

Alexium Commercial Update

Highlights

- Strong pipeline of opportunities for Alexicool® products currently valued at US\$45 million per annum has been developed over the past six months
- Recent development work on flame retardant nylon/cotton (FR NyCo) technology for US military applications has been successful, with the next phase of production trials to take place later this month
- Management team will hold an investor conference call on 15 October to present the new investor deck with details regarding key initiatives for FY 2020

Perth (Australia), Greer (South Carolina, US) – 3 October 2019: Alexium International Group Limited (ASX: AJX) is pleased to provide an update on its strategic growth initiatives and progress on its operational and financial targets.

Commercial Success & Expansion of Alexicool® Market

The past year has seen increased sales of Alexicool® products. While the majority of Company sales in FY 2019 were based on textile applications to mattresses, these new revenue opportunities are based on a number of new drivers:

- Foam products utilizing Alexicool® FM
- Broader range of top-of-bed consumer goods
- Greater number of custom-designed consumer goods with multiple components using Alexicool® products
- End products for a larger range of brands
- Fast-growing demand for thermal regulation solutions

Commenting on the strong pipeline of opportunities for Alexicool® products that supports the Company becoming EBITDA positive by the end of the 2019 calendar year, Alexium CEO Bob Brookins said: “We are seeing rapidly growing interest in our Alexicool® technology and its application to the bedding market. Our current pipeline of potential opportunities for Alexicool® products now stands at US\$45 million per annum¹.”

“As well as entirely new initiatives, a significant share of our current pipeline includes opportunities from new product launches incorporating Alexicool® technology due at the upcoming Las Vegas bedding show. We are actively working to further support new and existing customers in growing this market segment,” added Dr Brookins.

Additionally, the growth being experienced with Alexicool® products is expected to underpin long-term growth, with two key initiatives in FY 2020 being:

- 1) Establishing technical and sales support for customers operating in China
 - Alexicool® customers are increasingly manufacturing consumer goods in China and providing improved support for them is a priority

¹ The pipeline comprises current opportunities for the sale of Alexicool® products to customers and is not a revenue forecast.

- Phase change materials (PCM) applications for domestic products in China are a burgeoning market
- 2) Expanding the Company's product portfolio for bedding and adjacent markets
- Alexium must build on Alexicool® customers' view of the Company as an innovative solution provider
 - Proprietary technologies developed by Alexium can be leveraged to products beyond PCM and FR products

Advances in Flame Retardant Nylon/Cotton fabrics (FR NyCo) for US Military Applications

Having satisfied primary specifications for FR NyCo (per guidance from the US military), Alexium has been working with Pine Belt Processing ("Pine Belt") on providing production-scale FR NyCo fabrics for the next phase of testing and evaluation (T&E) by the US military. This work has been conducted under the terms of the Development Agreement established with Pine Belt.

Pine Belt is a current supplier of finished garments to the US military for applications such as permanent-press finish and insecticides. Over the past quarter, Alexium staff have worked alongside Pine Belt staff in their production facility on the usage of Alexium's FR NyCo technology and integration of that technology with Pine Belt's current processes.

Production-scale work at Pine Belt has been successful on the following primary specifications:

- Demonstrated compatibility with Pine Belt's current technologies
- Demonstrated passing burn tests with FR NyCo fabrics after initial treatment and 25 industrial launderings
- Achieved high Elmendorf tear strengths and Scotts Break testing on FR NyCo fabrics
- Passed air permeability requirements
- Treated fabrics retained soft hand and drape

Alexium staff are now working with Pine Belt on finalization of the process parameters for optimal process performance and cost. Final production goods will be required for T&E by testing at government facilities which includes lab-scale testing and limited user evaluation ("wear trial").

Commercialization of Alexiflam® NF

As previously announced, the Company entered into a Memorandum of Understanding with ICL for the distribution, manufacturing and development of Alexiflam® NF products to global markets. Progress with ICL is proceeding well as both parties have focused on the sales/distribution strategy for launching Alexiflam® NF with ICL. Details around the structure of the agreement and commercialization strategy cannot be discussed at this time but will be shared when appropriate.

In parallel with this effort, the Company continues its internal commercial efforts with Alexiflam® NF for key markets which the Company will retain sales rights.

Important Dates in October

An **investor conference call** will be held at **10am AEDT on Tuesday 15 October 2019**. Bob Brookins (CEO) and Jason Lewis (CFO) will provide an update on recent progress including:

- Market analyses of near- and long-term markets for Alexium technologies
- Comprehensive view of commercial opportunities and their value to the Company
- Outlining key initiatives for FY 2020

To pre-register for the briefing and avoid a queue while calling, please register at the following link:

<https://s1.c-conf.com/diamondpass/alexium-10002208-invite.html>

If you are unable to register, at the time of the call please dial one of the numbers below and provide the **Conference ID: 10002208** to an operator.

Australia Toll Free: 1800 870 643

Australia Local: +61 2 9007 3187

United States: 855 881 1339

The live webcast will be accessible by using the link below. Questions will need to be submitted electronically through this webcast interface. For those wishing to access the webcast please register by clicking on the following link:

<https://services.choruscall.com.au/webcast/alexium-191015.html>

Additionally, the Company's **Annual General Meeting (AGM)** will be held at **11am AEDT on 29 October 2019** as announced in the recent Notice of Meeting.

About Alexium International Group Limited

Alexium International Group Limited (ASX: AJX) 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 develops proprietary products for advanced thermoregulation utilizing phase change materials. 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.

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