

Helsingborg, September 28, 2022

PRESS RELEASE

## **General update Axolot Solutions - The positive development continues despite a challenging situation in the world**

Since we published our latest interim report, the Axolot team has continued working at full speed. Despite all challenges we see in the world, we strongly believe that Axolot is developing in the right direction and the expectations we put on ourselves are high. Our intention with this update is twofold; primarily to fill the time gap that may arise between the more formal press releases we publish and secondly to make sure that shareholders and other interested parties are provided with a somewhat broader information about the progress in and around Axolot right now, as well as the direction we are moving in going forward.

### THE TEAM

During last week, our entire Swedish team met in Landvetter. This gave us an opportunity to review in detail our present status, as well as our way forward. The energy level was high, and I would say that we today have a stronger team than ever before. Despite the fact that we still are a small team I must say that we together possess an impressive and unique combined competence. The Swedish team today consists of seven people – Lennart Holm, Managing Director with a history within the process industry, today focusing on customer contacts; Martin Ragnar, our Vice President and guru in chemistry who is responsible for research and development as well as for sales in Sweden; Anita Haak who is our experienced CFO, dealing with finance, administration and IT, our two application technicians Jonas Vessfjord, an experienced systems constructor from the food industry, and Patric Kvist, Doctor of Technology in chemistry, from Chalmers' University. Furthermore, on a consultancy basis, we have engaged two really experienced colleagues – Lennart Hagelqvist taking responsibility for process technology, manufacturing and installation, and Martin Troede who is our expert in marketing and business concepts. In addition to our core team, we have established cooperations with a number of specialists, suppliers and component manufacturers, all on a project basis. The idea here is to work in a resource efficient manner, thereby limiting our fixed costs.

### MARKET AND DELIVERIES

Many of those who follow Axolot Solutions have for sure noticed that we since late spring this year have devoted a substantial amount of resources and time on our joint project with Ahlstrom-Munksjö, Aspa Bruk. Before the summer, we installed a portable system at Aspa Bruk, this with a capacity of 30 m<sup>3</sup>/h. We have since then been running it during a longer period, thereby gaining a lot of valuable knowledge and operational experience. After the summer, we decided together with Aspa Bruk to prolong the evaluation period until late September. The reasons were twofold: We wanted to further optimize and refine the system, but additionally we also wished to evaluate some exciting process improvements which now have proved to function really well. We are now able to conclude that our portable system is functioning very well, why we now are in a position to offer Aspa Bruk a permanent full-scale Axo-Pur<sup>®</sup> solution. Such an installation will enable the mill to meet all requirements set by the environmental authorities in a very cost-efficient way. I don't believe that there is any other technology available on the market today that can offer a similar performance and cost efficiency. Additionally, the system has proven to be both reliable and easy to operate, which is of significant importance for a process industry.

We are now wrapping up the evaluation phase and in cooperation with Aspa Bruk developing a detailed project planning of a full-scale system which will be designed for a capacity ten times that of the portable unit, this means 300 m<sup>3</sup>/h. Based on this work we will be able to submit an offer to the customer for a permanent installation which we hope will fulfill the customer's needs, securing a continuation of the project.

Interestingly enough, the trials at Aspa have sparked an interest with other pulp mills. We will therefore now move our portable system directly from Aspa to another potential customer with similar needs. We are very pleased to be able to state that we already now have received requests from additional mills wishing to evaluate AxoPur, which is really great.

The facility that we are designing for Aspa is relatively big, and you can say that it constitutes one out of two types of system categories that we will focus on going forward. AxoPur systems with a capacity of 100 m<sup>3</sup>/h and more belongs to a category of bigger systems. Each such system will be designed based on individual customer needs. In parallel, we have developed a smaller, more standardized, system. It is designed to be accommodated in a container, alternatively to be installed in premises corresponding to the floor area of a 20 feet container. The smaller systems can be delivered at a capacity adapted to each customer's needs, from 2 to 30 m<sup>3</sup>/h. Within that interval, there are many customers needing cost efficient purification systems. The fact that we now will standardize the smaller systems means that we will be able to keep down manufacturing costs and delivery times, this despite the recent price increases for different components. It is my belief that the customer discussions we have ongoing right now will result in the delivery of a number of standardized systems. We must however conclude that delivery times from order to start-up have increased from around four to above six months, this due to the difficulties in getting hold of certain key components.



Process water from a smeltery, before (the sample to the left) and after (samples in the middle and to the right) purification with AxoPur.

## ELECTRICITY AND WATER CONSUMPTION IN FOCUS

The substantial increase in energy prices has resulted in a number of questions regarding the energy consumption of AxoPur. This given the fact that we work with an electro-chemical technology where electricity is a key raw material in the process. *The fact though is that our technology becomes more competitive, compared to alternative methods, the higher the price of electricity gets.* In a normal application we talk about an energy consumption of one or a few kWh/m<sup>3</sup>, which is far below the direct and indirect energy consumption of most alternative methods.

Like so many other companies involved in project-based sales, Axolot did experience that the period during Covid-19 was extremely challenging, since it was difficult to reach out to customers. During 2022 we have seen a significant change in the market. Issues around water are now more in focus than ever before. An increasing number of our potential customers are showing interest in our solution.

## PRIORITIZED SEGMENTS AND BUSINESS CONCEPT

Our technology is actually suitable for a wide range of different application areas. We are however a small organization. In order to secure a momentum forward we need to focus. This gives that we have to limit the number of market segments that we approach. During the last six months, we have put a lot of focus on larger systems, this as a consequence of our project at Aspa Bruk. If we look a few

years ahead, our plan is to continue to work with the forest industry, but we will also prioritize applications where there is a need to purify waters containing heavy metals, oil and heavy organic compounds. Another prioritized application area will be fish farming and fish slaughteries, here environmental requirements are becoming increasingly strict at the same time as the market is growing. Geographically, this means that we outside of Sweden also will focus on the Norwegian market where we now are in the final phase of establishing a Norwegian joint venture company.

Although it is tempting to widen the geographical scope, we will not expand outside of our “home” market for now. In a somewhat longer perspective, we acknowledge the existence of a very significant market outside of Scandinavia, but as we say in Swedish – the grass is not greener on the other side. We need to establish a solid operation on our home market before we move on. The importance of well-functioning reference systems cannot be over-estimated.

When it comes to our business concept, it is getting more and more obvious that Axolots’ offer should consist of a combination of system sales and service contracts. Through the latter we guarantee a high degree of functionality through a regular exchange service of the consumed reactors. Axolot will own its reactors and provide these to our clients as part of the service offering, an advantage to the customers, being guaranteed availability and functionality, at the same time as Axolot secures its control of the technology. Customers may choose to invest in and own their AxoPur system, but we will also offer a rental or lease alternative if they prefer.

In addition to the exchange services for the reactors, we have come to realize that there is a need for a concept around the handling of the floc of contaminants that AxoPur separate out in the process. Many customers want a holistic solution where we not only can purify the water but also take care of the contaminated floc. We have a dialogue with several companies interested in the floc and who see it as a possible raw material in their processes. The circular society is on the rise, and thereby it becomes increasingly important to make use of every available material in the processes. Within this area our intention is to apply for several patents going forward.

## SUMMARY

Through this brief update I hope to have succeeded in conveying our feeling that Axolot is moving in a positive direction despite a challenging situation in the world. During 2022 we have taken several steps when it comes to performance and cost efficiency. The interest from the market keeps growing at the same time as the water issues become more and more a prioritized area. As we continue moving forward, we have a clear ambition to keep you informed. This means we intend to release updates on a somewhat more frequent basis than in the past. Thank you for showing an interest in our company and for all support you show us in different ways.

Lennart Holm

President and CEO, Axolot Solutions

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### **About Axolot Solutions**

Axolot Solutions Holding AB is a Swedish environmental technology company, providing systems for industrial water purification. The company offers a holistic solution based upon a proprietary technology. Axolot Solutions’ water purification concept is cost efficient and enables a high degree of purification as well as recirculation of the water. This leads to a reduced environmental footprint. Axolot Solutions also has business activities in Finland, through its affiliated company Axolot Solutions Finland Oy. More information about the Company and its business activities can be found at [www.axolotsolutions.com](http://www.axolotsolutions.com).

Axolot Solutions Holding AB is based in Helsingborg, Sweden, and its shares (ticker: Axolot) are listed at Nasdaq First North Growth Market, Stockholm, since November 21, 2018. FNCA Sweden AB is the Certified Adviser of Axolot Solutions. FNCA Sweden AB can be reached at [info@fnca.se](mailto:info@fnca.se).