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**Year End Report  
January - December 2023  
aXichem AB (publ)**

[org nr: 556739-8663](#)



## aXichem's development during periods 2023-01-01—2023-12-31

This interim report presents aXichem, which consists of aXichem AB (publ), Incendia Pharma AB and aXichem AS (Norway). Amounts in brackets refer to the corresponding period of the previous year.

### aXichem's development 2023-01-01 – 2023-12-31

#### Turnover and results

Net sales amounted to SEK 1,809 thousand (SEK 5,007 thousand).  
The operating profit amounted to SEK -17,318 thousand (SEK -14,545 thousand).  
The loss for the period amounted to SEK -20,814 thousand (SEK -17,260 thousand).  
Financial net SEK -3,471 thousand (SEK -2,690 thousand).

#### Cash and financial position

The group's cash and cash equivalents on 31 December 2023 amounted to SEK 4,309 thousand (SEK 6,549 thousand).  
The equity ratio amounted to 79% (66%).

#### Investment

Investments in intangible, tangible and financial fixed assets amounted to SEK 5,103 thousand (SEK 2,608 thousand).

#### Depreciation

Depreciation of intangible and tangible fixed assets amounted to SEK 3,834 thousand (SEK 3,511 thousand).

#### Share data

Earnings per share, before and after dilution amounted to SEK -1.03 (SEK -1.04).  
Equity per share at period end amounted to SEK 2.26 (SEK 2.44).

### aXichem's development 2023-10-01 – 2023-12-31

#### Turnover and results

Net sales amounted to SEK 275 thousand (SEK 3,539 thousand).  
The operating profit amounted to SEK 4,801 thousand (SEK -2,253 thousand).  
The loss for the period amounted to SEK -5,532 thousand (SEK -3,247 thousand).  
Financial net SEK -706 thousand (SEK -969 thousand).

In previous periods in 2023, SEK 536,000 has been incorrectly reported as intangible fixed assets, which has been corrected during the fourth quarter. Reported results in this report for the fourth quarter are exclusive of this correction and reflect the actual outcome of the period.

#### Investments

Investments in intangible, tangible and financial fixed assets amounted to SEK 523 thousand (SEK 619 thousand).

#### Depreciation

Depreciation of intangible and tangible fixed assets amounted to SEK 1,016 thousand (SEK 912 thousand).

#### Share data

Earnings per share, before and after dilution amounted to SEK -0.26 (SEK -0.20).

## Key ratios

	The group 2023 Oct - Dec	The group 2022 Oct - Dec	The group 2023 Jan - Dec	The group 2022 Jan - Dec	The group 2021 Jan - Dec
TSEK unless otherwise stated					
Net sales	275	3 539	1 809	5 007	4 362
Operating profit/loss	-4 801	-2 253	-17 318	-14 545	-15 070
Profit/loss after financial items	-5 507	-3 222	-20 789	-17 235	-15 058
Profit/loss for the period	-5 532	-3 247	-20 814	-17 260	-15 093
Earnings per share before dilution. SEK	-0.26	-0.20	-1.03	-1.04	-0.92
Earnings per share after dilution. SEK	-0.26	-0.20	-1.03	-1.04	-0.92
Equity per share. SEK	2.26	2.44	2.26	2.44	3.40
Equity ratio. %	79	66	79	66	96
Average number of shares	21 496 325	16 535 636	20 300 323	16 535 636	16 335 206
Number of shares at the end of the period	21 496 325	16 535 636	21 496 325	16 535 636	16 535 636

## Significant events during the period

### First quarter

- On January 3, aXichem announced that the company has received questions from the European Food and Safety Authority (EFSA), regarding its feed additive application. This is a normal and expected part of the process, and questions will be answered by the aXichem team. In accordance with EFSA's process, this means that the legal maximum time for approval is currently set to September 2023.
- On January 25, aXichem announced that Chr. Olesen has added aXiphen® to its official product portfolio. The inclusion of aXiphen in the product line is the first step in a pre-launch marketing program and further validates Chr. Olesen's commitment to providing innovative and high-quality feed solutions to the market.
- On February 1, aXichem announced that the product Muscletech Burn iQ™, where aXivite® is one of the active ingredients, is now available to the market through another strong sales channel, namely the world-leading American retailer GNC (General Nutrition Corporation). GNC is a leading global health and wellness brand that provides high-quality, science-based products and solutions.
- On February 7, aXichem announced that the company has started a production collaboration with the Swedish unit of an established, large manufacturer of chemical substances. The collaboration concerns the manufacture of aXichem's raw material phenylcapsaicin and secures additional capacity for future sales of aXiphen® to the feed market. aXichem estimates that sales worth approximately SEK 60–80 million are possible in the first 12–18 months after market approvals in the EU and in Brazil.
- On February 7, the company announced that it expects substantially increased sales over the next twelve months from sales of the company's natural analog product phenylcapsaicin in the area of dietary supplements and nutrients. Products with aXivite as an active ingredient have been launched at leading retailers such as GNC (General Nutrition Corporation) and Amazon. The company therefore assesses that continued positive development for aXivite can result in revenues of approximately SEK 20–25 million over the next twelve months.
- On February 22, aXichem announced that aXivite will be launched in three new products in the US market under the best-selling Hydroxycut brand. The new products are a result of aXichem's strategic partnership with Iovate, a market leader in dietary supplement products for exercise and weight control.
- On February 23, the company announced that the board, with the support of the general meeting's authorization, decided to carry out an issue of shares with preferential rights for existing shareholders for approximately SEK 50 million before issue costs. The rights issue is covered to 70 percent by subscription and guarantee commitments. The issue is being carried out to scale up the business in connection with the planned commercialization of aXiphen® in poultry feed and to repay part of the convertible loan taken out in April 2022. The board has also decided to take out a new convertible loan from Formue Nord of approximately 10,53 million SEK.



- On March 3, aXichem published its prospectus regarding the rights issue.
- On March 24, the outcome of the completed rights issue was announced. A total of 4,960,689 shares were subscribed and the rights issue was thus subscribed to 70 percent. Through the rights issue, approximately SEK 34.7 million will be added to aXichem before issue costs. A total of 3,608,646 shares, corresponding to approximately 51 percent of the rights issue, were subscribed with the support of subscription rights. In addition, 1,352,043 shares were subscribed without the support of subscription rights, corresponding to approximately 19 percent of the rights issue, of which approximately 12 percent of the rights issue refers to subscription attributable to issue guarantees.

## Second quarter

- On April 3, it was announced that aXichem answered and submitted the questions that EFSA asked, and that were announced on January 3, regarding the company's Feed Additive application. The submission is now registered with EFSA and the so-called "clock stop", i.e. the break in the time of a total of six months established by EFSA to process this type of application, has been lifted. The new legal deadline for EFSA's review process is now set to 17 June 2023.
- On April 24, a scientific article describing the study "Effects of different doses of phenylcapsaicin on strength training performance, muscle damage, protein breakdown, metabolic response, and estimation of perceived exertion and recovery: A randomized, triple-blind, placebo-controlled, crossover study." has been published in the Journal of the International Society of Sports Nutrition (JISSN). The published study is supported by aXichem, in collaboration with the Spanish companies LIFEPro Nutrition and Indiex Sport Nutrition, and was carried out in 2022 at the University of Pablo Olavide - High Performance Center (CIRFED)
- On April 24, the company announces that a new order has been received from the distributor Res Pharma in Italy. The order concerns aXivite and the ordered volume will be used for the development of consumer products in collaboration with two different producers. The order value amounts to SEK 120,000.
- On April 25, it was announced that aXichem submitted a patent application for aXivite® as a performance-enhancing ingredient in dietary supplements intended for physical training. The title of the patent is "Physical performance aid" and has its background in significant effect data from above all the study described in the recently published scientific article in the Journal of the International Society of Sports Nutrition.
- On May 5, the company announces that a new clinical trial regarding aXivite has been published in an article in the scientific journal Frontiers in Physiology, "Effects of phenylcapsaicin on aerobic capacity and physiological parameters in active young males: a randomized, triple-blinded, placebo-controlled, crossover trial ". The results of the study add further compelling evidence supporting the remarkable benefits of aXivite, a breakthrough capsaicin analog with enhanced bioavailability.
- On May 25, aXichem published its Annual Report for the year 2022. The Annual General Meeting took place on June 16 and the resolutions from the meeting was published the same day.
- On May 29, the company communicated that a new order had been received for its phenylcapsaicin product aXivite® from the Polish distributor BART. The ordered volume will be used in continued production of the product for weight control that was launched last year. The total order value amounts to approximately SEK 400,000.
- On June 8, the company announces that the Ministry of Agriculture, Livestock and Food Supply in Brazil (MAPA) has granted approval of phenylcapsaicin as a new raw material for zootechnical feed additive applications, to be utilized in both poultry and piglet feed. This constitutes the safety assessment in the regulatory process. The forthcoming phase will scrutinize the efficacy of phenylcapsaicin in accordance with the applications.
- On June 13, aXichem announces that the European Food Safety Authority (EFSA) has informed the company that the authority needs additional time to review the company's application for Feed Additive approval in the EU for the product phenylcapsaicin as a feed ingredient, under the brand name aXiphen. EFSA communicates that the new date for a statement is 5 August 2023.
- On June 27, it was announced that aXichem's Spanish partner, Life Pro Nutrition, has introduced two new products — Life Pro Wild Ripped and Life Pro Wild Ripped Low Stim — targeting the weight loss segment. Both products prominently feature aXivite, a patented form of phenylcapsaicin, as the key ingredient. Life Pro Nutrition has also placed a smaller order worth SEK 70,000 for the development of additional products with aXivite.

- On June 27, the company communicated the signing of an exclusive agreement with Uriach, one of Europe's oldest and steadily growing pharmaceutical companies, regarding aXivite in the sleeping aid category of the dietary supplement market. Under the Supply and Research Agreement Uriach is granted exclusivity in a melatonin formulation with aXivite in the territories of Spain, Portugal, Germany, Austria, and Romania. To achieve this exclusivity Uriach is committed to a yearly minimum purchase of aXivite of 400,000 Euro. Uriach will also fund a new the clinical trial, and the results of this trial will be jointly owned by Uriach and aXichem. Each party will have the right to use and exploit the results.

### Third quarter

- On August 3, today announces the publication of a new research article focused on the role of phenylcapsaicin in sports performance enhancement. The article, the third of its kind, was published in the respected scientific journal, *Frontiers in Physiology*, and reinforces aXichem's dedicated path of research and development for a deeper understanding of the effects of phenylcapsaicin.
- On 19 September, aXichem announced the updated status of its application for Feed Additive approval in the EU for phenylcapsaicin and stated that the application would be considered at the plenary meeting held by the FEEDAP panel on 26-28 September 2023, after which EFSA's opinion on its own scientific risk assessment may be published.
- On September 26, the company communicated that the company's application for Feed Additive approval in the EU is now open for so-called "public consultation", which means that third parties can provide comments on the application and constitutes an important part of EFSA's regulations for open- hot and transparent. Public consultation is a mandatory part of the approval process and will end on October 16, 2023.

### Fourth quarter

- On 10 October it is announced that EFSA has published the minutes of the FEEDAP panel on 26-28 September 2023. At the meeting, the panel approved EFSA's opinion on risk assessment and it will proceed for written adoption after the results of the "public consultation" has been processed. This means that the next step is for the public consultation to be completed on 16 October and, if no comments are received from the public, EFSA's scientific opinion will be prepared for publication. The final step is then for the EU to formulate the regulations for the use of phenylcapsaicin and publish these in The Official Journal of the European Union. When the regulation is published, the product is formally approved.
- On October 31, aXichem communicated that EFSA has changed the status of the company's Feed Additive application to "Publishing" in the EFSA portal. This means that EFSA's opinion on aXichem's Feed Additive application is now being prepared for publication. After the publication of EFSA's opinion, the EU Commission can, based on EFSA's opinion and the expertise of the Standing Committee, formulate the rules for the use of phenylcapsaicin and publish these in The Official Journal of the European Union. When the regulation is published, the product can be formally approved.
- On November 13, the company announced an important milestone in the collaboration with Uriach. Pursuant to the exclusivity agreement signed in June this year, Uriach has placed its first order linked to the production of a new melatonin formulation for its well-known brand Aquilea® with aXivite® as a new key ingredient. This marks the beginning of the product launch which is planned for April 2024. The total value of this first order is 21,500 Euro.
- On December 14, it was announced that EFSA has published an "Inconclusive Scientific Opinion" for aXichem's ongoing Feed Additive application regarding phenylcapsaicin (aXiphen®). In the opinion, EFSA concludes that there are some data gaps, in the areas of environmental safety, consumer safety and effectiveness, in the application submitted by the company. aXichem estimates that the company needs approximately six months to produce the required information.
- On December 19, the company communicated that the application for product registration in Brazil for phenylcapsaicin has been approved by the Ministry of Agriculture, Livestock and Food Supply (MAPA) and the Department of Inspection of Animal Products (DIPOA). The product registration of aXichem's natural analogue product means that the authorities has approved phenylcapsaicin as a new raw material for zootechnical feed additives, to be used in both poultry and piglet feed. The approval is an important milestone for aXichem and opens the door to commercialization in Brazil, the world's second largest chicken meat producer and largest exporter.

### Significant events after the end of the reporting period

- On January 5, 2024, it was announced that aXichem's distributor Chr. Olesen has prepared the first batch of aXiphen for shipment to Chr. Olesen's facilities in Brazil from where it will be delivered to industrial scale production trials in the Brazilian market.
- On January 10, 2024, aXichem announced new orders for aXivite® from Uriach. The orders are related to the production of a new melatonin formula for Uriach's brand Aquilea® featuring aXivite®. The first order was announced in November 2023, and with the additional orders placed, the total order value from Uriach, to date, amounts to about 60,000 Euro.
- On January 15, 2024, the company announced that a new product, GLP-Activate with aXivite, is launched by the U.S. based company Triquetra Health. The GLP-1 hormone (Glucagon-like peptide 1) is produced in the intestine and is considered to control appetite, cravings, blood sugar and most facets of metabolism. Triquetra Health's product GLP-Activate can provide the body natural extracts and nutrients that can support the body's own GLP-1 production. The GLP-1 hormone has been identified as one of the keys to healthy weight management and metabolic health.
- On January 30, 2024, aXichem announced that the company has signed a Letter of Intent (LOI) with Silvaco A/S, a key player in the nutraceutical, pharmaceutical, food, feed, and cosmetics industries in Scandinavia. This LOI marks the beginning of a promising collaboration aimed at introducing aXivite, into the Scandinavian dietary supplement market.
- On February 1, 2024, it was announced that the Board, subject to subsequent approval by the General Meeting, had 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 SEK 7.50, corresponding to SEK 1.50 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. 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.
- On February 13, 2024, it was announced that the company has signed a Letter of Intent (LOI) with Silver Fern Brand, a provider of premium health supplements. This collaboration aims to integrate aXivite into a broader product range, meeting the demand for science-backed health supplements.

### CEO Torsten Helsing comments

The operating result for the financial year 2023 amounts to SEK -17,318 thousand. Net sales amount to SEK 275 thousand during the fourth quarter and SEK 1 809 thousand for the year. The year's operating costs amount to SEK -19,994 thousand. The costs mainly relate to production, transport of produced goods, regulatory work and costs for sales and marketing of aXivite within the dietary supplements business area.

### Important milestone passed in the Animal Feed business area

For aXichem, 2023 was very much about regulatory work to obtain the market approvals required for the commercialization of phenylcapsaicin as an additive in animal feed. Our objective was to obtain market approval for the product in the EU as well as in Brazil during the year. In December, we received a positive message from Brazil, and thus achieved one of the company's most important goals to date. aXiphen is now approved as a feed additive in Brazil, a huge market for the production and export of chicken meat. In addition to approval for chicken feed, the product was also approved for use in feed for piglets, which may provide additional opportunities in the future. As part of establishing aXiphen in Brazil as an effective feed additive, large-scale production tests will be carried out. The dialogue with potential customers is managed by our local partner Chr. Olesen, with the support of the aXichem team. I see that aXiphen with its unique properties and advantages can contribute to a sustainable, profitable and healthy meat production in Brazil, and that more markets will follow in the future.

### The work on Feed Additive approval in the EU continues

Regarding approval in the EU, the process continues. I was of course disappointed when the reviewing authority, EFSA, announced an "Inconclusive Scientific Opinion" for our Feed Additive application in December. It is important to remember that it is not a rejection of the application and that the potential of phenylcapsaicin as an additive in chicken feed is unchanged. However, we must supplement with

data that EFSA perceives as required for approval. Our team has now gone deeper into the areas that EFSA has pointed out and we believe that through supplementary studies we should be able to satisfactorily fill the data gaps. We expect to be able to start the studies in April. My assessment is that it will take about six months, from the time the new studies required have been started, to produce the data that the authority is requesting. Then follows the processing by EFSA and the EU Commission, which according to the regulations lasts six to twelve months, until a formal approval. The processing times specified in the regulations are not always fully complied with, and it has not been very easy to follow the progress of the work so far. It is therefore not possible to say anything definite about the time required for the authority's handling of the application. When there is a change of concrete importance to the process, we will notify the market, just like before.

### Pushing for accelerated sales of aXivite

Business area Dietary Supplements did not meet the sales expectations we had for 2023. Decreased sales for the entire industry during the pandemic affected the pace of development of new products, which in turn had an effect on the implementation of new ingredients, such as aXivite. There are signals that a recovery is on the way and during the fourth quarter the agreement we signed with Uriach, regarding exclusivity for a melatonin formulation with aXivite, showed results in the form of the first order. This was followed by several and the total value of orders placed so far amounts to approximately 72,000 Euro. Uriach will launch its melatonin product, Aquilea, with aXivite in April 2024, starting in Spain, followed by Portugal, Germany, Austria and Romania.

aXichem's strategy for sales in the Dietary Supplements business area is to establish collaborations with small to medium-sized innovative distributors and producers of dietary supplements in the EU and USA, where we have market approval for phenylcapsacin according to Novel Food and GRAS Food. Together with our partners, we work to drive the sale of aXivite and find new suitable projects for the product. After the end of the year, we were able to announce a new exciting consumer product with aXivite that is on its way to the market, and about two new collaborations where we signed letters of intent. The new product is Triquetra Health's GLP-Activate. The GLP-1 hormone (Glucagon-like peptide 1) is produced in the intestine and is considered to control appetite, hunger, blood sugar and various aspects of metabolism. Triquetra Health's product GLP-Activate can provide the body with natural extracts and nutrients that can support the body's own GLP-1 production. The hormone GLP-1 has been identified as one of the keys to healthy weight control and good gut health. In addition to products for intestinal health, Triquetra Health also works in the areas of exercise and metabolism, which are also areas where aXivite has proven to be able to contribute. My hope is that in the future we will be able to see more products from Triquetra that include aXivite.

With the aim of gaining active marketing and establishment on the Scandinavian market, after the end of the period, in January 2024, we signed a letter of intent with Silvaco A/S, a key player in the industry for nutritional supplements, pharmaceuticals, food, feed and cosmetics in Scandinavia. Headquartered in Denmark, Silvaco is a dynamic and fast-growing company, specializing in the purchase and marketing of quality ingredients and raw materials for various industries. Furthermore, we see that in 2024 we have the opportunity to expand our presence on the US market. That's why we have started a collaboration with Silver Fern Brand, a supplier of high-quality food supplements to develop together with them a food supplement for intestinal health and where aXivite's documented properties will be used. My assessment is that we will see more similar collaborations unveiled in the coming months, collaborations that will generate sales in 2024.

### Preparing for an issue of shares and warrants

After the end of the period, on February 1, 2024, aXichem's board decided, subject to approval at an extraordinary general meeting on March 6, to carry out an issue of shares and warrants, so-called units, with preferential rights for existing shareholders. The rights issue is covered to 70 percent by subscription and guarantee commitments and is estimated to bring in approximately SEK 40.3 million for the company at full subscription before deductions for issue costs of approximately SEK 6.6 million. The background to the issue is to secure aXichem's long-term financing when the company now enters the commercial phase with aXiphen in animal feed in Brazil, as well as continued commercialization of aXivite in dietary supplements in the U.S. and EU. In addition, there is continued regulatory work to achieve approval of the product in animal feed within the EU. The company also intends to use SEK 5.5 million of the issue proceeds for partial repayment of convertible loans from Formue Nord. I hope that our shareholders want to join us on our continued journey. Not least when we can now realize the fantastic opportunity to establish aXiphen in one of the world's largest markets for chicken production and export. All information about the Extra Shareholder's Meeting and the new share issue can be found at <https://www.axichem.com/foretradesemission-2024/>

**aXichem stands stronger in 2024**

We enter 2024 with market approval for our products aXiphen and aXivite in our priority business areas: animal feed and dietary supplements. The fact that another regulatory obstacle has been removed means that aXichem is commercially better equipped than ever. It will be extremely exciting to see how aXiphen is received in Brazil and how we together with Chr. Olesen can establish the product in this huge market.

**About aXichem AB (publ)**

aXichem's business concept is to develop, patent and market nature-analog industrial compounds. aXichem's product is a natural analog substance called phenylcapsaicin, which is a synthetically produced and patented capsaicin. As phenylcapsaicin is synthetically produced and has a number of advantages compared to natural capsaicin, such as controllable quality and production process.

The product has benefits that makes it commercially interesting in several application areas, for example as ingredient in animal feed, as ingredient in dietary supplements, as a bio-enhancer and as a bio-repellent in marine applications. aXichem is currently marketing the product under different brands in two prioritized areas: aXivite® for dietary supplements and aXiphen® for poultry feed. aXiphen® has shown properties as a growth promoter and anti-salmonella ingredient in studies made in commercial poultry production settings. In the market segment for sports nutrition products aXivite® is today included in several products for weight control, improved metabolism and gut health.

aXichem aims to become a global supplier of industrial natural analogue chemicals to players in the chemical industry who manufacture products containing aXichem's raw materials. The company's share is listed on NASDAQ First North since 2013.

**Future prospects**

aXichem's commercialization of phenylcapsaicin under the brands aXiphen® in the animal feed market and aXivite® in the food supplement market continues. The production capacity and logistics through subcontractors are in place, as is a production process optimized for commercial volumes. The pace of development in the establishment of the products is determined by market approvals in the strategically important countries or regions, starting with the EU, USA, Brazil and India. aXichem cooperates with specialized distributors, who either have their own production or cooperate with innovative leading producers.

The company has market approval for aXivite in the EU and North America. The market's interest in aXivite is significant, especially in North America. However, the lead times for product development and the launch of consumer products within the agreements entered into with Iovate and Uriach have been longer than expected, which has caused aXichem to revise the goal regarding sales, which was announced in February 2023, of revenues of approximately SEK 20-25 million until February 2024. The company assesses continued gradual increase in sales within dietary supplements, and that the goal should be achieved during the third quarter 2024.

aXiphen has been approved in Brazil since December 2023 for sale as an ingredient in chickenfeed as well as feed for piglets. In production tests, aXiphen has shown a good effect in preventing salmonella in chicken meat production, and the company expects that sales in Brazil of approximately SEK 10 million are possible in 2024, with a goal of achieving sales of approximately SEK 40 million in 2025. The application for Feed Additive market approval in the EU is being processed by the regulatory authorities and a corresponding application for the US market is being prepared. The company's strategic focus is to prioritize Brazil and the EU, as these markets have the best conditions for an initial establishment.

**Financing**

In February 2023, the company, with the support of the authorization of the general meeting, carried out an issue of shares with preferential rights for existing shareholders for approximately SEK 50 million before issue costs. The rights issue was 70 percent subscribed and brought aXichem approximately SEK 34.7 million before issue costs and repayment of part of the SEK 20 million loan that the company took out in 2022 from Formue Nord A/S. Furthermore, the board decided to take out a new loan from Formue Nord of approximately SEK 10.53 million, which is due for payment at the end of the first quarter of 2024.



After the end of the period on February 1, 2024, it was announced that the company's board, subject to the approval of the general meeting, decided to carry out an issue of shares and warrants ("Units") with preferential rights for existing shareholders of approximately SEK 40.3 million before issue costs ("Preferred issue"). A Unit consists of five A shares and five warrants of series TO1A. The subscription price per Unit amounts to SEK 7.50, corresponding to SEK 1.50 per A share. The warrants are issued free of charge. The rights issue is covered to 70 percent by subscription and guarantee commitments. The rights issue requires the approval of an extraordinary general meeting, which is scheduled to be held on March 6, 2024.

The issue is carried out to commercialize aXiphen® and aXivite®, to carry out the additional studies required for market approval of phenylcapsaicin as an ingredient in animal feed in the EU, as well as to repay part of the convertible loan.

The board also decided to take out a new convertible loan from Formue Nord Fokus A/S of approximately SEK 5.3 million, which partially replaces the existing convertible loan.

Information about the Extraordinary General Meeting of the planned new issue can be found at <https://www.axichem.com/foretradesemission-2024/>

#### **Incentive program – Employee stock options**

At the annual general meeting on May 31, 2022, it was decided on an option program of series 2022/2026 for employees and key persons in the company comprising 400,000 options with the right to subscribe for 400,000 A shares. As of the balance sheet date, 270,000 options were allocated to staff and key persons, of which 33,750 were vested.

The employee options are earned over 4 years, with a quarter each year, provided that the participant is employed by or otherwise engaged in the company on the grant date. The staff options are awarded free of charge. Earned employee options can be exercised during a three-year period, however no earlier than three years after the respective grant date. Each employee option gives the right to subscribe for 1 A share at a subscription price that corresponds to 140 percent of the volume-weighted average price for the company's A share during the five trading days immediately preceding the day on which the employee options are awarded. The subscription price and the number of A shares to which each employee option entitles may be subject to recalculation as a result of a bonus issue, split, issues or similar measures. In order to enable the delivery of shares according to the incentive program, it was also decided to issue a maximum of 400,000 warrants.

#### **Certified Adviser**

Västra Hamnen Corporate Finance is aXichem's Certified Adviser.

#### **Ownership structure**

For information about the company's owners, see the company's website [www.axichem.com](https://www.axichem.com) under [Investor Relations/investor structure](#).

For information on insider trading, see the Financial Supervisory Authority's register.

## Consolidate income statement

	2023	2022	2023	2022	2021
Amount in TSEK	Oct - Dec	Oct - Dec	Jan - Dec	Jan - Dec	Jan - Dec
Net sales	275	3 539	1 809	5 007	4 362
Other operating income	383	70	867	211	75
<i>Total operating income</i>	<i>658</i>	<i>3 609</i>	<i>2 676</i>	<i>5 218</i>	<i>4 437</i>
<b>Operating expenses</b>					
Raw materials and consumables	-94	-728	-400	-1 189	-3 453
Other external expenses	-1 479	-1 696	-6 302	-7 012	-6 674
Personnel costs	-2 870	-2 508	-9 233	-7 749	-6 297
Depreciation of intangible and tangible fixed assets	-1 016	-912	-3 834	-3 511	-2 474
Other operating expenses	0	-18	-225	-302	-609
<i>Total operating expenses</i>	<i>-5 459</i>	<i>-5 862</i>	<i>-19 994</i>	<i>-19 763</i>	<i>-19 507</i>
<b>Operating profit/loss</b>	<b>-4 801</b>	<b>-2 253</b>	<b>-17 318</b>	<b>-14 545</b>	<b>-15 070</b>
Financial items	-706	-969	-3 471	-2 690	12
<b>Profit/loss after financial items</b>	<b>-5 507</b>	<b>-3 222</b>	<b>-20 789</b>	<b>-17 235</b>	<b>-15 058</b>
Taxes	-25	-25	-25	-25	-35
<b>Profit/loss for the period</b>	<b>-5 532</b>	<b>-3 247</b>	<b>-20 814</b>	<b>-17 260</b>	<b>-15 093</b>
Attributable to:					
Parent company shareholders	-5 530	-3 245	-20 811	-17 257	-15 093
Non-controlling interest	-2	-2	-3	-3	0
Earnings per share	-0.26	-0.20	-1.03	-1.04	-0.92
Average number of shares	21 496 325	16 535 636	20 300 323	16 535 636	16 335 206
Number of shares at the end of the period	21 496 325	16 535 636	21 496 325	16 535 636	16 535 636

## Consolidated balance sheet

	2023	2022	2021
Amount in TSEK	31 Dec	31 Dec	31 Dec
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets			
Capitalised development expenditure	16 830	15 129	15 773
Patents	27 137	27 544	27 762
Tangible assets	27	52	93
<b>Total fixed assets</b>	<b>43 994</b>	<b>42 725</b>	<b>43 628</b>
<b>Current assets</b>			
Inventories	8 825	6 081	2 587
Other receivables	4 361	5 896	3 104
Cash and bank	4 309	6 549	9 454
<b>Total current assets</b>	<b>17 496</b>	<b>18 526</b>	<b>15 145</b>
<b>TOTAL ASSETS</b>	<b>61 490</b>	<b>61 251</b>	<b>58 773</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	4 299	3 307	3 307
Other capital contributions	174 522	146 483	145 202
Other equity incl. the profit/loss for the period	-130 316	-109 484	-92 210
<b>Shareholders' equity attributable to Parent company shareholders</b>	<b>48 505</b>	<b>40 306</b>	<b>56 299</b>
Non-controlling interest	22	21	0
<b>Total shareholders' equity</b>	<b>48 527</b>	<b>40 327</b>	<b>56 299</b>
<b>Liabilities</b>			
Current liabilities - convertible loan	10 268	18 758	0
Other Current liabilities	2 695	2 166	2 474
<b>Total liabilities</b>	<b>12 963</b>	<b>20 924</b>	<b>2 474</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>61 490</b>	<b>61 251</b>	<b>58 773</b>

## Consolidated statement of changes in equity

Amount in TSEK	Share capital	Other capital contributions	Other equity incl. the profit/loss for the period	Shareholders' equity attributable to parent company shareholders	Non-controlling interest	Total share holders' equity
<b>Opening balance 2023-01-01</b>	<b>3 307</b>	<b>146 483</b>	<b>-109 484</b>	<b>40 306</b>	<b>21</b>	<b>40 327</b>
Exchange rate differences			-17	-17	0	-17
Convertible debentures		117		117	0	117
Warrants premium		371		371	0	371
New share issue	992	33 733		34 725	0	34 725
Issue costs		-6 182		-6 182	0	-6 182
Transaction with non-controlling interest			-4	-4	4	0
Profit/loss for the period			-20 811	-20 811	-3	-20 814
<b>Closing balance 2023-12-31</b>	<b>4 299</b>	<b>174 522</b>	<b>-130 316</b>	<b>48 505</b>	<b>22</b>	<b>48 527</b>
<b>Opening balance 2022-01-01</b>	<b>3 307</b>	<b>145 202</b>	<b>-92 210</b>	<b>56 299</b>	<b>0</b>	<b>56 299</b>
Exchange rate differences			7	7	0	7
Convertible debentures		1 095		1 095	0	1 095
Warrants premium		186		186	0	186
Transaction with non-controlling interest			-24	-24	24	0
Profit/loss for the period			-17 257	-17 257	-3	-17 260
<b>Closing balance 2022-12-31</b>	<b>3 307</b>	<b>146 483</b>	<b>-109 484</b>	<b>40 306</b>	<b>21</b>	<b>40 327</b>

## Consolidated cash flow analysis

Amount in TSEK	2023 Oct - Dec	2022 Oct - Dec	2023 Jan - Dec	2022 Jan - Dec	2021 Jan - Dec
<b>Operating activities</b>	<b>-2 158</b>	<b>-5 147</b>	<b>-15 677</b>	<b>-19 098</b>	<b>-15 595</b>
<b>Investing activities</b>	<b>-523</b>	<b>-619</b>	<b>-5 103</b>	<b>-2 608</b>	<b>-4 728</b>
<b>Financing activities</b>	<b>0</b>	<b>0</b>	<b>18 543</b>	<b>18 800</b>	<b>17 735</b>
<b>Cash flow for the period</b>	<b>-2 681</b>	<b>-5 766</b>	<b>-2 237</b>	<b>-2 906</b>	<b>-2 588</b>
Cash at the beginning of the period	6 993	12 313	6 549	9 454	12 036
Exchange rate differences	-3	2	-3	1	6
<b>Cash at the end of the period</b>	<b>4 309</b>	<b>6 549</b>	<b>4 309</b>	<b>6 549</b>	<b>9 454</b>



## Parent Company income statement

	2023	2022	2023	2022	2021
Amount in TSEK	Oct-Dec	Oct-Dec	Jan - Dec	Jan - Dec	Jan - Dec
Net sales	275	3 539	1 809	5 007	4 362
Other operating income	383	70	867	211	75
<i>Total operating income</i>	658	3 609	2 676	5 218	4 437
<b>Operating expenses</b>					
Raw materials and consumables	-94	-728	-400	-1 189	-3 453
Other external expenses	-1 844	-2 001	-7 342	-8 017	-8 030
Personnel costs	-2 508	-2 242	-8 235	-6 787	-5 522
Depreciation of intangible and tangible fixed assets	-1 016	-912	-3 834	-3 511	-2 474
Other operating expenses	0	-18	-225	-302	-181
<i>Total operating expenses</i>	-5 462	-5 901	-20 036	-19 806	-19 660
<b>Operating profit/loss</b>	<b>-4 804</b>	<b>-2 292</b>	<b>-17 360</b>	<b>-14 588</b>	<b>-15 223</b>
Financial items	-736	-999	-3 501	-2 739	-30
<b>Profit/loss after financial items</b>	<b>-5 540</b>	<b>-3 291</b>	<b>-20 861</b>	<b>-17 327</b>	<b>-15 253</b>
Taxes	0	0	0	0	0
<b>Profit/loss for the period</b>	<b>-5 540</b>	<b>-3 291</b>	<b>-20 861</b>	<b>-17 327</b>	<b>-15 253</b>

## Parent Company balance sheet

	2023	2022	2021
Amount in TSEK	31 Dec	31 Dec	31 Dec
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets			
Capitalised development expenditure	16 830	15 129	15 773
Patents	27 137	27 544	27 762
Tangible assets	27	52	93
Financial assets	138	138	157
<b>Total fixed assets</b>	<b>44 132</b>	<b>42 863</b>	<b>43 785</b>
<b>Current assets</b>			
Inventories	8 825	6 081	2 587
Other receivables	4 319	5 852	3 017
Cash and bank	4 111	6 374	9 140
<b>Total current assets</b>	<b>17 255</b>	<b>18 307</b>	<b>14 744</b>
<b>TOTAL ASSETS</b>	<b>61 387</b>	<b>61 170</b>	<b>58 529</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	4 299	3 307	3 307
Fund for development expenditure	26 043	23 534	23 182
Share premium reserve	40 793	29 641	48 066
Retained earnings	-2 020	929	-3 172
Profit/loss for the period	-20 861	-17 327	-15 253
<b>Total equity</b>	<b>48 254</b>	<b>40 084</b>	<b>56 130</b>
<b>Liabilities</b>			
Current liabilities - convertible loan	10 268	18 758	0
Other Current liabilities	2 865	2 328	2 399
<b>Total liabilities</b>	<b>13 133</b>	<b>21 086</b>	<b>2 399</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>61 387</b>	<b>61 170</b>	<b>58 529</b>

## Cash flow analysis

	2023	2022	2023	2022	2021
Amount in TSEK	Oct-Dec	Oct-Dec	Jan - Dec	Jan - Dec	Jan - Dec
Operating activities	-2 198	-5 056	-15 703	-18 958	-15 757
Investing activities	-523	-619	-5 103	-2 608	-4 853
Financing activities	0	0	18 543	18 800	17 735
<b>Cash flow for the period</b>	<b>-2 721</b>	<b>-5 675</b>	<b>-2 263</b>	<b>-2 766</b>	<b>-2 875</b>
Cash at beginning of the period	6 832	12 049	6 374	9 140	12 015
<b>Cash at the end of the period</b>	<b>4 111</b>	<b>6 374</b>	<b>4 111</b>	<b>6 374</b>	<b>9 140</b>

## The share

### Share capital development

Year	Event	Change in Share cap (tkr)	Total share cap (tkr)
2007	Formation	500	500
2008	Share issue	58	558
2009	Share issue	38	596
2012	Share issue	98	694
2013	Share issue	39	733
2014	Share issue	555	1,288
2015	Share issue	563	1,851
2016	Share issue	1,110	2,961
2018	Share issue	39	3,000
2019	Share issue	186	3,186
2021	Share issue	121	3,307
2023	Share issue	992	4,299
<b>At end of the period</b>			<b>4,299</b>

### Number of shares

The number of shares and votes in the company as of 31 December 2023 was 21,496,325 and the company's share capital amounted to 4,299,265 SEK. The company has only one class of shares, shares of series A, with 1 vote per share. The quota value is 0.20 SEK per share.

## Accounting principles

The company applies the Annual Accounts Act and BFAR 2012:1 Annual accounts and consolidated accounts (K3) when preparing its financial reports. The accounting principles are unchanged compared to the most recently submitted annual report.

### Dilution per share

aXichem has outstanding employee options and convertible debt. There is no dilutive effect on earnings per share as long as the group's earnings are negative.

## Definition of key figures

### Solidity

Adjusted equity as a percentage of total assets.

### Earnings per share

Profit for the year divided by the average number of shares.

### Equity per share

Equity divided by the number of shares in the market at the end of the year.

## Related party transactions

The company defines senior executives, board members and close family members of these people as related parties. The following transactions have been carried out during the period in addition to transactions attributable to salaries and related payments.

Närstående tkr	Transaktionstyp	2023-10-01	2022-10-01
		2023-12-31	2022-12-31
aXimed AS	IT, office	-62	0
Savring Consulting AB	Investor Relations services	0	-152
Norbiotech	Consultancy fee	0	-57
Solfeed B.V.	Consultancy fee	0	0
<b>Total</b>		<b>-62</b>	<b>-209</b>

## Personnel

The group had as of 31 December 2023 seven employees.

## Significant risks and uncertainties

Regulatory issues are considered to be the single biggest risk for the company.

The changed security situation in Europe and the tragic development in Ukraine do not currently affect aXichem's operations, but we are following developments closely to be able to manage any effects.



## Review

This Year End Report has not been reviewed by the company's auditor.

## Financial calendar

Annual Report 2023	2024-05-29
Annual General Meeting	2024-06-19
Q1 Report, Jan – March 2024	2024-05-23
Q2 Report, Jan – June 2024	2024-08-27
Q3 Report, Jan – Sept 2024	2024-11-21
Year End Report 2024	2025-02-27

The board and managing director assure that the interim report provides a fair overview of the company's operations, position and results and describes the significant risks and uncertainty factors that the company is facing.

Lund, 5 March, 2024

The board of aXichem AB (publ)

The information was submitted, through the contact person below, for publication on 5 March, 2024, at 08:30 AM CET. The report is published on the company's website under Investor Relations. Direct link to the report: <https://www.axichem.com/investors-relations/#financial-reports>

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