

## ALEXIUM BUSINESS UPDATE

### Highlights:

Alexium outlines the following:

- Alexium's progress and recent successes in its three cornerstone initiatives; and
- Alexium's focus on profitability.

**Perth, Australia, and Greer, South Carolina - 18 June 2018** - Alexium International Group Limited ("Alexium" or "the Company", ASX: AJX, NASDAQ Designation: AXXIY) today announces an update to its previously announced three cornerstone initiatives, and a review of the business aimed at achieving profitability as soon as possible.

### Progress on cornerstone initiatives

The Company continues to make significant progress on each of its three cornerstone initiatives centred around its flame retardant (FR) and phase change material (PCM) platform technologies. The three cornerstone initiatives are based on a number of factors, including value of future sales, likelihood of success, and timeline to success. All three initiatives are progressing in line with or ahead of expectations, and the Company continues to be confident that success with any of the three will create profitability and demonstrate the wider applications of its environmentally-friendly platform technologies.

Recent successes in two areas are highlighted below:

- Alexicool customers are expected to launch several new Alexicool-based products in the retail market over the next six months. The majority of these products are designed to target the higher volume markets where PCM has typically not been used. Penetrating this market segment is a milestone identified in Part 2C of the previous quarterly report.
- Alexium's work on flame retardant nylon/cotton blends as used for military uniforms is ahead of schedule for final product design. Checking off this key milestone (referenced in Part1B of the previous quarterly report) enables us to move forward with transitioning these products to manufacturing scale.

Commenting on the progress of these initiatives, the Company's Interim CEO, Dr. Robert Brookins said, "Alexium has distinguished itself as a developer of innovative platform technologies with applications across a range of market segments and products. Going forward, my aim is that we distinguish ourselves in the commercialization of these technologies. The recent successes in extending our PCM and FR technologies to new markets and applications demonstrate Alexium's ability to achieve this."

### Focus on Profitability

Since their respective appointments in May 2018, Alexium's Chair, Susan Thomas, and Interim CEO, Dr. Robert Brookins, have undertaken a complete review of Alexium's business, with a view to achieving profitability as soon as possible. During this review, it has been identified that a significant portion of the Company's sales that were initially pursued for strategic reasons to access one of Alexium's earlier target markets, have not been profitable to the Company. Accordingly, the Company announces that it intends to cease these sales as soon as possible. While this will impact the Company's revenue in the short term, the Board considers that the target markets pursued under the three cornerstone initiatives present a much larger and more profitable opportunity for Alexium, and that ceasing the sales is expected to benefit the Company and in particular will increase the Company's gross margin and reduce its operating loss.

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The Board and Interim CEO have also identified a number of cost savings which are not expected to impact the three cornerstone initiatives. Sue Thomas said, "The Company is well positioned to capitalize on the work and developments which have occurred over several years and which have positioned the Company well in terms of the three cornerstone Initiatives. It is my intention to complete a systematic review designed to maximize the probability of success of these initiatives in a cost-effective manner. Alexium will continue to update the market on progress of such review when it has further details."

### **About Alexium International Group Limited**

Alexium International Group Limited (ASX: AJX, Nasdaq Designation: AXXIY) holds proprietary patent applications for novel technologies developed to provide flame retardancy for a wide range of materials. These environmentally friendly flame retardants have applications for several industries and can be customized. Further, Alexium has developed products for a range of other applications including phase-change materials, water repellents, antimicrobials, and combinations thereof. Alexium also holds patents for a process developed initially by the U.S. Department of Defense, which allows for the surface modification and attachment of nanoparticles or multiple chemical functional groups to surfaces or substrates to provide functions such as fire retardancy, water proofing, oil proofing, and antimicrobial treatments. Applications under development include but are not limited to textiles, packaging, electronics, and building materials. Alexium's chemical treatments are currently marketed as Alexicool® and Alexiflam®. For additional information about Alexium, please visit [www.alexiuminternational.com](http://www.alexiuminternational.com).

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