



ALEXIUM

**QUARTERLY ACTIVITIES REPORT  
FOR THE PERIOD ENDED**

**30 September 2021**

## Q1 FY2022 Highlights:

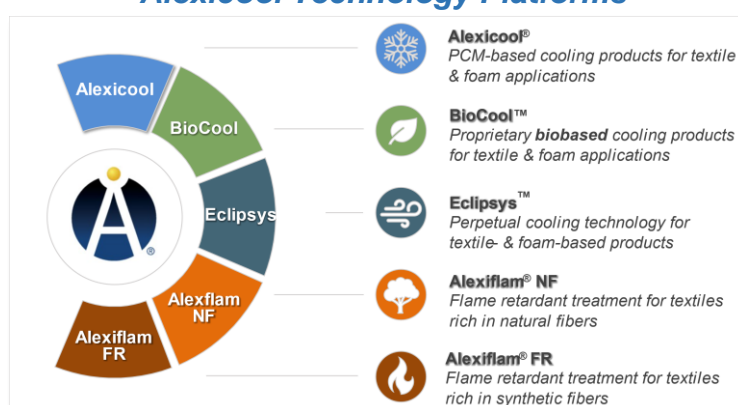
- **Cash Receipts & Sales for the Reporting Period**
  - Cash receipts of US\$2.9m and sales of US\$2.6m
  - Based on the adoption trends for the Company's new products, for the reasons outlined within, the upward sales trend is expected to continue for the next two quarters.
- **Strong Sales for BioCool™ product line**
  - BioCool™ product sales continue to increase in FY2022
  - Company's lead BioCool™ product having the highest sales for the past three months versus all other Alexium products
- **Commercialization of Eclipsys™ Products for Body Armor Market**
  - Company is expanding product applications to new market
  - Market partner identified for commercial launch which is expected in Q2 FY2022
- **Progress Made on Major Initiatives/Milestones for FY2022**
  - Other major initiatives for FR and Eclipsys™ products running in parallel with previously addressed commercial activities.
  - All initiatives are successfully moving forward
- **Appointment of Mr Dennis as Non-Executive Director**
  - Mr Dennis joined the Board on 1 September 2021
  - He brings experience in new product development, sales/marketing, brand management, and operational execution

## Introduction by CEO, Dr. Bob Brookins:

*"In Alexium's recent investor presentation, a critical slide is Page 11 where we outline the key drivers that make FY2022 a "Pivotal Year for Alexium's Growth". This page emphasizes the 'here & now' reality of these drivers, and fortunately only a few weeks later you can understand our emphasis. This reporting period is a high point for the Company as we achieved the highest sales and cash receipts since the management team began in 2018.*

*"While I appreciate the significance of such growth and how it positions the Company for profitability, the more significant point in my opinion is the success of the technical/commercial strategies that we have developed over the past few years. Whether relieving the thermal stress of body armor with Eclipsys™ or driving the removal of hazardous fiberglass from mattresses by replacing them*

### Alexicool Technology Platforms



with Alexiflam® NF treated cotton, our consultative sales model shows these markets how Alexium technologies can be integrated to improve the comfort and safety of these goods.

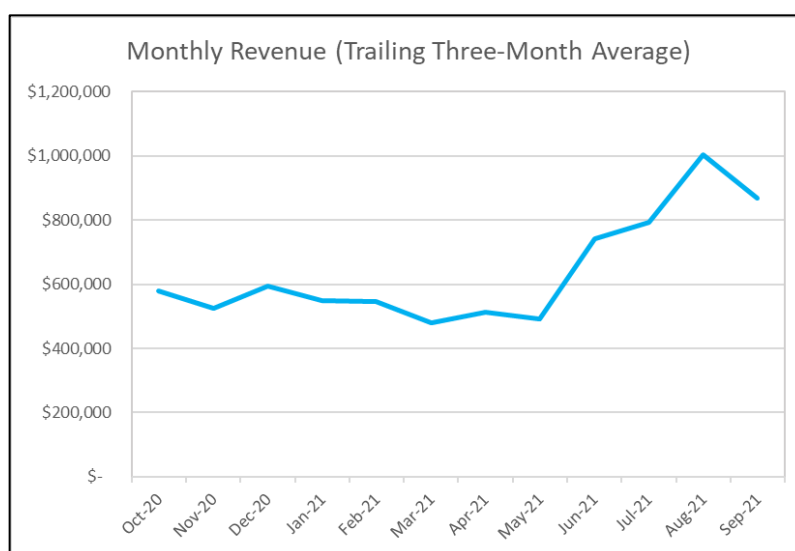
*“Stated more simply -- the playbook is now established well. And for me and the management team, our focus is on the broader landscape of our technology platforms. The success from this reporting period is driven by only the Alexicool® and BioCool™ product lines, and with the other three platforms at their own critical and near-term commercialisation phase, Alexium has much more growth ahead and that is where real success lies.”*

## Cash Receipts & Sales Summary for the Reporting Period

Cash receipts for the period totalled US\$2.9m which is an ~80% increase over the prior reporting period and a 70% increase over the same period in the prior fiscal year. Sales for the period also increased to US\$2.6m, an increase of ~20% over the prior period and a 40% increase over the same period in the prior fiscal year. The significant improvement in sales reflects a marked increase since May 2021. To evince the magnitude of this increase, the graph below shows a trailing three-month average for monthly revenue for the past 12 months. The two primary drivers for this growth are continued expansion of BioCool™ product sales<sup>1</sup> (discussed further below) and commercialization of Alexium products in support of the total mattress cooling system (TMCS).<sup>2</sup>

New revenue streams are expected in the next two quarters from Eclipsys™ for body armor and as well as further market penetration for BioCool™ products. Given the end-of-year holiday season, the rate of commercialization could be impacted, but nonetheless the management team anticipates continued quarter-over-quarter growth in sales.

Regarding operating activity outflows, (refer to Item 1.2 of the Appendix 4C), the outflows were predominantly comprised of raw material purchases, manufacturing costs, staffing costs, and corporate/administrative costs. While manufacturing costs and raw material purchases were higher due to increased sales, other costs are in line with our typical quarterly expenses.



<sup>1</sup> Further details on BioCool™ product sales are provided in the AJX announcement on 12 Aug 2021.

<sup>2</sup> Further details on TMCS commercialization are provided in the AJX announcement on 19 May 2021.

### **Strong Sales for BioCool™ product line**

In 2H FY2022, the Company released its BioCool™ line of proprietary biobased and biodegradable phase change materials (PCMs). These products are registered with the USDA BioPreferred program and have a bio content of 94% - the highest bio-content of any microencapsulated PCM listed. Beyond the environmental benefits, BioCool™ products provide meaningful performance enhancements and offer critical production, marketing and commercial flexibility.

Since the commercial release, sales for BioCool™ products have continued to increase, with the Company's lead BioCool™ product having the highest sales for the past three months versus all other Alexium products. While early sales were driven by the conversion of existing business from Alexicool® to BioCool™ products, sales for this reporting period expanded to whole new revenue streams for Alexium. Market penetration is expected to continue in the next two quarters as new customers adopt BioCool™ products. Commenting on the trend in BioCool™ sales, Alexium VP, Sales and Marketing Chris Crawford commented, "The BioCool™ product line has been a great catalyst for driving greater market penetration in PCM applications for Alexium, and our sales funnel is primed with opportunities for us to continue growing our place in the bedding market."

### **Commercialisation of Eclipsys™ Products for Body Armor Market**

In parallel with the growth in PCM applications and sales, the Company has been driving commercialisation of its newest thermal management platform – Eclipsys™. The Eclipsys™ technology enhances the rate of cooling of textile/foam products by up to 200% over established thermal management technologies, establishing a new standard for extended cooling performance. As part of our strategic initiative to develop adjacent markets to bedding applications, body armor was identified as a target market due to the significant impact of Eclipsys™ for improved comfort and the ability to reduce thermal stress on the wearer.

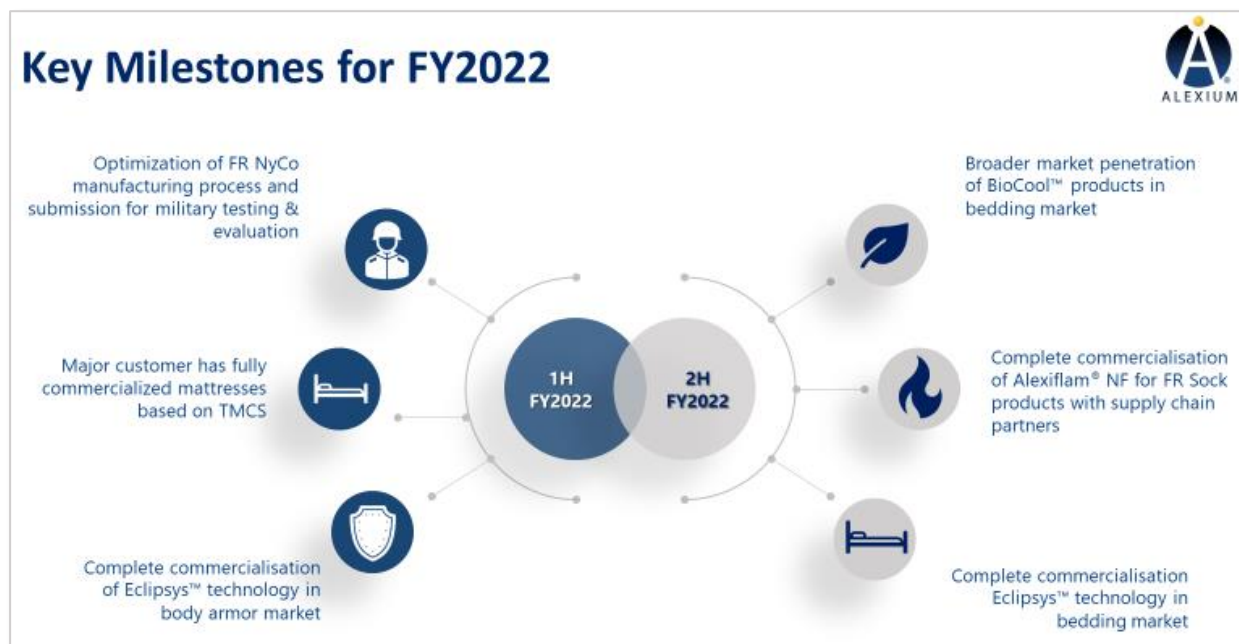
The Company has identified a commercial partner for the first commercial application of Eclipsys™ products in this market. Marketing materials and product specifications are currently being finalized. These materials will provide a comprehensive introduction to the performance benefits of this innovative technology and the Company looks forward to providing further details in 2Q FY2022.

### **Appointment of Mr Dennis as Non-Executive Director**

Effective 1 September 2021 Mr Carl Dennis joined the Board as a Non-Executive Director. Mr Dennis is an operational management professional with over 25 years' experience with expertise in Consumer and Pharmaceutical Goods. Mr Dennis was the CEO and co-owner of Vital Merchandising Services for 11 years, and has experience in new product development, sales and marketing, international brand management and operational execution. Over the past five years, Mr Dennis has focused on creating new markets for international Australian consumer brands across Asia, Africa, and Middle East.

## Major Initiatives/Milestones for FY2022

As outlined in the Company's recent investor presentation, key milestones were detailed for the Company's range of strategic initiatives. As shown above the Eclipsys™, BioCool™, and TMCS initiatives are proceeding well and have positioned the Company for growth in FY2022. Additionally, the Company's development efforts are on schedule and proceeding well for 1) flame retardant treatment for nylon/cotton military uniforms 2) Eclipsys™ for bedding and 3) flame retardant products for 100% cotton socks for barrier fabric application in foam mattresses. Based on progress for this reporting period, the Company anticipates providing additional announcements in these areas over the next two quarters.



## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>Name of Entity</b>	
ALEXIUM INTERNATIONAL GROUP LIMITED	
<b>ABN</b>	<b>Quarter ended</b>
91 064 820 408	30-September-2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (3 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,876	2,876
1.2 Payments for		
(a) research and development	(168)	(168)
(b) product manufacturing and operating costs	(2,005)	(2,005)
(c) advertising and marketing	(0)	(0)
(d) leased assets	(21)	(21)
(e) staff costs	(554)	(554)
(f) administration and corporate costs	(430)	(430)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(81)	(81)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST received)	3	3
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(379)</b>	<b>(379)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(38)	(38)
(d) investments		
(e) intellectual property	(14)	(14)
(f) other non-current assets		

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (3 months) \$US'000</b>
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(52)</b>	<b>(52)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(23)	(23)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(23)</b>	<b>(23)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,933	2,933
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(379)	(379)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(52)	(52)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(23)	(23)
4.5	Effect of movement in exchange rates on cash held	(40)	(40)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,439</b>	<b>2,439</b>

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1	Bank balances	2,075	2,332
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	364	601
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,439</b>	<b>2,933</b>

<b>6.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$US'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

7.	Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	3,581	3,581
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total Financing facilities</b>	<b>3,581</b>	<b>3,581</b>
7.5	<b>Unused financing facilities available at quarter end</b>		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
4-year 6% A\$5.15M secured convertible note 8 finance leases with a loan balance of \$0.04M @ an average rate of 9.7%			



**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$US'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(379)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,439
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	2,439
<b>8.5</b>	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>6</b>
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions.	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.
- 3 In accordance with its continuous disclosure obligations and having completed the quarter end results collation and review, the Board has approved the release of the 4C ahead of our usual reporting timetable

Date: 19 October 2021.

Authorised by: The Board of Directors

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.