



ALEXIUM

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Alexium 1H FY23 Commercial Initiatives for Microclimate Regulation

Highlights:

- New retail product releases based on the Company's Biocool and Eclipsys product lines are expected in 1H FY2023 for body armor, mattress and top of bed applications.
- While the Company's focus has historically been on the bedding market, with the evolution of Alexium's product portfolio, the Company is now primed to grow into Phase II markets, being the body armor, helmet, and shoe markets.
- In the coming months the Company is releasing new products within existing platforms and new platforms altogether that round out our microclimate regulation product portfolio and position Alexium for further growth in these markets.

Sydney (Australia), Greer (South Carolina, US) – 27 June: Alexium International Group Limited (ASX: AJX, "Company") is an environmentally friendly specialty materials company focused on improving the safety and comfort of consumer and industrial products by improving their flame retardancy or microclimate regulation. We are pleased to provide an update on the Company's commercial initiatives for thermal management (now stated as microclimate regulation) for 1H FY23 and the strategies for driving revenue growth. A comparable update for the Company's FR product strategies will be provided in the future.

BACKGROUND

For many consumer and industrial products, user discomfort is a common problem as the microclimate around the user grows excessively hot and humid. In some severe circumstances, discomfort can reach a point of risking the user's health and safety. However, microclimate regulation-related user discomfort comes in many different forms and there is no "one size fits all" solution. For example, the trapping of heat in a mattress requires a vastly different solution to the build-up of perspiration in a running shoe.



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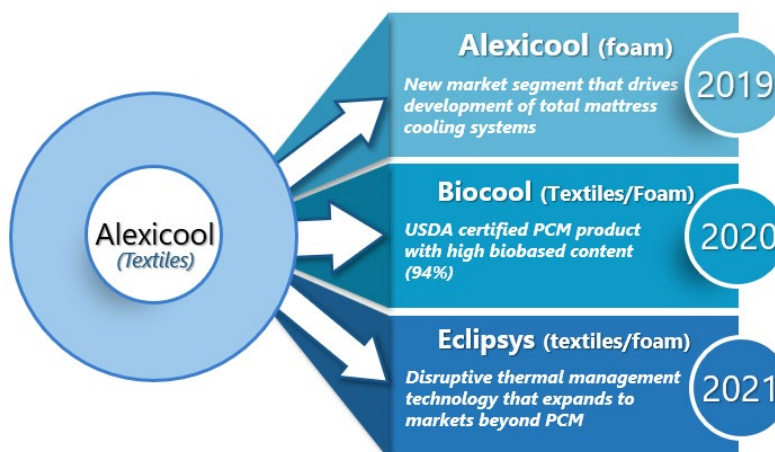


Figure 1: Evolution of AJX Microclimate Regulation Technology

As can be seen in the graphic to the right, Alexium has significantly expanded its product portfolio over the last 3 years in order to create an arsenal of solutions to attack a wide array of microclimate regulation-related user discomfort issues. Leveraging this product portfolio is the key to the Company's strategy for driving growth in 1H FY23.

The chart below illustrates Alexium's financial half year revenue growth over a 3-year period from FY20 to H1 FY22 as well as a product distribution for these periods. As demonstrated, commercialization of new microclimate regulation products and improved market penetration of existing products has been critical to the Company's revenue growth over time. Continuing to improve penetration and launch new products both inside and outside of the bedding market is the primary focus for Alexium's growth strategy.

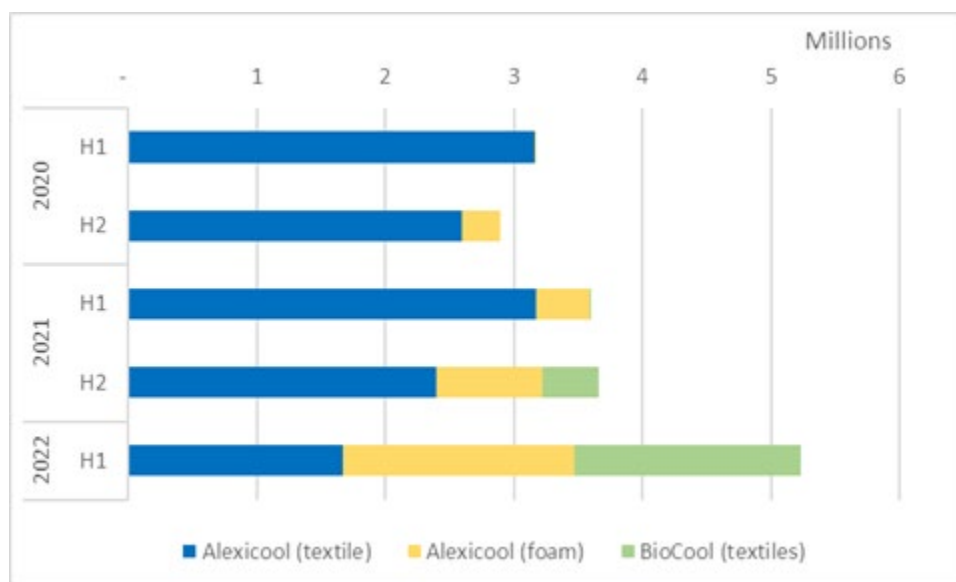


Figure 2: Revenue by product segment



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In H2 FY2022, global macroeconomic conditions have suppressed economic growth expectations which has been observed across the US bedding/mattress market. Given the Company's position in the supply chain, our sales act as a lead indicator of activity in this sector. Thus, H2 FY2022 is forecasted to show a decline in revenue though the product distribution will mirror the 1H FY2022. Notably, over the past five months, Alexium has further increased its market share which will support a significant rebound in bedding revenue once the economy recovers.

1H FY23 COMMERCIAL INITIATIVES

To manage the current economic downturn, the management team has worked in conjunction with our customers and have adapted our strategy accordingly. Our near-term focus is on the following:

- Completely new mattress cooling systems designed around our Eclipsys perpetual cooling solution. Sales are expected to begin in 1H FY23 with consumer products on the showroom floor/online by early 2H FY23.
- To address an expected fall in consumer spending on mattresses and other higher-value items, we are accelerating the availability of our technology for higher-volume, lower-value bedding accessories such as pillows and mattress toppers. These Biocool and/or Eclipsys-branded products will be distributed nationwide in the US via leading department stores and online channels. Sales are expected to begin in 1H FY23.
- Body armor demand is largely insulated from general consumer spending. Three customers have completed testing and approved Eclipsys for incorporation in their body armor products. With an additional 30 prospective customers evaluating Eclipsys for body armor, we believe that this is a significant global commercial opportunity for Alexium in the current economic environment. Alexium will continue to drive commercialization of Eclipsys for body armor to achieve sales in 1H FY2023.
- Leveraging our progress with body armor and the endorsement of our technology by law enforcement, first responders and military, we will be progressing the application of Eclipsys to adjacent markets, including helmets, footwear, and clothing. Alexium will continue to update shareholders as material developments occur but does not expect commercialization to have yet been achieved by the end of 1H FY23.
- In the coming months we will be announcing new products within existing platforms and new platforms altogether that will have a commercial impact in CY2023. These new additions will fully round out our microclimate regulation product portfolio and position Alexium for further growth in bedding and non-bedding markets.



TARGET NEW MARKETS FOR MICROCLIMATE REGULATION

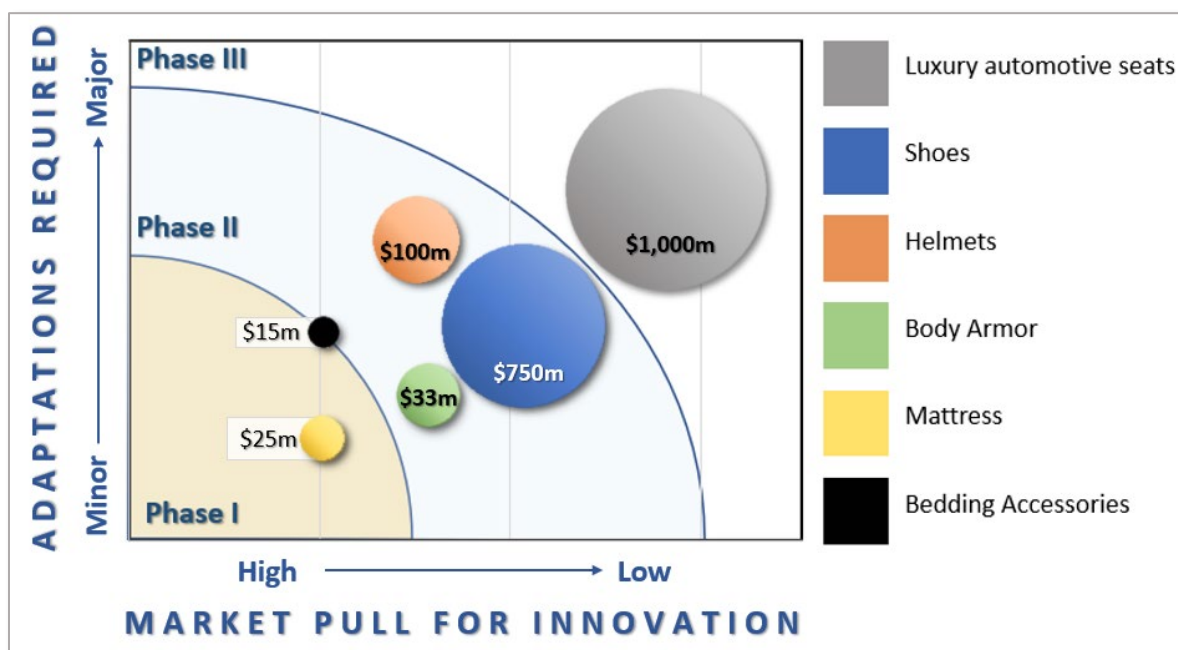


Figure 3: Target Markets for Microclimate Regulation
(Sphere size represents the addressable market size)

The graph above shows Alexium's strategic plan for growth into non-bedding markets in the United States. The Company's focus has historically been on the bedding market given bedding was the "lowest hanging fruit" but with the evolution of Alexium's product portfolio, the Company is now primed to grow into Phase II markets. Alexium will continue to strongly service the bedding market but will also use this market to road-test and prove up our technology ahead of launching into other markets. As conveyed in previous releases, Eclipsys is fully commercialized in the body armor market and the other Phase II markets will begin commercialization in FY2023.



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About Alexium International Group Limited

Alexium International Group Limited (ASX: AJX) is a performance chemicals provider for advanced materials applications with a focus on flame retardancy and thermal management. The Company is driven by an innovation model for addressing market gaps with patent-protected technologies. These environmentally friendly solutions have applications for several industries and can be customized to meet customer needs. Key markets for Alexium are military uniforms, workwear, and bedding products. Alexium brands include Alexicool® and Alexiflam®. For additional information about Alexium, please visit www.alexiuminternational.com.

Authorised for release by Ms. Rosheen Garnon, Chair of the Board of Alexium International Group Limited.

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