

ALEXIUM

FY 2022

HALF-YEAR PRESENTATION

25 February 2022

ASX: AJX



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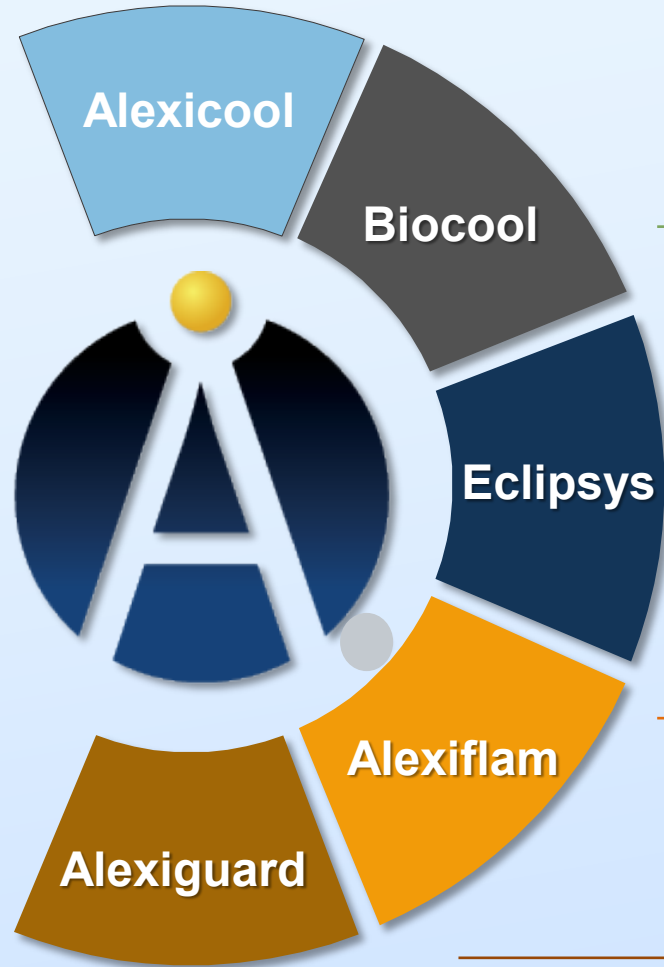
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# Alexium *Company Overview*

- *Alexium is an advanced materials provider* for thermal management and flame retardant applications
- Performance-driven products developed with *environmentally-friendly* materials and backed by *granted/pending patents* that secure the Company's position in key markets
- Product manufacturing strategy is based on contract manufacturers which provides for a *flexible and capital-light operation*



# Alexium Core Technologies



## **Alexicool®**

*PCM-based cooling products for textile & foam applications*



## **Biocool™**

*Proprietary **biobased** cooling products for textile & foam applications*



## **Eclipsys™**

*Perpetual cooling technology for textile- & foam-based products*



## **Alexiflam®**

*Flame retardant treatment for textiles rich in natural fibers*



## **Alexiguard™**

*Flame retardant treatment for textiles rich in synthetic fibers*

*WHERE WE ARE  
TODAY?*

- Alexicool<sup>®</sup>/Biocool brands are established as premium PCM-based products as shown with the recent award for innovation received from Serta Simmons Bedding
- Total Mattress Cooling Systems based on Alexicool<sup>®</sup> products have been integrated for with major US brand.
- Alexium PCM products have achieved +30% market share for textile applications for mattresses in US market

*KEY NEXT STEPS  
IN 2H FY22*

- Continued revenue growth in textile applications in mattress & top-of-bed applications
- Continued revenue growth in foam applications in mattress applications
- Expanding the Company's customer based across a wider range of market segments

*VALUE TO  
ALEXIUM*

- New revenue streams
- Improved profit
- Greater market penetration & diversification of customer base



## *WHERE WE ARE TODAY?*

- Eclipsys products are fully commercialized for body armor applications with first sales in 1H FY22
- Alexium supporting bedding manufacturers in marketing commercialisation plans for Eclipsys-based mattresses

## *KEY NEXT STEPS IN 2H FY22*

- Expanded market adoption of Eclipsys to body armor manufacturers
- Begin commercialisation of Eclipsys-based mattresses with market partners
- Expand focus of Alexium marketing efforts to wide range of first responder and military products including helmets, shoes, and tactical gear.

## *VALUE TO ALEXIUM*

- New revenue streams
- Improved profit
- Greater market penetration & diversification of customer base

## *WHERE WE ARE TODAY?*

- Manufacturing and commercial partners have support and validated Alexiflam<sup>®</sup> has been validated through UL testing for application to barrier fabrics as used in foam mattresses
- Alexium has completed all manufacturing efforts for the production scale application of Alexiguard<sup>™</sup> to nylon/cotton (FR NyCo) fabrics for military applications; testing has validated that wash durability achieved 50 cycles, greater 25 cycle target

## *KEY NEXT STEPS IN 2H FY22*

- Support new customers commercialisation efforts for Alexiflam-based FR socks for foam mattresses to drive initial sales
- Broad market introduction of Alexium's FR NyCo technology to military uniform supply chain

## *VALUE TO ALEXIUM*

- New revenue streams
- Improved profit
- Greater market penetration & diversification of customer base

# Success in FY2022

## Major Achievements in 1H FY2022

- ✓ Strong year-over-year revenue growth
- ✓ FR NyCo work fully completed and transitioned to military to initiate their evaluations
- ✓ Total Mattress Cooling System (TMCS) fully commercialized with a major customer
- ✓ Eclipsys technology commercialized in body armor market

## Key Milestones for 2H FY2022



1

### Biocool Market Penetration

Broader market penetration of BioCool™ products in bedding market



2

### Alexiflam® for FR Sock

Complete commercialisation of Alexiflam® for FR Sock products with supply chain partners



3

### Eclipsys™ for Bedding

Complete commercialisation Eclipsys™ technology in bedding market





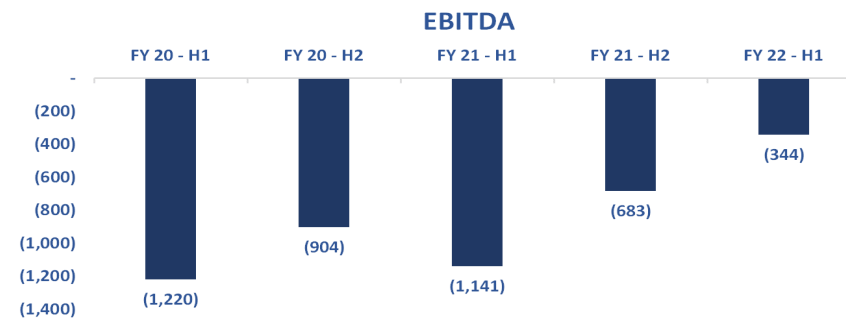
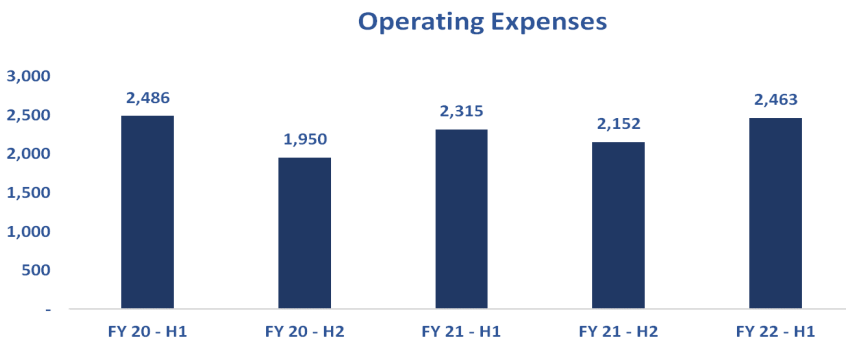
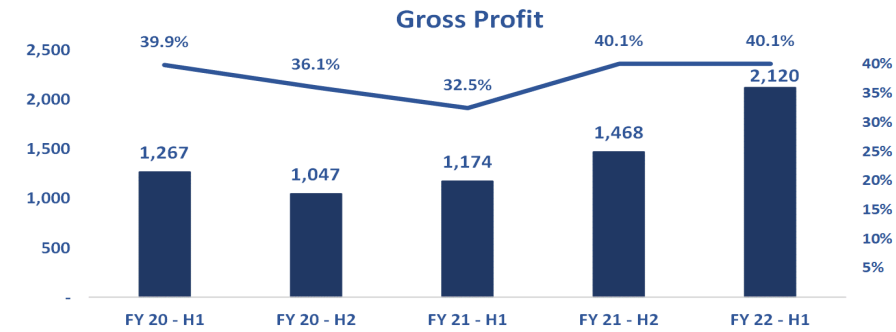
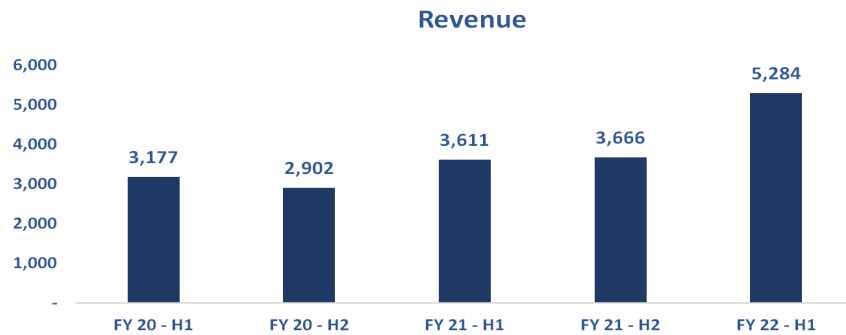
# Half Year Financial Results

# Financial Snapshot



## Strong revenue with BioCool™ product line

- ✓ Strong revenue growth of 46.3% vs 1H FY21 addition of BioCool™ products and new customers
- ✓ Net cash outflows from operating activities increased by \$0.5m to (\$0.9m) due to moderate increases in inventory purchases to support growth
- ✓ Operating expenses up 6.4% vs 1H FY21 with increases in R&D as a result of reduced internal IP capitalisation
- ✓ Gross margin at 40.1% is consistent with the 2H FY21 and from same period last year



All values in USD and thousands unless otherwise noted

# Cash Flow Statement



- Operating Activities outflows increased \$0.5m with changes in:
  - ✓ \$1.8m – cash receipts
  - ✓ (\$2.0m) - product purchases & manufacturing
  - ✓ (\$0.3m) – all other costs

	HY22 (USD)	HY21 (USD)
<b>Cash flow from operating activities</b>		
Receipts from customers and other income	5,725	3,915
Payments to suppliers and employees	(6,483)	(4,170)
Interest received	2	1
Interest and other costs of finance paid	(168)	(164)
Goods & services tax received	10	23
<b>Net cash flows (used in) operating activities</b>	<b>(914)</b>	<b>(394)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(50)	(44)
Payments for development costs	(66)	(561)
<b>Net cash flows (used in) investing activities</b>	<b>(115)</b>	<b>(604)</b>
<b>Cash flows provided by financing activities</b>		
Repayment of borrowings	(42)	(72)
<b>Net cash flows from/(used in) financing activities</b>	<b>(42)</b>	<b>(72)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,071)</b>	<b>(1,071)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,933</b>	<b>4,741</b>
Effect of exchange rate changes on cash	(33)	172
<b>Cash and cash equivalents at end of year</b>	<b>1,829</b>	<b>3,842</b>

# Profit & Loss Statement



- Revenue growth from new customers and introduction of BioCool™ product line
- Gross Profit up \$1.0m with increased gross margin and revenue
- Operating expenses increased \$0.1m

	<b>HY22 (USD)</b>	<b>HY21 (USD)</b>	<b>Change</b>	<b>% Change</b>
Sales Revenue	<b>5,284</b>	3,611	1,673	46.3%
Cost of Goods Sold	<b>(3,164)</b>	(2,437)	(727)	29.8%
<b>Gross Profit</b>	<b>2,120</b>	<b>1,174</b>	<b>946</b>	<b>80.6%</b>
<b>Gross Margin</b>	<b>40.1%</b>	32.5%	7.6%	
Operating expenses	<b>(2,463)</b>	(2,315)	(149)	6.4%
<b>Operating EBITDA <sup>(1)</sup></b>	<b>(344)</b>	<b>(1,141)</b>	<b>797</b>	<b>69.9%</b>
Depreciation & Amortisation	<b>(527)</b>	(442)	(85)	19.1%
<b>EBIT</b>	<b>(871)</b>	<b>(1,583)</b>	<b>713</b>	<b>(45.0%)</b>
Interest & Amortisation of Convertible Note	<b>368</b>	320	48	15.1%
Loss/(Gain) Change in FV of Derivative	<b>716</b>	(106)	823	(774.1%)
Finance income	<b>(2)</b>	(3)	1	(26.0%)
<b>Finance Costs Total</b>	<b>1,083</b>	<b>211</b>	<b>872</b>	<b>412.9%</b>
<b>Net Loss</b>	<b>(1,954)</b>	<b>(1,794)</b>	<b>(159)</b>	<b>(8.9%)</b>

(1) Operating EBITDA is a non-GAAP financial measure see appendix for reconciliation of Operating EBITDA to statutory net profit/(loss) after tax.

# Balance Sheet



- Working Capital
  - Overall working capital increased by \$0.8M versus comparative period. Trade receivables & trade payables were lower and offset by an inventory increase to support increased revenue.
- Non-Current Assets
  - Decrease of \$0.4m due to minimal additions to fixed and intangible assets. Decrease from depreciation and amortization.
- Non-Current Liabilities
  - Colinton Capital A\$5.15m four-year 6% convertible note.

	31-Dec-21 (USD)	30-Jun-21 (USD)
<b>Current Assets</b>		
Cash and cash equivalents	1,829	2,933
Trade and other receivables	953	1,368
Inventories	1,834	1,224
Other current assets	192	75
<b>Total Current Assets</b>	<b>4,808</b>	<b>5,599</b>
<b>Non-Current Assets</b>		
Other financial assets	18	18
Property, plant and equipment	959	1,056
Intangible assets	2,712	2,961
Right of use asset	760	846
<b>Total Non-Current Assets</b>	<b>4,449</b>	<b>4,881</b>
<b>Total Assets</b>	<b>9,257</b>	<b>10,480</b>
<b>Current Liabilities</b>		
Trade and other payables	1,423	1,893
Lease liabilities	106	81
<b>Total Current Liabilities</b>	<b>1,530</b>	<b>1,974</b>
<b>Non-Current Liabilities</b>		
Borrowings	2,633	2,510
Derivative liability	1,643	949
Lease liabilities	802	869
<b>Total Non-Current Liabilities</b>	<b>5,078</b>	<b>4,328</b>
<b>Total Liabilities</b>	<b>6,608</b>	<b>6,302</b>
<b>Net Assets</b>	<b>2,649</b>	<b>4,178</b>
<b>Equity</b>		
Contributed equity	66,513	66,265
Reserves	(1,518)	(1,695)
Accumulated losses	(62,346)	(60,392)
<b>Total Equity</b>	<b>2,649</b>	<b>4,178</b>

# Non-GAAP Financial Measure Reconciliation

## Reconciliation of Operating EBITDA (non-GAAP financial measure) to statutory Net Profit/(Loss)



The consolidated financial statements of the Group are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards Board (IASB).

This presentation includes a non-GAAP financial measure which is not prepared in accordance with IFRS being:

**Operating EBITDA:** calculated by adding back (or deducting) finance expense/(income), depreciation, amortisation, gain/(loss) in FV of derivative liability, and loss on debt extinguishment to net profit/(loss) after tax.

The Group uses this measure internally and believes this non-GAAP financial measure provides useful information to readers to assist in position or returns, but that they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with IFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies.

	HY22 (USD)	HY21 (USD)
Net Loss for the period	(1,954)	(1,794)
Add		
(+) Depreciation	189	211
(+) Amortization	338	231
(+) Interest expense	368	320
(+/-) Gain/(Loss) in FV of derivative liability	716	(106)
	1,612	656
Less		
(-) Interest Income	2	3
	2	3
<b>Operating EBITDA</b>	<b>(344)</b>	<b>(1,141)</b>



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