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## ANNOUNCEMENTS:

- Alexium Signs Sales and Distribution Agreement with iTextiles to Commence Sales
- Leading US Home Furnishings Customer Adds Additional Product Lines for Alexiflam FR Treatment Lines
- Notice of General Meeting
- Alexium Appoints Grant Thorton as Auditor in both Australia and the United States

[Click to View July Announcements](#)

## IN THE ISSUE:

**MESSAGE FROM  
THE CEO**

**OPERATIONS  
UPDATES**

**SALES  
UPDATE**

**RESEARCH AND  
DEVELOPMENT UPDATE**

**FINANCE AND LOGISTICS  
IMPROVEMENTS**

July has been another exciting and productive month for the Alexium team as we are solidifying customer relationships and achieving optimal growth.

Alexium has successfully established relationships in all textile sectors including: the military, home furnishings, automotive, outdoor and work wear markets. With that being said, this has resulted in an increase in demand for our all of our Alexiflam series chemistries on various types of fabrics in a variety of applications. Our team has done an excellent job in meeting customer needs and facilitating through the entire trial, scale up and production process and on into commercialization.

One thing is apparent, we have remained to stay true to our 2015 goal which was to focus on building numerous long-term customer relationships in all markets as opposed to getting a few accounts with short-term cash flows.

Our long-term approach has led to a strong first half of 2015 with full scale-ups and trial runs resulting in significant revenue payouts in the second half of the year, particularly quarter 4, and on into 2016.

As previously stated, July was a busy month for the entire company that will show significant results by the end of the year and on into the future. As the Alexium team continues to formulate solid relationships and gain additional commitments, you too will see the positive impact and success of our 2015 goal.

**“ Fulfilling our long-term investment goals with superior FR products is finally coming to reality. ”**

# MESSAGE FROM THE CEO



Nicholas Clark  
CEO



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*Dr. Dirk Van Hying*  
*President*

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## OPERATIONS UPDATE

As you all have read many times in newsletter like this one and in our press releases, a key component to Alexium's successful future lies in both our revolutionary new chemistries and in our people who have the expertise to make them work. What has not been discussed nearly as frequently, but just as crucial to our success, is the relationships we forge with our customers, from the moment we first introduce ourselves and who we are.

This should come as no surprise – intelligent business planning always revolves around making repeat customers out of every customer, whether you are selling cars, laundry detergent, or, as with Alexium, novel flame-retardant solutions. It is exactly because the service element of Alexium's business model is so important that this principle has to exist in the very DNA of the company.

At this stage of Alexium's growth, our goal is clear – grow the Alexium brand, expand the business and forge the relationships— this is critical right now to securing all of our long-term futures. To satisfy short-term cash numbers, we could engage our clients in different ways (i.e. ask for non-standard payment terms), but to do so would potentially sacrifice our extremely bright future and the relationships from which it is composed.

The relationships and revenue streams we have are truly exciting and it is clear that Alexium has turned a corner towards the future we have all been seeing and anticipating for some time. The continued long-term vision and support of Alexium, is quickly transforming into short-term success for all of us.

# SALES UPDATE

In July, we continued to capitalize on the success of the TechTextile trade show with Mark Valdario traveling in Europe to solidify relationships. While accompanying iTextiles representatives, he visited key customers in the Automotive, Military, and Outdoor markets. Our 100% Nylon and 50/50 Nylon/Cotton solutions have been very well received. We expect several plant trials this quarter leading to revenue starting in the 4<sup>th</sup> quarter. As previously stated, the revenue potential through 2016 is in the \$12 million range.

Our **Home Furnishing** business is ramping up quickly with shipments to a second supplier. The Las Vegas Furniture Market August 2-7 will be the initial launch time frame. We expect production order quantities shortly after the market.

In **Automotive**, we have completed plant trials for one customer and presented impressive lab work to another large Automotive customer. The revenue from these customers could begin in the 4<sup>th</sup> quarter and easily reach \$4 to \$5 Million in 2016.

In the **Outdoor** market, we have an upcoming plant trial to confirm initial lab work. This trial points us towards a significant amount of business FR treated cotton for tents and coverings. Revenue for 2016 could easily reach \$4 Million.

July also saw our first plant trial using Alexiflam in a Master Batch application. Blending was successful and we are scheduled to spin yarn in August.

From a personnel standpoint, we are interviewing to add two sales representatives to our staff. This will increase our ability to address the many leads and opportunities in front of us. Look for announcements as hiring is confirmed.



**Steve Gravlee**  
*VP of Sales*

# RESEARCH AND DEVELOPMENT UPDATE



**Dr. Bob Brookins**  
*VP of Research & Development*

As discussed in previous newsletters, a major focus of Alexium's research is new flame retardant chemistries and formulations for natural fibers, such as cotton and wool. To this end, Alexium has its burgeoning product line "Alexiflam-NF" which is developing well with one product undergoing initial production runs in a customer's facility and another transitioning to toll manufacturers.

While this is all great to see, a "little gem" has evolved as an offshoot of this research and has me beside myself with anticipation. During the course of our "NF" work, our R&D team synthesized a new compound which we call Alexiflam-MPZ. This is a novel flame retardant which has extraordinary intumescent properties where it produces a dense char that expands to more than 500% its original volume. I encourage you to view a video of this on YouTube where it is listed as "Alexiflam MPZ": [Watch Alexium-MPZ Burn Video](#). This notably provides the FR mechanisms of expandable graphite with a phosphorous-based FR -- all as a single proprietary product. Even further, this is provided as a white powder ensuring the best aesthetics possible (in contrast to the gray-black color of graphite). This product has potential applications in a wide number of areas which further pushes Alexium's market opportunities into areas in addition to textiles.

As great as our opportunities are for Alexium's current products, knowing that products like MPZ are in the product pipeline, highlights how great Alexium's potential is.





Aaron Krech  
CFO

## FINANCE AND LOGISTICS IMPROVEMENTS

The past month has been an extremely exciting time for the Finance and Logistics departments. In late June and leading into July, the Company received purchase orders for our FR chemistry totalling \$325,000 (\$268,000 USD). To facilitate these orders both areas have been working diligently to order raw materials, schedule production and get Alexium's products into our customer's facilities as soon as possible. There are two main components of the Finance and Logistics department's contribution to the sales cycle: inventory management and financial administration

### **Inventory Management**

Our logistics department does a fantastic job of turning customer orders around in a timely manner. Due to the sheer volume of chemistry the Company will ship out to its customers and the fact that some raw materials we use have shelf lives that vary, Alexium operates under an incredibly lean, just-in-time inventory management process. This allows for quick response times to customer needs and helps prevent any inventory spoilage that may occur.

### **Financial Administration**

The Finance staff contributes in almost every step of the sales process. Part of that process is vetting our customers through the customer credit application process, and by extension setting credit terms for their orders. The industry standard for these terms is typically 30 to 120 days after receipt of goods. Deciding on payment terms is a balancing act between managing potential credit risk and staying competitive within the market. While extending credit delays the receipt of cash, it is a necessity of doing business in these markets. The Finance staff believes this process can be managed effectively through careful consideration of the terms selected and diligent cash management.

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