



## In This Issue

- MESSAGE FROM THE PRESIDENT
- GROWTH & SALES UPDATE
- RESEARCH & DEVELOPMENT UPDATE
- PRODUCT DEVELOPMENT UPDATE

## News

- Alexiflam FR Treated Samples Delivered to U.S. Marine Corps for Evaluation
- Alexium Featured in Defense Industry Media such as *American Security Today* & *Government Security News*
- Alexium Featured in Business Industry Media such as *GSA Business Report* & *Innovation In Textiles*

- Moelis & Company Reiterates a BUY Rating
- Alexium Chemistry Undergoes Manufacturer Testing in China with Global Tent Maker

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## A NOTE FROM THE PRESIDENT

In last month's newsletter, I outlined four key branches of Alexium's growth strategy: Aggressive Organic Growth in FR, Globalization, Expansion Into Adjacent Markets and Continued Investment in R&D and Technology Licensing. In this month's newsletter, you will see several updates on Alexium's progress in these areas:

### **AGGRESSIVE ORGANIC GROWTH IN FR**

Securing new bedding customers and two key implementation efforts in the outdoor fabrics markets.

### **GLOBALIZATION**

Expanding sales into China, traveling to Eastern Europe to work with an existing customer to expand sales and continued supply of Alexiflam™ chemistry into the European bedding market.

### **EXPANSION INTO ADJACENT CHEMICAL MARKETS**

A critical step forward for Alexium this year was that we realized a clear market need in the cooling sector, and developed a novel solution to fit that need, Alexicool™. With Alexicool™, we have proven we can leverage that part of our business model into adjacent areas quickly and successfully.

### **CONTINUED INVESTMENT IN R&D AND TECHNOLOGY LICENSING**

Continuing advances in our Alexiflam™ NF and Alexicool™ product lines, bolstered by full utilization of our new facility space.



Dr. Dirk Van Hying  
*President*

The regulatory environment continues to evolve in Alexium's favor in the direction of eco-friendly, non-toxic chemical solutions.

The first list of chemicals under review by the EPA under the recent Lautenberg Act is largely populated by halogenated materials alongside the well-known carcinogen asbestos. While not all halogenated compounds are hazardous, it is a very clear indicator of the solid foundation eco-conscious materials like Alexium's have in the chemical industry and of a bright future for all our shareholders.



## PRODUCT DEVELOPMENT



Jonus Larue  
VP of Product Development

### Alexicool

This month, the team attended several domestic production trials, helping to secure additional business in the PCM (bedding) market. We also attended several production trials across Europe to facilitate the commercialization of Alexicool.

We have identified several markets that have been seeking phase change solutions that we could provide, with one of these customers already in commercial-scale production. This effort will be a major focus in the beginning of

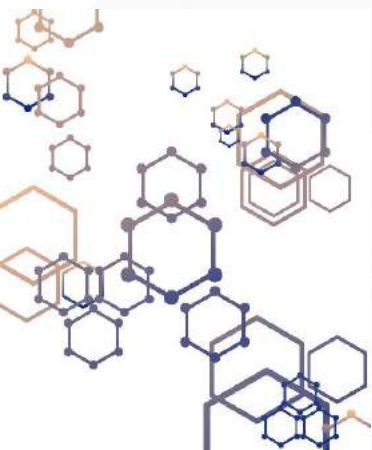
The team has produced multi-ton batches at two toll manufacturers in the U.S. and has plans to scale to a similar size in Europe over the next quarter.

Over the next month, the team will be attending additional trials in the U.S. as well as three European Countries.

### Tenting

We are pleased to say interest in Alexiflam™ PB, Alexium's light weight nylon/polyester FR technology, is continuing to show successful growth. Previously mentioned trials of Alexiflam™ PB have just recently commenced in China with additional trials scheduled throughout Asia by the end of CY16.

The Product Development team will be attending a commercial-scale trial for the Alexiflam PB FR treatment with a recently selected toll manufacturer. This is a very exciting flame retardant application after a 3rd quarter full of Phase Change Material news.



## RESEARCH & DEVELOPMENT

As everyone is aware, Alexium has moved into its new facility in South Carolina. This move is significant in a number of ways.

First and foremost, the new facility upgrades and expands our technical capabilities. We had clearly grown beyond the usable space at our previous site, and this new facility allows us to structure the labs more practically. Key testing and scale-up functions are now integrated as distinct spaces in our laboratories; this all improves the overall quality of the technical teams' output. Also, the new facility was designed with room for growth. With the rapid

evolution of new products such as Alexiflam NF and Alexicool, we can see where our future needs will be. The new laboratories are designed to allow us to grow as a company along with our products.

Another key aspect of this move is what it represents for Alexium. Alexium has grown significantly over the past few years and this new facility is an important step in that. In many ways, the previous building was a poor representation of what we have built and become. We are all very pleased that our facilities now represent us well to customers, investors, and the public as a whole.



Dr. Bob Brookins  
VP of Research & Development

## GROWTH & SALES

The Sales Department has closed multiple pieces of new business in 4Q16 as we aim for a very strong finish to CY16. As a business, we are focused on target markets where we differentiate ourselves from the competition, and we are working with national and global market brands where we can fast-track our products to market.

### Fire Retardants

We are working with the largest outdoor fabric companies for camping equipment for a consumer and environmentally green Fire Retardant package that has the potential to take over the entire market. As we prepare for a bulk plant trial for 1Q17 adaptation near Shanghai in December, we are working with the top brands in parallel so we can complete a market transition to Alexium

technology in a matter of months. We also have achieved the highest tier burn ratings for Pyroman for Military Applications which has been a core market for Alexium since our inception.

### PCM Cooling Technology

The Bedding & Bedding Accessories Markets are proving month after month to be a market that is extremely receptive to our competitive advantages, and this is a market where our Alexium name is gathering significant traction. In combination with our cooling technology, Alexium enables customers to provide consumers with wash durable technology that allows the cooling effect to be maintained for the life cycle of the product.

As we are growing as a business, we are now garnering the attention of



Michael Schwartz  
VP of Sales

top brands who recognize Alexium as a value-added supplier that offers both innovative technology and the agility to move much faster than billion dollar suppliers. Our future has never been brighter and with a strong finish to 2016, we are positioned well for stepped growth in 2017.



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