

Alexium secures A\$22.3 million to fully retire current debt and support the Company's transition to a high growth performance chemicals company

Highlights

- Capital raise demonstrates strong support from existing shareholders and new cornerstone shareholder
- Total Funding of A\$22.3 million raised via Placement, underwritten Entitlement Offer and Convertible Note to be used to fully retire Alexium's current US\$9.0 million (A\$13.2 million) debt package and provide working capital to accelerate growth opportunities
 - Equity placement to institutional and sophisticated investors of A\$8.8 million, including a total of A\$2.7 million to well regarded Australian mid-market growth investor, Colinton Capital Partners
 - The Directors and Management of Alexium support the Equity Raising, and have subscribed for A\$0.6 million of the equity placement (subject to approval by shareholders)
 - 2 for 5 pro rata non-renounceable entitlement offer to raise A\$8.3 million – fully underwritten via underwriting agreements and irrevocable shareholder undertakings
 - Convertible note totalling A\$5.15 million to be issued to Colinton Capital Partners to provide debt funding at a substantial cost savings compared to the current debt facility with an annual interest reduction of A\$1.4 million
- Simon Moore, Senior Partner with Colinton Capital Partners, to join Alexium's Board of Directors
- An Investor Presentation providing an overview of the capital raise and how it provides a solid foundation for the company to drive shareholder value has been separately released to the market.



Perth (Australia), Greer (South Carolina, US) – 27 November 2019: Alexium International Group Limited (ASX: AJX) is pleased to announce that it has secured A\$22.3 million in funding to fully retire the Company's current US Dollar debt package and provide working capital to accelerate growth opportunities.

The total Funding of A\$22.3 million is comprised of:

- Pro rata non-renounceable Entitlement Offer of A\$8.3 million, fully underwritten via underwriting agreements and shareholder undertakings
- Placement, to be undertaken in two tranches, to institutional and sophisticated investors, Directors & Management of A\$8.8 million
- Convertible note of A\$5.15 million

Alexium CEO, Dr Bob Brookins commented: *"We are very pleased to announce this capital raising. The funds raised will allow Alexium to fully retire the high interest-bearing US Dollar debt currently in place and strengthen the Company's balance sheet to support accelerating growth and delivering on the substantial opportunities in PCM and flame-retardant markets."*

"The Placement is strongly supported by high-quality existing and new investors. Eligible current shareholders will have an opportunity to participate in the Entitlement Offer, which is fully covered through underwriting agreements and irrevocable shareholder undertakings."

"In addition to contributing up to A\$2.7 million in the Placement, Colinton Capital Partners will be providing a further A\$5.15 million via a convertible note and will also underwrite A\$3.0 million of the Entitlement Offer. The 6% interest rate on the new convertible note is substantially lower than the 13.5% we have been paying on the existing US Dollar debt facility. The repayment of the existing debt will save approximately A\$1.4 million per annum in cash interest cost."

"We are also pleased to welcome Simon Moore, a Senior Partner of Colinton Capital, onto Alexium's Board. Simon has over 20 years of experience in senior private equity roles, and we look forward to his contribution, advice and counsel as a Non-executive Director as we execute on our growth strategy."

The Funding

The Placement and Entitlement Offer will raise approximately A\$17.1 million, with the issue of 285.7 million new ordinary shares (New Shares), representing 82.2% of existing securities on issue. New securities 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\$0.06 per security (Offer Price), representing a 44.4% discount to the 5-day VWAP before the trading halt 29 October 2019.

The Convertible Note issuance will provide a minimum of A\$5.15 million, for 4 years at a 6% annual interest rate, with interest paid quarterly. The Note is only convertible into shares in the Company with the prior approval of shareholders, but is proposed to have a conversion price of 7.5 cents, a 25% premium to the placement and rights issue price.

Baker Young acted as Lead Manager to the Company on the Placement and Entitlement Offer.

Use of Proceeds

Alexium intends to use proceeds from the Equity Raising and Convertible Note for the following purposes:

- To fully retire its current US\$9.0 million (A\$13.2 million) high-interest bearing debt package
- To fund an acceleration of its Alexicool® and Alexiflam® technology growth initiatives
- To fund the transaction costs associated with the Equity Raising and Convertible Note
- To provide general working capital to fully fund the company's growth strategy

Equity placement details

The Placement to investors will raise A\$8.8 million at a Placement Offer Price of A\$0.06 per security and will be completed in two tranches. Tranche 2 will be subject to the approval of shareholders. The total Placement comprises the issue of 146.7 million securities to eligible sophisticated, professional and other institutional investors located in Australia and select international jurisdictions. Colinton Capital Partners ("Colinton") has committed A\$2.7 million to the Placement. The Company will issue 51,250,000 shares in tranche 1 under its presently existing available 15% placement capacity, including \$1,400,000 from Colinton. A further approximate 95,483,331 shares will be issued in tranche 2, subject to shareholder approval, including a further \$1,300,000 from Colinton and 10,333,333 shares from entities associated with the Directors. A shareholder meeting to seek the relevant approvals is expected to be convened to be held in early January 2020.

Convertible Note

Alexium will issue a A\$5.15 million convertible note to Colinton. Interest will be paid on the note at a rate of 6% per annum, accruing daily from the date the note is issued until the earlier of the date the note is converted into shares and the maturity date (4 years from issuance). The Convertible Note is not convertible into Shares in the Company without the prior consent of the Company's shareholders. Approval is intended to be sought for the terms of the Convertible Note permitting the conversion at the shareholder meeting in early January 2020. Where shareholder approval is not obtained for the second tranche of shares to Colinton, the Company has agreed to increase the amount of the Colinton convertible note by \$1,300,000 to ensure the Company has access to the full amount of funds intended to be raised.

Entitlement Offer Details

The 2 for 5 pro rata Entitlement Offer will raise a total of approximately A\$8.3 million at an Entitlement Offer Price of A\$0.06 per security – fully underwritten via underwriting agreements and shareholder undertakings.

The Entitlement Offer is non-renounceable, and entitlements will not be tradeable or otherwise transferrable. The Entitlement Offer will open from 5 December 2019 until 16 December 2019. The Prospectus, containing full details of the Entitlement Offer, will be sent to Eligible Securityholders on Thursday, 5 December 2019.

New shares subscribed under the Entitlement Offer are expected to be settled on Monday, 23 December 2019 and will rank equally with existing fully paid ordinary shares in AJX as at their date of issue.

Indicative timetable¹

Event	Date
Ex-date	Friday, 29 November 2019
Record Date for determining Entitlements	Monday, 2 December 2019
Offer Document despatched to Shareholders & Company announces despatch has been completed	Thursday, 5 December 2019
Last day to extend Closing Date	Wednesday, 11 December 2019
Entitlement Offer Closing Date	Monday, 16 December 2019
Securities quoted on a deferred settlement basis	Tuesday, 17 December 2019
ASX notified of under subscriptions	Thursday, 19 December 2019
Issue date, despatch of holding statements and deferred settlement trading ends	Monday, 23 December 2019
Completion of Tranche 1 of the Placement	Tuesday, 24 December 2019
Proposed Shareholder General Meeting	Early January 2020
Completion of Tranche 2 of the Placement	Following General Meeting

Additional information

Additional information regarding the Entitlement Offer will be contained in the Prospectus. 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 call Mark Wise (details below), during the Offer Period. For other questions, investors should consult their broker, solicitor, accountant, financial adviser or other professional adviser.

¹ 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.



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 Alexiflam® and Alexicool®. For additional information about Alexium, please visit www.alexiuminternational.com.

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