



# QUARTERLY ACTIVITIES REPORT



FOR THE PERIOD ENDED  
31 MARCH 2025

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## Q3 FY2025 Update Contents

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### Introduction by CEO, Billy Blackburn

The last several quarters have been a season of transformation for Alexium. We continued that the same in Q3. In response to shifts in the market and in pursuit of sustainable growth, we sharpened our strategic focus to concentrate on two key areas of strength:

- **Thermal regulation and flame retardant technologies** for sleep products
- **Flame-resistant, wash-durable coatings** for military and workwear applications

This strategic shift involved more than a change in direction—it was a full-scale effort to refocus and optimise our entire commercial operation, including sales, supply chain, distribution, and manufacturing. We recognised that in order to grow our niche position in the sleep market and prepare for future opportunities, we needed to modernise the way we operate.

We're proud to report major breakthroughs in our flame retardant (FR) technology, including new coating solutions that meet performance standards **without the use of any banned substances**. At the same time, we made significant improvements to our **microencapsulated phase change materials ("mPCM")** and manufacturing processes. These advancements not only increase performance and efficiency but also open doors for expanded applications in foam products and international markets.

With a strong portfolio of unique, valuable technologies and a refined go-to-market strategy, we are positioned for long-term success. Thank you to our partners, customers, and team for being part of our journey.

Stay tuned — there's more to come.

## Commercial Focus: Technology → Products → Markets

Alexium is a specialty materials company delivering **patented, high-performance technologies** focused on **flame retardancy, thermal regulation, and humidity management**. Our innovative solutions serve a growing number of sectors requiring advanced material science.

### Core Technology Applications

- **Defense & Military:** Uniforms, body armor
- **Consumer Goods:** Athletic wear, sleep products
- **Industrial:** Protective workwear, specialty packaging

### Branded Product Portfolio

- **AlexiFlam®** – Advanced flame-retardant chemistry
- **AlexiShield** – Protective barrier solutions
- **AlexiCool®, BioCool®, DelCool™** – Thermal and moisture regulation technologies
- **Eclipsys®** – Proprietary climate-control fabric technology

**Strategic Growth Path** - During Q3, Alexium has focused on:

- **Expanding our addressable market**
- **Shortening our sales cycle**
- **Enhancing global reach**
- **Increasing revenue per unit sold**

We continue to diversify our **market presence, customer base, and product offerings** to unlock near-term value and build long-term resilience. These initiatives are designed to deliver measurable gains for all stakeholders and position Alexium for sustained growth.

### FY25 Plan – Progress Update

During Q3, Alexium remained focused on executing its FY25 plan to support the *Grow and Diversify Strategy*, with an emphasis on aggressive revenue growth within its Core Markets. The organisational structure was aligned to deliver across five strategic focus areas:

1. **Retention of Key Accounts in North America**  
The Company successfully retained supply to most of its existing North American bedding customers. However, volumes remained under pressure due to ongoing market conditions.

2. Product and Customer Diversification in North America

Significant progress was made in diversifying both the product portfolio and customer base in the North American bedding market. Late-stage pipeline opportunities advanced for PCM+, the new AlexiCool®, DelCool™, and AlexiShield with new customers.

3. International Expansion

Efforts to penetrate new bedding accounts in Asia Pacific, Latin America, and Europe are ongoing. While progress has been made, particularly with late-stage opportunities for DelCool™ and AlexiCool in APAC and AlexiCool® in Europe, global trade tariff uncertainties have delayed momentum.

4. Expansion into Adjacent Markets

Activities in adjacent market segments were deprioritised this quarter to focus on closing late-stage opportunities in the U.S. bedding sector.

5. Strategic Alliances and Co-Development

Notable progress was achieved with key supply chain partners. Co-development efforts focused on:

- mPCM manufacturing improvements (high solids slurries and dry powder mPCM)
- DelCool™ for mattress applications
- AlexiShield for FR barrier solutions

### Key Initiative Highlights

As a recap, the Company made noteworthy progress against our product diversification strategy throughout FY24 and into the three quarters of FY25. That progress created immediate opportunities for significant growth within our Core Market focusing in sleep products. Our development efforts for FR military apparel fabric stalled in Q3 as the new US Executive Branch moved through its review of federal agencies aimed at budget cuts and reorganisation. However, the military is signaling an expedited approach to all military supply projects starting soon, with large government funding being shifted to restoring and rebuilding the US military's supply in support of increasing its presence around the globe. For Q3, we remained paused on efforts for thermal regulation in athletic gear, cold chain packaging and FR work wear to concentrate the team's focus on the achievement of the Company's near-term growth objectives. The overall impact of the trade negotiations, and the use of tariffs by the US Executive Branch to drive equitable outcomes, will likely have an overall net positive impact on Alexium's business. Most of our key raw materials are sourced domestically in the United States. The raw materials that are sourced from international suppliers represent a small percentage of our supply chain, and most of these are small percentage additives that will not cause Alexium to make significant price increases to our current customer base. Alexium sources very little material from China. Our key customers in the bedding market appreciate our strong domestic sourcing network which has significantly reduced exposure to global disruptions.



## FY25 Q3 Results

The Company experienced lower revenues than anticipated. While significant efforts were made over the last several quarters to diversify revenues from the over-concentrations in North America, the bedding market, and PCM; the results have not yet materialised.

With the number and size of near-term opportunities in the Company's pipeline, it remains that the low revenues of Q3 and YTD can be significantly increased going into FY26. This will be driven by the mPCM and FR textile opportunities the Company is pursuing. The team at Alexium remains focused and committed to delivering these results in late FY25 into H1 FY26.

## Line of Credit Update

The company has an outstanding asset-based line of credit (LOC) with Alterna Capital Solutions LLC (ACS). The LOC has a stated maximum funding of \$3.0 million which can be increased to \$5.0 million with the approval of the lender. The borrowing base of the LOC currently consists of 90% of eligible accounts receivable plus a calculated portion of inventory which, among other factors, will not exceed 50% of eligible inventory. In August 2024, the Company renegotiated the LOC with more favorably terms (lower interest rate spread and fixed costs).

After undergoing an acquisition by Paychex, Inc, ACS made the decision in April 2025 to discontinue providing asset-based funding utilising inventory facilities. The basic terms of Alexium's LOC with Alterna will remain the same (i.e. costs, interest spread, term, etc.). However, Alexium will no longer be able to utilise its inventory as part of its borrowing base under the LOC as of 7 July 2025. As of 30 March, the availability on Alexium's LOC tied to its inventory collateral was \$295 thousand.

## FY25 Q3 Cash Flow Commentary

Alexium remains focused on pursuing short-term revenue opportunities while also working on secondary new business ventures to support its medium- to long-term growth goals. At the same time, the Company maintains a disciplined approach to managing expenses, the timing of raw material purchases, and the overall cash conversion cycle. According to ISPA's November 2024 Mattress Industry Forecast, unit shipments of mattresses and foundations decreased 14.7% in calendar year 2022 and a further 8.0% in 2023. ISPA's 2024 Mattress Industry Trends Report showed that 2024 was down another 8.8%. However, ISPA is forecasting that these volumes will increase by modest amounts in 2025 (+1.5%) and 2026 (4.0%).

The impact of the on-going tariff initiatives of the United States Administration on the mattress market is uncertain, both in terms of overall mattress demand and on individual manufacturers' market shares. However, recent customer engagements have highlighted that the imposition of significant tariffs will reduce or eliminate the competitive advantage previously enjoyed by Chinese manufacturers, especially in the lower-cost mattress market segments in which Chinese companies had gained significant market share in recent years. This is likely to lead to meaningful market share gains by United States manufacturers which make up Alexium's key customer group.

Sales for the quarter at US\$0.9 million were down 29% or US\$0.4 million versus the prior quarter. Overall, US mattress market conditions remained soft amid inflationary concerns, high interest rates, geopolitical concerns and increased global tariffs. The US Federal Open Market Committee

(FOMC) has reduced the US official interest rate by seventy-five basis points in FY25 H1, but it is still high at 4.5%. Although U.S. short-term interest rates have fallen, the long-term mortgage rates have only seen nominal decreases, and it may take some time before consumer confidence rises enough to positively affect discretionary spending, which is crucial for the recovery of the bedding market.

Cash receipts for the period were US\$0.8 million with revenue of US\$0.9 million. Compared to the previous quarter, cash receipts decreased by US\$0.6 million due to the timing of receipts.

Operating activity outflows (refer to Appendix 4C Item 1) primarily consist of raw material purchases, manufacturing costs, staffing costs, and corporate/administrative costs. Staffing expenses increased by \$0.2 million over the previous quarter due primarily to the timing of bi-weekly pay periods. Other cash outflows are in line with typical quarterly expenses.

Total aggregate payments to related parties for the quarter equal US\$238 thousand which include payments to non-executive directors (directors fees and consulting fees) and compensation for executive directors William “Billy” Blackburn, CEO and Managing Director, and Robert “Bob” Brookins, CTO and Director.

Cash flows from financing activities for the quarter consisted of the normal activity on the Line of Credit. The outstanding balance on the Line of Credit at the end of the period was US\$768 thousand on the total eligible borrowing base of US\$785 thousand (see Section 7.2 of the Consolidated Cash Flow Report below). This availability combined with the cash on hand of US\$1.232 million gives the Company total available funding of US\$1.249 million, which provides for an estimated 1.5 quarters of funding at the current rate. The Company has strong support from its existing lender and major shareholders and has a strong likelihood of increased sales from near-term business opportunities. The Board and management regularly review the funding needs of the business, both amount and timing, and potential sources.

Appendix 4C  
Quarterly 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	31-March-2025

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (9 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	816	3,462
1.2 Payments for		
(a) research and development	(111)	(344)
(b) product manufacturing and operating costs	(557)	(2,054)
(c) advertising and marketing	(9)	(16)
(d) leased assets	(11)	(49)
(e) staff costs	(637)	(1,795)
(f) administration and corporate costs	(310)	(1,021)
1.3 Dividends received (see note 3)		
1.4 Interest received	11	36
1.5 Interest and other costs of finance paid	(24)	(83)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST received)	8	50
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(824)</b>	<b>(1,814)</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	(4)	(6)
(d) investments		
(e) intellectual property	(57)	(157)
(f) other non-current assets		
<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (9 months) \$US'000</b>
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		

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(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 Net cash from / (used in) investing activities</b>	<b>(61)</b>	<b>(163)</b>

<b>3. 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		(5)
3.5 Proceeds from borrowings	886	3,808
3.6 Repayment of borrowings	(665)	(2,606)
3.7 Transaction costs related to loans and borrowings	(1)	(1)
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>220</b>	<b>1,196</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,886	2,053
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(824)	(1,814)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(61)	(163)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	220	1,196
4.5 Effect of movement in exchange rates on cash held	11	(40)
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>1,232</b>	<b>1,232</b>

<b>5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current quarter \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1 Bank balances	1,206	1,860
5.2 Call deposits	26	26
5.3 Bank overdrafts		
5.4 Other (provide details)		

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Quarterly report for entities subject to Listing Rule 4.7B

5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,232	1,886
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6.	Payments to related entities of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	238
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
	6.1 Total payment of \$238K for non-Executive Directors fees, payroll for Mr Blackburn, CEO & Managing Director and Dr Brookins, CTO & Director and consulting fees for Mr Lane.	

7.	Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	980	980
7.2	Credit standby arrangements	785	768
7.3	Other (please specify)	-	-
7.4	<b>Total Financing facilities</b>	<b>1,765</b>	<b>1,748</b>
7.5	<b>Unused financing facilities available at quarter end</b>		17
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.		
	7.1 - Shareholder unsecured term loan from Colinton Capital and Wentworth Williamson with an interest rate of 15% maturing on 23 Jun 2026.		
	7.2 - Alterna CS - Asset based loan secured with working capital accounts with \$768K drawn on a total availability of \$785K as of the reporting date. Interest is variable based on the Wall Street Journal published Prime Rate + 3% spread. The total rate at 31 March was 10.5%. Loan ends on 28 Feb 2026 but is auto-renewable for 1-year periods.		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(824)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,232
8.3	Unused finance facilities available at quarter end (item 7.5)	17
8.4	Total available funding (item 8.2 + item 8.3)	1,249
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>1.5</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.	

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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: Yes. The company has strong support from its substantial shareholders and has multiple new business opportunities it is pursuing that will generate increased cash flow.
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: Yes. In addition to the likelihood of increased sales from near-term business opportunities, the Company has strong support from its existing lender and major shareholders. The Board and management regularly review the funding needs of the business, both amount and timing, and potential sources.
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: Yes. The company has strong support from its substantial shareholders and has multiple new business opportunities it is pursuing that are expected to generate increased cash flow in the near term.
	<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.

Date: 29 April 2025

Authorised by: The Board of Directors  
(Name of body or officer authorising release – see note 4)

### 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.