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aXichem carries out a rights issue of approximately SEK 50 million

The Board of Directors of aXichem AB (publ) ("aXichem" or the "Company"), which is listed on the Nasdaq First North Growth Market ("Nasdaq First North"), has today, February 23, 2023, with the support of the authorization of the general meeting, resolved on a new share issue with pre-emptive rights for existing shareholders of approximately SEK 50 million before issue costs (the "Rights Issue"). The Rights Issue is covered to 70 percent by subscription and guarantee commitments. The Rights Issue is carried out to scale up operations in connection with the planned commercialization of aXiphen® in poultry feed and to repay part of the convertible loan entered in April 2022. The Board of Directors has also resolved on a new convertible loan from Formue Nord of approximately SEK 10.53 million.

Background

aXichem develops, patents and markets natural analogue industrial chemicals, i.e., synthetically produced substances that have similar and comparable properties to natural substances. The Company's commercial focus is to establish aXiphen® as an ingredient in chicken feed and aXivite® within nutraceuticals.

aXiphen® has in repeated studies proved to be able to reduce the occurrence of salmonella in chickens while also boosting their growth. aXiphen® can therefore be a substitute for antibiotics as an ingredient in feed for chickens, which is needed as antibiotics have been banned in the EU for this usage since January 2022 due to the problem of resistant bacteria. The regulations have also increased in the US for the same reason. An application for approval for phenylcapsaicin as a feed additive according to Feed Additive legislation in the EU was submitted to EFSA in March 2022 and the legal deadline for a potential approval in the case is September 2023. The application for approval for the substance according to GRAS feed in the USA is ongoing, however the process has undergone changes during the application and the Company is currently awaiting new directives from the authority. aXichem has also started regulatory work for product approval in South America and India.

The market for poultry feed in Europe is estimated to amount to EUR 30 billion and represents a significant growth and profitability potential for aXichem. The need to reduce salmonella incidence without using antibiotics is driving the market for aXichem's product and the Company is ready to

start the distribution as soon as market approvals are obtained. The Company has secured production and delivery, from raw material to final product, and distribution agreements for Europe and Latin America for aXiphen® are in place. Furthermore, the Company, together with its distributor CHR. Olesen, is in ongoing dialogue with a number of producers of poultry feed in the EU and the interest in the product, according to the Company's assessment, remains high. Based on information from these dialogues, aXichem therefore estimates that sales of approximately SEK 60–80 million are possible during the first 12–18 months after market approval in the EU and in Brazil. The market in the US is fragmented. Consequently, the size and timing of any revenues from this market are difficult to estimate.

aXivite® has demonstrated positive results in studies in both the US and Europe regarding weight control as well as the effect of physical exercise. Phenylcapsaicin is approved according to the Novel Food in the EU (2019) and the GRAS Food in the US (2018) as an ingredient in food, thus aXivite® is in full commercial phase. For aXivite®, the market is covered by a network of distributors in Europe, the US and India. According to the Company, the product has been appreciated among producers of nutraceuticals and dietary supplements. The revenue from aXivite® during 2022 amounted to approximately SEK 5 million. The company assesses that initiated customer collaborations and current capacity for distribution and sales in the segment will result in increased sales of aXivite® and therefore estimates that the sale of aXivite® can generate revenues for aXichem of approximately SEK 20–25 million in 2023.

Reason

It is the Company's assessment that the existing working capital is not sufficient to execute the Company's business plan over the next twelve months, where repayment of the Company's convertible loan as well as investments and increased costs to scale up the business in connection with the commercialization of aXiphen® are planned. The Company requires additional capital for these purposes and the Board of Directors of aXichem has therefore, with support of the authorization from the annual general meeting 31 May 2022, resolved on the Rights Issue. The capital injection from the Rights Issue is intended to be used mainly for investments in production, inventory, and marketing to realize the growth and profitability potential that can be achieved after the obtaining of market approvals for aXiphen®. If the Rights Issue is fully subscribed, aXichem is estimated to receive SEK 49.6 million, before deductions for issue costs of approximately SEK 6.9 million. The net proceeds from the issue are intended to be used as follows:

- repayment of convertible loan, SEK 10 million.

The remaining proceeds are intended to be distributed as follows and, if not all activities can be carried out, according to the priority below:

- inventory, production and marketing, 70 percent
- business development, 20 percent
- organizational development, 5 percent
- regulatory processes, 5 percent.

Terms and conditions of the Rights Issue

The Board of Directors of aXichem has, with the support of the authorization of the general meeting, resolved on the Rights Issue in accordance with the following main conditions:

- For each share held on the record date, 6 March 2023, the holder receives one (1) subscription right. Seven (7) subscription rights entitle to subscription of three (3) newly issued shares of class A.
- The subscription price is SEK 7.00 per share.
- If the Rights Issue is fully subscribed, the Company will receive proceeds of SEK 49.6 million, before issue costs.
- The subscription period for the Rights Issue runs from March 8, 2023, through March 22, 2023.
- Through the Rights Issue, the share capital will increase by a maximum of SEK 1,417,339.80 and the number of shares may increase by a maximum of 7,086,699 shares.
- Shareholders in the Company who do not subscribe for shares in the Rights Issue will have their shareholdings diluted. If the Rights Issue is fully subscribed, the dilution will amount to approximately 30 percent.

Full terms and conditions for the Rights Issue as well as other information about the Company will be found in the EU growth prospectus (the "**Prospectus**"), which is expected to be published around March 3, 2023.

Subscription and guarantee commitments

In connection with the Rights Issue, the Company has received subscription commitments from a number of existing shareholders of approximately SEK 7.7 million, corresponding to approximately 15 percent of the Rights Issue. In addition, aXichem has entered into guarantee commitments for a total of approximately SEK 27.1 million, corresponding to approximately 55 percent of the Rights Issue. The Rights Issue is thus covered by subscription and guarantee commitments of approximately SEK 34.7 million, corresponding to 70 percent of the issue proceeds. No compensation is paid for submitted subscription commitments. For guarantee commitments, a cash compensation of eleven (11) percent of the guaranteed amount is paid. The subscription and guarantee commitments are not secured by bank guarantee, restricted funds, pledged assets or similar arrangements. More detailed information about the parties that have entered into subscription and guarantee commitments can be found in the Prospectus, which is planned to be published around March 3, 2023.

Preliminary timetable for the Rights Issue

2 March 2023	Last day of trading including the right to participate in the Rights Issue
3 March 2023	First day of trading excluding the right to participate in the Rights Issue
3 March 2023	Publication of Prospectus (expected date)
6 March 2023	Record date
8 March – 22 March 2023	Subscription period
8 March – 17 March 2023	Trading in subscription rights
8 March - Until the Rights Issue is registered with the Swedish Companies Registration Office -	Trading in paid subscribed shares ("BTA")
24 March 2023	Expected date for publication of results in the Rights Issue

Prospectus

Full terms and conditions and instructions for the Rights Issue, as well as other information about the Company will be presented in the prospectus that the Company is expected to publish around March 3, 2023.

Convertible loan

In April 2022, aXichem entered a convertible loan of SEK 20 million with Formue Nord Fokus A/S ("**Formue Nord**"). In connection with the Rights Issue, aXichem has agreed with Formue Nord that SEK 10 million of the convertible loan will be repaid in connection with the completion of the Rights Issue, and that aXichem will enter a new convertible loan of approximately SEK 10.53 million with Formue Nord, which is to be paid by way of set-off of the remaining claim according to the previous convertible loan.

The Board of Directors of aXichem has therefore today, with the support of the authorization of the general meeting, resolved on a new convertible loan of approximately SEK 10.53 million. The convertible loan is subscribed at a subscription price of 95 percent of the nominal amount. The loan runs with an annual interest of 12 percent and the conversion rate amounts to SEK 9.10. The loan is due for payment on March 31, 2024, unless it has not been converted before then. Upon full conversion, the Company's share capital will increase by SEK 231,347.60, through the issuance of 1,156,738 new A shares.

Financial advisers, legal advisers and issuing agent

Västra Hamnen Corporate Finance AB is financial advisor and Vinge is legal advisor to aXichem in connection with the Rights Issue. Nordic Issuing acts as issuing agent.

For more information:

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Certified advisor for aXichem is Västra Hamnen Corporate Finance AB.

This information is information that aXichem AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (EU no. 596/2014). The information was submitted, through the agency of the above contact person, for publication on February 23, 2023, at 08:30 CET.

About aXichem

aXichem develops, patents and markets natural analogue industrial chemicals, i.e., synthetically produced substances that have similar and comparable properties to natural substances. The company's first product is phenylcapsaicin, which the company commercializes under two brands, aXiphen® and aXivite®, as an ingredient in animal feed and dietary supplements, respectively. The business is divided into three market areas with different applications for phenylcapsaicin: as an ingredient in feed for poultry, such as chicken and turkey, as an ingredient in food supplements for gut health, weight control and sports and exercise, and as an ingredient in food supplements for the bio-enhancement of curcumin and melatonin. aXichem is listed on the Nasdaq First North Growth Market. More information is available at www.axichem.com.

Important information

Release, publication, or distribution of this press release may be subject to restrictions in certain jurisdictions. Recipients of this press release in the jurisdictions where this press release has been released, published, or distributed should inform themselves of and comply with such restrictions.

This press release does not constitute an offer to, or an invitation to, acquire or subscribe for any securities in aXichem in any jurisdiction. The invitation to interested persons to participate in the Rights Issue will only take place through the Prospectus that the Company will publish in connection with the Rights Issue.

This press release does not constitute an offer or invitation to acquire or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States without registration, or without application of an exemption from registration, under the U.S. Securities Act of 1933. The information in this press release may not be disclosed, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, in or to the United States, Australia, Belarus, Hong Kong, Japan, Canada, New Zealand, Russia, Switzerland, Singapore, South Africa, South Korea, or any other jurisdiction where such disclosure, publication or distribution of this information would be contrary to applicable laws and regulations.

Within the European Economic Area, no offer to the public of securities is made in any country other than Sweden. In other member states of the European Union, such an offer can only be made in accordance with exceptions in the Prospectus Regulation (EU) 2017/1129.

This press release contains certain forward-looking information that reflects the Company's current view of future events as well as financial and operational development. Words such as "intends", "estimates", "expects", "may", "plans", "believes", "estimates" and other expressions that imply indications or predictions of future developments or trends, and are not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties because it is dependent on future events and circumstances. Forward-looking information is not a guarantee of future performance or development, and actual outcomes may differ materially from what is stated in forward-looking information.

This information is such that aXichem AB is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted, through the care of the contact person below, for publication on 23 February 2023, at 08:30 AM CET.

Company contact:

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About aXichem

aXichem's business idea is to develop, patent and market natural analogue industrial compounds. The Company primarily works with phenylcapsaicin a structural analogue of capsaicin with a wide range of applications, such as feed additives, nutraceuticals and certain pharmaceutical areas. aXichem's shares are listed on NASDAQ First North Growth Market under AXIC A. Certified Adviser: Västra Hamnen Corporate Finance www.vhcorp.se. Read more about the company at www.axichem.se

