

ALEXIUM

FY 2021

HALF-YEAR PRESENTATION

24 February 2021

ASX: AJX



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Alexium at a Glance



An advanced materials provider of ***environmentally friendly & proprietary technologies*** for flame retardant and thermal management applications

Commercialised
Platforms for
Driving Revenue
Growth

Alexicool Biobased PCM	Biobased and biodegradable phase change materials for thermal management in consumer products
Phonon	Next-generation perpetual cooling technology for consumer products
Alexiflam NF for FR Socks	Proprietary FR technology for cotton-based fabrics to provide environmental/ consumer safety at a cost savings
Alexiflam FR	Environmentally friendly & non-toxic flame retardant for synthetic-rich fabrics and foams

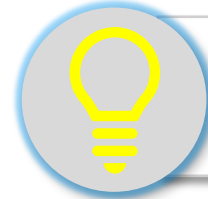
Highlights on Alexium



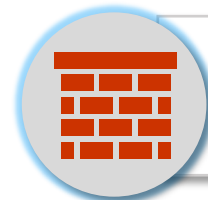
Product portfolio has significantly expanded, providing a wider range of market opportunities for new revenue streams



Portfolio based on safe and environmentally friendly products that are 1) cost competitive and 2) matched or improved performance versus incumbent products



Technology platforms backed by granted/pending patents that secure the Company's position in key market applications



Technology platforms allow for integration into total system designs, leveraging synergistic benefits

Near Term Target Markets Expected to be Realised in FY21/FY22



	Program	Current Status	Anticipated revenue realisation profile			
			1H-FY21	2H-FY21	1H-FY22	2H-FY22
1.	General Alexicool® Sales	<ul style="list-style-type: none"> Generating Revenue and increasing market penetration Commercialised biobased/biodegradable PCM products 				
2.	Alexicool® Total Mattress Cooling Systems	<ul style="list-style-type: none"> First customer agreement signed with initial sales targeted for 2H FY21 Parallel developments underway (including Phonon) 				
3.	Alexiflam® NF Sock	<ul style="list-style-type: none"> Market opportunity validated with existing customer base Production scale work and finished product testing currently underway 				
4.	Alexiflam® NF global distribution partnership	<ul style="list-style-type: none"> Development agreement finalised and commercialisation efforts underway 				
5.	Alexiflam® FR NyCo	<ul style="list-style-type: none"> Optimising FR NyCo technology/process for Pine Belt manufacturing process and Marine specifications Product will proceed to military testing once technical production testing completed 				

Today

Alexicool® Platforms

WHERE WE ARE TODAY?

- Alexium has established the Alexicool® brand as a premium line of PCM-based products in the bedding market
- Development of proprietary biobased PCM products allow the Company to target broader range of end markets
- Phonon technology further expands the product portfolio with perpetual cooling technology

KEY NEXT STEPS IN 2H FY21

- Integration of Alexicool products for Total Mattress Cooling Systems (TMCS), providing highly differentiated mattresses based on Alexium products
- Full commercialization of biobased PCM products for greater market penetration
- Leverage market position in US bedding for adjacent market opportunities

VALUE TO ALEXIUM

- New revenue streams
- Improved profit
- Greater market penetration & diversification of customer base

FR NyCo – Alexiflam® Products

WHERE WE ARE TODAY?

- Alexium has partnered with Pine Belt For introduction of FR NyCo to the US military
- Focus for the past period has been compatibilization of FR NyCo products with Pine Belt manufacturing process
- Key insights and advances have been made including 40% increase in wash durability and improved yarn infusion

KEY NEXT STEPS IN 2H FY21

- Validation of improvements to FR NyCo technology at Pine Belt production facility
- Manufacturing small-scale production quantities for initiation of military testing & evaluation

VALUE TO ALEXIUM

- Full transfer of FR NyCo technology for end user evaluation

Alexiflam[®] NF

WHERE WE ARE TODAY?

- Alexium has partnered with a global manufacturer of flame retardant products with the evaluation distribution of Alexiflam NF
- Alexiflam NF has been validated by UL testing for application to barrier fabrics as used in foam mattresses

KEY NEXT STEPS IN 2H FY21

- Support partner on Alexiflam NF to commercialize this product in workwear as well as other FR applications
- Support new customers evaluating Alexiflam NF for FR sock applications for foam mattresses to drive initial sales

VALUE TO ALEXIUM

- New revenue streams
- Improved profit
- Greater market penetration & diversification of customer base



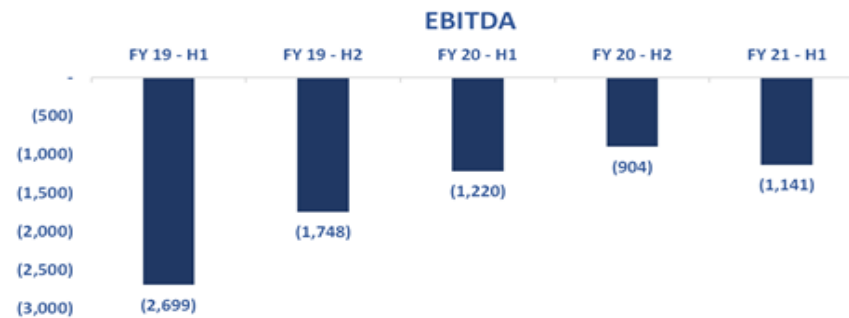
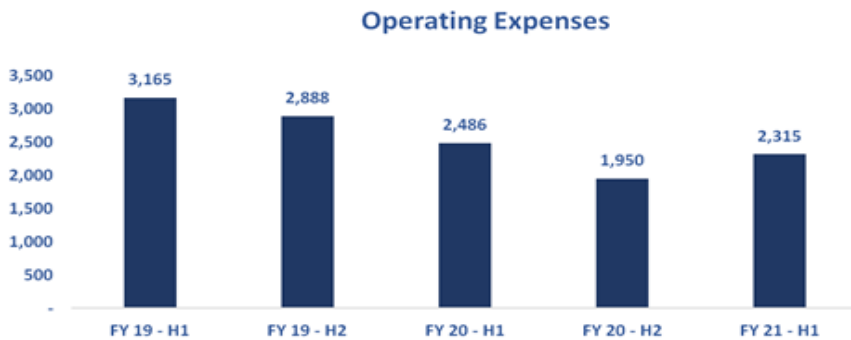
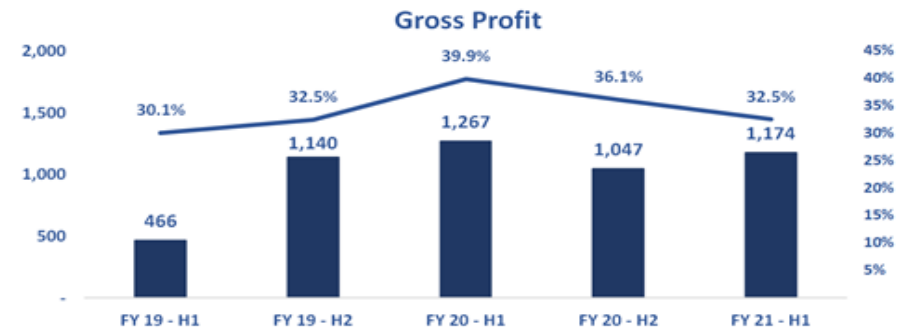
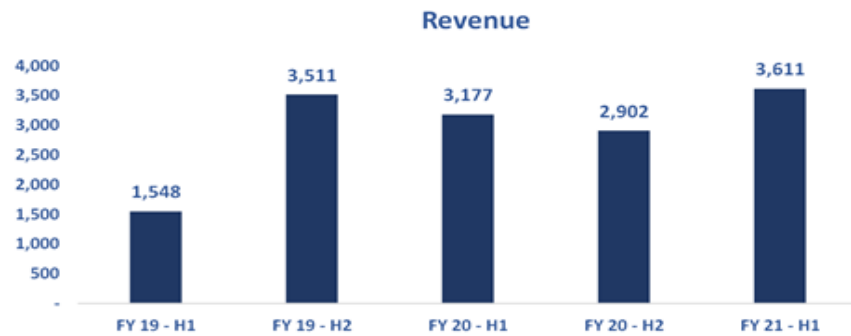
Half Year Financial Results

Financial Snapshot



Recovering revenue from impacts of COVID

- ✓ Moderate revenue growth of 13.7% vs 1H FY20 as revenue rebounding from COVID impacts in 2H FY20
- ✓ Net cash outflows from operating activities reduced by \$1.6m to (\$0.4m) including reductions for interest payments, staff costs, corporate and admin expenses and inventory purchases
- ✓ Operating expenses in line with 1H FY20
- ✓ Gross margin reduced to 32.5% related to revenue from customer mix



All values in USD and thousands unless otherwise noted

Cash Flow Statement



- Overall positive impacts include benefiting from:
 - ✓ All segments experience operating cost reductions
 - ✓ Refinancing high-cost debt in December of 2019
 - ✓ Controls and processes to make sound financials decisions
- Operating Activities with favorable changes in:
 - ✓ \$0.6m – interest costs
 - ✓ \$0.4m – staff costs
 - ✓ \$0.3m – admin and corporate costs
 - ✓ \$0.1m - product purchases and manufacturing
 - ✓ \$0.1m – cash receipts
 - ✓ \$0.1m – all other costs

	31-Dec-20	31-Dec-19
Cash flow from operating activities		
Receipts from customers and other income	3,915	3,820
Payments to suppliers and employees	(4,170)	(5,048)
Interest received	1	4
Interest and other costs of finance paid	(164)	(737)
Goods & services tax received from ATO	23	14
Net cash flows (used in) operating activities	(394)	(1,947)
Cash flows from investing activities		
Purchase of property, plant and equipment	(44)	(11)
Purchase of other non-current assets	-	-
Payments for development costs	(561)	(499)
Net cash flows (used in) investing activities	(604)	(510)
Cash flows provided by financing activities		
Proceeds from issue of ordinary shares	-	7,819
Transaction costs related to issue of shares	-	(133)
Proceeds from borrowings	-	3,612
Transaction cost related to loans and borrowings	-	(118)
Repayment of borrowings	(72)	(9,510)
Net cash flows from/(used in) financing activities	(72)	1,668
Net increase / (decrease) in cash and cash equivalents	(1,071)	(788)
Cash and cash equivalents at beginning of year	4,741	3,843
Effect of exchange rate changes on cash & cash equivalents	172	71
Cash and cash equivalents at end of year	3,842	3,126

Profit & Loss Statement



- Revenue growth from new customers of Alexicool® products in Foam along with strong recovery in Top of Bed and Textile with existing current customers
- Margin impacted by customer mix and higher cost inventories
- Operating overhead flat with the operating expenses decrease offset by increased capitalised IP amortisation
- Financing cost in comparable period had higher cost debt that was repaid as part of the capital raise in December 2019. The period also had a debt extinguishment loss.

	HY21	HY20	Change	% Change
Sales Revenue	3,611	3,177	434	13.7%
Cost of Goods Sold	2,437	1,910	(527)	(27.6%)
Gross Profit	1,174	1,267	(93)	(7.3%)
Gross Margin	32.5%	39.9%	(7.4%)	
Operating Expenses	1,529	1,631	102	6.2%
Sales and marketing expense	598	518	(81)	(15.6%)
Research & Development	351	152	(199)	(130.7%)
Occupancy	265	298	33	11.2%
Other expenses	14	132	118	89.6%
Operating expenses	2,757	2,731	(26)	(1.0%)
Operating Loss	(1,583)	(1,464)	(119)	(8.2%)
Interest & Amortisation of Convertible Notes	320	1,599	1,279	80.0%
Change in Fair Value of Derivative Liability	(106)	(201)	(95)	47.2%
(Gain)/ Loss on Debt Extinguishment	-	1,522	1,522	100.0%
Finance income	(3)	(4)	(1)	36.9%
Finance Costs Total	211	2,915	2,704	92.8%
NPAT	(1,794)	(4,379)	2,585	59.0%

Balance Sheet



- Working Capital
 - Decrease in trade receivables, inventories with increase in trade payables while experiencing increased revenue result in improved efficiencies.
- Non-Current Assets
 - Intangible assets increase due to of intellectual property asset development efforts
- Non-Current Liabilities
 - Colinton Capital A\$5.15m four-year 6% convertible note.
 - Small Business Administration PPP loan of \$460K expected to be 100% forgivable

	31-Dec-20	30-Jun-20
Cash and cash equivalents	3,842	4,741
Trade and other receivables	899	980
Inventories	772	922
Other current assets	156	42
Total Current Assets	5,669	6,684
Other financial assets	18	18
Property, plant and equipment	1,038	1,096
Intangible assets	3,008	2,679
Right of Use Assets	1,092	1,194
Total Non-Current Assets	5,155	4,986
Total Assets	10,824	11,670
Trade and other payables	1,525	906
Lease liabilities	102	137
Other liabilities	44	-
Total Current Liabilities	1,671	1,042
Convertible note	2,802	2,440
Derivative liability	1,921	1,810
Lease liabilities	912	950
Total Non-Current Liabilities	5,635	5,201
Total Liabilities	7,306	6,243
Net Assets	3,518	5,428
Contributed equity	66,254	65,944
Reserves	(1,995)	(927)
Accumulated losses	(60,741)	(59,589)
Total Equity	3,518	5,428

Non-GAAP Financial Measure Reconciliation

Reconciliation of Operating EBITDA (non-GAAP financial measure) to statutory Net Profit/(Loss)



The consolidated financial statements of the Group are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards Board (IASB).

This presentation includes a non-GAAP financial measure which is not prepared in accordance with IFRS being:

Operating EBITDA: calculated by adding back (or deducting) finance expense/(income), depreciation, amortisation, gain/(loss) in FV of derivative liability, and loss on debt extinguishment to net profit/(loss) after tax.

The Group uses this measure internally and believes this non-GAAP financial measure provides useful information to readers to assist in position or returns, but that they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with IFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies.

	HY21	HY20
Net Loss for the period	(1,794)	(4,379)
Add		
(+) Depreciation	211	217
(+) Amortization	231	27
(+) Interest expense	320	1,599
(+/-) Gain/(Loss) in FV of derivative liability	(106)	(201)
(+) Loss on debt extinguishment	-	1,522
	656	3,163
Less		
(-) Interest Income	3	4
	3	4
Operating EBITDA	(1,141)	(1,220)



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