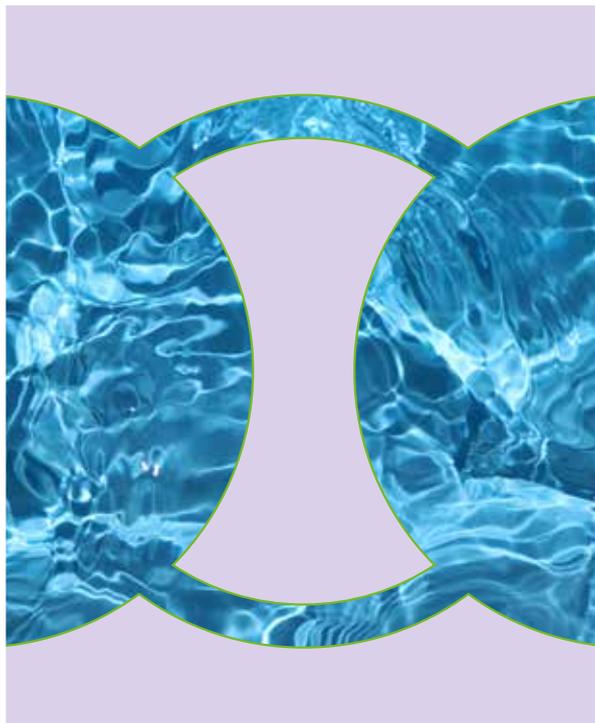
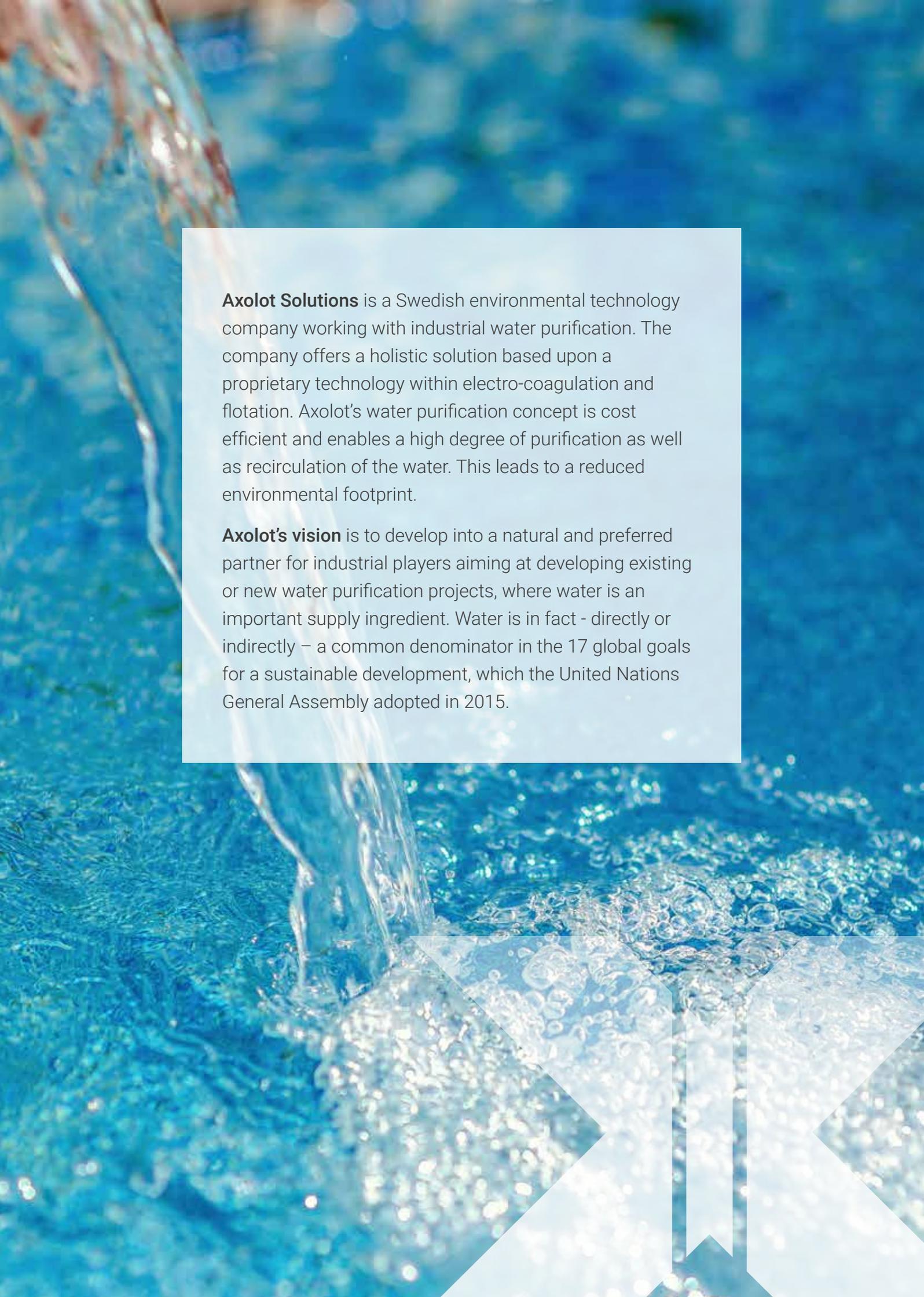


INTERIM REPORT

JANUARY – MARCH 2022

Q1





Axolot Solutions is a Swedish environmental technology company working with industrial water purification. The company offers a holistic solution based upon a proprietary technology within electro-coagulation and flotation. Axolot's 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's vision is to develop into a natural and preferred partner for industrial players aiming at developing existing or new water purification projects, where water is an important supply ingredient. Water is in fact - directly or indirectly – a common denominator in the 17 global goals for a sustainable development, which the United Nations General Assembly adopted in 2015.

THE LAUNCH OF HIGHLY EFFICIENT AXOPUR® 2.0 OPENS UP NEW MARKETS

Summary of the first quarter 2022

Financially

- Net sales amounted to 528 tSEK (483 tSEK for the corresponding quarter in 2021), which refers to customer trial activities and studies.
- Other revenues were 1 tSEK (190), where the revenue in the comparison period relates to public research grants and project support.
- Earnings before interest and tax became -4 104 tSEK (-4 445).
- Net earnings per share amounted to -0,08 SEK (-0,10).
- Liquid funds were 8 773 tSEK at the end of the first quarter 2022. In order to enable continued expansion, it should be expected that Axolot Solutions will need new financing during the second half of 2022. The Board's judgement is that the prospects of finding financing are good.

Operationally

- Axolot launched AxoPur 2.0, a new and upgraded generation of the company's unique AxoPur technology. The new generation's system enables purification of substantially higher water flows at the same time as it gives a sharp reduction of the energy consumption. This opened up new market segments for Axolot, like for example municipal operations and process industries, with higher flows of sewer and process water.
- Axolot Solutions and Ahlström-Munksjö Aspa Bruk signed an agreement for extensive test activities aiming at reducing the phosphorus emissions from Aspa Bruk.

The installation of an AxoPur system with a goal capacity of 30 m³/h has been going on during the first quarter, and trial runs have started in April.

- Agreements were also signed for trial activities with customers within surface treatment and in the oil industry. Other customer trials within different sectors continued, for example there were successful tests within the application vehicle washing.
- The development in Ukraine has led to increasing prices for construction material and system components, as also for consumption material and energy.

Key events during the first quarter 2022

- Axolot Solutions' agreement with Ahlström-Munksjö Aspa Bruk for extensive test activities aiming at reducing the phosphorus emissions was a key event for Axolot during the first quarter.

Key events after the end of the first quarter 2022

- The installation of a trial equipment with a goal capacity of 30 m³/h at Aspa Bruk was finalized in April, and trial runs have started.
- A notice of an Extraordinary General Meeting on May 5th was published in the beginning of April. The General Meeting will be held by advance voting. The main agenda items are proposed changes in the articles of association regarding the number of shares and the amount of share capital, as well as an authorization to the Board for the issue of shares. The Annual General Meeting will be held on June 1st and also this notice has been published in April.

Key figures in summary Axolot Solutions Group

tSEK	Quarter 1		Quarter 1-1		Year
	2022	2021	2022	2021	2021
Net sales	528	483	528	483	2 534
Other revenues, incl. activated development costs	145	190	145	190	791
Earnings before interest, tax and depreciation	-2 737	-3 122	-2 737	-3 122	-12 907
Earnings before interest and tax	-4 104	-4 445	-4 104	-4 445	-18 300
Net earnings	-4 104	-4 445	-4 104	-4 445	-18 303
Net earnings per share (SEK) *	-0,08	-0,10	-0,08	-0,10	-0,36
Cash flow from current operations and investment activities	-4 095	-3 134	-4 095	-3 134	-13 611
Liquid funds at the end of the period	8 773	23 337	8 773	23 337	12 868
Equity at the end of the period	17 366	35 339	17 366	35 339	21 448
Number of employees at the end of the period	7	8	7	8	7

* Calculated on the average number of shares during the period.

PRESIDENT'S COMMENTS

Many exciting things are going on in Axolot right now, this after a couple of years when the covid pandemic slowed down our pace of development. We have taken a big technological leap; we notice a growing active interest from the market, and we are in advanced discussions regarding installations which can give us the references that we need in order to really get going. Acknowledging the significant concerns around the world, caused by Russia's invasion of Ukraine, I still have the feeling that it is now, in 2022, that it will happen for Axolot.

I have been a part of Axolot since 2014, both as a founder and as a Board member and have followed closely the development of the company. For the past six months, I have been engaged much more operationally in Axolot since I got the privilege to step in as the company's President. This period has coincided with a declining pandemic, so of course there has been a general positive market development. The interest in Axolot and our water purification solutions today appears to be bigger than ever, which is great. The belief in a positive future increases even more when we take into account the launch in the first quarter 2022 of the new generation's technology AxoPur® 2.0. This opens up completely new markets.

Axolot has a fantastic base technology, but we must acknowledge that the Covid pandemic was a major challenge for us. Our customers are to be found within the manufacturing industry, and for key parts of their personnel working from home has not been an option. These people are critical for the production and in order to protect them the employers did what they could to minimize their exposure to other people. That resulted in difficulties for us to visit new customers and introduce and demonstrate our technology. For a company in the development phase, this constitutes a huge commercial challenge. How do you sell a new technical solution unless you are allowed to show it, especially when the number of reference installations still is limited. During the first quarter of 2022, the situation has however started to change rapidly. The



Lennart Holm, President and CEO

President's comments

industrial companies now have a need to take care of their accumulated process engineering challenges. Environmental and sustainability issues seem to be very high on their agenda. This has filled our calendar during the past quarter.

The fact that we during the quarter have launched the next generation's technology, AxoPur 2.0, also opens up the door to new markets and more business. This new development, which of course is based on the same electro-chemical grounds but with a partly different reaction mechanism, means we can reduce the running costs substantially at the same time as the capacity increases. Thereby, we can seriously start to work our way into the process industry, which actually was our goal when we founded Axolot in 2014. Our AxoPur 1.0 technology, that we have used until now, will continue to be used for certain water flows where the pollutants to be eliminated are extra difficult and where the flow is lower than 50 m³/h. For the rest of the market, we believe that the new generation's technology is going to dominate. For the moment we can handle flows up to 250 m³/h and with time substantially higher flows than that.

Commercial focus and increased resources

Just like in preceding quarters, we have continued to make customer trials and studies. In general, these have been successful, and the activities continue. The development pace varies with individual customers, some want to continue to explore and refine directly, others need some more time to think and in some cases they have chosen more traditional solutions to their challenges, despite the fact that we believe our solution is giving better results. The fact that we still only have relatively few and small systems in commercial operation creates some uncertainty with certain customers. Not all are willing to be frontrunners, they prefer to follow in other companies' footsteps. This feels frustrating but is a common challenge when it comes to technological innovation. In other words, it is very important that we manage to establish more reference systems. Once this has been achieved, I am convinced that the wheels will start turning faster and faster.

Axolot has a small and committed organisation where everyone is working hard. Here and now, we have focused our resources on a limited number of key activities. During the past quarter we have put a lot of efforts on a few specific customer projects. If we are successful in those cases, they will result in those important reference systems which we need to establish. One key project right now is Ahlstrom-Munksjö Aspa Bruk where we at this very



After the technological development during 2021, it is Axolot's ambition in 2022 to start expanding its business to a broader application area, where the focus on the process industry will increase.

President's comments

moment are installing our biggest AxoPur system so far, this for a three months' trial. The objective is to reduce the emissions of phosphorus to a level that will comply with future environmental restrictions. This is an exciting project run closely together with the customer Aspa Bruk. In Sweden alone, if the project is successful, there is a number of similar customers with similar challenges that we will be able to approach. During the quarter we have also continued our work with waters contaminated by a mixture of metals and fat. This is an application area where we have a very strong competitive advantage, and we are involved in many parallel customer activities. I believe this is going to be rewarding within the near future.

For the moment we have five AxoPur systems up running and additionally some pilot systems that we use for the customer trials. Some of them are smaller units, but nevertheless we can conclude that they are working well. I am now convinced that already this autumn we will put several systems into operation, and I believe they will be bigger and more complex than the ones we already installed.

We need to grow as an organisation at the same pace as the activities and the business opportunities increase. In the short term, we have engaged some really experienced resources within system installation and sales. Additionally, we are recruiting new colleagues. The interest in working with sustainable companies like Axolot seems big and we get qualified, great candidates. For a growing company there has to be balance between expansion and cost control – this is not an easy equation, but we are aware of it and will be able to handle it.

Looking ahead

As I have already concluded in other contexts, it has taken a number of years for Axolot to reach the phase where we are today. It has not been an easy ride, but we have proven that we are persistent. Right now, the company starts to gear up based on all experiences gathered since the beginning. Step by step it is time to speed up and release the potential. This is going to be very exciting!

Lennart Holm
President and CEO



AxoPur system in regular operation.

FINANCIAL OVERVIEW

The Group

Income statement Axolot Solutions Group

tSEK	Quarter 1		Quarter 1-1		Year 2021
	2022	2021	2022	2021	
Net sales	528	483	528	483	2 534
Activated development costs	144	0	144	0	424
Other revenues	1	190	1	190	367
Total revenues	673	673	673	673	3 325
Costs for raw material and supply	-203	-215	-203	-215	-873
Other external costs	-1 699	-1 655	-1 699	-1 655	-7 599
Personnel costs	-1 503	-1 917	-1 503	-1 917	-7 724
Depreciation and write-down	-1 367	-1 323	-1 367	-1 323	-5 393
Other external costs	-5	-8	-5	-8	-36
Earnings before interest and tax	-4 104	-4 445	-4 104	-4 445	-18 300
Financial items, net	0	0	0	0	-3
Earnings before tax	-4 104	-4 445	-4 104	-4 445	-18 303
Current tax	-	-	-	-	-
Net earnings	-4 104	-4 445	-4 104	-4 445	-18 303
Earnings before interest, tax and depreciation	-2 737	-3 122	-2 737	-3 122	-12 907

Revenues and earnings

The first quarter

Total revenues during *the first quarter 2022* amounted to 673 tSEK (673 tSEK also for the corresponding period in 2021). Out of this, net sales were 528 tSEK (483), which relates to trial runs and studies. Activated development costs were 144 tSEK during the quarter (0). This refers to the development of AxoPur systems handling bigger flows, with a reduced energy consumption. Other revenues were 1 tSEK (190) where the amount in the reference period is mainly public research grants and project support.

Earnings after financial items in the first quarter 2022 were -4 104 tSEK (-4 445). The main reason for the improvement in the results is lower personnel costs. There were no financial loans and so the financial net was approximately zero during the period.

Balance sheet
Axolot Solutions Group

tSEK	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
<i>Fixed assets</i>			
<u>Intangible fixed assets</u>			
Activated development costs	3 620	4 943	3 960
Patents, licenses and similar rights	598	1 854	912
Total Intangible fixed assets	4 218	6 797	4 872
<u>Tangible fixed assets</u>			
Tangible fixed assets	5 524	6 202	5 019
Total Tangible fixed assets	5 524	6 202	5 019
Total Fixed assets	9 742	12 999	9 891
<i>Current assets</i>			
Inventory	67	6	67
Accounts receivable	266	578	372
Other current receivables	1 255	985	750
Total current assets excl. cash and cash equivalents	1 588	1 569	1 189
Cash and cash equivalents	8 773	23 337	12 868
TOTAL ASSETS	20 103	37 905	23 948

tSEK	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Equity	17 366	35 339	21 448
<i>Current liabilities</i>			
Accounts payable	1 097	838	819
Other current operating liabilities	1 640	1 728	1 681
Total current liabilities	2 737	2 566	2 500
TOTAL EQUITY AND LIABILITIES	20 103	37 905	23 948

Cash flow

Axolot Solutions Group

tSEK	Quarter 1		Quarter 1-1		Year
	2022	2021	2022	2021	2021
<i>Cash flow from current operations</i>					
Earnings after financial items	-4 104	-4 445	-4 104	-4 445	-18 303
Depreciation and other non-cash items	1 367	1 323	1 367	1 323	5 393
Paid income tax	-	-	-	-	-
Change in inventory	0	0	0	0	-61
Change in current receivables	-399	153	-399	153	600
Change in current liabilities	254	-20	254	-20	-133
Cash flow from current operations	-2 882	-2 989	-2 882	-2 989	-12 504
<i>Cash flow from investment activities</i>					
Acquisition of tangible fixed assets	-1 069	-61	-1 069	-61	-599
Investments in patents	0	-84	0	-84	-84
Acquisition of intangible fixed assets	-144	0	-144	0	-424
Cash flow from investment activities	-1 213	-145	-1 213	-145	-1 107
<i>Cash flow from financing activities</i>					
Issue of shares	-	5 179	-	5 179	5 179
Costs related to issue of shares	-	-2 180	-	-2 180	-2 180
Cash flow from financing activities	-	2 999	-	2 999	2 999
CASH FLOW	-4 095	-135	-4 095	-135	-10 612
Liquid funds at the start of the period	12 868	23 472	12 868	23 472	23 472
Exchange rate differences	0	0	0	0	8
Liquid funds at the end of the period	8 773	23 337	8 773	23 337	12 868

Cash flow and liquidity

Cashflow from current operations and investments for the *first quarter of 2022* was -4 095 tSEK (-3 134). During the quarter, earnings before depreciation and adjusted for non-cash items were -2 737 tSEK (-3 122), the change in working capital and inventory was -145 tSEK (+133) and investments were -1 213 tSEK (-145). Investments were made in conceptual development of the AxoPur system, to handle larger flows, as well as in tangible components and construction/installation of a bigger system. This system has already started to be used in the agreed trial activities at the customer Aspa Bruk. The system can also be sold commercially at some future stage.

Cashflow from financing activities amounted to 0 tSEK (+2 999) in the first quarter of 2022. In the comparison period in 2021, the last payment was effectuated in the issues of shares that were ongoing at year end 2020/21, net from the costs for the same.

At the end of the first quarter 2022, the liquid funds were 8 773 tSEK. In order to enable continued expansion, it should be expected that Axolot Solutions will need new financing during the second half of 2022. The Board is evaluating different options. Given the positive interest shown by the market at present, combined with a number of business opportunities under discussion – not least based on the new AxoPur generation – the Board's judgement is that the prospects of finding financing are good.

Change in equity Axolot Solutions Group

tSEK	Quarter 1		Quarter 1-1		Year 2021
	2022	2021	2022	2021	
Equity, opening balance	21 448	39 783	21 448	39 783	39 783
Exchange rate differences	22	1	22	1	-32
Net earnings	-4 104	-4 445	-4 104	-4 445	-18 303
Equity, closing balance	17 366	35 339	17 366	35 339	21 448

Share capital and ownership

General information about the Axolot share

The Axolot Solutions Holding AB shares are quoted on the Nasdaq First North Growth Market since November 2018, under the ticket AXOLOT.

The share capital of the Company amounted to 2 689 868 SEK at the start of 2022. The number of shares was 53 797 369, with a quotient value of 0,05 SEK each. No changes took place during the first quarter 2022. The company doesn't have any preference shares and all shares carry the same right to dividends.

Axolot Solutions' major share holders, as per March 31, 2022

Share holder	Number of shares	Percentage
Lennart Holm *	5 914 900	11,0%
Banque Pictet&Cie (Europe) SA	4 483 382	8,3%
Mikael Åbacka *	4 300 579	8,0%
M Lindstrand Investment AB **	2 382 552	4,4%
Weseba AB c/o Per Olofsson	2 105 263	3,9%
Subtotal	19 186 676	35,7%
Other	34 610 693	64,3%
Total	53 797 369	100,0%

* Comprises own and related physical persons' and corporations' shares.

** Mats Lindstrand is the Principal of M Lindstrand Investment AB.

Share capital and number of shares, Axolot Solutions Holding AB

Registered	Event	Change in number of shares	Total number of shares	Quote value, SEK	Change in share capital, SEK	Accumulated share capital, SEK
2016	Company formed	1 000 000	1 000 000	0,05	50 000	50 000
2018	Issue in kind	18 120 000	19 120 000	0,05	906 000	956 000
2018	Issues of shares	7 383 948	26 503 948	0,05	369 197	1 325 197
2021 (Jan)	Issues of shares	27 293 421	53 797 369	0,05	1 364 671	2 689 868

Data per share, Axolot Solutions Holding AB

	Quarter 1		Quarter 1-1		Year
	2022	2021	2022	2021	2021
Number of shares before full dilution	53 797 369	53 797 369	53 797 369	53 797 369	53 797 369
Number of shares after full dilution	53 797 369	54 715 484	53 797 369	54 715 484	54 715 484
Earnings per share before full dilution (SEK) *	-0,08	-0,10	-0,08	-0,10	-0,36
Earnings per share after full dilution (SEK) *	-0,08	-0,10	-0,08	-0,10	-0,36
Average number of shares before full dilution	53 797 369	44 699 562	53 797 369	44 699 562	51 522 917
Average number of shares after full dilution	53 797 369	45 617 677	53 797 369	45 617 677	52 441 032

* Calculation based on the average number for the respective period.

Authorization from the Annual General Meeting

At the Annual General Meeting of Axolot Solutions Holding AB (publ) on May 18th 2021, it was resolved that the Board of Directors can make decisions of issue of new shares and of warrants and/or convertibles, at one or more occasions until the next Annual General Meeting, corresponding to a maximum of 20% of the total number of shares in the company at the point in time when the Board of Directors make use of this authorization for the first time.

In the beginning of April 2022 a notice of an Extraordinary General Meeting on May 5th 2022 was published. The main items on the agenda are on the one hand proposed changes in the Articles of Association regarding the number of shares and the amount of share capital; and on the other hand a proposed authorization for the Board regarding issue of shares. For the full proposal please see the published notice (in Swedish).

Warrant programs

At the end of the first quarter 2022 there was one outstanding warrant program. The program refers to an incentive program in which a maximum of 1,060,000 warrants – originally giving the right to subscribe for the same number of shares in the company - could be transferred to management and other key persons within Axolot Solutions. A total of 722 925 warrants have been transferred to eight (8) persons. After recalculation due to the issues of shares at year end 2020/21, every warrant gives the right to subscribe for 1,27 share at a price of 5,03 SEK per share. In case all outstanding warrants in this program are exercised, the aggregate dilution will amount to just above 2 percent of the share capital after registration of the warrant program. The warrants can be utilized during the period September 3-17, 2022. For full terms and conditions of the incentive program, please see the resolution (in Swedish) from the Annual General Meeting.

Note: This description under "Share capital and ownership" has been translated from Swedish. The Swedish text shall govern for all purposes and prevail in case of any discrepancy with the English version.

OTHER INFORMATION



Personnel

The number of employees at the end of the first quarter of 2022 was seven (7), which is unchanged compared to the end of the preceding quarter and one (1) person less than one year earlier.

Accounting and valuation principles

The consolidated financial statements for Axolot Solutions Holding AB and the Parent company reporting have been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 (K3). The same accounting and valuation principles as in the annual accounts for 2021 have been used in this interim report. The annual report of 2021 was published earlier in April 2022 and can be found on the Company's web site.

The Axolot Solutions Group consists of Axolot Solutions Holding AB, and its wholly owned company Axolot Solutions AB, which owns 100% of Axolot Solutions Finland Oy.

Risk management

Axolot Solutions is exposed to different risks and uncertainty factors. These factors are thoroughly described in the Annual Report of 2021.

Transactions with and salaries and remunerations to related parties

Axolot Solutions has not granted any loans or guarantees to, or in the favor of, anyone in the Board of Directors of Axolot Solutions Holding AB nor to its management. The existing business transactions with related parties (rental and consultancy as well as any salary and remuneration agreements) are based on market conditions.

Presentation on financial information

The numbers presented in the financial tables are shown as thousands of Swedish kronor but have underlying decimals. Thereby, the aggregated numbers may contain rounding differences.

CONTACT INFORMATION

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FINANCIAL CALENDAR

Reporting

- Interim Report Jan-Jun 2022 July 29, 2022
- Interim Report Jan-Sep 2022 October 28, 2022

General Meetings

An Extraordinary General Meeting will be held by advance voting, on May 5th 2022.
The Annual General Meeting of 2022 will be held by advance voting, on June 1st 2022.

Annual Report

The Axolot Solutions Holding AB Annual report 2021, and the consolidated accounts, are available on the Company's web site axolotsolutions.com.

This report has not been reviewed by Axolot Solutions' auditors.
Helsingborg on April 29, 2022



axolotsolutions.com