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## **aXichem carries out a rights issue of units of approximately SEK 40.3 million and updates the revenue target for aXiphen® in Brazil**

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, on February 1, 2024, subject to subsequent approval by the General Meeting, resolved on a new issue of shares and warrants ("Units") with pre-emptive rights for existing shareholders of approximately SEK 40.3 million before issue costs (the "Rights Issue"). One unit consists of five shares of class A and five warrants of series TO1A. The subscription price per Unit is 7.50 SEK, corresponding to 1.50 SEK per share. The warrants are issued free of charge. The Rights Issue is covered to 70 percent by subscription and guarantee commitments. The Rights Issue is subject to approval by an Extraordinary General Meeting, which is intended to be held on March 6, 2024. A notice to the Extraordinary General Meeting will be published through a separate press release.

The Rights Issue is carried out to commercialize aXiphen® and aXivite®, to conduct the additional studies required for market approval of phenylcapsaicin (aXiphen®) in the EU and to repay part of a convertible loan. Following the approval of phenylcapsaicin in Brazil, aXichem updates its revenue target for aXiphen® in the Brazilian market to SEK 10 million for the current year and to SEK 40 million in 2025.

Furthermore, the Board of Directors has today resolved to raise a new convertible loan from Formue Nord Fokus A/S ("Formue Nord") of approximately SEK 5.3 million, partly replacing the existing convertible loan. The publication of the interim report for the fourth quarter of 2023 is changed to March 5, 2024.

### **Background to and reason for the Rights Issue**

aXichem's business idea is to develop, patent and market natural analogue industrial chemicals. aXichem aims to become a global supplier of its products to actors in the chemical industry. aXichem's first product is phenylcapsaicin, which is a synthetically produced and patented product, with all the health-promoting effects of natural capsaicin. Since phenylcapsaicin is synthetically produced, the substance has a number of advantages over natural capsaicin, such as an efficient manufacturing process with predictable product quality.

aXichem markets the product as an ingredient under different brands in two prioritized segments: aXiphen® for poultry feed and aXivite® for dietary supplements. aXiphen® has been shown in studies, carried out in commercial chicken production environments, to be able to inhibit and prevent salmonella in the animals and improve their growth. Within the dietary supplements segment, aXivite® is today included in several products for weight control, improved metabolism, intestinal health and sports and exercise.

On December 19, 2023, phenylcapsaicin received approval in Brazil as a feed ingredient for pigs and chicken. aXiphen® can therefore now be sold in the Brazilian market. The product has been launched and selling efforts have begun in collaboration with the distributor Chr. Olesen during the first quarter of 2024. The Company's target is to generate sales of approximately SEK 10 million during the current year and to reach sales of approximately SEK 40 million in 2025. aXichem's ongoing application for market approval for phenylcapsaicin as an ingredient in animal feed within the EU requires additional data, which the Company communicated on December 14, 2023, to move forward in the review process. The Company estimates that, from initiating new studies, it will take approximately six months to produce the data requested by the authority EFSA. After the submission of the supplementary data, EFSA's and the EU Commission's processing, until a ratified approval, is six to twelve months according to the regulations. However, the processing times stated in the regulations are not always followed and it is therefore difficult for the Company to assess the time required for the authority's handling of the application.

Within the dietary supplements segment, the Company's target is to reach cumulative sales of aXivite® of SEK 20–25 million during the third quarter 2024, calculated from February 2023. Lead times for product development and launch of consumer products within the agreements that aXichem has with Iovate and Uriach have been slightly longer than expected. Therefore, the number of products launched in 2023 was slightly lower than planned, which affected the Company's sales. New products are expected to be launched in 2024, and around the turn of the year, aXichem received the first orders from Uriach with a total value of approximately SEK 650,000. aXichem is also in discussions about collaborations with a number of actors in sports and training that could result in new agreements and revenues in 2024.

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 costs for commercialization of aXiphen® and aXivite®, investments and costs for market approval of phenylcapsaicin (aXiphen®) in the EU, as well as partial repayment of a convertible loan, are planned. The Company requires additional capital for these purposes and the Board of Directors of aXichem has therefore, subject to subsequent approval by the General Meeting, which is intended to be held on March 6, 2024, resolved on the Rights Issue.

If the Rights Issue is fully subscribed, aXichem is estimated to receive SEK 40.3 million in proceeds, before deductions for issue costs of approximately SEK 6.6 million. Of the net proceeds from the issue, approximately SEK 5.5 million will be used for repayment of a convertible loan. The remaining proceeds are intended to be used for the following purposes in order of priority:

- Inventory, production and marketing, approximately SEK 16 million;
- Regulatory processes, with a focus on supplementary studies to the application for market approval of aXiphen® in the EU, approximately SEK 4 million; and
- Business and organizational development and working capital, approximately SEK 8 million.

If all warrants of series TO1A issued in the Rights Issue are exercised for subscription for shares, the Company will receive additional proceeds in October 2024 of at least SEK 5.4 million, depending on the final subscription price. 50 percent of the net proceeds from the exercise of the warrants are intended to be used to repay the convertible loan that the Company has raised from Formue Nord in connection with the resolution on the Rights Issue. The remaining proceeds are intended to be used for working capital.

### **Terms and conditions of the Rights Issue**

The Board of Directors of aXichem has, subject to a subsequent approval by the Extraordinary General Meeting, which is intended to be held on March 6, 2024, resolved to carry out the Rights Issue in accordance with the following main terms:

- Anyone who is registered as a shareholder in aXichem on the record date, March 8, 2024, has pre-emptive rights to subscribe for Units in the Company in relation to existing shareholdings in the Company. Each existing share entitles to one (1) unit right.
- Four (4) unit rights give the right to subscribe for one (1) Unit in the Company.
- The Rights Issue consist of maximum 5,374,081 Units. Each Unit consists of five (5) shares of class A and five (5) warrants of series TO1A.
- The subscription price per Unit is 7.50 SEK, corresponding to 1.50 SEK per share. The warrants are issued free of charge.
- Upon full subscription in the Rights Issue, the Company receives issue proceeds of approximately SEK 40.3 million, before deduction of issue costs of approximately SEK 6.6 million.
- The subscription period for the Rights Issue runs from March 11, 2024, through March 25, 2024.
- Trading in Paid Subscribed Units ("BTU") is expected to take place on Nasdaq First North from March 11, 2024, until conversion to shares and warrants take place after the Rights Issue is registered with the Swedish Companies Registration Office (Sw. Bolagsverket). Registration with the Swedish Companies Registration Office is expected to take place around week 15, 2024.

Complete terms and conditions for the Rights Issue as well as other information about the Company will be presented in the EU growth prospectus (the “Prospectus”), which is expected to be published around March 8, 2024.

### **Terms of warrants of series TO1A**

The warrants are issued free of charge. One (1) warrant entitles to subscription for one (1) new share of class A in the Company, during the period from and including October 8, 2024, to and including October 21, 2024. The subscription price for subscription of shares with the support of the warrants shall be determined as an amount corresponding to the volume weighted average price for the Company’s share on Nasdaq First North during October 1, 2024 – October 7, 2024, however, not less than SEK 0.20 (corresponding to the quota value). The subscription price and the number of shares that each warrant entitles to subscribe shall be subject to customary conversion conditions in case of split or merger of shares, rights issue and similar events.

The warrants are intended to be admitted to trading on Nasdaq First North after final registration of the Rights Issue with the Swedish Companies Registration Office.

### **Change in number of shares and share capital and dilution**

Through the Rights Issue, the number of shares in aXichem will increase by a maximum of 26,870,405 shares, from 21,496,325 shares to 48,366,730 shares, and the share capital will increase by a maximum of SEK 5,374,081, from SEK 4,299,265 to SEK 9,673,346. For existing shareholders who do not participate in the Rights Issue, this entails, in the case of full subscription, a dilution effect of approximately 55.6 percent of votes and capital in the Company.

If all warrants of series TO1A are used to subscribe for new shares in the Company, the number of shares of class A will increase with additional 26,870,405 shares to a total of 75,237,135 shares and the share capital will increase with additional 5,374,081 SEK to 15,047,427 SEK. This corresponds to a dilution effect from the warrants of an additional maximum of approximately 35.7 percent. The total dilution effect, if both the Rights Issue and the warrants are subscribed for and exercised, respectively, in full, amounts to approximately 71.4 percent.

### **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 7.2 million in aggregate, corresponding to approximately 18 percent of the Rights Issue. In addition, aXichem has entered into guarantee commitments for a total of approximately SEK 21.1 million, corresponding to approximately 52 percent of the Rights Issue. The Rights Issue is thus covered by subscription and guarantee commitments of approximately SEK 28.3 million, corresponding to 70 percent of the issue proceeds. No compensation is paid for entered subscription commitments. In relation to guarantee commitments, a cash compensation of 15 percent of the guaranteed amount is paid. Each guarantor may choose to have its compensation paid in cash or through the issuance of Units on terms which correspond to the terms in the Rights Issue. 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 Mars 8, 2024.

### **Preliminary timetable for the Rights Issue**

March 6, 2024	Last day of trading including the right to participate in the Rights Issue
March 7, 2024	First day of trading excluding the right to participate in the Rights Issue
March 8, 2024	Publication of Prospectus (expected date)
March 8, 2024	Record date
March 11, 2024 – March 25, 2024	Subscription period
March 12, 2024 – March 21, 2024	Trading in unit rights
March 12, 2024 – Until the Rights Issue is registered with the Swedish Companies Registration Office - Trading in BTU	
March 27, 2024	Expected date for publication of outcome 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 around March 8, 2024.

### **Convertible loan**

In February 2023, aXichem raised a convertible loan of approximately SEK 10.5 million from Formue Nord. In connection with the Rights Issue, aXichem has agreed with Formue Nord that approximately SEK 5.5 million of the convertible loan will be repaid in connection with the completion of the Rights Issue, and that aXichem will raise a new convertible loan of

approximately SEK 5.3 million from Formue Nord, which is to be paid by way of set-off of the remaining claim under the previous convertible loan.

The Board of Directors of aXichem has therefore today, based on the authorization from the General Meeting, resolved to raise a new convertible loan of approximately SEK 5.3 million. The convertible loan is subscribed for at a subscription price corresponding to 95 percent of the nominal amount. The loan is subject to an annual interest of STIBOR 3 Months plus 12 percentage points and the conversion rate amounts to SEK 1.95. The loan is due for payment on March 31, 2025, unless it has not been converted before then. Upon full conversion, the Company's share capital will increase by SEK 539,811, through the issuance of 2,699,055 new shares of class A.

#### **Interim report**

Due to the Rights Issue, the Company has resolved to postpone the publication of the interim report for the fourth quarter of 2023, from the originally planned date 21 February 2024, to March 5, 2024.

#### **Financial advisers, legal advisers and issuing agent**

Västra Hamnen Corporate Finance AB is financial advisor and Advokatfirman 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 adviser for aXichem is Västra Hamnen Corporate Finance AB.

This is information that aXichem AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted, through the agency of the above contact person, for publication on February 1, 2024, at 20:00 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](http://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.