aXichem

Annual Report and Consolidated Account for aXichem AB (publ) 2024

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This is a translation of aXichem AB (publ) audited Swedish Annual Report 2024.
In case of discrepancy, the Swedish version shall prevail.

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2024 in brief

January
A new product, GLP-Activate with aXivite®, was launched by the US-based company Triquetra Health. The GLP-1 hormone (Glucagon-like peptide 1) is produced in the gut and is thought 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 management and good gut health.

April
aXichem received a new order for aXivite® under the agreement with the pharmaceutical company Uriach. The order was linked to the production of a new melatonin formulation for Uriach's Aquilea® brand with aXivite®. This meant that the total order value from Uriach, within the agreement between the parties, in April amounted to approximately 150,000 Euros. aXichem also received an order for aXivite® from its Spanish distributor Pharmafoods worth 13,700 Euros for the development of a new consumer product.

Juni
A product-specific website was launched, www.axiphen.se, for the company's salmonella-inhibiting feed additive, aXiphen®. The site is primarily aimed at the Brazilian market for poultry production and poultry feed. Brazil is one of the global market leaders in the production and export of chicken meat.

July
A significant order came from aXichem's US distributor SEE Nutrition. The order, worth SEK 3 million, concerns one ton of aXivite®, aXichem's scientifically documented synthetic capsaicin product. SEE Nutrition markets and sells aXivite® to suppliers of nutritional products and dietary supplements for sports, fitness, pre-workout and weight management in the US market.

October
In March 2024, aXichem carried out a rights issue of units and in October the options, TO1A, were exercised. This raised a total of SEK 46 million before issue costs for the year. This has made it possible to continue commercializing phenylcapsaicin as an ingredient in dietary supplements and as an additive in animal feed.

December
In order to accommodate more exciting ideas for end products, aXichem launched a new formulation of aXivite®, aXivite® TR (Target Release). aXivite® TR is specifically designed and developed to be the active ingredient in dietary supplements in the sports, exercise and weight management segment, where the scientifically documented positive effects of phenylcapsaicin are maintained, but where the taste of the product's heat is not felt.

Our vision:

"With a strong foundation in nature and science, aXichem will be an innovative, reliable and market-leading supplier of safe, effective and sustainable products for human and animal health."

” It is incredibly inspiring to be part of this teamwork, which is confirmed by a positive development for both of our business areas; ingredients in dietary supplements and additives in animal feed, respectively.”

Torsten Helsing, CEO, aXichem

The CEO's statement

I was recently asked what is the single most important factor in aXichem's continued success. The simple answer is the team. Without the competent and committed people who make fantastic efforts every day to ensure that all processes in the company function, there is no development. And by team I mean not only the employees in our respective offices, but also the agents and distributors who have contributed to phenylcapsaicin reaching more customers than ever before. It is incredibly inspiring to be part of this teamwork, which is confirmed by the positive development of both our business areas, ingredients in food supplements and additives in animal feed, respectively.

aXivite is synonymous with innovation
The great attention that the use of drugs for the treatment of obesity has received in recent years has had a positive impact on the dietary supplement industry. Dietary supplements for weight loss, where aXivite in combination with physical exercise shows documented effects, have become an interesting alternative for many consumers. Weight control and exercise are segments that are growing, and knowledge of how lifestyle factors affect our health opens up new products.

During the year, we have participated in several trade fairs and conferences in the USA together with our agent SEE Nutrition, and it is exciting to see all the new consumer products with "aXivite inside" that are continuously launched. In such contexts, we also often get ideas for new products, requests for a twist that can make this particular producer's consumer product unique.

Sometimes ideas lead to an R&D project with us, such as the desire to reduce the heat slightly in aXivite, without sacrificing the positive effect of the product. The result was aXivite® TR (Target Release), which was launched at the end of 2024. aXivite® TR is specially designed to be the active ingredient in dietary supplements in the sports, exercise and weight control segment and to dissolve first in the stomach. That is, no hot sensation in the mouth, which has been requested by some customer groups.

In Europe, the Spanish pharmaceutical company Uriach accounted for the majority of the company's aXivite sales in 2024. Uriach uses aXivite in a dietary supplement with melatonin and studies have shown that phenylcapsaicin has the ability to affect the rate at which melatonin is broken down in the body.

Phenylcapsaicin causes melatonin to break down more slowly, which means that the same amount of melatonin in a preparation has a longer effect when combined with aXivite. This becomes interesting when the aim is to keep the level of melatonin low in dietary supplement products.Sales will continue in Spain in 2025 and Uriach will also launch the product in Portugal and Germany, among others.

aXichem's goal is to identify additional innovative agents, distributors and dietary supplement producers on the European market.

First year for aXiphen in Brazil
Brazil is our first commercial market for aXiphen, which is the brand name we use for phenylcapsaicin as an additive in poultry feed. The year began with training efforts at our distributor Chr. Olesen and our idea was that we would get started with tests on one or more poultry production facilities quite quickly. The problem with Salmonella in chicken farming is well known and all breeders are constantly working to prevent infection, treat birds and, in the worst case, sanitize entire facilities. Despite these concerns, it took time to get started with tests at the producers. It has been a test of patience, to say the least, for us who have waited a long time to go from plan to practice. That is why it was very gratifying when, just after the turn of the year, we received a blanket order from Chr. Olesen worth approximately SEK 7 million. The feedback we have received from Chr. Olesen is also gratifying. The chicken farms that have used aXiphen in the feed, and that have previously had problems with Salmonella, showed negative test results for Salmonella in so-called boot swabs. Now I look forward to continuing to cultivate the market in Brazil, the world's largest exporter of chicken meat, which is predicted to continue growing in 2025. An important factor, given the ongoing turbulence regarding tariffs, is that Brazil's exports of chicken meat show the greatest growth in Mexico, Saudi Arabia, Singapore, the UAE and the UK, according to WATT Poultry.

The path towards approval for aXiphen in the EU continues
The work to supplement the application for Feed Additive approval in the EU was ongoing throughout most of 2024. Initially, it consisted of interpreting and clarify the requirements of the European Food Safety Authority (EFSA) so that we could correctly design the studies that the authority considered missing from our application. We have then, with the help of various research facilities, carried out a number of studies in the areas of environmental safety, consumer safety and efficacy. The positive thing about this work is that we learn more about our product and get a robust data base that will help us in future sales work. An example of this is the efficacy studies we have carried out, where the chickens were exposed to a mix of different salmonella types in a clinical environment, and thus were subjected to a heavier load than is considered normal in a production environment. Two studies showed significant data regarding the positive effect of phenylcapsaicin as a salmonella inhibitor, which is exactly what we want to achieve. EFSA requires three studies with significant positive data and we are working to achieve this as quickly as possible. Our assessment is that when it is completed, all the parts are in place for a complete application, and we are ready for a new review for Feed Additive approval in the EU.

I would like to conclude by thanking aXichem's shareholders for the commitment and trust they have shown in the company. I look forward to continuing the company's commercial journey with all of you and the aXichem team.

Torsten Helsing, CEO

aXichem in brief

Business
aXichem develops, patents and markets natural analogue industrial chemicals, i.e. synthetically produced substances that have similar and comparable properties to natural substances. aXichem's commercial focus is the proprietary patented product phenylcapsaicin, which is marketed under the registered trademarks aXiphen® as an additive in animal feed, and aXivite® as an ingredient in food supplements and as a bio-enhancer.

Phenylcapsaicin is a synthetically produced natural analogue of capsaicin. Natural capsaicin is extracted from chili and is the substance that causes the perceived heat in plant species in the genus Capsicum (chili peppers). Phenylcapsaicin has the same properties as natural capsaicin, but studies have also shown several unique advantages. Compared to natural capsaicin, phenylcapsaicin can be produced in large volumes, with consistent and controlled quality, at a low cost. The product is environmentally friendly and has several potential areas of application.

Business area Animal Feed
Within the animal feed business area, aXichem's focus is to establish aXiphen® as an additive in poultry feed and pig feed, respectively. aXiphen® has been shown in studies and tests to be able to reduce the occurrence of salmonella in chickens while promoting their growth. There is currently a great need to find a replacement for antibiotics in meat production, due to an increasing problem with resistant bacteria. In the EU, the USA and Brazil, among others, the preventive use of antibiotics has been banned, which opens up interesting opportunities for aXiphen® as a feed additive.

aXiphen® has been approved in Brazil as an additive in poultry feed and pig feed, respectively, since December 2023. The product was launched on the market in 2024 in collaboration with the distributor Chr. Olesen.

In 2022, aXichem submitted an application to the EFSA for approval of phenylcapsaicin as a feed additive according to the EU Feed Additive Regulation. At the beginning of 2024, the company received notification from the authority that additional data was required. During the year, additional studies in the requested areas have been conducted. aXichem will submit the supplements to EFSA as soon as all studies have been conducted and the requested data can be presented. In the USA, the regulations for additives in animal feed are called GRAS feed. aXichem has the basis for an application for approval for aXiphen according to this regulation which is ready to be compiled and submitted, but a strategic decision has been made to prioritize the regulatory process in the EU and then proceed with approval in the US and relevant markets in Asia.

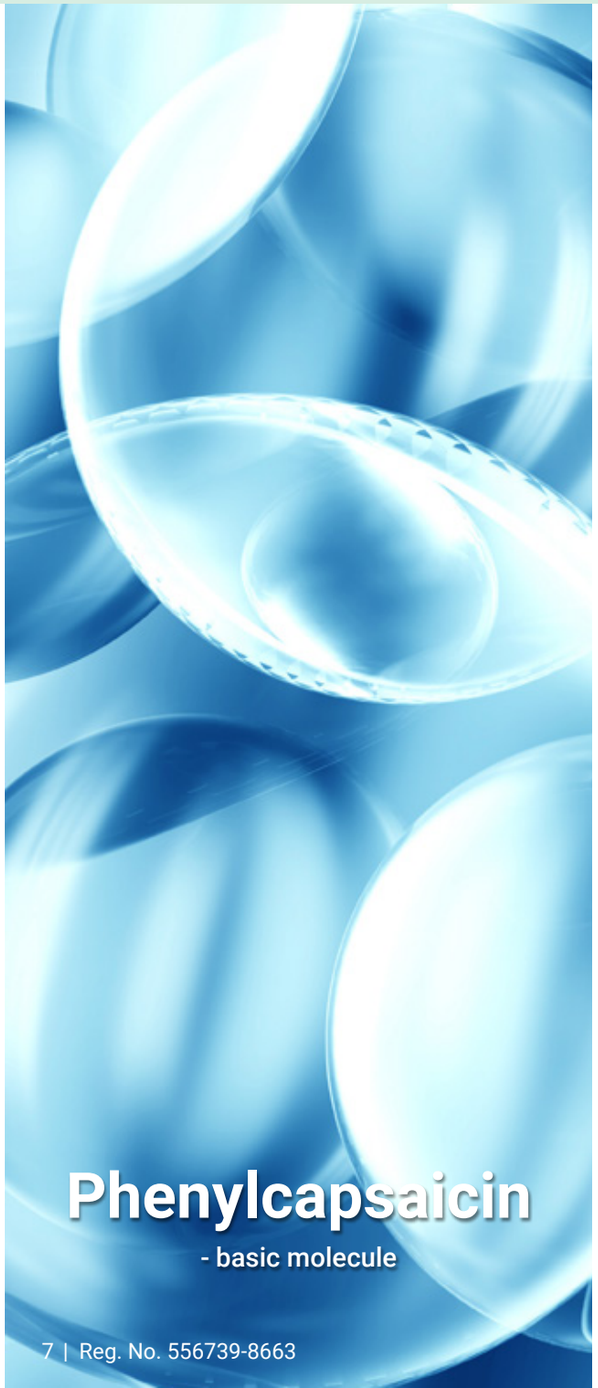
Business area Dietary Supplements
The company has had market approval for aXivite® as an ingredient in dietary supplements in the EU since 2019, under the Novel Food regulations, and in the US since 2018, under GRAS Food. aXivite has been well received, especially in the US. The market is driven by increased public knowledge about health, exercise and well-being, as well as higher demands for scientifically proven ingredients in dietary supplements. This is a good fit for aXivite®, which has shown interesting results in several scientific studies, results that have been published in articles in leading physical training journals.

Business model
aXichem develops, patents and markets natural analogue industrial chemicals under its own brands. The products are adapted and manufactured by subcontractors and then delivered to aXichem's customers as powder or liquid. aXichem's customers are producers of animal feed and manufacturers of dietary supplements. They manufacture and market end products with different properties that they sell under their own brands to wholesalers or retailers, who in turn handle sales to the end consumer.

aXichem contracts subcontractors who adapt and manufacture the products according to the Company's wishes. aXichem has an agreement with a global producer's Swedish unit for the manufacture of phenylcapsaicin, which is refined into aXiphen® and aXivite® by subcontractors in Switzerland and Germany, respectively. aXichem owns the specification and production process, which means that the suppliers do not have any specific knowledge that cannot be replaced in a reasonable time.

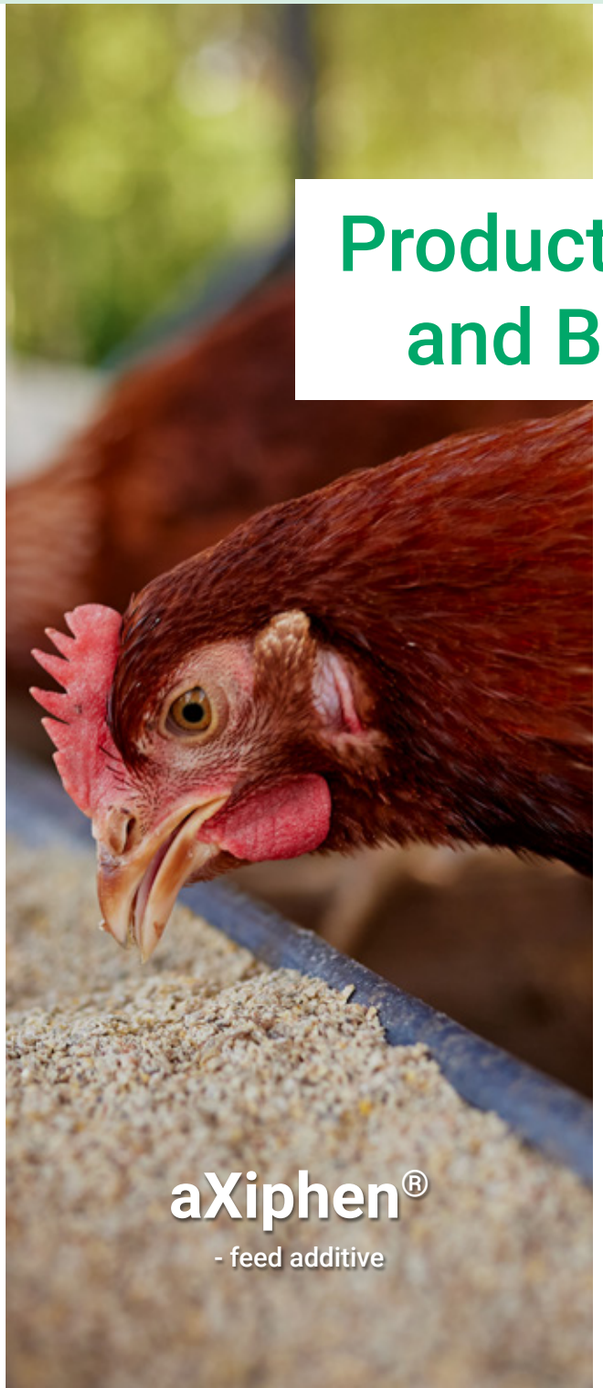
The refined product is sold as an ingredient/additive to aXichem's customers who themselves handle the production and marketing of dietary supplements and animal feed. For aXiphen®, the Company has agreements regarding marketing, sales and distribution in the EU and South America with Chr Olesen, a global company headquartered in Denmark. aXichem is also in dialogue with several major feed producers with the aim of signing commercial agreements in Brazil in 2025 and in the EU as soon as market approval has been obtained. For aXivite®, the Company has agent or distribution agreements with various local players in the respective geographical market.

Product names and Brands



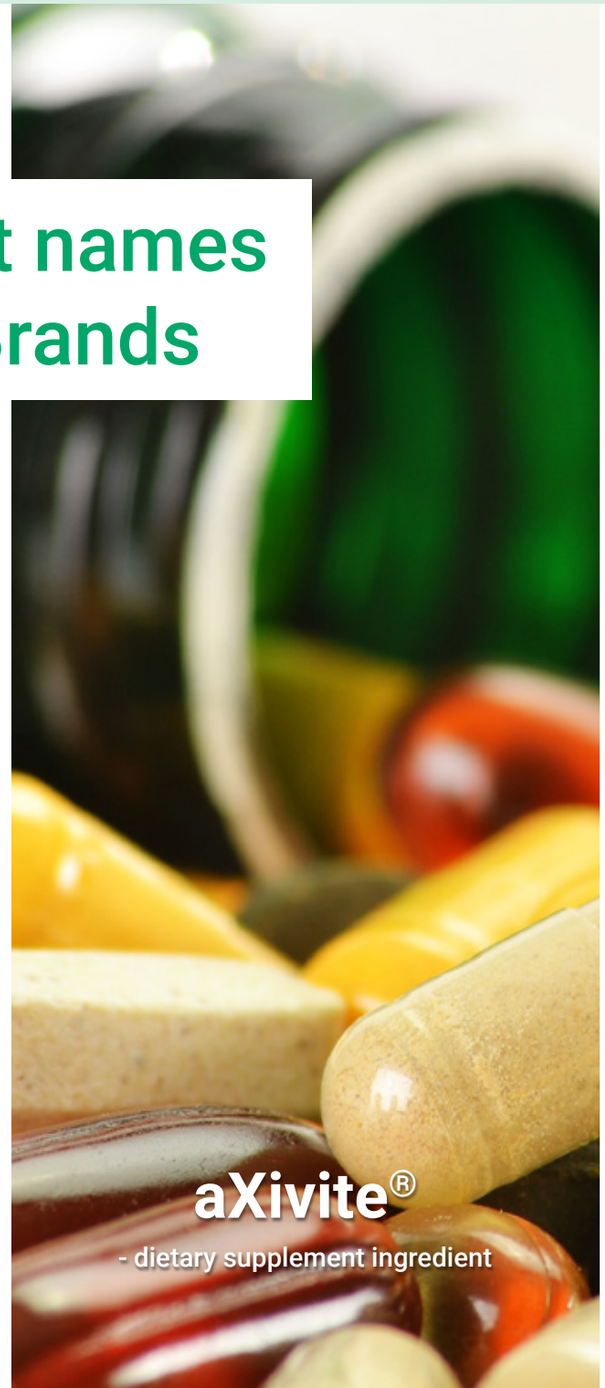
Phenylcapsaicin

- basic molecule



aXiphen®

- feed additive



aXivite®

- dietary supplement ingredient

aXiphen®bio

- biorepellent for possible future products in marine applications

The development of the operation

Phenylcapsaicin for use as an additive in animal feed and as an ingredient in dietary supplements has undergone a large number of tests and studies on the way to regulatory approvals, industrialization and commercialization.

2012
Comprehensive study regarding metabolism. The study indicated that aXiphen® is absorbed, distributed and broken down in the same way as natural capsaicin. The study also showed that aXiphen® affects metabolism in a similar way to natural capsaicin.

2016
Study to prove the effectiveness of aXiphen® as a component in chicken feed.

2018
Approval under GRAS food in the USA.

2019
Approval under Novel Food in the EU.

2020
Production tests regarding salmonella prevalence on the floor of chicken houses were carried out in a full-scale commercial trial, with chicken production under agricultural conditions, in the Netherlands. Chickens received 15 ppm phenylcapsaicin in the feed in a regular starter diet. The production test included approximately 1.6 million questions. The test showed a statistically significant reduction in the number of stables with salmonella-positive floor tests. The European Production Efficiency Model, EPEF, also showed that breeding efficiency increased by 14% compared to traditional feeding.

2021
aXivite® shows in a study with 39 healthy volunteers a significant effect on reducing % body fat. The study also shows significant results in important blood biomarkers related to general gut health.

The clinical trial was conducted as a randomized double-blind clinical trial at a research center in Ohio, USA.

2021-2022
aXichem is conducting a significant number of studies and tests regarding the efficacy and tolerability of phenylcapsaicin. It was also mapped how the product breaks down in nature in preparation for the company's application for Feed Additive approval in the EU.

2022
Indicative positive results were obtained in 2022 from a completed study aimed at evaluating and determining the effect of phenylcapsaicin on electrical muscle activity, biochemical responses and neuromuscular performance. The study was conducted at the University of Valencia de Olavide University. The results of the study were published in April 2023 in a scientific article in the Journal of the International Society of Sports Nutrition (JISSN). The results of the study, in which twenty-five male athletes were tested with the squat exercise, showed that a high dose (2.5 mg) of phenylcapsaicin reduced the perceived fatigue of the effort in the active muscle, provided improved mechanical performance and resulted in less muscle damage compared to placebo or a low dose (0.625 mg) of phenylcapsaicin.

2023
Approval in Brazil for phenylcapsaicin as a feed additive in poultry feed and pig feed, respectively.

2024
Increased interest in aXivite® in the area of sports and training contributed strongly to aXichem being able to report its largest revenue from sales to date.

Photographer: Kenneth Landgren

Commercialization

Business area Animal Feed
Within the Animal Feed Business Area, aXichem has a long-standing collaboration with the Danish distributor Chr. Olesen Group to market aXiphen® in South America, where the product has been approved since December 2023, and in the EU, as soon as Feed Additive approval is obtained.

In 2024, aXiphen® was introduced to stakeholders in the animal feed market in Brazil at the largest industry fairs and extensive targeted marketing campaigns were carried out. The sales work has taken somewhat longer than expected, but as the problems with salmonella in Brazil are extensive, the possibilities of positioning aXiphen® as a sustainable alternative, to prevent the problems and increase the productivity of producers, are assessed as good.

The application for market approval of aXiphen® in the EU was submitted in 2022. At the end of 2023, the EFSA authority announced the result of its scientific review (scientific opinion). EFSA assessed that additional data was needed in the areas of efficacy, consumer safety and environmental impact. aXichem will therefore conduct further studies to supplement what EFSA considers to be missing. As soon as the supplementary data is in place, the company will submit the supplemented application for review.

In order to sell aXiphen® on the US market, the company needs a GRAS feed approval. The work to obtain this approval began in 2021, but due to changes in the regulations over time, the company has been required to update the application with new information. However, aXichem assesses that the US market for sustainable salmonella control in chicken production is less mature and also more fragmented than the European one and has therefore decided to prioritize the regulatory work to reach the EU market.

Business area Dietary Supplements
aXivite®, which is the company's ingredient for dietary supplements, has market approval in both the USA – GRAS Food, and in the EU – Novel Food. Sales are made partly through its own sales force, partly through agents and distributors focusing on the market segments intestinal health, weight control, fitness and training. aXivite® is also marketed as a bio-enhancer in dietary supplements for better sleep.

For the sale of aXivite on the US market, aXichem has an agency agreement with the company SEE Nutrition. aXichem has supplier agreements with Iovate and with Silver Fern Brand.

Iovate is one of the leading producers of dietary supplements for weight control and physical training with brands such as MuscleTech and Hydroxycut in its product portfolio. aXivite® is currently included in both the MuscleTech BurnIQ and Hydroxycut product lines.

In Europe, aXichem has a well-established distribution network with representation in about ten countries. The most active markets are Spain and Italy, where aXichem is represented by Pharmafoods and Disproquima, respectively. In 2024, sales in Europe accounted for approximately 60 percent of the company's revenue.

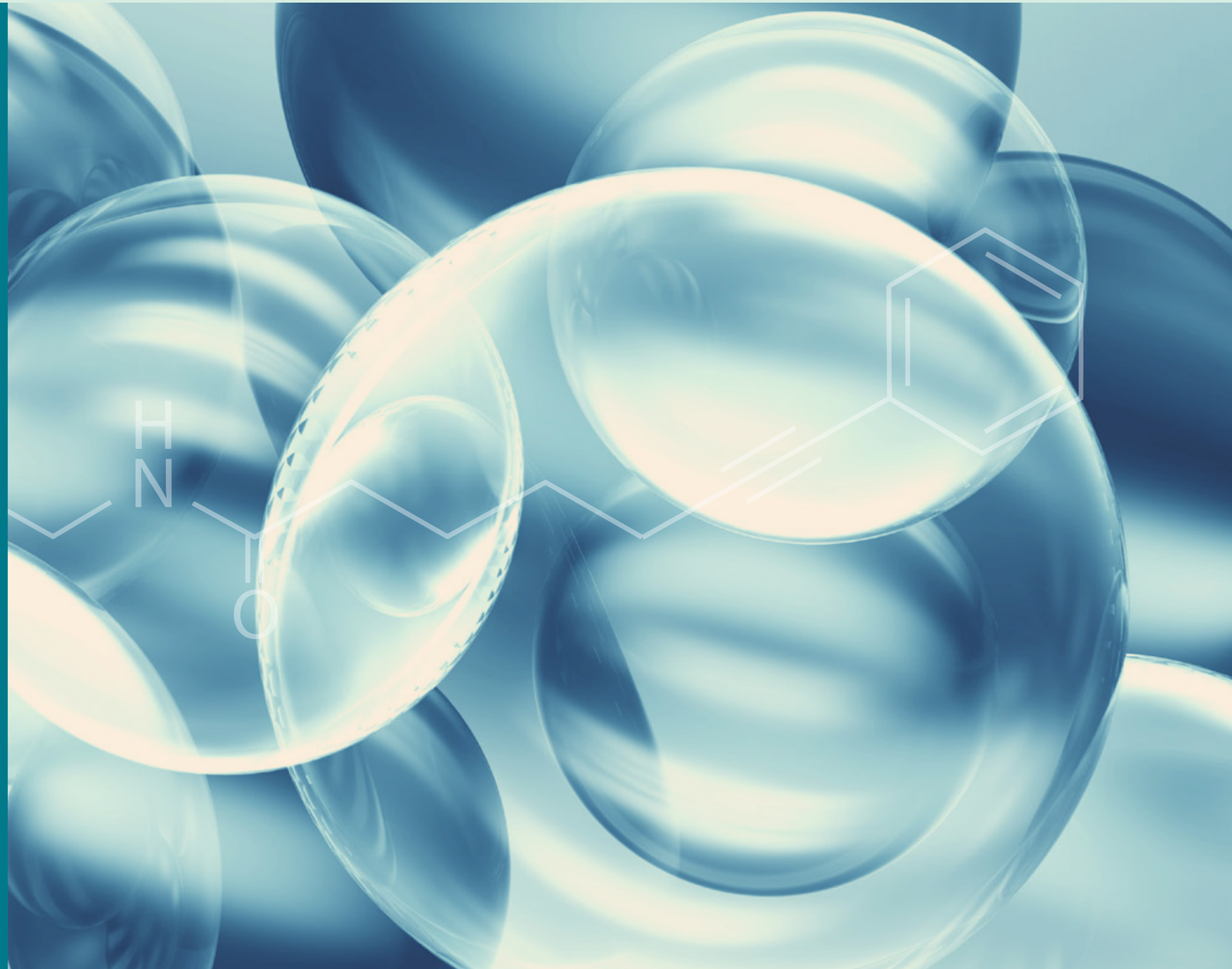
aXichem's agents and distributors work, in their respective geographic markets, with a number of different producers, each of whom develops their own consumer products. It takes an average of six to twelve months from the time aXichem receives the first order for product development until a new consumer product is ready for launch. Several consumer products with aXivite® as an active ingredient are currently available through various sales channels, such as muscletech.com, amazon.fr and apyforme.com.

Research and development

aXichem works in market areas that place high demands on innovation. Above all, the market for dietary supplements is affected by various trends in lifestyle, exercise and new findings on the connection between diet and health. In order to be marketed and sold, aXichem's products must also meet regulatory requirements for documented safety and efficacy. Being at the forefront of research and product development is therefore a very important competitive factor for the company.

The industrial synthesis of phenylcapsaicin, i.e. the product's exact composition to be produced in large volumes with maintained properties, is continuously improved to achieve the very best conditions for large-scale production. The research and development work is led by aXichem's Chief Operating Officer (COO) who collaborates with a small team of contracted chemists. All of them have extensive experience and knowledge in both experimental and industrial chemistry.

Over time, aXichem has conducted tests and studies in a laboratory environment to obtain data and gain a deeper understanding of the mechanisms that influence the effect of phenylcapsaicin. Prior to the submission of the Feed Additive application to the EU in 2022, additional efficacy and tolerance studies as well as studies regarding long-term environmental impact were conducted. Further studies in these areas have been conducted in 2024 to complement the above-mentioned application.



"We work closely with our customers and it is in our interest to always be open to their ideas."

Erik Lager
Chief Operating Officer

Four questions for Erik Lager, Chief Operating Officer

During 2024, you have worked a lot on the supplementary studies for aXichem's Feed Additive application in the EU. What has been the biggest challenge?
The supplementary studies for our application are in three different areas: consumer safety, environmental impact and efficacy. Both studies for consumer safety and studies for possible environmental impact follow quite strict guidelines and governing documents. Efficacy studies also follow guidelines, but there is greater freedom to be able to demonstrate efficacy for a specific additive. In our case, the big challenge has been to transfer the clear effects that phenylcapsaicin has shown in an industrial chicken production environment, a complex environment with many factors that can affect an outcome, to a controlled clinical environment. We are seeking permission for phenylcapsaicin in the category Zootechnical additive and EFSA requires that efficacy be demonstrated in three independent studies in a controlled environment. Together with partners, we have designed a study design to achieve conditions that are as similar to an industrial production environment as possible while at the same time meeting EFSA's requirements for study designs. Three studies were conducted in 2024, of which two out of three studies met EFSA's requirements for statistically proven effect.

In the dietary supplements business area, several new consumer products were launched during the year. Which product do you think stands out as particularly innovative when it comes to utilizing aXivite's unique properties?
aXivite® has proven to be a popular product with many consumer products on the market in weight control, intestinal and stomach health, and sports nutrition. However, the product launched in 2024 that I consider to be the most innovative is in a completely different market segment: sleep aids. During the year, Uriach successfully launched a melatonin formulation under the Aquilea brand, where aXivite® is included with its bio-enhancing properties of melatonin, a hormone that regulates the circadian rhythm. This innovative product formulation has quickly become popular with consumers and has contributed strongly to our sales of aXivite during the year.

Phenylcapsaicin is a hot product and not everyone likes the slightly hot taste. How have you worked to reduce the heat?
Phenylcapsaicin binds to a receptor in the mouth called the TRPV1 receptor which is activated by phenylcapsaicin and that is when you feel the heat. In consumer products that are taken in capsules, the walls of the capsule prevent contact between phenylcapsaicin and the TRPV1 receptors. In order to gain acceptance by a wider consumer group for products that are taken directly in powder form, e.g. pre-workout shakes, we have developed a new formulation that we call aXivite®TR (Target Release). In this formulation, we have encapsulated phenylcapsaicin at the micrometer level and created a powder that has a physical barrier between phenylcapsaicin and the TRPV1 receptors in the mouth, i.e. no heat is perceived. In addition, the encapsulation is designed in such a way that when it reaches the acidic stomach environment, the phenylcapsaicin will be released and you get the same effect as when consuming a capsule.

What is aXichem's strategy to remain at the cutting edge of technology in food supplements and animal feed?
In food supplements, we will continue to be sensitive to new trends in health and lifestyle. We work closely with our customers, and it is in our interest to always be open to their ideas for new consumer products. If it is commercially interesting and technically possible to adapt our product in line with what is being demanded, this is an excellent way to further develop aXivite® and bring the customer closer to us. In animal feed, we offer a product that reflects an obvious need for more sustainable and antibiotic-free animal husbandry. aXiphen® is designed to prevent salmonella in poultry, but we see similar needs in the breeding of other animal species and my assessment is that it will be a natural way forward to adapt aXiphen for broader use.

Patent strategy and patents

aXichem is continuously working to patent commercially interesting inventions in order to further develop existing intangible assets and create new ones. Patents are an important competitive protection in the continued market establishment of the company's products. aXichem's patent strategy includes identifying additional patents adapted to protect the product in new areas or specific applications. Since its inception, the company has collaborated with the Norwegian patent office Bryn Aarflot on patent and intellectual property law issues.

When aXichem enters into new collaboration, research or development agreements, it is of utmost importance that existing patents are protected and that opportunities to apply for new patents are provided within the framework of the agreement. The patent situation is also an important factor in the company's regulatory processes.

aXichem's most important patents in brief
aaXichem has global patent protection for the production of phenylcapsaicin and for derivatives of phenylcapsaicin, this protection extends until 2042.

During 2015-2016, the company filed three patent applications. Two of these were intended to strengthen the protection of the company's product in chicken feed (phenylcapsaicin as a growth promoter and salmonella inhibitor, respectively) and the third provides protection for phenylcapsaicin in certain medical applications (phenylcapsaicin as a TRPV1 agonist). In 2017, aXichem received two new patents regarding aXiphen as a growth promoter and bio-enhancer, respectively.

In 2019, the company received a new patent regarding aXiphen, as a salmonella inhibitor for poultry. The patent provides comprehensive protection for the use of aXiphen, and other synthetic analogues, as an ingredient in poultry feed, including to prevent salmonella in various types of birds. The patent protection is valid until November 2035 and covers aXiphen as an ingredient in feed for, for example, chickens, hens, turkeys, ducks and applies to both domestic poultry, raised in commercial facilities, and wild birds.

In 2021, the patent for the industrial production process for phenylcapsaicin was approved. The patent takes into account the industrial process requirements for robustness, commercially available raw materials and other conditions regarding practical parameters to enable full-scale production of the product.

In 2022, aXichem received patent approval to protect phenylcapsaicin for use in the treatment of idiopathic pulmonary fibrosis (IPF). IPF is characterized by progressive fibrosis (scarring) of the lungs, which means that symptoms worsen over time. The disease picture involves persistent cough, recurrent lung infections and severe shortness of breath. The background to the disease is mainly unknown, but factors such as smoking, viral infections and gastrointestinal problems such as gastroesophageal reflux may have possible causal relationships.

In 2022, the company also received patent approval for phenylcapsaicin as a substance for the treatment of leaky gut. Leaky gut means that the protective barrier of the intestinal wall has weakened, thereby allowing toxins and bacteria to pass through into the bloodstream. Leaky gut carries the risk of a number of different medical conditions.

In 2022, a patent application was filed for phenylcapsaicin as a bio-enhancer for substrates of certain Cytochrome P450 isoforms, enzymes involved in the metabolism of several common drugs. Phenylcapsaicin has been tested as a bio-enhancer for Cytochrome P450 together with several active substances and significant positive results were shown with a specific substrate of Cytochrome P450, which regulates melatonin, among other things.

In 2023, a patent application was filed 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 efficacy data from, above all, a study conducted by aXichem. The study has mapped the effects of different doses of phenylcapsaicin on strength training performance, muscle damage, protein breakdown, metabolic response and estimation of perceived exertion and recovery.

Business area Animal Feed

Salmonella infection in poultry continues to be a significant health problem, affecting both the industry and consumers. Authorities and science have agreed that control measures are required and must cover the entire poultry production chain, from farm to fork, to reduce the risk of salmonella infection.

What is Salmonella?
Salmonella is a genus of rod-shaped bacteria from the family Enterobacteriaceae. The two known strains of Salmonella are Salmonella enterica and Salmonella bongori, which in turn exist in a large number of different variations. Infection with Salmonella is one of our best-known zoonoses, i.e. a disease or infection that can be spread between animals and humans. Most salmonella that infect humans and animals belong to the species Salmonella enterica.

Different types of salmonella exhibit different levels of pathogenicity and management therefore requires a well-thought-out strategy. aXichem's product aXiphen is designed for use at what is known as the farm level, i.e. where the animals are raised. Studies and tests with aXiphen® as an additive in chicken feed have shown that Salmonella has been prevented and that previously infected facilities have become free of Salmonella. The type of feed fortification that aXiphen® offers has the advantage that it can easily be combined with other measures if the chicken producer so wishes, such as better manure management, vaccines, other feed fortification or drinking water sanitation. The goal, however, is for aXiphen® to have the effect required to prevent salmonella without other measures and thus constitute a cost-effective solution for the producer.

Our market – the world's largest exporter of chicken meat
At the end of 2023, aXichem received market approval in Brazil for phenylcapsaicin, as an additive in poultry and pig feed, and thus opened the first market for the company in the animal feed business area. Together with distributor Chr. Olesen, the company has worked in 2024 to introduce aXiphen® to animal breeders and feed manufacturers. Supported by efficacy data from previously conducted production tests, the product has received significant attention at industry trade fairs and on social media. During the year, aXichem has conducted further studies with aXiphen® in chicken feed as part of the additions made to the company's Feed Additive application in the EU.

The studies have been conducted in a clinical setting where the chickens have been exposed to salmonella at a level that is higher than what is seen in an industrial production environment. These studies demonstrate the good effect of aXiphen® as a salmonella-preventing feed additive and contribute to further strengthening the product's position in the market.

Continued expected growth for Brazil's chicken meat exports
The US Department of Agriculture (USDA) predicts a 2% increase in global chicken exports in 2025, after 2 years of stagnation, and exports could, according to poultryworld.net, reach a record level of 13.8 million tons. The growth is supported by several of the major suppliers, but Brazil's expansion is driving most of the development. The forecast for 2025 is based on the latest information (after the Covid-19 pandemic) where Brazil's share of the global market continues to grow, largely at the expense of the US and the EU.

According to the USDA, there is no single factor driving Brazil's chicken exports to record levels, but rather the expansion is driven by several factors such as sustainable production based on animal health, an export-oriented strategy, product offering, and competitive prices. Many of these factors are also supporting the increase in Thai exports, which are expected to reach record levels.

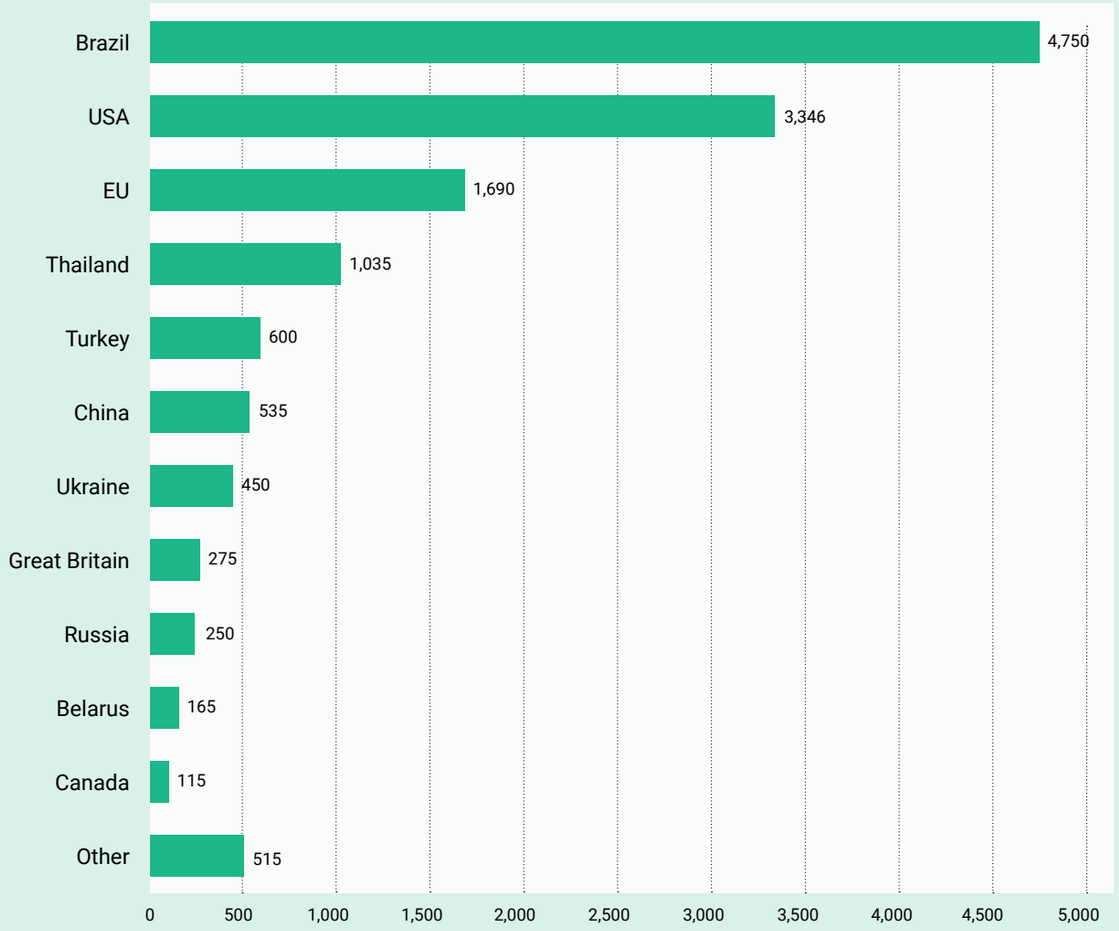
Market share of global chicken meat trade (source: Poultry World)

Global Market Share	2020	2021	2022	2023	2024(F)	2025(F)
Brazil	30 %	32 %	33 %	35 %	36 %	36 %
USA	26 %	25 %	26 %	25 %	23 %	22 %
EU	15 %	14 %	13 %	12 %	13 %	13 %
Thailand	7 %	7 %	8 %	8 %	8 %	9 %
Others	22 %	22 %	22 %	20 %	20 %	20 %

Safe and salmonella-free meat exports high on the agenda in Brazil
For a number of years, salmonella control has been a priority area for Brazil's meat exports. The British Food Standards Agency (food.gov.uk) has drawn up special rules and recommendations for export control of, among other things, chicken meat produced in Brazil. The background to the regulations is the extensive shortcomings in the country's meat production that the police and relevant authorities in Brazil discovered and investigated in a major operation in 2017 (Carne Fraca) and that the EU was able to confirm in a subsequent audit. Among other things, it was found that salmonella-infected meat was being exported to the EU.

The audit resulted in significantly strengthened export/import controls of meat from Brazil to the EU and the UK. At the initiative of the Brazilian authorities, the EU carried out a follow-up audit in 2021. The audit showed that the Brazilian authorities have made significant progress with improved requirements and procedures. In order for Brazil to find a market for its large production of chicken meat, the positive development must continue. Chicken producers are therefore keen to prevent and mitigate salmonella and are open to new, innovative, effective solutions.

Largest exporters of chicken meat 2023, worldwide (1000 metric ton)



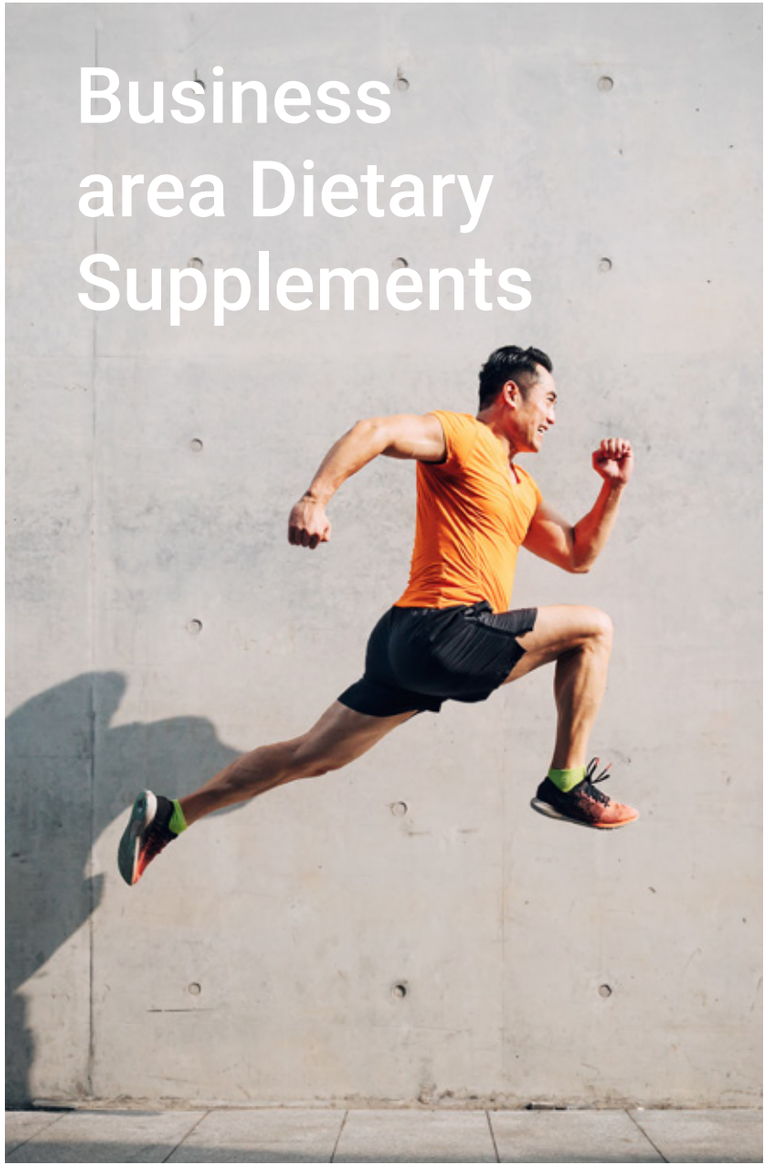
Source: US Dept of Agriculture

Increased awareness of the connection between health and lifestyle continues to drive developments in dietary supplements. Demand for innovative ingredients for new products is steadily increasing. A major focus remains on the medical consequences of obesity, which has contributed to an increase in drug prescriptions and drug development in the area of weight loss. We are also seeing fitness facilities making targeted investments in helping people reach their target weight with the help of better eating habits and exercise. These trends contributed to aXichem seeing increased demand for aXivite in 2024 and the effect on intestinal health, weight control and athletic performance that the product has shown in studies and tests. This demand was reflected in increased revenue from sales compared to the previous year. aXichem continues to develop relationships with its agents and distributors in the US and Europe and is actively participating with its own sales resources to continue establishing aXivite® as a competitive ingredient in new consumer products.

Gut health and weight control
Studies on capsaicin have shown a beneficial effect because the substance has anti-inflammatory properties and can also protect against obesity. The reason is that capsaicin is good for the gut microbiota. The article "Analysis of capsaicin's ability to modulate the human gut microbiota in vitro" describes a study conducted in the USA and Japan, published in 2022, which was conducted to find out how regular consumption of capsaicin affects the gut microbiota. The researchers used an in vitro model, which means that the microbiota from humans is studied in a test tube. Using a combination of the latest type of gene sequencing and metabolomics, which can be simply described as studying small molecules in a biological sample in a single chemical analysis, it was found that regular intake of capsaicin changed the structure of the microbiota, including an increased diversity of bacteria and certain short-chain fatty acids, especially butyric acid, which help the intestinal mucosa to stay tight and strong and form a barrier against toxic substances that can pass through the intestine. *(Sources: https://pmc.ncbi.nlm.nih.gov/articles/PMC8950947/, stigbengmark.com)*

aXichem's phenylcapsaicin has shown similar positive effects on human intestinal health and metabolism in studies. Together with physical exercise, the product has also been shown in a study to contribute to weight loss. The positive effects have already occurred at very low doses of aXivite. It is also possible to use aXivite as an ingredient in various product categories such as powders, capsules, gummies or drinks.

According to Grandviewresearch.com, the global weight loss supplements market is estimated to be worth USD 33.14 billion in 2024 and is expected to show a compound annual growth rate of 14.17% during the period 2025 –



and this trend has contributed to the growth of the market. According to WHO, in 2022, approximately 37 million children under the age of 5 had problems with being overweight. In addition, statistics show that over 390 million children and adolescents aged 5 to 19 had weight-related health problems, of which 160 million struggled with obesity.

Sports and exercise
Several articles have been published in scientific journals with the results of the study conducted in 2022 in collaboration with aXichem's partners LIFEPro Nutrition and Indiex Sport Nutrition, as well as the University of Valencia and Pablo de Olavide University. The articles have contributed to building a strong position for aXivite® in sports and exercise.

The aim of the study was to evaluate the effect of phenylcapsaicin on electrical muscle activity, biochemical responses and neuromuscular performance. The results of the study, in which twenty-five trained male athletes were tested in a so-called squat exercise (knee bends), showed that a high dose (2.5 mg) of phenylcapsaicin reduced the perceived fatigue of the effort in the active muscle, provided improved mechanical performance and produced less muscle damage compared to placebo or a low dose (0.625 mg) of phenylcapsaicin. The high dose thus gave significantly higher speed during squats, lower perceived effort and lower levels of aspartate aminotransferase (a biomarker of muscle damage) 24 hours after exercise compared to the low dose and placebo.

For dietary supplement manufacturers developing products for target groups who train at an elite level, or have similar ambitions with their training, this is very interesting data. Scientific articles were published in 2023 in the journals Frontiers in Physiology and the Journal of the International Society of Sports Nutrition (JISSN).

In 2024, a new study with aXivite® in cross-fit was conducted by Dr. Pablo Jiménez Martínez and his team in Spain. Preliminary data confirm that aXivite® significantly improves strength, endurance and recovery. A scientific article describing the study, and its conclusion, will be published in 2025.

According to straitsresearch.com, the global market for sports and exercise supplements (sports nutrition) was valued at USD 49.60 billion in 2024 and is expected to increase from USD 53.27 billion in 2025 to USD 94.30 billion in 2033, representing an estimated annual growth rate of 7.4% during the forecast period (2025-2033).

Fotograf: Kenneth Landgren

Bio-enhancer for Melatonin and Curcumin
Melatonin is a natural hormone produced by the pineal gland in the brain and regulates the human sleep-wake cycle. The production of melatonin is controlled by light and darkness, and disruptions to the human sleep-wake cycle can lead to sleep problems. For the short-term treatment of sleep problems, synthetically produced melatonin is a common over-the-counter drug.

Phenylcapsaicin has been shown in tests to inhibit a specific substrate of Cytochrome P450, which regulates melatonin, among other things. This means that phenylcapsaicin causes melatonin to break down more slowly in the body. The global market for dietary supplements with melatonin was valued at USD 2.84 billion in 2024, according to Global Market Insights, and is expected to show an average annual growth rate of over 14.9% during the period 2025–2034. The growth is driven by increased awareness of the importance of sleep and the fact that more and more people are suffering from sleep disorders.

In June 2023, aXichem signed an exclusivity agreement with Uriach for the use of aXivite in one of Uriach's melatonin products, Aquilea®. The agreement gives Uriach exclusivity for a melatonin formulation with aXivite in the markets of Spain, Portugal, Germany, Austria and Romania. In 2024, the new version of Aquilea® was launched in Spain and the product has become very popular with consumers. In 2025, Aquilea® will be launched in additional markets in Europe.

Curcumin (turmeric), like capsaicin, is a substance with anti-inflammatory and antiseptic properties. Curcumin, which is the active substance in turmeric, has been officially designated as an antioxidant by the American Cancer Society. Research on antioxidants is still relatively new, but there is consensus that a good balance of antioxidants, which are found in many foods, helps to increase the body's ability to handle so-called oxidative stress that can damage or destroy cells in the body and cause disease. Tests with phenylcapsaicin and curcumin, in a so-called Caco-2 model, have shown that phenylcapsaicin increased the absorption of curcumin even at low doses. Curcumin with aXivite® is currently on the market in a product that is marketed and sold by aXichem's related company aXimed.

Five questions for Lucas Altepost, VP Sales and Marketing

How do you identify potential customers or business opportunities?
We have an extensive network of agents, distributors and partners who are constantly cultivating potential customers. Our network is part of our team and it allows us to effectively implement both push and pull strategies, to proactively reach out to potential customers and at the same time attract interest from the market. It is about maintaining strong relationships within the industry, that our partners know what aXichem stands for and can deliver, then we ensure a continuous pipeline of business opportunities.

What are the benefits of phenylcapsaicin acting as the most effective door opener in a business meeting in the dietary supplement industry?
Phenylcapsaicin has several unique properties, and I would say that all of them work great as door openers in business meetings. But if I had to choose one it would be the higher bioavailability compared to natural capsaicin, which means increased effectiveness at lower doses. Other appreciated benefits include that phenylcapsaicin is less hot, which makes it taste better to the consumer. We are also in a perfect position right now, with a product that has the potential to increase metabolism and contribute to better weight control. A unique ingredient backed by robust science – it is not difficult to present the benefits of aXivite.

How do you keep up with market trends in the fast-moving dietary supplement industry?
I stay informed by actively engaging with the industry press, following new research findings and attending important events and trade fairs. These platforms provide invaluable insights into what consumer preferences we can expect and what technological advances are taking place and will be required in the future. In addition, as I mentioned, I have close communication with our network of partners and customers, which gives me direct information about the constant changes in the dietary supplement industry.

What was the biggest achievement for aXichem in 2024 in your opinion?
I believe that in 2024 we achieved a significant milestone with the regulatory approval and launch of aXiphen in the Brazilian market. This approval marks an important strategic development, as Brazil represents one of the largest potential markets for aXiphen. We are now starting to see tangible results from our focused work in this region, positioning aXiphen for significant growth going forward.

What is your vision for aXiphen's position in the animal feed market in three to five years?
I envision aXiphen becoming a standard ingredient in poultry production and revolutionizing the industry by effectively combating salmonella and promoting sustainable meat production. Our goal is to see aXiphen's global introduction and acceptance set a new standard for safety and efficacy in animal feed.

"We are also in a perfect position right now, with a product that has the potential to increase metabolism and contribute to better weight control."

Lucas Altepost
VP Sales and Marketing

Market regulation for safe products

In order for aXichem to be allowed to market and sell its products for different applications and in different geographical markets, the company must demonstrate through data from studies that phenylcapsaicin is not harmful to humans, animals or the environment. The regulations are designed to protect all living things from the harmful effects of new products. The requirements often differ between different regions and countries. The reviewing authority provides so-called guidelines, which describe the requirements in detail and which serve as support for designing the application for market approval in the best possible way. When aXichem's team and expert advisors assess that all parts of the application meet the requirements in the authority's guidelines, the application is submitted for review, with the goal of having the product approved for sale.

Market areas regulated by the EU's NOVEL FOOD legislation
The Novel Food legislation regulates which new substances in foods and food supplements and so-called PARNUT (foodstuffs for particular nutritional uses) that may be marketed and sold in the EU. Phenylcapsaicin has been approved under Novel Food since 2019. This means that aXichem can market and sell aXivite® in Europe within food supplements and nutraceuticals.

Market areas regulated by EU FEED ADDITIVE legislation
In order to sell phenylcapsaicin and aXiphen® as an additive in poultry feed in the EU, a product approval for phenylcapsaicin is required according to the EU Feed Additive Directive.

aXichem submitted its Feed Additive application to the European Food Safety Authority (EFSA) in early 2022. The application was assessed as complete and the review was initiated. In the next step, EFSA will conduct a risk assessment of the product (risk assessment phase). During this phase, EFSA has the opportunity to ask the company questions. When EFSA asks a question, the review process is paused while the company works to answer the question. This means that the time that an application can be in the risk assessment phase can vary greatly, from months to years, depending on the nature of the questions and how long the applicant needs to answer the questions.

At the end of 2022, aXichem received a number of questions from EFSA, which were answered in early 2023. During 2023, the review was ongoing and in December it was announced that EFSA could not make a clear risk assessment and gave a so-called inconclusive opinion. EFSA believed that there was a lack of data in the application documentation in the areas of environmental safety, consumer safety and efficacy.

During 2024, aXichem has conducted a number of new studies to fill the data gaps identified by EFSA and to prove the product's efficacy as a salmonella preventive additive in chicken feed. As soon as all studies have been completed, and the company has assessed that the correct quality and results have been achieved, the supplements will be compiled and submitted to EFSA for review.

Market areas regulated by GRAS FOOD in the USA
The EU's Novel Food is equivalent in the USA to GRAS food and covers substances and chemicals used in food and supplements. GRAS is short for Generally Recognized as Safe (generally recognized as safe) and aXichem received approval according to GRAS food 2018. A number of new products with aXivite® as an active ingredient are now available on the market in the USA.

Market areas regulated by GRAS FEED in the USA
To sell and market aXiphen® in the animal feed business area on the US market, certification according to GRAS feed is required. aXichem intends to apply for approval according to GRAS feed and has the basis for an application. However, the company has decided to prioritize the application for approval according to the EU Feed Additive in the regulatory area before proceeding with GRAS feed.

Market areas regulated by Brazil's FEED ADDITIVE
In Brazil, feed additives must be approved and listed as a raw material by the Ministry of Agriculture, Livestock and Food Supply (MAPA) and registered as a Feed Additive by the Department of Inspection of Animal Products (DIPOA). Phenylcapsaicin received Feed Additive approval in Brazil in December 2023, which means that aXiphen can be marketed and sold as a new raw material for zootechnical feed additives, in poultry feed and pig feed, respectively.

aXichem's share

Trading venue and share price development
aXichem's A shares are listed on Nasdaq First North Growth Market. The first day of trading on Nasdaq First North Growth Market was 27 November 2013. The A share has ISIN code SE0005250719 and is traded under the ticker symbol AXIC A. Trading can take place in lots down to one (1) share.

The number of shares and votes in the company as of 31 December 2024 was 59,114,905 and the company's share capital amounted to SEK 11,822,981. The company has only one class of shares, series A shares, with 1 vote per share.

The quota value is SEK 0.20 per share.

As of 31 December 2024, aXichem had 2,197 shareholders according to Euroclear. The ten largest shareholders are shown in the table on page 37. The shareholdings of the Board of Directors and senior executives are shown in the description on pages 27-29.

Liquidity guarantee
aXichem's agreement with Penser Bank Corporate Finance/Carnegie Investment Bank regarding a liquidity guarantee was terminated on May 1, 2024. The Board of Directors assesses that there is currently no need for a liquidity guarantor, according to the rules that Nasdaq First North Growth Market introduced in January 2024.

Dividend
Anyone who is registered as a shareholder in the company on the record date for the dividend is entitled to a dividend. Since the company does not yet have any income, the issue of a profit dividend has not been relevant. The company therefore does not yet have a dividend policy.

Issue of units and repayment of convertible loan
In February 2024, aXichem's board of directors decided, subject to the approval of the general meeting, which was received on March 6, 2024, to carry out an issue of shares and warrants, so-called Units, with preferential rights for existing shareholders, of approximately SEK 40.3 million before issue costs. One Unit consisted of five A shares and five TO1A series warrants.

The subscription price per Unit was SEK 7.50, corresponding to SEK 1.50 per A share. The rights issue is covered by 70 percent of subscription and guarantee commitments. The rights issue was subscribed to 70 percent and provided aXichem with approximately SEK 28.2 million before issue costs.

Part of the issue proceeds was used to repay part of the convertible loan from Formue Nord Fokus A/S.

The board further decided to raise a new convertible loan from Formue Nord Fokus A/S of approximately SEK 5.3 million, which partially replaces the existing convertible loan. The loan carried an annual interest rate of STIBOR 3 months plus 12 percent.

During the period 1–7 October 2024, the exercise of series TO1A warrants was carried out at a price of SEK 0.95. The subscription price of the warrants corresponded to 70 percent of the volume-weighted average price of the company's shares on Nasdaq First North Growth Market. The outcome from the exercise of the series TO1A warrants amounted to 17,862,853 shares.

In addition, a directed new issue of 946,437 A shares was carried out to investors who had provided a so-called top guarantee in connection with the exercise period for the TO1A series warrants.

This meant that the company was provided with SEK 17.9 million, before transaction costs, and that the number of shares increased by 18,809,290, from 40,305,615 to 59,114,905, and that the share capital increased by a further SEK 3,761,858, from SEK 8,061,123 to SEK 11,822,981. With part of the provided capital, the company redeemed the remaining part, corresponding to approximately SEK 5 million, of the convertible loan from Formue Nord Fokus A/S.

Share capital development

YEAR	EVENT	CHANGE IN NUMBER OF SHARES	TOTAL NUMBER OF SHARES	CHANGE IN SHARE CAPITAL	TOTAL SHARE CAPITAL	QUOTA VALUE
2007	Company formation	10 000 000	10 000 000	500 000	500 000	0,05
2008	New share issue	925 000	10 925 000	46 250	546 250	0,05
2008	New share issue	232 000	11 157 000	11 600	557 850	0,05
2009	New share issue	753 555	11 910 555	37 678	595 528	0,05
2012	New share issue	1 572 348	13 482 903	78 617	674 145	0,05
2012	New share issue	266 666	13 749 569	13 333	687 478	0,05
2012	New share issue	140 000	13 889 569	7 000	694 478	0,05
2013	Exchange convertibles	779 991	14 669 560	39 000	733 478	0,05
2013	Aggregation	-11 002 170	3 667 390	0	733 478	0,20
2014	New share issue	2 444 925	6 112 315	488 985	1 222 463	0,20
2014	New share issue	328 321	6 440 636	65 664	1 288 127	0,20
2015	New share issue	2 146 879	8 587 515	429 376	1 717 503	0,20
2015	New share issue	666 666	9 254 181	133 333	1 850 836	0,20
2016	New share issue	5 552 508	14 806 689	1 110 502	2 961 338	0,20
2018	New share issue	192 560	14 999 249	38 512	2 999 850	0,20
2019	New share issue	681 784	15 681 033	136 357	3 136 207	0,20
2019	New share issue	250 000	15 931 033	50 000	3 186 207	0,20
2021	New share issue	604 603	16 535 636	120 920	3 307 127	0,20
2023	New share issue	4 960 689	21 496 325	992 137	4 299 265	0,20
2024	New share issue	37 618 580	59 114 905	7 523 716	11 822 981	0,20

Future prospects

aXichem commercializes phenylcapsaicin under two different brands aXiphen® in the animal feed market and aXivite® in the dietary supplement market. Production capacity and logistics through subcontractors are established, as is the production process, which is currently optimized for commercial volumes. aXichem collaborates with specialized distributors, who either have their own production or collaborate with leading innovative producers. The commercialization of phenylcapsaicin requires regulatory market approvals. aXichem has identified Brazil, the EU, the USA and India as strategically important countries and regions, which will be prioritized in the initial phase.

Within the Dietary Supplements Business Area, the company has market approval for aXivite® (phenylcapsacin) in the EU and the USA. During 2024, aXivite® has increasingly consolidated its position as an innovative ingredient and the company expects a successive increase in sales.

Within the Animal Feed Business Area, aXiphen® (phenylcapsaicin) has been approved in Brazil for sale as an additive in chicken and pig feed since the end of 2023. During the year, the product has been successfully introduced as a salmonella-inhibiting additive in chicken feed and aXichem has received the first order from the distributor in Brazil at the beginning of 2025. Furthermore, the application for market approval in the EU is ongoing and in 2024 the company has conducted supplementary studies that will be added to the application as soon as the objectives of the studies have been achieved. Both the market for feed additives and the regulatory situation in the US are undergoing changes.

aXichem plans to register aXiphen® in the US but will not begin the process until the European approval is secured and the regulatory situation in the US has been clarified.

Words and terminology

Antioxidant	Antioxidants are chemical compounds that counteract oxidation. Oxidation is a chemical reaction that can produce free radicals, which thereby lead to chain reactions that can damage organisms' cells.
Bio enhancer	Substance that increases the uptake in the body of other substances.
Capsaicin	Substance that causes the perceived heat of plant species in the genus Capsicum (chili peppers).
Caco-2-celler	Human intestinal adenocarcinoma cells with the ability to express differentiation properties typical of mature intestinal cells, such as enterocytes and mucosal cells. These cells are valuable tools for in vitro studies concerning the function and differentiation of intestinal cells.
Curcumin	Curcumin is the active substance in turmeric. The substance has been officially named an antioxidant by the American Cancer Society.
Cytochrome P450 isoform	A large group of isoenzymes (heme proteins) that are key components of the multifunctional oxidation system that is partly responsible for the biosynthesis of steroids, fatty acids and bile acids, and partly the bioconversion of many foreign compounds into mutagenic and carcinogenic substances.
EFSA	European Food Safety Authority. EU regulatory authority for food and animal feed.
Phenylcapsaicin	Synthetic derivative of capsaicin.
Chemical synthesis	Chemical synthesis means that chemical reactions are used to intentionally produce one, or sometimes several, chemical compounds from other chemical compounds. Synthesis often occurs in both organic chemistry and inorganic chemistry.
Natural analogue industrial chemicals	Synthetically produced substances with similar and comparable properties to natural substances.
Nutraceuticals	Vitamins and dietary supplements, come from the English words nutrition and pharmaceuticals, and imply that something you eat works as medicine.
Oxidative stress	Oxidative stress is called the biochemical process where either reactive oxygen compounds produced by the organism itself damage cells and organs, or substances taken into the body do that damage (for example, substances in cigarette smoke).
Substrate	Molecule that binds to the active surface of an enzyme. The enzyme catalyzes a chemical reaction that causes the substrate to be converted into a product.
Triple bonded capsaicin derivative	Variants of aXichem's natural analogue capsaicin molecule.
TRPV1 agonist	In the brain, the capsaicin receptor TRPV1 is found in various regions and nerve pathways. Studies show that both activation and inhibition of TRPV1 are conceivable drug strategies for treating a range of diseases and emotional states in the central nervous system. An agonist is a substance or drug that can enhance or affect certain activities that take place in the body's cells.

Employees and core values

aXichem is a company in a growth phase, where the knowledge, competence and commitment of each employee strongly contribute to the company's success. aXichem's team consists of employed personnel, who are reinforced when necessary by consultants in the USA and Europe, primarily in research and development as well as finance and administration. The head office in Malmö is the hub for the company's operational activities, but operations are also conducted at aXichem's office in Bergen, Norway. aXichem's goal is to offer a positive and creative work environment where employees have great opportunities to influence their work. The watchwords are competence, creativity and respect.

Competence
Recruiting and retaining personnel with the right competence and experience is a prerequisite for aXichem's continued establishment on the market and for developing new competitive feed additives, ingredients and products in the future. To ensure continuous competence development, everyone is encouraged to take their own initiative to participate in courses and conferences in the areas that affect the company's operations and within the framework of each person's expertise. We value the ability to work in a team and to be able to create good conditions for everyone in the team to perform at a high level together with others.

Creativity
aXichem's operations are the result of creativity, the courage to think new thoughts and combining this with genuine entrepreneurship. The company always looks positively at new ideas that can develop the business both in research, development and production as well as in marketing, sales and administration. We strive to evaluate new thoughts and approaches in a positive spirit to solve the challenges we face.

Respect
As an employer, aXichem must ensure that all employees are treated equally and have the same rights. Everyone must also be treated equally in terms of working conditions and employment terms. Employees are expected to treat each other with respect and comply with Swedish legislation in their actions towards everyone within and outside the organization. Together, we work for an open and transparent corporate culture, with great faith in the abilities of the individual and the team. The goal is for everyone to feel involved in the company's success by clearly seeing their role in the development of the business.

Wellness allowance and health insurance benefits
aXichem is keen for employees to take advantage of the wellness allowance that the company offers. The company applies flexible working hours and there is an opportunity for those who wish to take a break from the working day to, for example, work out at the gym or take a walk. aXichem's employees also have health insurance that provides extended protection in the event of illness. To promote mental well-being, we strive to create a culture together where each individual is given the opportunity to achieve a balance between work and leisure, in order to reduce the risk of work-related negative stress. Employees must be given the conditions to develop, perform and contribute to the company's development and success. Everyone must know and understand the company's goals and feel that through their work they have a role in the company's success.

Sustainability for animals, people and the enviroment

aXichem's vision is to, with a strong anchoring in nature and science, be an innovative, market-leading and reliable supplier of safe, effective and sustainable products that can improve human and animal health. Production takes place through GMP-certified (Good Manufacturing Practice) sub-suppliers in Sweden and in other countries around the world.

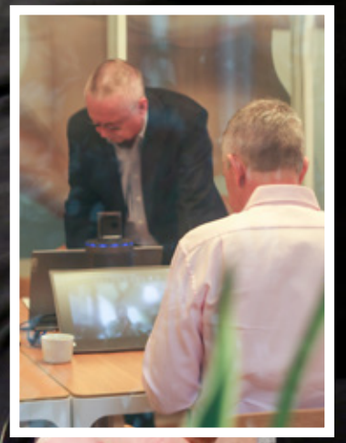
Our objective is to create value for partners and customers, employees, suppliers and shareholders.

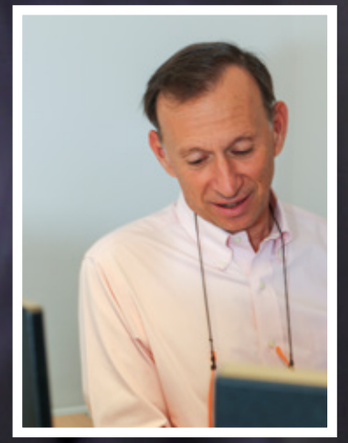
We develop products that contribute to animals and people living a healthier life. With aXiphen® feed for animal feed, we contribute to chicken producers being able to operate antibiotic-free in a cost-effective way and salmonella-free farming. aXivite® as a bioenhancer has the potential to reduce the dose in certain medicines, which is positive for both humans and the environment.

In our strategy and in our corporate culture, sustainable development is included as an obvious and important foundation.

In our work for a sustainable business model, we have chosen to focus on the areas within the UN's Agenda 2030 where we see that we can influence through our operations and our actions. The goals become clear as part of our daily work in how we make decisions, how we interact with partners and suppliers, in risk management and in work environment and employee issues.

Sub-goal	**Sub-goal 3.3** Combat communicable diseases.	**Sub-goal 3.4** Reduce the number of deaths from non-communicable diseases and promote mental health.	**Sub-goal 5.1** Ensure full participation of women in leadership and decision-making.	**Sub-goal 12.4** Responsible handling of chemicals and waste.
aXichem	Our products reduce/eliminate salmonella in chickens and other poultry and thus prevent infection to humans.	Our products promote intestinal health and prevent inflammatory conditions, which affect people's health both physically and psychologically.	We work for gender equality in our internal decision-making processes and we treat all employees with respect and openness with our partners, customers and suppliers.	Our subcontractors for production are all certified according to ISO9001 and the majority are also certified according to ISO14001 and ISO 45001. We strive for all our suppliers to have a stated and communicated sustainability policy.



Board of directors

	Jan Gustavsson	Christian Månsson	Jørn Berthelsen	Torsten Helsing
Position and born	Board member and chairman since 2017. Born 1946.	Board member since 2023. Born 1980.	Board member since 2017. Born 1949.	Board member since 2007 and CEO since 2016. Born 1957.
Education	Phil. Bachelor of Science in Accounting and Finance, Lund University.	Master's degree in chemical engineering from Lund University of Technology and bachelor's degree in Economics from Lund University of Economics.	BSc in Biology, Bachelor of Commerce, University of Copenhagen.	Primary school education.
Other ongoing assignments	Chairman of Incendia Pharma AB. Owner of JGB Consulting.	CEO and board member of Life Science Partner Skåne AB. Board member of Carbiotix AB (publ) and Öresund Growth Partner AB.	Board deputy in Seawood AB, board member in aXimed AS.	CEO of aXimed AB, aXimed AS and Drift-kultur AS. Chairman of Guizhou aXimed Health Food Co., Ltd, Soya AS and aXichem AS. Board member of aXimed HK Ltd, Manakin Ltd and Tofu AS and Incendia Pharma AB.
Previous assignments in the last five years	Chairman of the Board of Eliq AB, Chairman of the Board of Sotenäs RehabCenter AB. Board member of Ikano Bostad Stockholm Holding AB.	No previous assignments.	No previous assignments.	No previous assignments.
Holdings	50 012 shares.	1 712 438 A shares and 111 696 A shares through related parties.	80 225 A shares and 1,600 A shares through related parties.	16 300 A shares, 3 613 404 A shares through Manakin Ltd and 61 175 A shares through related parties.
Dependency	Independent in relation to the company and its management, independent in relation to the company's major owners.	Independent in relation to the company and its management, independent in relation to the company's major owners.	Independent in relation to the company and its management, independent in relation to the company's major owners.	Dependence in relation to the company and its management, dependence in relation to the company's major owners.

Board of directors

	Michael Engström	Edward van den Elsen
Position and born	Board member since 2024. Born 1963.	Board member since 2022. Born 1968.
Education	Diploma of marketing from Lund University, MBA from the University of Sheffield.	BSc in Animal Nutrition and Animal Husbandry, University of Wageningen.
Other ongoing assignments	Chairman of the board in Clemondo Group AB (publ), Hammerglass AB, Här Malmö AB and board member of Gullberg & Jansson AB (publ).	None.
Previous assignments in the last five years	Board member of Roos & Tegnér AB	No previous assignments.
Holdings	40 000 A shares through Sellwell Group.	No shares in the company.
Dependency	Independent in relation to the company and its management, independent in relation to the company's major owners.	Independent in relation to the company and its management, independent in relation to the company's major owners.

Executive management

	Torsten Helsing	Lucas Altepost	Erik Lager	Gunilla Savring
Position and born	Board member since 2007 and CEO since 2016. Born 1957.	Deputy CEO, Head of Market and Sales since 2017. Born 1967.	Chief Technical Officer since April 2019. Born 1975.	Chief Investor Relations and Communications Officer since 2016. Born 1962.
Education	Primary school education.	Bachelor's degree in Business Administration, University of Lausanne.	File dr. organic chemistry, Lund University,	Executive MBA, Lund University.
Other ongoing assignments	CEO of aXimed AB, aXimed AS and Driftkultur AS. Chairman of Guizhou aXimed Health Food Co., Ltd, Soya AS and aXichem AS. Board member of aXimed HK Ltd, Manakin Ltd and Tofu AS and Incendia Pharma AB.	Chairman of the board and CEO in Norbiotech. Board member of aXichem AS.	None.	Board member of Aqilion AB, managing director and board member of Savring Consulting AB.
Previous assignments in the last five years	No previous assignments.	No previous assignments.	No previous assignments.	Board member of Clinical Laserthermia Systems AB.
Holdings	16 300 A shares, 3 613 404 A shares through Manakin Ltd and 61 175 A shares through related parties.	50 001 A shares and 128 313 A shares via Norbiotech.	151 764 A shares	31,957 A shares genom Savring Consulting AB.

Administration report

The Board of Directors and the CEO of aXichem AB (publ) hereby submit the annual report and consolidated financial statements for the financial year 2024. The annual report is prepared in thousands of Swedish kronor.

The company's operations
aXichem's business concept is to develop, patent, market and sell natural analogue industrial chemicals.-

The company's first product is a natural analogue substance, phenylcapsacin, which is sold under the brands aXiphen® and aXivite®. The product is an industrially produced and patented capsaicin derivative, which has similar benefits to natural capsaicin, but has also shown benefits that are unique to phenylcapsacin.

Phenylcapsaicin has several potential uses, but the company's focus is to launch the product as an additive in animal feed, as an ingredient in dietary supplements and as a bioavailability enhancer. Marketing in animal feed is carried out under the brand aXiphen®, and in dietary supplements and bio-availability under the brand aXivite®.

In studies, phenylcapsaicin has shown a positive effect on intestinal health in both animals and humans. As an additive in poultry feed, the product has also been shown to counteract and prevent salmonella. The production of raw materials and ready-to-ship products is carried out through established sub-contractors. Marketing and sales are carried out primarily through distributors but also through aXichem's own sales resources. The company's goal is to be an innovative global supplier of industrial natural analogue chemicals to players who manufacture end products that contain aXichem's raw materials.

Headquarters
The company's headquarters are in Lund Municipality.

Financial development
The group is in an early growth phase and still has limited turnover. The group's net turnover amounted to SEK 8,570 thousand (SEK 1,809 thousand). The parent company's net sales amounted to SEK 8,570 thousand (SEK 1,809 thousand).The group's profit amounted to SEK -17,815 thousand (SEK -20,814 thousand), which corresponds to SEK -0.46 (SEK -1.03) per share.

The parent company's profit amounted to SEK -17,902 thousand (SEK -20,861 thousand).

Liquidity and financial position
The Group's cash and cash equivalents amounted to SEK 14,359 thousand on December 31, 2024 (SEK 4,309 thousand). The Parent Company's cash and cash equivalents amounted to SEK 14,258 thousand (SEK 4,111 thousand).

On February 1, 2024, the Company's Board of Directors decided, subject to the approval of the Annual General Meeting, 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 (the "Rights Issue"). One Unit consisted of five A shares and five warrants of series TO1A. The subscription price per Unit amounted to SEK 7.50, corresponding to SEK 1.50 per A share. The warrants were issued free of charge. The rights issue was covered by 70 percent of subscription and guarantee commitments. The board's decision was approved at an extraordinary general meeting on March 6, 2024.

The board further decided to raise a new convertible loan from Formue Nord Fokus A/S of approximately SEK 5.3 million, which partially replaced the existing convertible loan. The outcome of the rights issue, which was subscribed to 70 percent, was announced on March 26, 2024. Through the rights issue, aXichem received approximately SEK 28.2 million before issue costs. The number of shares in the company increased by 18,809,290, to 40,305,615, and the share capital increased by SEK 3,761,858, to SEK 8,061,123.

During the period October 1–7, warrants of series TO1A were exercised at a price of SEK 0.95. The subscription price of the warrants corresponded to 70 percent of the volume-weighted average price of the company's shares on Nasdaq First North Growth Market. The outcome of the exercise of the warrants amounted to 17,862,853 shares. In addition, a directed new issue of 946,437 A shares was carried out to those investors who had provided a so-called top guarantee in connection with the exercise period for the TO1A series warrants. This meant that the company was provided with SEK 17.9 million before transaction costs and that the number of shares increased by 18,809,290, from 40,305,615 to 59,114,905, and that the share capital increased by a further SEK 3,761,858, from SEK 8,061,123 to SEK 11,822,981.

Board and management shareholdings 2024-12-31

Board
Jan Gustavsson, 50,012 A shares
Torsten Helsing, 16,300 A shares and 3,613,404 A shares through Manakin Ltd
Jörn Berthelsen, 80,225 A shares
Michael Engström, 40,000 A shares
Christian Månsson, 1,712,438 A shares

Management
Torsten Helsing (see above)
Lucas Altepost, 50,001 A shares and 128,313 A shares through Norbiotech.
Erik Lager, 151,764 A shares
Gunilla Savring, 31,957 A shares

Equity
The Group's equity at the end of the year was SEK 70,158 thousand (SEK 48,527 thousand) and the equity ratio was 94% (79%). The parent company's equity at the end of the year was SEK 69,802 thousand (SEK 48,254 thousand) and the equity ratio was 94% (79%).

Equity per share in the Group at the end of the year was SEK 1.19 (SEK 2.26).

Investments
During the year, the Group invested SEK 6,499 thousand (SEK 5,103 thousand) in intangible assets relating to patents and capitalized development costs. Investments in tangible fixed assets during the year amounted to SEK 0 thousand (SEK 0 thousand).

The parent company's investments in intangible assets amounted to SEK 6,499 thousand (SEK 5,103 thousand). Investments in tangible assets amounted to SEK 0 thousand (SEK 0 thousand).

Ownership structure
The company is listed on NASDAQ OMX First North. As of December 31, 2024, the company had 2,197 shareholders. The ten largest owners according to the public share register and list of nominees as of December 31, 2024 are presented in the table on page 37.

Expected future development
aXichem continues to work on the commercialization of phenylcapsaicin under the brands aXiphen®, as an additive in poultry feed and pig feed with the potential to prevent salmonella, and aXivite®, as a health-promoting ingredient in dietary supplements.

In the dietary supplements business area, the company has had approval for the marketing and sale of phenylcapsaicin under GRAS food in the USA since 2018 and approval under Novel Food for marketing and sales in the EU since 2019. The company is actively working on the sales of aXivite in both of these markets and expects a gradual increase in sales in the areas of intestinal health, exercise and weight control.

aXivite as a bioavailability enhancer showed increased sales in 2024 through an end product from the Spanish pharmaceutical company Uriach.

In the animal feed business area, the company received its first Feed Additive approval in December 2023. Phenylcapsaicin is thus approved in Brazil for marketing and sale as an additive in poultry feed and pig feed, respectively. The launch took place in 2024 in collaboration with the distributor Chr. Olesen's team in Brazil, and resulted in an order worth SEK 7 million in February 2025.

In early 2022, aXichem submitted an application for Feed Additive approval in the EU for phenylcapsaicin as an additive in chicken feed. The company was asked at the end of 2023 to supplement certain data in the application. During 2024, aXichem has conducted the majority of the studies required to fill the data gaps in the application. As soon as the supplements are ready to be submitted, this will be done.

Applications for market approval for the use of phenylcapsaicin in animal feed in the USA and India are prepared. However, the company has chosen to prioritize the establishment in Brazil and approval in the EU for aXiphen, and continued commercialization in the US and EU for aXivite.

The company estimates that in the coming years it will see a gradually increasing order intake in both animal feed and dietary supplements.

Significant risks and uncertainties
Regulatory issues are considered to be the largest single risk for the company.

Events after the balance sheet date
- On February 4, 2025, it was announced that the company will expand the number of efficacy studies that form part of the basis for supplementing aXichem's application for Feed Additive approval in the EU for the company's product phenylcapsaicin as a salmonella-inhibiting additive in chicken feed. The company will conduct an additional efficacy study and, based on previous positive efficacy data, assesses that this is the only thing remaining for a complete application. The expanded studies affect the estimated time of submission to the European Food Safety Authority (EFSA) that the company announced in connection with the presentation of the quarterly report on November 29, 2024.

- On February 12, 2025, aXichem announced that the company had received an order for the feed additive aXiphen from the distributor Chr. Olesen. The order value amounts to approximately SEK 7 million and delivery will be made to Chr. Olesen's operations in Brazil through call-offs during the current year.

- On March 5, 2025, the company announced preliminary results from its latest randomized, placebo-controlled, crossover study, which mapped the effects of aXivite® (phenylcapsaicin) on high-intensity CrossFit performance and recovery. The study, conducted by Dr. Pablo Jiménez Martínez and his team in Spain, is part of a state-funded research initiative for doctoral students aimed at improving performance through new bioactive compounds. Preliminary data confirms that aXivite® significantly improves strength, endurance and recovery, which strengthens the product's commercial potential in the fast-growing global market for nutritional products for sports and exercise.

- On March 18, 2025, it was announced that the company had taken out a credit facility of SEK 5 million with support from the European Investment Fund (EIF). The loan is being taken out to secure financing for the production of aXichem's animal feed additive aXiphen, for delivery to the company's distributor in Brazil, Chr. Olesen.

Events in 2024

First quarter

- On January 5, 2024, it was announced that aXichem's distributor Chr. Olesen has prepared the first batch of aXiphen for delivery to Chr. Olesen's facilities in Brazil from where it will be supplied for industrial production trials on the Brazilian market.
- On January 10, 2024, aXichem announced new orders for aXivite® from Uriach. The orders are linked to the agreement communicated in June 2023 and the production of a new melatonin formulation for Uriach's Aquilea® brand with 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 approximately 60,000 Euros.
- On January 15, 2024, the company announced that a new product, GLP-Activate with aXivite®, is being launched by the US-based company Triquetra Health. The GLP-1 hormone (Glucagon-like peptide 1) is produced in the gut and is thought 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 GLP-1 hormone has been identified as one of the keys to healthy weight management and good gut health.
- On January 30, 2024, aXichem announced that a letter of intent (LOI) had been signed with Silvaco A/S, a key player in the dietary supplement, pharmaceutical, food, feed and cosmetics industries in Scandinavia. This LOI marks the beginning of an exciting collaboration aimed at introducing aXivite to the Scandinavian dietary supplement market.
- On February 1, 2024, it was announced that the company's board of directors, subject to the approval of the general meeting, had 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 (the "Rights Issue"). One Unit consists of five A shares and five warrants of series TO1A. The subscription price per Unit is SEK 7.50, corresponding to SEK 1.50 per A share. The warrants are issued free of charge. The rights issue is covered by 70 percent of subscription and guarantee commitments.
- On February 13, 2024, the company announced that it had signed a letter of intent (LOI) with Silver Fern Brand, a supplier of premium health supplements. The collaboration aims to integrate aXivite into a broader product range to meet the demand for scientifically based dietary supplements.
- On March 6, 2024, an extraordinary general meeting was held. The meeting resolved, in accordance with the board of directors' proposal, to amend the articles of association with regard to limits on the number of shares and share capital. The share capital shall be a minimum of 4,250,000 SEK and a maximum of 17,000,000 SEK. The company shall have a minimum of 21,400,000 and a maximum of 85,600,000 shares. Furthermore, the meeting resolved, in accordance with the board of directors' proposal, to implement a rights issue of Units.
- On March 13, 2024, it was announced that the dietary supplement supplier, Omne-Diem®, is launching two new products in the US market featuring aXichem's innovative ingredient aXivite®. These launches represent an expansion of aXivite's applications in the areas of fitness and health, and are another step in the company's efforts to broaden its global market presence and customer base.
- On March 19, 2024, aXichem announced that the strategic launch of aXiphen in Brazil will take place at two leading industry events: Nucleovet, April 9-11, and the South American International Poultry and Swine Show (SIAVS), August 6-8. The launch is supported by a marketing campaign aimed at maximizing the product's introduction into the Brazilian market.
- On March 26, 2024, the company announced the outcome of the new share issue, the "Rights Issue", the subscription period of which ended on March 25, 2024. A total of 2,701,257 Units were subscribed for, corresponding to approximately 50.3 percent of the Rights Issue, with the support of unit rights. In addition, 14,182 Units were subscribed for without the support of unit rights, corresponding to approximately 0.3 percent of the Rights Issue. Finally, 1,046,419 Units were subscribed for in accordance with the guarantee commitments entered into, corresponding to approximately 19.5 percent of the Rights Issue. A total of 3,761,858 Units were thus subscribed for and the Rights Issue was thus subscribed for to 70 percent. Through the Rights Issue, aXichem will receive approximately SEK 28.2 million before issue costs. Through the Rights Issue, the number of shares in aXichem will increase by 18,809,290, from 21,496,325 to 40,305,615 and the share capital increases by 3,761,858 SEK, from 4,299,265 SEK to 8,061,123 SEK. Upon full exercise of the warrants of series TO1A issued in connection with the Rights Issue, the number of shares will increase by an additional 18,809,290, from 40,305,615 to 59,114,905, and the share capital will increase by an additional 3,761,858 SEK, from 8,061,123 SEK to 11,822,981 SEK.

Second quarter

- On April 24, 2024, a new order for aXivite® was announced within the agreement with the pharmaceutical company Uriach. The order is linked to the production of a new melatonin formulation for Uriach's Aquilea® brand with aXivite®. This means that the total order value from Uriach, within the agreement between the parties, now amounts to approximately 150,000 Euros. aXichem also received an order for aXivite® from its Spanish distributor Pharmafoods worth 13,700 Euros for the development of a new consumer product to be launched later this year.
- On 29 May 2024, aXichem's annual report for 2023 was published. On 19 June, the company held its annual general meeting and the communiqué from the meeting was published on the same day. The minutes of the meeting can be read at www.axichem.com/arsstamma-2024
- On June 3, 2024, it was announced that aXichem had launched a product-specific website, www.axiphen.se, for its salmonella inhibitor, aXiphen®, targeting the Brazilian market for poultry production and poultry feed. Brazil is one of the global market leaders in the production and export of chicken meat.
- On June 25, 2024, the company announced a significant new order from its American distributor SEE Nutrition. The order, worth SEK 3 million, concerns one ton of aXivite®, aXichem's scientifically documented synthetic capsaicin product. SEE Nutrition markets and sells aXivite to suppliers of nutritional products and dietary supplements for sports, fitness, pre-workout and weight management in the American market.

Events in 2024 (continued)

Third quarter

- On August 14, 2024, the company announced that it, together with the distributor Chr. Olesen, will conduct two commercial production tests with aXiphen in collaboration with poultry producers with significant export operations. aXiphen® is now being delivered from Chr. Olesen to the producers, both of whom are based in southern Brazil. The tests will have a positive impact on aXichem's cash flow by just over two million SEK as the product now moves from distributor to end customer.
- On August 27, 2024, aXichem announced that the board of directors, in its annual revision of the company's communication policy, has decided that aXichem will no longer publish any financial forecasts or provide forecast-like targets. The board's decision means that the company's total sales will be presented in the quarterly reports and previously communicated sales targets will not be commented on.

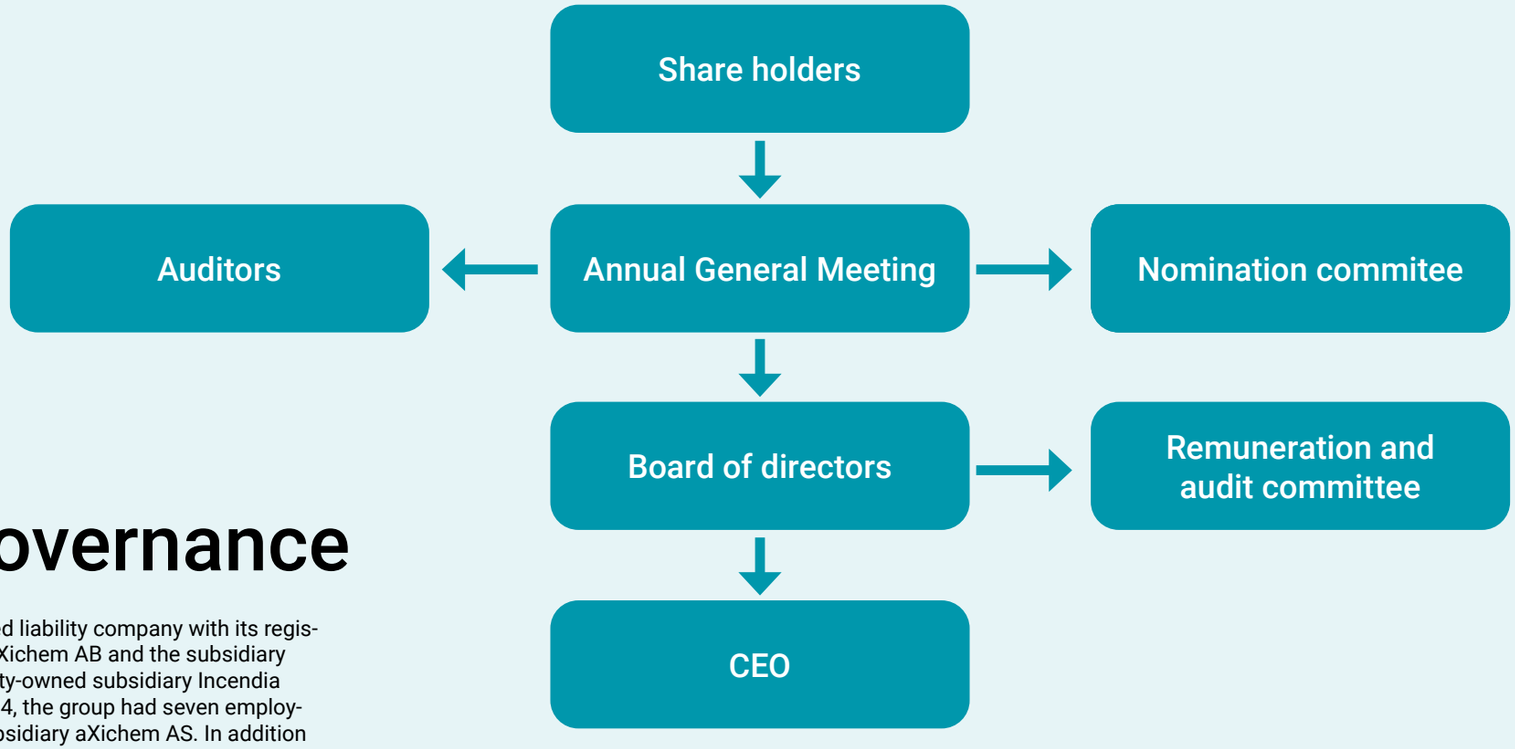
Fourth quarter

- On October 7, 2024, it was announced that the subscription price for warrants of series TO1A issued as part of the rights issue completed in April 2024 has been set at SEK 0.95. The warrants' subscription price corresponds to 70 percent of the volume-weighted average price of the company's shares on Nasdaq First North Growth Market during the period October 1 – October 7, 2024.
- On October 16, 2024, the company announced that an agreement had been entered into regarding free-of-charge guarantee commitments (so-called "top-down" or "top guarantee") in the ongoing redemption of warrants of series TO1A. The guarantee commitments total SEK 2.0 million, corresponding to approximately 11 percent of the issue proceeds that the Company can raise through the redemption of TO1A.
- On October 23, 2024, the outcome of the exercise of the TO1A series warrants was announced, which were issued in connection with the Company's rights issue of units in March 2024. A total of 17,862,853 TO1A were exercised, corresponding to a subscription rate of approximately 95 percent, for the subscription of 17,862,853 new A shares in aXichem. Through the exercise of TO1A, aXichem will receive approximately SEK 17.0 million before issue costs.
- On October 24, 2024, it was announced that the board of directors of aXichem, in line with previous communication, had decided on a directed new issue of 946,437 A shares to investors who had provided a so-called top guarantee in connection with the exercise period for the TO1A series warrants. The subscription price in the directed new issue amounted to SEK 0.95 per share, corresponding to the subscription price when exercising TO1A. Through the directed new issue, the Company will receive SEK 0.9 million before issue costs.
- On December 17, 2024, the company announced that a new formulation of aXivite®, aXivite® TR (Target Release), is being launched. aXivite® TR is specially designed and developed to be the active ingredient in dietary supplements in the sports, exercise and weight control segment, where the scientifically documented positive effects of phenylcapsaicin are maintained, but where the taste of the product's heat is not felt.

Financial overview (TSEK)

THE GROUP	2024	2023	2022	2021
Net sales	8 570	1 809	5 007	4 362
Profit/loss after financial items	-17 783	-20 789	-17 235	-15 058
Balance sheet total	74 283	61 490	61 251	58 773
Equity ratio, %	94	79	66	96
Number of shares at the end of the period	59 114 905	21 496 325	16 535 636	16 535 636
Average number of shares	38 533 768	20 300 323	16 535 636	16 335 206
Equity per share, SEK	1,19	2,26	2,44	3,40
Earnings per share before dilution, SEK	-0,46	-1,03	-1,04	-0,92
Earnings per share after dilution, SEK	-0,46	-1,03	-1,04	-0,92

PARENT COMPANY	2024	2023	2022	2021
Net sales	8 570	1 809	5 007	4 362
Profit/loss after financial items	-17 902	-20 861	-17 327	-15 253
Balance sheet total	74 155	61 387	61 170	58 529
Equity ratio, %	94	79	66	96
Number of shares at the end of the period	59 114 905	21 496 325	16 535 636	16 535 636
Average number of shares	38 533 768	20 300 323	16 535 636	16 335 206
Equity per share, SEK	1,18	2,24	2,42	3,39
Earnings per share, SEK	-0,46	-1,03	-1,05	-0,93



Corporate Governance

aXichem AB (publ) is a public Swedish limited liability company with its registered office in Lund. The group consists of aXichem AB and the subsidiary aXichem AS in Norway, as well as the majority-owned subsidiary Incendia Pharma AB in Sweden. On 31 December 2024, the group had seven employees, two of whom work in the Norwegian subsidiary aXichem AS. In addition to employed personnel, a consultant works in marketing and sales in the USA and is affiliated with the head office in Malmö.

External and internal regulations
aXichem is a Swedish public limited liability company where governance, management and control are divided between the shareholders, the board of directors, the CEO and the company management. The basis for the governance of the company is aXichem's articles of association, the Swedish Companies Act, rules and recommendations resulting from the company's listing on Nasdaq First North Growth Market, Stockholm, and other applicable laws and regulations. It is not mandatory for aXichem to apply the Swedish Code of Corporate Governance (the "Code"), issued by the Swedish Corporate Governance Board. However, it is the Board's intention to gradually adapt the company to the Code in those parts that are deemed relevant to the company and the shareholders.

Shareholders

The number of owners of aXichem's A shares as of December 31, 2024 was 2,197. The ten largest shareholders are shown in the table below.

Ownership

Owner as of 2024-12-31	Holding shares	Holding %
LMK Bolagen	9,695,813	16,40%
Nordnet Pensionsförsäkring	4,621,867	7,82%
Manakin Ltd	3,613,404	6,11%
Avanza Pension	3,317,489	5,61%
Pierre Sahlstrand	2,337,585	3,95%
Aktiesel. Arbejdernes Landsbank	1,992,829	3,37%
Christian Månsson	1,462,422	2,47%
Sydbank	1,242,025	2,10%
Anders Walldow	1,050,000	1,78%
Hans Sköld	630,315	1,07%
Total	**29,963,749**	**50,68%**
Other share holders	29,151,156	49,32%
Total	**59,114,905**	**100,00%**

The data is based on publicly available information obtained by the company.

Annual General Meeting 2024
25.64% of the shares were represented and 25.64% of the votes were represented at the meeting, which was held on 19 June 2024. The Nomination Committee consisted of Torsten Helsing, as representative of Manakin Ltd, and Anders Månsson, as representative of LMK Venture.

The following decisions were made at the meeting:

- In accordance with the Board's proposal, it was decided that no dividend would be paid
- The Board members and the CEO were granted discharge from liability for the 2023 administration.
- In accordance with the Nomination Committee's proposal, it was decided that the Board shall consist of five ordinary members without deputies. In accordance with the Nomination Committee's proposal, the Board members Jørn H. Berthelsen, Edward van den Elsen, Jan Gustavsson, Torsten Helsing and Christian Månsson were re-elected, and Michael Engström was newly elected. The meeting re-elected Jan Gustavsson as Chairman of the Board. Forvis Mazars AB was re-elected as auditor.
- It was further resolved that the Board's fees shall be paid at six price base amounts to the Chairman of the Board and three price base amounts each to the other Board members.
- The meeting further resolved that Anders Månsson (LMK Venture) and Torsten Helsing (Manakin LTD) be re-elected as members of the Nomination Committee for the 2025 Annual General Meeting, and that the Nomination Committee shall have the opportunity to decide to appoint a third member to the Nomination Committee, as a representative of the company's other shareholders. Any such third member shall be appointed by the Chairman of the Board.
- The Board of Directors was authorized, at the latest until the time of the next Annual General Meeting and on one or more occasions and with or without preferential rights for the shareholders, to decide on the issue of new shares, convertibles and/or warrants, provided that such an issue may not result in the company's share capital exceeding the company's maximum permitted share capital according to the articles of association. Such an issue decision may also be made with a provision for contribution in kind, set-off or other conditions.

Financial reporting
The Board of Directors monitors the quality of financial reporting by giving instructions to the CEO and establishing requirements for the content of the reports on financial conditions that are continuously submitted to the Board of Directors. The Board of Directors reviews and ensures financial reporting such as quarterly reports and annual reports, and has delegated to the company management the responsibility to ensure press releases with financial content and presentation material in connection with meetings with the media, owners and financial institutions.

External audits
The chief auditor at Forvis Mazars AB is the authorized public accountant Annika Larsson. Annika Larsson does not hold any shares in the company. Forvis Mazars AB has not received compensation for services other than auditing.

The operational unit
The CEO has overall responsibility for the Group and the business's strategic issues. The Board is responsible for ensuring that there is an effective system for internal control and risk management; the responsibility for working with these issues has been delegated to the CEO. In the organization, authorities and responsibilities have been defined in policies, guidelines and descriptions of responsibilities.

Remuneration to senior executives
The fixed remuneration of the management and the CEO shall be competitive and based on the individual's area of responsibility and performance. Variable remuneration shall be limited and linked to predetermined and measurable criteria designed with the aim of promoting the company's long-term value creation.

For the CEO, the notice period from the company is twelve months and from the individual is six months. For management personnel, the notice period from the company is three months and from the individual is three months. Remuneration to the Board and senior executives is set out in Note 3.

Auditors' fees
Forvis Mazars AB holds the audit assignment. Audit assignment refers to the review of the annual report and accounting as well as the administration of the Board of Directors and the CEO, other tasks that it is incumbent on the company's auditor to perform, and advice or other assistance that is prompted by observations during such review or the implementation of such other tasks. The fee for the audit assignment in 2024 amounted to SEK 305,400 (473,000).

Transactions with related parties
The company defines senior executives, board members and close family members of these persons as related parties.

The following transactions have been carried out during the period in addition to transactions attributable to salaries and related payments.

Related party	Transaction type	2024-12-31
aXimed AS	Administration, services, IT etc.	-61 thousand SEK
aXimed AB (publ)	Sale of goods	27 thousand SEK

Internal control and risk management in financial reporting
Internal control over financial reporting is an integral part of corporate governance within aXichem. It contains routines to secure the Group's assets and the accuracy of financial reporting and thereby aims to protect the owners' investment in the company.

The Group's organization is designed so that it can react quickly to changes in the market. Operational decisions are therefore made at the company level, while decisions on strategy, direction, acquisitions and overall financial issues are made by aXichem's Board of Directors.

The CEO reports regularly to the Board of Directors to increase awareness, transparency and control of the company's accounting, financial reporting and risk management.

Risk assessment
Risk assessment is based on the Group's financial objectives. The overall financial risks are defined and largely industry specific. By conducting risk analyses based on the Group's balance sheet and income statement, aXichem identifies which risks may pose a threat to achieving the Company's business and financial objectives.

Appropriation of profit (Amount in TSEK)

PROPOSAL FOR DISTRIBUTION OF PROFIT	
THE ANNUAL GENERAL MEETING'S DISPOSAL ARE:	
Share premium reserve	49 033 546
Retained ernings	-2 648 176
Profit/loss for the period	-17 902 736
	28 482 634
THE BOARD PROPOSES THAT:	
to the share premium reserve is transferred	28 482 634
to retained earnings is transferred	0
	28 482 634

Income statement (Amount in TSEK)

THE GROUP	Note	2024-01-01 - 2024-12-31	2023-01-01 - 2023-12-31
OPERATING INCOME			
Net sales		8 570	1 809
Other operating income		390	867
Total operating income		**8 960**	**2 676**
OPERATING EXPENSES			
Raw materials and consumables		-1 489	-400
Other external costs		-8 394	-6 302
Personnel Costs	3	-9 752	-9 233
Depreciations of tangible and intangible assets		-4 277	-3 834
Other operating expenses		-875	-225
Total operating expenses		**-24 787**	**-19 994**
OPERATING PROFIT/LOSS		**-15 827**	**-17 318**
INCOME FROM FINANCIAL INVESTMENTS			
Interest expenses and similar profit/loss items		-1 956	-3 471
Total net financial items		**-1 956**	**-3 471**
Profit/loss after financial items		**-17 783**	**-20 789**
Tax on profit for the year	4	-32	-25
Profit/loss for the year		**-17 815**	**-20 814**
Attributable to:			
Parent company shareholders		-17 813	-20 811
Non-controlling interest		-2	-3

Balance sheet (Amount in TSEK)

THE GROUP	Note	2024-12-31	2023-12-31
ASSETS			
FIXED ASSETS			
Intangible assets			
Capitalised development expenditure	5	19 991	16 830
Patents	6	26 214	27 137
		46 205	**43 967**
Tangible assets			
Equipment, tools and installations	7	11	27
		11	**27**
Financial assets			
Shares in associated companies and jointly controlled companies	9	0	0
		0	**0**
Total fixed assets		**46 216**	**43 994**

continuation >

THE GROUP	Note	2024-12-31	2023-12-31
CURRENT ASSETS			
Inventories etc.			
Finished goods		1 487	1 483
Raw materials		6 272	7 342
		7 759	**8 825**
Current receiveables			
Accounts receivable		5 216	3 545
Other receivables		297	175
Prepaid expenses and accrued income		436	642
		5 949	**4 362**
Cash and bank balances		14 359	4 309
Total current assets		**28 067**	**17 496**
TOTAL ASSETS		**74 283**	**61 490**

Balance sheet (Amount in TSEK)

THE GROUP	Not	2024-12-31	2023-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	10	11 823	4 299
Other capital contributions		206 449	174 522
Other equity		-130 325	-109 505
Profit/loss for the period		-17 813	-20 811
Shareholders' equity attributable to Parent company shareholders		70 134	48 505
Non-controling interest		24	22
Total shareholders' equity		**70 158**	**48 527**
Liabilities			
Convertible loans	11	0	10 268
Accounts payable		2 326	1 131
Tax liabilities		32	25
Other liabilities		443	413
Accrued expenses and deferred income		1 324	1 126
Total liabilities		**4 125**	**12 963**
TOTAL EQUITY AND LIABILITIES		**74 283**	**61 490**

Change of Consolidated Shareholders' Equity (Amount in TSEK)

THE GROUP	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
Opening balance 2024-01-01	**4 299**	**174 522**	**-130 316**	**48 505**	**22**	**48 527**
Convertible debentures		434		434		434
Warrants premium		371		371		371
Exchange rate differences			-5	-5		-5
New share issue	7 254	38 559		46 083		46 083
Costs new share issue		-7 437		-7 437		-7 437
Transaction with non-controlling interest			-4	-4	4	0
Profit/loss for the period			-17 813	-17 813	-2	-17 815
Closing balance 2024-12-31	**11 823**	**206 449**	**-148 138**	**70 134**	**24**	**70 158**

Cash flow analysis (Amount in TSEK)

THE GROUP	Note	2024-01-01 - 2024-12-31	2023-01-01 - 2023-12-31
OPERATING ACTIVITIES			
Operating profit/loss		-15 827	-17 318
Adjustments for non-cash items	12	4 760	4 302
Interest received		0	0
Interest paid		-1 201	-2 370
Tax paid		-32	-25
Cash flow from operating activities before changes in working capital		**-12 300**	**-15 411**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Decrease(+)/increase(-) in inventories		1066	-2 744
Decrease(+)/increase(-) in operating receivables		-1 589	2 047
Decrease(+)/increase(-) in operating liabilities		1 320	431
Cash flow from operating activities		**-11 503**	**-15 677**
INVESTING ACTIVITIES			
Acquisition of intangible non-current assets	5,6	-6 499	-5 103
Cash flow from investing activities		**-6 499**	**-5 103**
FINANCING ACTIVITIES			
New share issue		38 646	28 543
Amortization of convertible debt		-10 593	-10 000
Cash flow from financing activities		**28 053**	**18 543**
Cash flow for the year		**10 051**	**-2 237**
Cash at the beginning of the period		4 309	6 549
Exchange rate differences in cash and cash equivalents		-1	-3
Cash at the end of the period		**14 359**	**4 309**

Parent Company income statement (Amount in TSEK)

PARENT COMPANY	Note	2024-01-01 - 2024-12-31	2023-01-01 - 2023-12-31
OPERATING INCOME			
Net sales		8 570	1 809
Other operating income		390	867
Total operating income		**8 960**	**2 676**
OPERATING EXPENSES			
Raw materials and consumables		-1 489	-400
Other external expenses		-9 332	-7 342
Personnel costs	3	-8 903	-8 235
Depreciation of intangible and tangible fixed assets		-4 277	-3 834
Other operating expenses		-875	-225
Total operating expenses		**-24 876**	**-20 036**
OPERATING PROFIT/LOSS		**-15 916**	**-17 360**
INCOME FROM FINANCIAL INVESTMENTS			
Profit/loss from participations in Group companies		-30	-30
Interest expenses and similar profit/loss items		-1 956	-3 471
Total financial items		**-1 986**	**-3 501**
Profit/loss after financial items		**-17 902**	**-20 861**
Profit/loss before tax		**-17 902**	**-20 861**
Taxes	4	0	0
Profit/loss for the period		**-17 902**	**-20 861**

Parent Company balance sheet (Amount in TSEK)

PARENT COMPANY	Note	2024-12-31	2023-12-31
ASSETS			
FIXED ASSETS			
Intangible assets			
Capitalised development expenditure	5	19 991	16 830
Patents	6	26 214	27 137
		46 205	**43 967**
Tangible assets			
Tangible assets	7	11	27
		11	**27**
Financial assets			
Participations in group companies	8	138	138
Participations in associated companies	9	0	0
		138	**138**
Total fixed assets		**46 354**	**44 132**

continuation >

PARENT COMPANY	Note	2024-12-31	2023-12-31
CURRENT ASSETS			
Inventories etc.			
Finished goods		1 487	1 483
Raw materials		6 272	7 342
		7 759	**8 825**
Current receivables			
Accounts receivable		5 216	3 545
Other receivables		132	132
Prepaid expenses and accrued income		436	642
		5 784	**4 319**
Cash and bank		14 258	4 111
Total current assets		**27 801**	**17 255**
TOTAL ASSETS		**74 155**	**61 387**

Parent Company balance sheet (Amount in TSEK)

PARENT COMPANY	Note	2024-12-31	2023-12-31
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	10	11 823	4 299
Fund for development expenditure		29 496	26 043
		41 319	**30 342**
Unrestricted equity			
Share premium reserve		49 033	40 793
Retained ernings		-2 648	-2 020
Profit/loss for the year		-17 902	-20 861
		28 483	**17 912**
Total equity		**69 802**	**48 254**
LIABILITIES			
Convertible loans	11	0	10 268
Accounts payable		2 307	1 091
Liabilities to Group companies		561	502
Other liabilities		181	176
Accrued expenses and deferred income		1 304	1 096
Total liabilities		**4 353**	**13 133**
TOTAL EQUITY AND LIABILITIES		**74 155**	**61 387**

Change of Shareholders' Equity (Amount in TSEK)

PARENT COMPANY	Share capital	Fund for development expenditure	Share premium reserve	Retained earnings incl. profit/ loss for the year	Total equity
Opening balance 2024-01-01	**4 299**	**26 043**	**40 793**	**-22 882**	**48 253**
Convertible debentures				434	434
Warrants premium				371	371
New share issue	7 524		38 559		46 083
Costs new share issue			-7 347		-7 347
Change fund for development expenses		3 453		-3 453	0
Disposition of profit according to the annual general meeting			-22 882	22 882	0
Profit/loss for the period				-17 092	-17 902
Closing balance 2024-12-31	**11 823**	**29 496**	**49 033**	**-20 550**	**69 802**

Cash flow analysis (Amount in TSEK)

PARENT COMPANY	Note	2024-01-01 - 2024-12-31	2023-01-01 - 2023-12-31
OPERATING ACTIVITIES			
Operating profit/loss		-15 916	-17 360
Adjustments for non-cash items	12	4 764	4 292
Interest paid		-1 201	-2 370
Cash flow from operating activities before changes in working capital		**-12 353**	**-15 438**
Cash flow from changes in working capital			
Decrease(+)/increase(-) in inventories		1 066	-2 744
Decrease(+)/increase(-) in operating receivables		-1 492	2 059
Decrease(+)/increase(-) in operating liabilities		1 372	420
Cash flow from operating activities		**-11 407**	**-15 703**
INVESTING ACTIVITIES			
Acquisition of intangible non-current assets	5,6	-6 499	-5 103
Cash flow from investing activities		**-6 499**	**-5 103**
FINANCING ACTIVITIES			
New share issue		38 646	28 543
Amortization of convertible debt		-10 593	-10 000
Cash flow from financing activities		**28 053**	**18 543**
Cash flow for the year		**10 147**	**-2 263**
Cash at the beginning of the period		4 111	6 374
Cash at the end of the period		**14 258**	**4 111**

Additional Information

Note 1

Accounting principles and valuation principles
The Group and the parent company apply the Annual Accounts Act and the Accounting Board's general advice BFNAR 2012:1 (K3) when preparing their financial reports.

Accounting currency
The annual report is drawn up in Swedish kronor and the amounts are stated in SEK 000 unless otherwise stated.

Group accounts
The consolidated accounts include the parent company and the subsidiaries in which the parent company directly or indirectly holds more than 50% of the votes or otherwise has a decisive influence. The consolidated accounts are prepared according to the acquisition method, which means that equity that existed in the subsidiaries at the time of acquisition is eliminated as a whole. The group's equity only includes the part of the subsidiaries' equity that was added after the acquisition.

Internal profits within the group are eliminated in their entirety.

When recalculating foreign subsidiaries, the daily rate method is used. This means that the balance sheets are recalculated according to the exchange rates on the balance sheet date and that the income statements are recalculated according to the period's average exchange rates. The translation differences that arise are taken directly against the group's equity.

Holdings without controlling influence
The group treats transactions with holdings without controlling influence as transactions with the group's shareholders. The share of assets and liabilities, incl. goodwill belonging to non-controlling interests has been valued based on the group's acquisition value at the time of the business acquisition. In the case of acquisitions from non-controlling interests, the difference between the purchase price paid and the actual acquired share of the reported value of the subsidiary's net assets is reported in equity. Profits and losses on disposals to holdings without controlling influence are also reported in equity. When the group no longer has a controlling influence, each remaining holding is revalued at fair value and the change in carrying value is reported in the group's income statement. The fair value is used as the first reported value and forms the basis for continued reporting.

Shares in group companies
In the parent company, shares in group companies are initially reported at acquisition value, which includes any transaction expenses that are directly attributable to the acquisition of the shares. Issue proceeds and shareholder contributions are added to the acquisition value. Should the fair value be lower than the reported value, the shares are written down to the fair value if the decline in value can be assumed to be permanent.

Shares in associated companies and jointly controlled companies
Associated companies are those companies in which the group has significant but not controlling influence, which generally applies to shareholdings comprising at least 20% of the votes. In jointly managed companies, the business is carried out jointly by two or more parties according to the agreement. Holdings in associated companies and holdings in jointly controlled companies are reported according to the equity method and are initially valued at acquisition value. Should the fair value be lower than the reported value, the shares are written down to the fair value if the decline in value can be assumed to be permanent.

Cash flow analysis
The cash flow analysis has been prepared according to the indirect method whereby adjustment has been made for transactions that did not entail receipts or payments. In addition to cash and bank balances, short-term liquid investments that can easily be converted into a known amount and that are exposed to an insignificant risk of value fluctuation are classified as liquid assets.

Valuation principles
Assets, provisions and liabilities have been valued at acquisition value unless otherwise stated below.

Income statement
Merchandise sales
Sale of goods is recognized when the company has transferred to the buyer the essential risks and benefits associated with ownership, normally when the customer has the goods in their possession. The income is recognized at the fair value of what has been received or will be received. The company therefore reports the income at nominal value (invoice amount) if the compensation is received in liquid funds in connection with delivery. Deductions are made for discounts given.

Self-developed intangible fixed assets
Development expenses are reported according to the capitalization model as intangible fixed assets when the following criteria are met:

- it is technically and economically possible to complete the asset,
- intention and condition exist to sell or use the asset,
- it is likely that the asset will generate income or lead to cost savings,
- the expenses can be calculated satisfactorily.

The acquisition value of an internally generated intangible asset consists of the directly attributable expenses required for the asset to be used in the manner intended by management. Internally developed intangible assets are depreciated over the estimated useful life. Depreciation begins as soon as the asset is completed so that it can be used. An asset's reported value is immediately written down to its recovery value if the asset's reported value exceeds its assessed recovery value.

Tangible and intangible fixed assets
Tangible and intangible fixed assets are reported at acquisition cost with deductions for scheduled depreciation based on an assessment of the asset's useful life.

The following depreciation periods are applied:
Balanced development expenses 10 years
Patents 10 years
Equipment, tools and installations 5 years

Balanced development expenses are written off based on the estimated useful life of 10 years, which is based on analyzes of how long the asset will add value to the group.

Additional Information

Write-downs
Intangible fixed assets that have not yet been completed are tested for impairment every year or as soon as there is an indication of a decline in value. During the impairment test, the asset's recovery value is determined. If the asset's book value exceeds the recovery value, the asset is written off down to this value. The recovery value is defined as the higher of the market value and the value in use. The value in use is defined as the present value of the estimated future payments that the asset generates. Write-downs are reported on the income statement.

Leasing
Leases are classified as either finance or operating leases. Financial leasing exists when the economic risks and benefits associated with the leased object have in all material respects been transferred to the lessee. Otherwise, it is a matter of operational leasing. The group has no financial leasing agreements, which is why all leasing agreements are reported as operational leasing agreements, which means that the leasing fee is distributed linearly over the leasing period.

Financial instruments
Financial assets and liabilities are reported according to the acquisition value method. Long-term liabilities are reported at accrued acquisition value, which corresponds to the present value of future payments discounted with the effective interest rate calculated at the time of acquisition. Short-term receivables are reported at the lower of acquisition value and net sales value. Short-term liabilities, which are expected to be settled within 12 months, are reported at nominal amount.

Convertible debt
Convertible liabilities are reported divided into a debt part and an equity part. The fair value of the debt part at the time of issue is calculated by discounting the future payment flows with the current market interest rate for a similar debt, without the right to conversion. The value of the part reported in equity is calculated as the difference between the issue proceeds and the fair value of the financial debt. The part reported in equity consists of the value of the built-in option right to convert the debt instrument into shares. The interest expense is reported in the income statement and calculated according to the effective interest method.

Loan expenses
Borrowing expenses are charged to the result for the year to which they relate.

Receivables and liabilities in foreign currency
Receivables and liabilities in foreign currency have been converted to the exchange rate on the balance sheet date. The difference between the acquisition value and the value on the balance sheet date has been reported in the income statement.

Income taxes
Accounting for income tax includes current tax and deferred tax. The tax is reported in the income statement, except in cases where it refers to items that are reported directly in equity. In such cases, the tax is also reported in equity. Deferred tax is reported according to the balance sheet method on all material temporary differences. A temporary difference exists when the book value of an asset or liability differs from the tax value. Deferred tax is calculated using the tax rate that has been decided or notified as of the balance sheet date. Deferred tax assets are reported to the extent that it is likely that future tax surpluses will exist against which the temporary differences can be used.

Inventory
The inventory has been valued at the lower of acquisition value and net sales value. When determining the acquisition value, the first-in-first-out principle has been applied.

Compensation to employees
Liabilities for wages and benefits that are expected to be settled within 12 months after the end of the financial year are reported as current liabilities at the amount expected to be paid when the debts are settled, without regard to discounting.

The cost is reported as the services are performed by the employees.

The group only has defined contribution pension plans for compensation after termination of employment. Once the fee is paid, the company has no further obligations. The premium paid is recognized as an expense as the pension is earned.

Employee stock options
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 and are reported as staff costs and additions to equity in line with vesting.

Note 2

Estimates and assessments
To prepare financial reports, company management makes assessments and estimates that affect the reported amounts of assets and liabilities, income and costs. Actual results may differ from these estimates and judgments. The estimates and assumptions that may lead to a risk of significant adjustments in reported values for assets and liabilities are primarily valuation of intangible fixed assets. Every year it is tested whether there is any indication that the value of assets is lower than the reported value. If there is an indication, the asset's recovery value is calculated, which is the highest of the asset's fair value with deductions for sales costs and value in use. Considering the business opportunities that the patents have, the board considers that there is no need for write-downs.

Additional Information

Note 3 The average number of employees, salaries and other compensation

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 staff 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.

	THE GROUP		PARENT COMPANY	
	2024	2023	2024	2023
AVERAGE NUMBER OF EMPLOYEES				
Sweden	5	5	5	5
Norway	2	2	0	0
Total	**7**	**7**	**5**	**5**
Whereof women	3	3	2	2
Whereof men	4	4	3	3

BOARD AND MANAGEMENT	**2024**	**2023**	**2024**	**2023**
Board	6	6	6	6
Whereof women	0	1	0	1
Whereof men	6	5	6	5
CEO and other management	2	2	2	2
Whereof women	0	0	0	0
Whereof men	2	2	2	2

PERSONNEL COSTS	**2024**	**2023**	**2024**	**2023**
Board and CEO				
Salaries and benefits	2 444	2 363	2 444	2 363
Compensation for pension	288	288	288	288
Social security costs	154	141	154	141
(wereof pension costs)	0	0	0	0
Total Board and CEO	**2 886**	**2 792**	**2 886**	**2 792**

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	THE GROUP		PARENT COMPANY	
	2024	2023	2024	2023
OTHER EMPOLYEES				
Salaries and benefits	4 937	4 727	4 218	3 872
Compensation for pension	289	269	289	269
Social security costs	1 605	1 429	1 475	1 285
(wereof pension costs)	(649)	(576)	(629)	(541)
Total other employees	**6 831**	**6 425**	**5 982**	**5 426**
Total personnel costs	**9 717**	**9 217**	**8 686**	**8 218**
(wereof pension costs)	(649)	(576)	(629)	(541)

Remuneration to the Board is included in the item personnel costs in the income statement.

Additional Information

Note 4 Tax on profit/loss for the year	THE GROUP		PARENT COMPANY	
	2024	2023	2024	2023
Current tax	-32	-25	0	0
Deferred tax	0	0	0	0
Total	**-32**	**-25**	**0**	**0**
REPORTED TAX				
Profit/loss before tax	-17 783	-20 790	-17 902	-20 861
Tax at current tax rate, 20,6% (20,6 %)	3 663	4 282	3 688	4 297
RECONCILIATION OF REPORTED TAX				
Non-deductible costs	-158	-236	-158	-236
Tax effect of issue costs	1 532	1 274	1 532	1 274
Unvalued deficit deductions	-5 069	-5 345	-5 062	-5 335
Total	**-32**	**-25**	**0**	**0**

Note 5 Balanced development expenditure	THE GROUP		PARENT COMPANY	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening acquisition value	22 348	19 028	22 348	19 028
Purchase	5 090	3 320	5 090	3 320
Closing accumulated acquisition values	**27 438**	**22 348**	**27 438**	**22 348**
Opening depreciation	- 5 518	-3 899	-5 518	-3 899
This year's depreciations	-1 929	-1 619	-1 929	-1 619
Closing accumulated depreciation	**-7 447**	**-5 518**	**-7 447**	**-5 518**
Reported value	**19 991**	**16 830**	**19 991**	**16 830**

Note 6 Patents	THE GROUP		PARENT COMPANY	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening acquisition value	36 668	34 885	36 668	34 885
Purchase	1 408	1 783	1 408	1 783
Closing accumulated acquisition values	**38 076**	**36 668**	**38 076**	**36 668**
Opening depreciation	-9 531	-7 341	-9 531	-7 341
This year's depreciations	-2 331	-2 190	-2 331	-2 190
Closing accumulated depreciation	**-11 862**	**-9 531**	**-11 862**	**-9 531**
Reported value	**26 214**	**27 137**	**26 214**	**27 137**

Note 7 Equipment, tools and installations	THE GROUP		PARENT COMPANY	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening acquisition value	205	205	205	205
Purchase	0	0	0	0
Closing accumulated acquisition values	**205**	**205**	**205**	**205**
Opening depreciation	-178	-153	-178	-153
This year's depreciations	-16	-25	-16	-25
Closing accumulated depreciation	**-194**	**-178**	**-194**	**-178**
Reported value	**11**	**27**	**11**	**27**

Additional Information

Note 8 Shares in group companies

Company	Registrated office	Share of capital	Reported value
aXichem AS	Bergen Norway	100%	32
Incendia Pharma AB	Malmö, Sweden	85%	106
Total			**138**

	PARENT COMPANY	
	2024-12-31	2023-12-31
Opening acquisition value	228	198
Shareholder contributions	30	30
Closing accumulated acquisition values	**258**	**228**
Opening write-downs	-90	-60
This years write-downs	-30	-30
Closing write-downs	**-120**	**-90**
Reported value	**138**	**138**

Note 9 Shares in associated companies and jointly controlled companies

Company	Corporate reg. No	Registered office	Share of capital	Reported value
DACWR ApS	37831778	Aarhus, Denmark	50%	0

	THE GROUP		PARENT COMPANY	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening acquisition value	31	31	31	31
Write-downs	-31	-31	-31	-31
Reported value	0	0	0	0

Note 10 Share capital information

	Share capital (tkr)	Number of shares	Quota value per share
At the year's beginning	4 299	21 496 325	0,2
New share issue	7 524	37 618 580	0,2
At the year's end	**11 823**	**59 114 905**	**0,2**

All shares are of series A with 1 vote each.

Note 11 Convertible debts

As of December 31, 2024, all convertible liabilities are settled.

In connection with the new issue of Units, which was carried out in March 2024, the convertible loan, which as of December 31, 2023 amounted to 10,268 thousand SEK with a nominal value of 10,526 thousand SEK, was settled and partially replaced with a new convertible loan of 5,263 thousand SEK. The new convertible loan carried an annual interest rate of 12% + Stibor 3 months. The loan was repaid in full in connection with the use of TO1A in October 2024.

Note 12 Items not affecting cash flow

	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Depreciation	4 277	3 834	4 277	3 834
Unrealized exchange rate gains/losses	-4	-20	0	0
Effect of warrants	487	488	487	488
Write-down	0	0	0	-30
Total	**4 760**	**4 302**	**4 764**	**4 292**

Additional Information

Note 13 Significant events after the balance sheet date

- On February 4, 2025, it was announced that the company will expand the number of studies regarding efficacy that form part of the basis for supplementing aXichem's application for Feed Additive approval in the EU for the company's product phenylcapsaicin as a salmonella-inhibiting additive in chicken feed. The company will conduct an additional efficacy study and, based on previous positive efficacy data, assesses that this is the only thing that remains for a complete application. The expanded studies affect the estimated time of submission to the European Food Safety Authority (EFSA) that the company announced in connection with the presentation of the quarterly report on November 29, 2024.

- On February 12, 2025, aXichem announced that the company had received an order for the feed additive aXiphen from the distributor Chr. Olesen. The order value is approximately SEK 7 million and delivery will be made to Chr. Olesen's operations in Brazil through call-offs during the current year

- On March 5, 2025, the company announced preliminary results from its latest randomized, placebo-controlled, crossover study, which mapped the effects of aXivite® (phenylcapsaicin) on high-intensity CrossFit performance and recovery. The study, conducted by Dr. Pablo Jiménez Martínez and his team in Spain, is part of a government-funded research initiative for doctoral students aimed at improving performance through new bioactive compounds. Preliminary data confirm that aXivite® significantly improves strength, endurance and recovery, which strengthens the product's commercial potential in the fast-growing global market for sports and exercise nutrition products.

- On March 18, 2025, it was announced that the company had taken out a credit facility of SEK five million with support from the European Investment Fund (EIF). The loan is being taken out to secure financing for the production of aXichem's animal feed additive aXiphen, for delivery to the company's distributor in Brazil, Chr. Olesen.

- On April 16, 2025, it was announced that it had decided to appoint Erik Lager as Chief Operating Officer (COO), to continue to ensure quality in orders, production and delivery during the company's commercial expansion. Erik Lager has been Chief Technology Officer (CTO) at aXichem since 2019.

- On April 28, 2025, it was announced that GLP-Activate™, which was launched in April 2024 by Triquetra Health, is now one of the distributor's leading products and an important growth driver for aXichem's dietary supplement ingredient aXivite.

- On May 12, 2025, the company announced that, following very successful tests at a major production facility in Brazil, it had received the first call-off for aXiphen® within the framework of the order from distributor Chr. Olesen, totaling approximately SEK 7 million, which the company had previously communicated. The value of the call-off order amounts to approximately SEK 1.5 million and is scheduled for delivery in the second quarter.

Additional Information

Note 14 Transactions with related parties

The company defines senior executives, board members and close family members of these people as related parties.

The following transactions with related parties have been carried out during the year in addition to transactions attributable to salaries and there to related payments.

		THE GROUP		PARENT COMPANY	
Related party	**Transaction**	**2024-12-31**	**2023-12-31**	**2024-12-31**	**2023-12-31**
aXimed AS	Administration, hired staff, premises rent, IT services, etc.	-61	-62	-61	0
Norbiotech	Consultant fee	0	-36	0	-36
JGB	Consultant fee	0	-50	0	-50
aXimed AB (publ)	Sale of goods	27	232	27	232

Note 15 Definition of key figures

Solidity
Adjusted equity as a percentage of total assets

Earnings per share after tax
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

Lund, at the date according to digital signature

Jan Gustavsson
Chairman of the Board

Torsten Helsing
Board member and CEO

Michael Engström
Board member

Christian Månsson
Board member

Jørn Berthelsen
Board member

Edward van den Elsen
Board member

Our audit report has been submitted at the date according to digital signature
Forvis Mazars AB

Annika Larsson
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of aXichem AB (publ), corporate identity number 556739-8663

Report on the annual accounts and consolidated accounts

Opinions
We have audited the annual accounts and consolidated accounts of aXichem AB (publ) for the year 2024. The annual accounts and consolidated accounts of the company are included on pages 31 - 57 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

O*ther Information than the annual accounts and consolidated accounts*
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1 - 30. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.
In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.
In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast

significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of aXichem AB (publ) for the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.
Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.
As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Malmö on the day indicated by electronic signature
Forvis Mazars AB

Annika Larsson
Authorized Public Accountant