

Alexium agrees to refinance outstanding debt for equity and raise a minimum of A\$4 million of new equity to support business growth plans

Highlights

- Debt for equity refinancing of outstanding convertible note removes all short to medium-term refinancing concerns
- Capital raise demonstrates strong support from existing shareholders, board and management
- Total minimum equity of A\$4 million to be raised via a placement, underwritten entitlement offer and convertible note exchange to be used to fully retire Alexium's current A\$7 million convertible note¹ (**Convertible Note**) and provide working capital to accelerate growth opportunities:
 - Minimum equity placement to institutional and sophisticated investors of A\$4.0 million at A\$0.013 per share (**Placement**), a 7% discount to closing price of \$0.014
 - The directors and key management of Alexium (including Chief Executive Officer Billy Blackburn and Chief Technology Officer Bob Brookins) support the equity raising, and they, along with some sophisticated investors have agreed to subscribe for approximately A\$0.5 million of the equity placement (subject to approval by shareholders)
 - Proposed 2.035 for 5 pro rata non-renounceable entitlement offer to raise A\$3.5 million (**Entitlement Offer**), fully underwritten by Alexium's two largest shareholders, Colinton Capital Partners and Wentworth Williamson to enable all eligible shareholders to participate
 - Pending shareholder approval, equity to be issued to Colinton Capital Partners to retire the outstanding Convertible Note and accrued interest thereon at a proposed share price on exchange of A\$0.015 per share, a 7% premium to the closing price of \$0.014 and a 15% premium to the new equity issuance price
- An investor presentation providing an overview of the agreed Convertible Note refinancing and equity raise and how together they provide the financial foundation for the Company to support its business growth plans has been separately released to the market.

¹ As at the date of this announcement, the Convertible Note has a face value of A\$7.0million and accrued interest of A\$0.9m. Refer to Alexium's ASX announcement dated 23 December 2022 for further details with respect to the Convertible Note.

Melbourne (Australia), Greer (South Carolina, US) – 22 December, 2023: Alexium International Group Limited (ASX:AJX) (**Alexium** or **Company**) is pleased to announce that it has agreed to refinance its outstanding debt for equity and raise a minimum of A\$4 million of new equity to support its growth plans.

The minimum new equity of A\$4 million is comprised of:

- A fully underwritten pro rata non-renounceable Entitlement Offer of A\$3.5 million.
- A Placement to institutional and sophisticated investors, Directors & Management of a minimum of A\$0.5 million.

Alexium CEO Mr Billy Blackburn commented: *“We are very pleased to announce this debt refinancing and equity capital raising. The transactions will allow Alexium to fully retire the Convertible Note and strengthen the Company’s balance sheet to support our plans to realise the substantial opportunities arising from the Company’s proprietary technical innovations in performance materials to deliver thermal regulation, dehumidification and flame-retardant solutions.*

“The equity raise is strongly supported by high-quality existing and new investors. All eligible current shareholders will have an opportunity to participate in the Entitlement Offer, which is fully underwritten.

“In addition to their participation in the Convertible Note refinancing and the equity raising transactions, Colinton Capital Partners will be providing a bridge loan of A\$2 million to ensure that the Company is able to pursue a number of significant near-term opportunities while the Company seeks the necessary shareholder approvals for the agreed transactions.”

The Funding

The Placement and Entitlement Offer will raise a minimum of A\$4 million, with the issue of 308 million new ordinary shares (**New Shares**), representing 47% of existing securities on issue. New Shares issued under the Placement and Entitlement Offer will rank equally with existing AJX shares.

The Placement and Entitlement Offer will be conducted at an offer price of A\$0.013 per New Share (**Offer Price**), representing a 7% discount to the closing price and a 13% discount to the equity issue price for the Convertible Note refinancing.

The Convertible Note refinancing will result in leaving the Company’s with only one remaining debt instrument, being its working capital facility with Alterna, and will save the Company approximately \$1 million of interest per annum.

Colinton Capital Partners and Wentworth Williamson have agreed to fully underwrite the Entitlement Offer and will contribute a total of A\$3.5 million to the equity raise. Colinton Capital Partners will immediately provide a bridge loan of A\$2 million to the Company to allow it to continue to pursue a number of significant near-term opportunities while the Company seeks the necessary shareholder approvals for the agreed transactions. The bridge loan principal will be applied to meet Colinton Capital Partners’ commitments with respect to the equity raise and will be offset against Colinton’s commitment under the underwriting commitment and placement.

Use of Proceeds

Alexium intends to use proceeds from the equity raise for the following purposes:

- to fund an acceleration of its materials cooling and flame-retardant technology related growth initiatives; and
- to provide general working capital to fully fund the company's growth strategy.

Entitlement Offer Details

The 2.035 for 5 pro rata Entitlement Offer will raise a total of approximately A\$3.5 million at an Offer Price of A\$0.013 per share – fully underwritten by the Company's two largest shareholders, Colinton Capital Partners (A\$2 million) and Wentworth Williamson (A\$1.5 million).

The Entitlement Offer is non-renounceable which means shareholders will not be able to trade or sell their rights to take up their entitlement under the Entitlement Offer.

The Entitlement Offer is conditional upon the approval of shareholders of the resolutions necessary to give effect to the refinancing and equity raise transactions.

No fee is payable to Colinton Capital Partners or Wentworth Williamson for underwriting the Entitlement Offer.

Full details with respect to the Entitlement Offer will be contained in a disclosure document, proposed to be issued by the Company in early March 2024.

Equity placement details

Where Colinton Capital Partners and Wentworth Williamson are not required to subscribe for the totality of their underwriting commitment, they have committed to subscribing for additional shares under the placement, subject to the receipt of any necessary shareholder approvals. In addition, the placement will seek to raise a further A\$0.5 million from other investors, including directors and management of the Company (subject to the receipt of necessary shareholder approvals).

The issue of Shares under the Placement is also conditional on the Company receiving all necessary shareholder approvals to complete the proposed refinancing transaction, including approval under item 7 section 611 of the Corporations Act 2001 (Cth) (**Corporations Act**) for Colinton Capital to increase its voting power in the Company above 20% upon conversion of the Convertible Note and issue of further shares under the Placement.

The Placement is proposed to comprise the issue of a minimum of 38 million New Shares to eligible sophisticated, professional and other institutional investors located in Australia and select international jurisdictions.

The total amount raised under the Entitlement Offer and Placement may exceed A\$4 million, depending on the take of rights under the Entitlement Offer by existing eligible shareholders.

Convertible Note Refinancing

Alexium will refinance the outstanding Convertible Note held by Colinton Capital Partners. The accrued principal and interest of the Convertible Note will be refinanced by an issuance of shares at a price of \$0.015 per share. The issued shares will be subject to a voluntary lock-up period of 12 months. Shareholder approval is intended to be sought for the terms of the Convertible Note refinancing and the resulting shareholding by Colinton Capital Partners which will be significantly above the Corporations Act threshold interest level of 20%. A report from an independent expert on the fairness and reasonableness of the refinancing to other shareholders of the Company will be provided with the notice of meeting.

Indicative timetable²

Event	Date
Agreement and announcement of Recapitalisation	Late December 2023
Lodgement of draft Notice of Meeting with ASX & ASIC	Early February 2024
Regulatory Review	Early February 2024
Notice of Meeting sent to Shareholders	Late February 2024
Dispatch of Entitlement Offer disclosure document and Entitlement Offer opens	Early March 2024
Extraordinary General Meeting to approve components of Recapitalisation	Late March 2024
Entitlement Offer and Placement Offer Close	End March 2024
Financial Settlement and Share Issue date	Early April 2024

Additional information

Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors should seek appropriate advice before making any investment decision.

For any questions in respect to the Entitlement Offer, please contact Billy Blackburn (details below), during the Offer Period. For other questions, investors should consult their broker, solicitor, accountant, financial adviser or other professional adviser.

² This timetable is indicative only and may change without notice at the Company's discretion or subject to the requirements of the Corporations Act 2001 (Cth) and the ASX Listing Rules. Alexium has the ability at its discretion to make changes including to extend the closing date for the Entitlement Offer, to withdraw the Entitlement Offer at any time prior to the issue of the New Shares and/or to accept late applications either generally or in specific areas.



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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 customised to meet customer needs. Key markets for Alexium are military uniforms, workwear, and bedding products. Alexium brands include Alexicool®, BioCool®, Eclipsys®, Alexiflam®, DelCool™ and Alexiguard™. For additional information about Alexium, please visit www.alexiuminternational.com.

For further information please contact:

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