-	8,900	-	323,344	6.3%
Dr Brookins - CTO	315,000	15,692	-	68,433	-	2,688	-	401,813	17.0%
Total Executive Directors	**585,625**	**39,218**	**-**	**88,726**	**-**	**11,588**	**-**	**725,157**	
Executives									
Mr Lewis - CFO	265,000	15,716	30,000	57,571	-	11,862	-	380,149	23.0%
Total Executives	**265,000**	**15,716**	**30,000**	**57,571**	**-**	**11,862**	**-**	**380,149**	
Total	**1,037,375**	**54,934**	**30,000**	**146,297**	**161,750**	**33,950**	**-**	**1,464,306**	

(1) Short-term incentive plan ("STI") is paid in cash for the achievement of a range of financial and non-financial performance criteria based on corporate objectives:

- Financial – revenue growth, gross margin and EBITDA;
- Non-Financial – numerous and distinct key performance goals approved by the board each having its own weight of the total bonus targets
- FY 23 STIs forfeited due to not meeting performance criteria are:
  d. Mr Blackburn – 100%
  e. Dr Brookins – 100%
  f. Mr Lewis – 100% (Mr Lewis received a $30,000 retention bonus within the fiscal year)

(2) See *F. Share Based Compensation* section for detail on long-term incentives. Issuance of shares will occur only when all vesting conditions are met.
(3) Shares in lieu of salary to directors were approved by shareholders at the 2022 AGM. There are no performance conditions related to these shares.
(4) Represents remuneration from 1 September 2022 to 30 June 2023

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 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 the 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

Performance Rights

The performance rights plan was replaced with the share appreciation rights plan in FY21. The final vesting of performance rights occurred in FY22, and the related shares were issued in FY23.

The number of performance rights held during the reporting periods to KMP including their personally related parties is set out below:

2024	Balance at start of year	Granted	Vested & issued	Forfeited	Balance at end of year	Vested - not issued
Executive Director						
Dr Brookins - CTO	-	-	-	-	-	-
Executive						
Mr Lewis - CFO	-	-	-	-	-	-
Total	-	-	-	-	-	-
2023						
Executive Director						
Dr Brookins - CTO	139,552	-	(139,552)	-	-	-
Executive						
Mr Lewis - CFO	93,919	-	(93,919)	-	-	-
Total	233,471	-	(233,471)	-	-	-

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:

2024	Balance at start of year	Granted	Expired	Forfeited	Balance at end of year	Vested - not issue
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[(1)]	**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**
(1) Awards shown as held by Mr Lewis at 30 June 2024 is his balance at the date he ceased being a KMP, 1 December 2023.						
2023						
Executive Directors						
Mr Blackburn - CEO & MD	-	22,843,648	-	-	22,843,648	1,613,141
Dr Brookins - CTO	13,377,148	6,505,703	-	-	19,882,851	-
Total Executive Directors	**13,377,148**	**29,349,351**	**-**	**-**	**42,726,499**	**1,613,141**
Executives						
Mr Lewis - CFO	11,253,792	5,473,052	-	-	16,726,844	-
Total	**24,630,940**	**34,822,403**	**-**	**-**	**59,453,343**	**1,613,141**

Share appreciation rights granted and current year expense 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							
2024	15-Nov-23	21-Sep-26	**A$0.015**	**A$0.015**	**A$0.0094**	**6,712,233**	**2,260**
2023	16-Nov-22	23-Sep-25	**A$0.030**	**A$0.171**	**A$0.0046**	**6,712,233**	**6,905**
Joining Award	16-Nov-22	Various(1)	**A$0.030**	**A$0.150**	**A$0.0056**	**16,131,415**	**20,152**
Total						**29,555,881**	**29,317**
Dr Brookins, CTO and Director							
2024	15-Nov-23	21-Sep-26	**A$0.015**	**A$0.015**	**A$0.0094**	**6,505,703**	**2,191**
2023	16-Nov-22	23-Sep-25	**A$0.030**	**A$0.171**	**A$0.0046**	**6,505,703**	**6,692**
2022	23-Sep-21	23-Sep-24	**A$0.076**	**A$0.148**	**A$0.0380**	**6,871,445**	**63,715**
2021	23-Sep-20	23-Sep-23	**A$0.071**	**A$0.139**	**A$0.0320**	**6,505,703**	**12,333**
Total						**26,388,554**	**84,931**
Mr Lewis, CFO							
2023	16-Nov-22	23-Sep-25	**A$0.030**	**A$0.171**	**A$0.0046**	**5,473,052**	**-**
2022	23-Sep-21	23-Sep-24	**A$0.076**	**A$0.148**	**A$0.0380**	**5,780,740**	**-**
2021	23-Sep-20	23-Sep-23	**A$0.071**	**A$0.139**	**A$0.0320**	**5,473,052**	**10,375**
Total						**16,726,844**	**10,375**
Total						**72,671,279**	**124,623**

(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.

Options:

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

Shares:

The value of shares issued or agreed to be issued in lieu of salary during the year was $185,364 (2023: $161,750). The calculation of these shares was presented and approved at the 2023 AGM with the exception of $19,833 of shares to be issued to Mr Moore due to his increased fee arrangement from accepting the nomination of Interim Chair upon the resignation of Mrs Garnon. Approval for this overage will be sought at the 2024 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:

2024	Balance at start of year	Granted & issued shares in lieu of salary	Conversion of performance rights	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	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[3]	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	-
Total Executive Directors	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.

2023	Balance at start of year	Granted & issued shares in lieu of salary	Conversion of performance rights	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	3,326,397	3,289,721	-	-	-	6,616,118	3,853,481
BGen Cheney	848,914	-	-	-	-	848,914	-
Mr Moore	79,151,331	2,572,967	-	-	-	81,724,298	3,013,895
Mr Dennis	364,536	-	-	-	55,964	420,500	-
Total Non-Executive Directors	83,691,178	5,862,688	-	-	55,964	89,609,830	6,867,376
Executive Directors							
Mr Blackburn - CEO & MD	-	-	-	-	-	-	-
Dr Brookins - CTO	5,123,086	-	139,552	-	-	5,262,638	-
Executives							
Mr Lewis - CFO	725,671	-	93,919	-	-	819,590	-
Total	89,539,935	5,862,688	233,471	-	55,964	95,692,058	6,867,376

(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.

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		
Mrs Garnon[(1)]	13,423,216	-
BGen Cheney[(1)]	848,914	-
Mr Moore	798,359,550	-
Dr Stenson	15,584,530	
Mr Dennis	175,249,532	-
Total Non-Executive Directors	1,003,465,742	-
Executive Directors		
Mr Blackburn - CEO & MD	12,000,000	29,555,881
Dr Brookins - CTO	10,696,346	19,882,851
Total Executive Directors	22,696,346	49,438,732
Executives		
Mr Lewis - CFO[(1)]	819,590	-
Total	1,026,981,678	49,438,732

(1) Shares shown as held by and to be issued to Mrs Garnon, BGen Cheney, and Mr Lewis at 30 June 2024 are their balances at the date of their resignations on 2 November 2023, 1 November 2023, and 1 December 2023, respectively.

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 (2023: 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. Refer to Note 17(f) for details of the movements of the options during the year and ASX announcements for options exercised after the year end and to the date of this report.

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
29 August 2024

Grant Thornton

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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 2024, 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 Audit Pty Ltd
Chartered Accountants

M R Leivesley
Partner – Audit & Assurance

Sydney, 29 August 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 US$	2023 US$
Revenue	3	**5,892,824**	7,210,574
Cost of sales		**(3,254,086)**	(4,388,973)
Gross Profit		**2,638,738**	2,821,601
Other Income	3	**50**	-
Administrative expenses	4	**(3,545,895)**	(3,607,981)
Sales and marketing expenses		**(354,781)**	(524,222)
Research and development costs	5	**(976,837)**	(630,584)
Impairment of intangibles	12	**(615,356)**	-
Other expenses		**(208,049)**	(256,897)
Operating expenses		**(5,700,919)**	(5,019,684)
Loss before finance costs		**(3,062,130)**	(2,198,083)
Interest expense	26	**(1,058,996)**	(983,155)
Gain/(Loss) on embedded derivative	16	**179,065**	794,098
Gain on debt extinguishment	15	**1,154,786**	-
Loss on substantial modification of borrowings	15	**-**	(576,374)
Interest earned	3	**26,565**	12,571
Total finance costs		**301,420**	(752,860)
Loss before tax		**(2,760,710)**	(2,950,943)
Tax expense	7	**-**	-
Loss for the year after tax		**(2,760,710)**	(2,950,943)
Other comprehensive income - Exchange differences on translation of foreign operations which may subsequently be reclassified to profit or loss		**(12,738)**	118,207
Total comprehensive loss for the year		**(2,773,448)**	(2,832,736)
Loss for the year attributable to members of the group		**(2,760,710)**	(2,950,943)
Total comprehensive loss for the year attributable to members of the group		**(2,773,448)**	(2,832,736)
Basic and diluted loss per share (cents)	8	(0.35)	(0.46)

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	2024 US$	2023 US$
Current Assets			
Cash and cash equivalents	19	**2,053,000**	513,277
Trade and other receivables	9	**895,203**	1,046,950
Inventories	10	**560,052**	824,981
Other current assets		**67,813**	87,199
Total Current Assets		**3,576,068**	2,472,407
Non-Current Assets			
Other financial assets		**16,571**	17,871
Property, plant and equipment	11	**516,477**	730,530
Intangible assets	12	**762,603**	1,695,365
Right-of-use asset	11	**355,708**	465,157
Total Non-Current Assets		**1,651,359**	2,908,923
Total Assets		**5,227,427**	5,381,330
Current Liabilities			
Trade and other payables	13	**955,779**	990,296
Lease liabilities	14	**157,083**	136,498
Borrowings	15	**368,651**	161,345
Total Current Liabilities		**1,481,513**	1,288,139
Non-Current Liabilities			
Borrowings	15	-	3,787,189
Derivative liability	16	-	688,364
Lease liabilities	14	**443,692**	600,774
Total Non-Current Liabilities		**443,692**	5,076,327
Total Liabilities		**1,925,205**	6,364,466
Net (Liabilities)/Assets		**3,302,222**	(983,136)
Equity			
Contributed equity	17	**73,594,023**	66,610,771
Reserves		**(1,205,301)**	(974,429)
Accumulated losses		**(69,086,500)**	(66,619,478)
Total Equity		**3,302,222**	(983,136)

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$	Options & Warrants Reserve US$	Performance 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
Share-based payments earned	-	185,364	-	-	-	-	185,364
Share issues for share-based payments	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**
Balance at 1 July 2022	66,523,851	-	83,934	444,750	(1,724,383)	(63,752,468)	1,575,684
							-
Loss for the period	-	-	-	-	-	(2,950,943)	(2,950,943)
Foreign currency translation	-	(1,763)	-	-	119,971	(1)	118,207
Total comprehensive income / (loss)	-	(1,763)	-	-	119,971	(2,950,944)	(2,832,736)
Transactions with owners in their capacity as owners:							
Expiration of outstanding options	-	-	(83,934)	-	-	83,934	-
Issued capital	-	-	-	-	-	-	-
Capital raising costs	(1,906)	-	-	-	-	-	(1,906)
Share appreciation rights expense	-	-	-	116,322	-	-	116,322
Performance rights exercised	9,076	-	-	(9,076)	-	-	-
Share-based payments earned in lieu of salary	-	159,500	-	-	-	-	159,500
Share issues for share-based payment	79,750	(79,750)	-	-	-	-	-
Balance at 30 June 2023	66,610,771	77,987	-	551,996	(1,604,412)	(66,619,478)	(983,136)

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

	Note	2024 US$	2023 US$
Cash flow from operating activities			
Receipts from customers and other income		**6,045,616**	6,635,226
Payments to suppliers and employees		**(7,179,767)**	(7,655,906)
Interest received		**26,564**	12,566
Interest and other costs of finance paid		**(132,974)**	(128,997)
Goods & services tax received		**47,626**	33,513
Net cash flows (used in) operating activities	19(b)	**(1,192,935)**	(1,103,598)
Cash flows from investing activities			
Purchase of property, plant, and equipment		**-**	(18,761)
Payments for development costs		**(156,224)**	(367,781)
Net cash flows (used in) investing activities		**(156,224)**	(386,542)
Cash flows provided by financing activities			
Proceeds from issue of ordinary shares		**2,984,023**	-
Proceeds from borrowings		**6,007,783**	5,771,451
Proceeds on substantial modification of convertible note		**-**	1,022,460
Repayment of borrowings		**(5,773,696)**	(5,678,961)
Transaction costs related to issues of shares		**(170,972)**	(937)
Repayment of lease liabilities	14	**(136,498)**	(118,253)
Net cash flows from financing activities		**2,910,640**	995,760
Net increase/(decrease) in cash and cash equivalents		**1,561,481**	(494,380)
Cash and cash equivalents at beginning of year		**513,277**	1,027,095
Effect of exchange rate changes on cash and cash equivalents		**(21,758)**	(19,438)
Cash and cash equivalents at end of year	19(a)	**2,053,000**	**513,277**

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 2024 were authorised for issue in accordance with a resolution of the directors on 29 August 2024. Alexium International Group Limited ('Parent') is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange under the ticker AJX. The ultimate parent company of Alexium International Group Limited is Colinton Capital Partners (CCP). These financial statements include the consolidated financial statements and notes of Alexium International Group Limited and its controlled entities. This financial report, the comparative period within, and all future financial reports, are presented in US Dollars. This presentation aligns the Company's financial reporting with the nature of the business operations which primarily occur in the United States. The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

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

(b) New and amended standards adopted by the Company in this financial report

On 1 July 2023, the Group adopted amendments to the Disclosure of Accounting Policies AASB 101 which require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 2(d)- 2(x) in certain instances to align with the amendments but there was not a significant impact on the Company's financial statements.

(c) 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 2024 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) Embedded derivative

The Company has issued liability classified embedded derivatives in connection with its convertible debt. 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.

(o) Trade and other payables

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

(p) Provisions

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

(q) Contributed equity

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

(r) Revenue recognition

In accordance with the standard, revenue is recognised and measured when the entity satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. The transfer is complete when the “FOB Shipping Point” or “ExWorks” 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 “ExWorks” terms and recognises the completion of this performance obligation when products are shipped.

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

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

5.) *Recognise revenue when each obligation is satisfied* - at contract inception the Company has determined that the sole performance obligation is the complete transfer of goods to the customer. The Company must then determine the specific point in time at which it is appropriate to recognise revenue for the contract. AASB 15 states that an entity shall consider indicators of the transfer of control, which include, but are not limited to, the following:

- Company has a present right to payment for the asset;
- Customer has legal title to the asset;
- Company has transferred physical possession of the asset;

- Customer has the significant risks and rewards of ownership of the asset; and
- Customer has accepted the asset

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

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

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

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

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

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

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

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

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

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

Long-Term Employee Benefits
The Company's liabilities for annual leave are included in other current liabilities. Any adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur. The Company presents employee benefit obligations as current liabilities in the statement

of financial position if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, irrespective of when the actual settlement is expected to take place.

Short-term employee benefits

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

Share-based payment transactions

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

(v) Inventories

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

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

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

(w) Significant accounting judgements, estimates and assumptions

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

Share-based payments

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

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

The Group incurred a loss after tax attributable to members of $2,760,710 (2023: $2,950,943). The Group incurred negative cash flows from operations and investing activities of $1,349,159 for the year ended 30 June 2024 (2023: ($1,490,140)). The Group has reported net assets of $3,302,222 (2023: negative net assets of $983,136).

The Group has current assets of $3,576,068 (2023: $2,472,407) and current liabilities of $1,481,513 (2023: $1,288,139).

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; subsequent to year-end, the Group renegotiated and extended its Line of Credit with Alterna Capital Solutions with more favorable terms (see Note 29 for additional details);
- the Group expects to successfully convert current commercialisation efforts to future revenue and cash receipts to support the fixed base of expenditures.

Should sales not materialise as expected, the Group believes it can help to offset the impact with operating expense cost reductions.

3. REVENUE & OTHER INCOME

	2024	2023
Sale of goods - point in time	**5,892,824**	7,210,574
Interest earned	**26,565**	12,571
Other income	**50**	-

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

4. ADMINISTRATIVE EXPENSES

	2024	2023
Employee benefits expense	**2,243,930**	2,311,965
Post-employment benefits - defined contribution	**80,302**	79,809
Professional fees	**418,656**	375,429
Other administrative expenses	**141,168**	149,218
Occupancy	**95,902**	90,065
Depreciation	**324,503**	363,172
Insurance expenses	**241,434**	238,323
Total	**3,545,895**	3,607,981

5. RESEARCH AND DEVELOPMENT COSTS

	2024	2023
Research and development costs	**493,757**	329,519
Amortisation	**483,080**	301,065
Total	**976,837**	630,584

6. AUDITOR'S REMUNERATION

	2024	2023
Amount received or due and receivable by Grant Thornton Australia for:		
(a) an audit or review of the financial report of the Company	**113,978**	109,732
Total auditor's remuneration	**113,978**	109,732

7. TAXATION

	2024	2023
(a) Income tax recognised in profit and loss		
Profit /(loss) before tax	**(2,760,710)**	(2,950,943)
Prima facie tax on operating loss before income tax at 30.0%	**(828,213)**	(885,283)
Temporary differences not recognised	**293,928**	(27,931)
Tax effect of permanent differences:		
Other	**(368,127)**	153,977
Interest	**277,506**	249,914
Fair value movement	**(50,658)**	(238,841)
Differences in jurisdictional tax rates	**226,960**	134,623
Difference in foreign exchange rates	**4,239**	78,301
Tax losses not brought to account	**444,364**	535,240
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	**21,993**	69,067
Expenses deducted over 5 years	**3,771**	3,618
Fixed assets	**-**	36,701
Other	**-**	76,762
Income tax losses	**364,941**	393,451
Total	**390,705**	579,599
(c) Deferred tax liability		
Unrealised FX	**390,705**	382,493
Basis difference on intangible assets	**-**	197,106
Total	**390,705**	579,599
(d) Net deferred tax position		
Deferred tax assets	**390,705**	579,599
Deferred tax liabilities	**390,705**	579,599
Net deferred tax position	**-**	-
(e) Deferred tax assets not recognised		
Basis difference on intangible assets	**75,530**	-
Accrued and prepaid expenses	**44,211**	-
Other	**91,656**	-
Fixed assets	**54,439**	-
Income tax losses	**13,131,563**	12,833,625
Net deferred tax position	**13,397,399**	12,833,625

(f) Net deferred tax position by region	**2024**			2023		
	AUS	**US**	**Total**	AUS	US	Total
Deferred tax assets	**390,705**	**-**	**390,705**	382,493	197,106	579,599
Deferred tax liabilities	**390,705**	**-**	**390,705**	382,493	197,106	579,599
Net deferred tax position	**-**	**-**	**-**	-	-	-
Income tax losses not recognised	**13,327,683**	**63,516,526**	**76,844,209**	13,009,676	62,269,787	75,279,463

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 $76,844,209 (2023: $75,279,463) 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.

	2024	2023
Weighted average number of ordinary shares	**790,456,982**	646,905,991
Basic loss ($)	**(2,760,710)**	(2,950,943)
Basic / Diluted loss per share (cents)	**(0.35)**	(0.46)

9. TRADE AND OTHER RECEIVABLES

	2024	2023
Trade receivables	**874,460**	1,032,870
Other receivables	**20,743**	14,080
Total	**895,203**	1,046,950

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

	2024	2023
Raw materials - at cost	**284,504**	452,873
Finished goods - at cost	**442,365**	425,172
Provision for obsolescence	**(166,817)**	(53,064)
Total	**560,052**	824,981

During the current year, inventories of $3,254,086 (2023: $4,388,973) 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 2022	2,624,899	902,952	3,527,851
Additions	17,503	-	17,503
Disposals	(28,905)	-	(28,905)
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**
Depreciation and impairment			
Balance at 30 June 2022	1,657,310	328,346	1,985,656
Depreciation	253,723	109,449	363,172
Disposals	(28,066)	-	(28,066)
Balance at 30 June 2023	1,882,967	437,795	2,320,762
Depreciation	**215,054**	**109,449**	**324,503**
Balance at 30 June 2024	**2,098,021**	**547,244**	**2,645,265**
Net book value			
at 30 June 2023	730,530	465,157	1,195,687
at 30 June 2024	**516,477**	**355,708**	**872,185**

12. INTANGIBLE ASSETS

Cost	Capitalised development costs
Balance at 30 June 2022	3,869,078
Additions	428,129
Balance at 30 June 2023	4,297,207
Additions	**165,674**
Balance at 30 June 2024	**4,462,881**

Amortisation and impairment	
Balance at 30 June 2022	2,299,911
Amortisation	301,931
Balance at 30 June 2023	2,601,842
Amortisation	**483,080**
Impairment	**615,356**
Balance at 30 June 2024	**3,700,278**

Net book value	
at 30 June 2023	1,695,365
at 30 June 2024	**762,603**

Impairment testing for intangible assets

Assets not ready for use

Intangible assets not ready for use are tested for impairment annually. An asset is impaired when the carrying amount exceeds the recoverable amount. When this occurs, an impairment loss is recognised for the amount by which the carrying amount of an asset exceeds its recoverable amount. To determine recoverable amount, management has used a fair value less costs of disposal approach. The fair value has been calculated using a replacement costs approach.

Assets ready for use

For assets ready for use and being amortised, management has assessed for indicators of impairment, which include considerations of external and internal sources of information. Based on our assessment there were the following indicators of impairment identified for certain intangible assets:

1) Ability to sell / generate future economic benefits
2) Change in market rates potentially resulting in reduced carrying values

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 increasing in the 2025 financial year with continued increases over the five-year forecast period at growth rates between 27% and 370%
- 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 $615,356 has been recognised in the statement of profit or loss and other comprehensive income in the current period.

13. TRADE AND OTHER PAYABLES

	2024	2023
Trade payables	**516,307**	573,623
Other payables	**413,818**	408,291
Interest payable	**25,654**	8,382
Total	**955,779**	990,296

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

14. LEASE LIABILITIES

	2024	2023
Lease payments during the period:		
Principal payments	**136,498**	118,253
Interest	**65,345**	77,820
Variable lease payments not included in measurement of lease liability	**-**	35,432
Total	**201,844**	231,505
Minimum future rental payments under non-cancellable leases:		
Current	**208,358**	201,843
Non-current	**496,129**	704,487
Total	**704,487**	906,330
Present value of future minimum rental payments under leases:		
Lease liability - current	**157,083**	136,498
Present value of lease liability - non-current	**443,692**	600,774
Total	**600,775**	737,272

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 3.25 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

	2024	2023
Current Borrowings:		
Line of credit	**368,651**	161,345
Total	**368,651**	161,345
Non-current borrowings:		
Convertible note carrying value	**-**	3,505,070
Accrued interest	**-**	282,119
Total	**-**	**3,787,189**

(a) ***Substantial modification of debt in the previous reporting period***

On 28 December 2022, the Company amended and restated its existing convertible note with an existing shareholder (CCP). The change in terms of the amended and restated debt was considered significant and, as such, the Company treated the transaction as a substantial modification of an existing arrangement and thus the previously issued convertible note (along with the derivative liability component) was considered extinguished and derecognised from the financial statements. The newly issued convertible note was measured initially at fair value and then subsequently at amortised cost in accordance with AASB 9. The difference in values of the extinguished debt and newly issued convertible note has been recognised as a loss through profit or loss.

	2024	2023
Loss on substantial modification of convertible note	-	(576,374)

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

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 A$1,239,600 (US$0.8 million).

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 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.

	2024	2023
Gain on debt extinguishment	**1,154,786**	-

The convertible note had been measured at amortised cost in accordance with AASB 9. The Company allocated interest payments over the term of the borrowings at a constant rate on the carrying value.

	2024	2023
Convertible note carrying value	-	3,505,070
Remaining amortisation of effective interest	-	1,223,661
Foreign currency exchange rate impact	-	(87,731)
Principal balance outstanding	-	4,641,000

(c) Line of Credit

The Company entered into a three-year line of credit agreement on 05 Apr 2022 with Alterna Capital Solutions to provide working capital funding. The facility is a three-year $3.0 million asset-based facility which can be increased to $5.0 million with the approval of the lender. 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.

The interest rate at execution of the agreement was 8.25% and adjusts with upward changes in the Wall Street Journal Prime Rate. The applicable interest rate at 30 June 2024 was 13.5%.

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 $19,256 (2023: $19,256) and is included in interest expense.

	2024	2023
Line of credit liability	**383,093**	195,043
Unamortised deferred financing costs	**(14,442)**	(33,698)
Net carrying value of line of credit	**368,651**	**161,345**

Also refer to Note 29 in relation to renewal of the line of credit facility subsequent to year end with more favorable terms.

16. DERIVATIVE LIABILITY

	2024	2023
Derivative liability	-	688,364

The convertible note 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.

On conversion of the previously issued convertible note (see Note 15) 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.

	2024	2023
Gain on embedded derivative due to changes in fair valuation	**179,065**	753,996
Gain on embedded derivative due to derecognition of convertible note	-	40,102
Total Gain/(Loss) on embedded derivative	**179,065**	**794,098**

The fair value of the derivative liability had been previously valued using a Black-Scholes option pricing model.

17. CONTRIBUTED EQUITY

	2024 Shares	2023 Shares	2024 $	2023 $
(a) Issued capital				
Ordinary shares fully paid	**1,562,058,469**	651,389,760	**73,594,023**	66,610,771
(b) Movement in share capital[1]				
Balance at 01 July	**651,389,760**	645,256,590	**66,610,771**	66,523,851
Costs of capital raising	**-**	-	**(174,213)**	(1,906)
Issued capital from capital raise	**347,356,400**	-	**2,997,028**	-
Issued capital on debt conversion	**549,306,692**	-	**4,010,323**	-
Performance rights exercised	**-**	270,482	**-**	9,076
Shares issued in lieu of directors' fees	**14,005,617**	5,862,688	**150,114**	79,750
Balance at 30 June	**1,562,058,469**	651,389,760	**73,594,023**	66,610,771
(c) Movements in performance rights				
Balance at 01 July	**-**	270,482	**-**	9,076
Exercised	**-**	(270,482)	**-**	(9,076)
Balance at 30 June	**-**	-	**-**	-

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

(d) 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
FY24	15-Nov-23	30-Sep-26	**0.015**	**0.105**	**0.0021**	**-**	**19,546,186**	**(889,892)**	**-**	**18,656,294**
FY23	23-Sep-22	23-Sep-25	0.020	0.171	0.0048	4,288,274	-	(779,079)	-	3,509,195
FY23-ELT	16-Nov-22	23-Sep-25	0.030	0.171	0.0046	18,690,988	-	(5,473,052)	-	13,217,936
CEO Award	16-Nov-22	Various	0.030	0.150	0.0056	16,131,415	-	-	-	16,131,415
FY22	23-Sep-21	23-Sep-24	0.076	0.148	0.0380	15,253,716	-	(6,352,261)		8,901,455
FY21	23-Sep-20	23-Sep-23	0.071	0.139	0.0320	12,910,043	-	-	**(12,910,043)**	-
Total						**67,274,436**	**19,546,186**	**(13,494,284)**	**(12,910,043)**	**60,416,295**

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.

(e) Movements in share options

	Grant date	Exercise price	Expiry date	Balance at start of year	Granted	Exercised	Expired	Balance at end of year
Warrants								
2024	-	-	-	**-**	**-**	**-**	**-**	**-**
2023	31-Dec-19	$0.06	29-Mar-23	3,829,787	-	-	(3,829,787)	-

(f) Details of share options

	2024			2023		
	Number	**WAEP[(1)]**	**WARCL[2]**	Number	WAEP[(1)]	WARCL[(2)]
Outstanding at 01 July	**-**	**-**	**-**	3,829,787	0.06	0.75
Expired	**-**	**-**	**-**	(3,829,787)	(0.06)	(0.75)
Outstanding at 30 June	**-**	**-**	**-**	-	-	-

[(1)]Weighted average exercise price
[(2)]Weighted average remaining contractual life

(g) 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.

(h) 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:

	2024		2023	
	Number	**$**	Number	$
Shares in lieu of salary	**14,005,617**	**70,364**	5,862,688	82,000
Shares in lieu of salary to be issued	**14,452,947**	**115,000**	6,867,376	79,750
Performance rights issued	**-**	**-**	270,482	-
Professional services[(1)]	**-**	**-**	-	48,193
Total	**28,458,564**	**185,364**	13,000,546	209,943

(1) The $48,193 expensed in FY23 was the remaining expense related to shares issued in FY22 for professional services.

In addition to the information presented above, share appreciation rights expensed during the year were $40,304 (2023: $116,322). See Note 17(d) for plan details.

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	2024	2023
Cash on hand	**2,053,000**	513,277

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

	2024	2023
Operating loss after income tax	**(2,760,710)**	(2,950,943)
Non-cash items:		
Depreciation, amortisation and impairment of non-current assets	**1,422,939**	664,237
Share-based payments	**225,668**	326,266
Amortisation on borrowings	**286,326**	401,901
(Gain) on fair value movement- embedded derivative	**(179,065)**	(794,098)
Loss on debt extinguishment	**(1,154,787)**	-
Loss on substantial modification of borrowings	**-**	576,374
Loss on disposal of assets	**-**	839
Interest expense accrued not paid	**17,273**	184,530
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	**151,747**	(467,898)
(Increase) / Decrease in inventories on hand	**264,929**	774,239
(Increase) / Decrease in other current assets	**19,386**	3,305
Increase / (Decrease) in trade and other payables	**(39,706)**	159,405
Increase / (Decrease) in other current liabilities	**20,585**	18,245
Net cash (used in) operating activities	**(1,192,935)**	(1,103,598)

20. CAPITAL RAISE TRANSACTION

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

21. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties include key management personnel and Colinton Capital Partners, a related party of Simon Moore, Non-Executive Director with whom the Company has an outstanding convertible note.

Transactions and outstanding balances with Colinton Capital Partners in conjunction with the convertible note:

	2024	2023
Interest expense on convertible note	**608,976**	430,876
Convertible note carrying value[1]	**-**	3,505,070
Accrued interest	**-**	282,119

[1] See Note 15 for more details

Key management personnel remuneration (see additional details in the Remuneration Report) includes the following expenses:

	2024	2023
Short-term employee benefits:		
Salaries	**857,500**	1,037,375
Non-monetary benefits	**109,469**	54,934
Short-term incentives	**-**	30,000
Total short-term benefits	**966,969**	1,122,309
Post-employment benefits - defined contribution retirement plans	**25,831**	33,950
Share-based compensation	**299,611**	308,047
Termination benefits	**71,009**	-
Total remuneration	**1,363,420**	1,464,306

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:

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**

2023	**Australia**	**US**	**Total**
Revenue	-	7,210,574	7,210,574
Interest earned	8,157	4,414	12,571
Depreciation, amortisation and impairment expenses	-	664,237	664,237
Interest expense	832,777	150,379	983,155
Property, plant and equipment	-	730,530	730,530
Right of use asset	-	465,157	465,157
Intangible assets	-	1,695,365	1,695,365

23. INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (ordinary shares) 2024	2023
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 $44,399,338 (2023: $43,361,535). 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 balance 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 Maturity Dates			Non-interest bearing	Total
			< 1 Year	1-5 Years	5+ years		
	%	$	$	$	$	$	$
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**	**2,948,204**
Financial Liabilities							
Trade and other payables	**-**	**-**	**-**	**-**	**-**	**955,779**	**955,779**
Line of Credit	**13.37**	**-**	**368,651**	**-**	**-**	**-**	**368,651**
Lease liabilities	**9.66**	**-**	**208,358**	**496,129**	**-**	**-**	**704,487**
Total Financial Liabilities		**-**	**577,009**	**496,129**	**-**	**955,779**	**2,028,917**
2023							
Financial Assets							
Cash and cash equivalents	3.14	513,277	-	-	-	-	513,277
Trade and other receivables/other financial assets	-	-	-	-	-	1,046,950	1,046,950
Total Financial Assets	3.14	513,277	-	-	-	1,046,950	1,560,227
Financial Liabilities							
Trade and other payables	-	-	-	-	-	990,296	990,296
Line of Credit	12.30	-	161,345	-	-	-	161,345
Lease liabilities	9.66	-	201,844	704,487	-	-	906,331
Convertible note	10.63	-	-	4,771,480	-	-	4,771,480
Derivative liability	-	-	-	688,364	-	-	688,364
Total Financial Liabilities		-	363,189	6,164,331	-	990,296	7,517,816

(b) Interest rate risk

At the reporting period end date, if interest rates had increased by 1% from the year end variable rates with all other variables held constant, after-tax profit and equity for the Company would have decreased by $20,530 (2023: $5,133) based on cash and cash equivalents. 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 is 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. However, 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 some additional mitigation of credit risk. Total bad debt expense for the year was Nil (2023: Nil). The Company does not currently have any significant debtors, lending, stock levels or any other credit risk, and, therefore, a formal credit risk management policy is not maintained.

(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
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**	**-**
2023			
Trade and other payables	990,296	-	-
Lease liabilities	201,844	704,487	-
Borrowings	161,345	4,923,119	-
Statement of financial position exposure	1,353,485	5,627,606	-

(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.

Embedded derivatives (Level 3)

The assessed fair values of derivatives are determined using a Black-Scholes option pricing model. The model considers the expected price, volatility of the underlying instrument, expected dividend yield and the risk-free interest rate. The three-year share price history is used to determine the expected price volatility. There are no embedded derivative liabilities outstanding in the current year. The embedded derivative liability in the prior year is classified as non-current based on a convertible note maturity of three years. The following shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
2024				
Derivative liability	-	-	-	-
Statement of financial position exposure	-	-	-	-
2023				
Derivative liability	-	-	688,364	688,364
Statement of financial position exposure	-	-	688,364	688,364

There were no Level 1 or Level 2 transfers in the current and prior reporting periods.

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.

	2024	2023
Current assets	**1,755,957**	449,243
Non-current assets	**(4,917,481)**	3,170,941
Total Assets	**(3,161,524)**	3,620,184
Current liabilities	**140,699**	127,766
Long term liabilities	**-**	4,475,553
Total liabilities	**140,699**	4,603,319
Total equity	**(3,302,222)**	(983,135)
Income (Loss) for the year	**(6,752,648)**	7,475,761

26. INTEREST EXPENSE

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

	2024	2023
Interest expense for borrowings at amortised cost:		
Convertible note coupon interest	**608,976**	430,876
Convertible note effective interest amortisation	**314,429**	401,900
Subtotal	**923,405**	**832,776**
Interest Expense-Line of Credit	**63,647**	70,197
Interest Expense-Capital Lease	**67,806**	77,820
Interest Expense Other	**4,137**	2,362
Total Interest Expense	**1,058,996**	983,155

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

Effective 1 July 2024, Mr Martyn Strickland and Mr Randall Lane joined the Board of Alexium International as Non-Executive Directors. Mr Strickland and Mr Lane will stand for election at the Company's 2024 Annual General Meeting which is scheduled for later this year.

Mr Strickland is an Operating Partner with Colinton Capital Partners (CCP). He joined CCP in June 2017 and represents Colinton Capital Partners on AMSG, Dimeo, Alexium and Clear Dynamics investments.

Prior to joining Colinton Capital Partners, Martyn was a Senior Partner at Deloitte, where he led the Middle-Market Strategy and the Operational Restructuring and CRO Services Divisions within the Firm's Financial Advisory business. His career has also involved senior roles at 333 Consulting, A.T.Kearney and Cadbury Schweppes.

Martyn has an MBA from the Melbourne Business School and a degree in Mechanical Engineering from the University of Melbourne.

Mr 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.

Effective 1 Aug 2024, the Company renegotiated and extended the terms of its outstanding asset-based line of credit with Alterna Capital Solutions (ACS). The interest rate spread above the US Prime Rate was reduced by 2 percentage points, the term of the agreement was extended to 28 February 2026 (from the original term which was due to expire 4 April 2025) and the monthly and annual fixed fees were all reduced. There was no change to the maximum funding amount available under the agreement or the collateral on which it is based.

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	Trustee, 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 2024 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 2024, 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: 29 August 2024

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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 2024 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 2024 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.

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.

Key audit matter	How our audit addressed the key audit matter
Intangible asset (note 12)	
The Group has capitalised development costs in relation to its ongoing projects. These have a net book value of US$762,603 as at 30 June 2024. 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 multiple 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; • comparing the calculated impairment of assets to amounts recognised in profit or loss; and • assessing the adequacy of financial report disclosures.
Going concern basis of accounting (note 2(x))	
The Group have prepared a 14 month cash flow forecast ending 31 August 2025 ("cash flow forecasts") which shows sufficient cash and liquidity as of 31 August 2025, with no reliance on, or the need to raise further capital during the forecast period. In accordance with AASB 101 *Presentation of financial statements*, the Group must make an assessment of it's ability to continue as a going concern. In making this assessment, if the Group is aware of material uncertainties relating to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the Group is required to disclose those uncertainties in the financial statements. This area is a key audit matter due to the significant management judgement involved in forecasting cash flows and assessing whether there are any material uncertainties relating to events or conditions that may	Our procedures included, amongst others: • reviewing management's cash flow forecast to see whether the operations of the business would provide sufficient liquidity for a period of at least 12 months from the anticipated date of sign-off of the financial report; • reviewing management assessment and support in relation to the assumptions presented in their cash flow forecast working papers; • challenging management's assumptions in the cash flow forecast; • evaluating the appropriateness of key inputs in the cash flow forecast considering accuracy of model, historical trend, operational and other financial information;

cast significant doubt upon the entity's ability to continue as a going concern.

- performing a cash-burn analysis, assessing sufficiency of funds assuming that operating levels up to 31 August 2025 are not dissimilar to the year ended 30 June 2024;
- to assess the completeness of current payables, reviewing post year-end payments and invoices, verifying that they are recorded in the correct accounting period;;
- reviewing the Group's cash position subsequent to the reporting period; and
- assessing the adequacy of financial report disclosures.

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 2024, 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: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.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 the Directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Alexium International Group Limited, for the year ended 30 June 2024 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

M R Leivesley
Partner – Audit & Assurance

Sydney, 29 August 2024

The shareholder information set out below was applicable as of 12 August 2024.

Quoted equity securities
1,562,058,469 fully paid ordinary shares are held by 3,838 shareholders.

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

Holding Range Units			Holders	Total Units	% Issued Share Capital
1	-	1,000	430	167,650	0.01%
1,001	-	5,000	716	2,062,838	0.13%
5,001	-	10,000	568	4,553,334	0.29%
10,001	-	100,000	1,532	56,794,488	3.64%
100,001	-	999,999,999	592	1,498,480,159	95.93%
			3,838	1,562,058,469	100.00%

Unmarketable parcels

Holding Range Units	Holders	Total Units	% Issued Share Capital
Minimum parcel A$500 at $0.010 per unit	2,810	32,367,608	2.07%

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	40.23%
2	SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	170,573,358	10.92%
3	COLINTON CAPITAL PARTNERS PTY LTD	163,617,640	10.47%

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: No voting rights.
- 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	40.23%
2	SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	170,573,358	10.92%
3	COLINTON CAPITAL PARTNERS PTY LTD	163,617,640	10.47%
4	DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS <SL & FJ PHILLIPS PENS F A/C>	53,507,499	3.43%
5	DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS <SL & FJ PHILLIPS S/F A/C>	31,399,324	2.01%
6	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	22,991,567	1.47%
7	N & G TD PROPRIETARY LIMITED <N & G TD SUPER FUND A/C>	20,000,000	1.28%
8	LUCKY POM PTY LIMITED <GRAYSON A/C>	16,000,000	1.02%
9	DR ELYSE JANE PHILLIPS	13,332,692	0.85%
10	WILLIAM T BLACKBURN JR	12,000,000	0.77%
11	DR PAUL STENSON	11,500,000	0.74%
12	ROSHEEN GARNON	11,483,822	0.74%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	10,000,000	0.64%
14	DUCKY'S LIFELINE PTY LTD <THE R EDWARDS SUPER A/C>	8,320,552	0.53%
15	BNP PARIBAS NOMS PTY LTD	8,268,661	0.53%
16	MR IAN MORTON & MRS DEBORAH MORTON <DEBIAN SUPER FUND A/C>	7,305,359	0.47%
17	CITICORP NOMINEES PTY LIMITED	6,932,159	0.44%
18	MR ROBERT NEAL BROOKINS	6,762,662	0.43%
19	MABETH PTY LTD	6,000,000	0.38%
20	MR MARTIN KEITH THOMAS & MRS HELEN PATRICIA THOMAS	5,431,500	0.35%