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MESSAGE FROM THE CEO

September was a month of aggressive sales and revenue growth and is an important step forward as we focus on our push in the second half of the year and look to achieve our long-term strategy to build a sustainable business that will last for years to come.

The emergence of an expansive new market in polymers and resins is now shaping our strategies for the next two to three years, even as we continue to aggressively expand our core business in a wide array of applications for textiles and other industries.

We have a 94% retention rate for our existing customers, a strong foundation as we expand.

I continue to emphasize that there can be no short-term approach to how we run Alexium, and I am heartened by our investors' confidence in our growing business.

For more details about the company's progress, I invite you to listen to my [podcast](#) which provides greater details about our performance.



Nicholas Clark
CEO



Dr. Dirk Van Hying
President

A NOTE FROM THE PRESIDENT

Innovation, foresight, expertise and a growing international brand have been and continue to be key to Alexium's success. In this month's newsletter, we cover the implications of the Frank R. Lautenberg Chemical Safety for the 21st Century Act and the opportunities for Alexium. Also in this issue, we discuss progress as we expand our product offerings for tenting and other industries, secure new clients and further develop relationships.

To efficiently serve customers and prepare for future growth, we have been constructing a new facility in Greer, South Carolina. That work is progressing well, and several departments have moved to the new building, including Product Development, Sales and Corporate Communications. As other spaces are finished, the rest of the team will move to the new site, and plans for our grand opening are underway.



GROWTH & SALES



Michael Schwartz
VP of Sales

September has been a month of intense activity, and the sales approach has become more finely targeted as Alexium's visibility in the market and product offerings expands.

Sales to multiple industries including apparel, bedding, transportation, and floor coverings are growing as customers seek customized, environmentally friendly chemistries:

- A global apparel manufacturer and Alexium have just reached an agreement to collaborate on the use of Alexicool™, Alexium's phase

change material that give fabrics that retain heat a cool-to-the-touch feel. Alexicool™ will augment the manufacturer's wicking and antimicrobial technology.

- Since the introduction of Alexicool™ earlier in 2016, Alexium has partnered with the majority of manufacturers serving the bedding industry. Most recently, Alexium entered into a new agreement with a manufacturer of mattress socks (a fabric cover that is wrapped around the foam core of the mattress and used to protect and strengthen durability) for Alexicool™ and Alexium's flame retardant chemistry.

- Alexium was represented at the AATCC (Association of Textile, Apparel & Materials Professionals) Flammability Symposium on September 21 and 22, and will be at the IFAI Expo in Charlotte, October 18 -21 at booth A239. These developments have been enabled by product expansion and successful testing that also have shortened the sales cycle with existing customers,

allowing Alexium to more efficiently address current and new projects and fast-track opportunities. For example, the total sales cycle of Alexicool™ is now just six months, allowing new customers to reach full production with greater efficiency.

To further expedite the sales process, the sales team is approaching major brand names directly for Alexium's environmentally friendly technologies. This targeting is proving extremely effective and complements the work being done to expand relationships by selling multiple products for multiple applications to current customers.



RESEARCH & DEVELOPMENT

The recent passage of the Frank R. Lautenberg Chemical Safety for the 21st Century Act (FLCS) is the first significant United States regulatory reform affecting the chemical industry since 1976, and it has the potential to provide significant opportunities for Alexium's market leadership in providing non-toxic and ecological friendly alternatives to legacy flame retardants that have proven hazardous (such as TDCPP).

The Lautenberg Act replaces the Toxic Substance Control Act (TSCA), which in recent years has come under scrutiny and criticism for its outdated standards that are now 40 years old. The new regulations represent a fundamental change in

how chemicals are evaluated: with TSCA, a chemical was evaluated based on the hazard it posed, and at what level of dosage it would be considered hazardous. The new legislation takes it one step further to examine not simply the hazard posed, but also the risk of actually being exposed.

Alexium, along with others in the chemical industry, is now assessing the impact of this new legislation, but one thing is certain: the exposure risk variable will increasingly drive the need for safer chemical solutions. Alexium already is ahead of the curve: the Company has been and will remain a company committed to product innovation



Dr. Bob Brookins
VP of Research & Development

that safeguards the environment and health, and these changes will provide opportunities to further showcase how Alexium provides the right solution at the right time and in the right place.



Jonus Larue
Vice President

PRODUCT DEVELOPMENT

Recent successes for Alexium's flame retardant solutions in the tenting industry have spurred further development and certification for formulations with application to different kinds of fabrics, further expanding the Company's reach into this important product market.

The advances include a new phosphorus-based solution for Alexiflam AD that has been certified for CPAI 84, a standard of flammability recreational tents. During testing, the fabric is subject to accelerated weathering, ultraviolet and water. By incorporating this aqueous, cost

effective and eco-friendly coating, suppliers to the outdoor awning and furniture markets will have an alternative to the expensive inherently flame-retardant fibers currently being used. Trials are scheduled in the next few months.

Simultaneous with the Alexiflam AD certification is the growth in interest in Alexiflam PB for light weight nylon/polyester. Many trials are scheduled across Asia later in the year, and Alexium is currently working to qualify toll manufacturers to begin preparing commercial-scale batches for these trial runs.



www.AlexiumInternational.com

ABN: 91 064 820 408
ASX: AJX

Corporate Headquarters

Alexium International Group Limited
Level 11, 125 St George Terrace,
Perth, WA 6000 Australia
PO Box 512 Cottesloe WA
6911 Australia

Phone: +61 (08) 9384 3160
Fax: +61 (08) 6314 1623

Operating Headquarters

Alexium Inc.
Alexium International Group Limited
148 Milestone Way
Suite B
Greer, South Carolina 29615 USA

Phone: +1 864 254 9923
Fax: +1 864 752 6465