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PRESS RELEASE



Newsletter Axolot Solutions – Here we go!

All of a sudden it's almost Christmas again. It's the same feeling every year, time flies. When writing this I am sitting on a ferry in Denmark between Jutland and Sjaelland. It's a grey and cloudy day and for once I am not able to hook up to internet. With other words a good opportunity to gather my thoughts and reflect upon the year that soon has passed, but also look forward into the new year that we will enter in a few weeks.

For Axolot, being in a relatively early commercialization phase, its vital to have involved and supportive shareholders, customers and cooperation partners. It is of essential importance to work proactively with communication with our stakeholders, keeping them informed and listening to their requirements and needs. One way of promoting this is through these small newsletters that I try to publish with a relatively regular frequency.

Axolot's main tool for communication is however our web site and the news and information we publish there. Our present web site has become somewhat outdated why we right now are working on a new and updated version. The plan is to launch the new version before Christmas. The objective with the updated web site is to present our company and operations in a clear and understandable manner, but also to create curiosity and interest around the topic of CLEAN FRESH WATER, a matter of life or death. The web site will for sure not be perfect, but we will try to develop it over time. Your feedback is more than welcome.

Moving on to our daily business, there is a lot going on in and around Axolot, so let me give you a brief update.

THE TEAM

A lot has happened since my last newsletter from September. In my previous newsletter I focused on the Swedish team which as before remains very active, pushing ahead at full speed all the way up to Christmas. Over Christmas we all will take a short break to charge the batteries, preparing for 2023 which I believe will be yet another intensive year.

The big development this autumn is Norway. We have now set up our operation there, through our recently established joint venture company, Axolot Solutions Norge AS. We have

chosen to establish the company in the village of Sunndalsöra, situated along the North Atlantic coast between Ålesund and Molde. Apart from the fact that this is an incredibly beautiful part of Norway where the mountains meet the sea, there are several reasons why we chose this location. One of them is that it is easier for a small company to get attention and have an impact if you are established outside of the metropolitan regions. Furthermore, many of our potential customers are located in the region surrounding Sunndalsöra; major plants belonging to the fish farming industry and the Norwegian metal- and petrochemical industry are located here, driven by the access to water and energy. The fact that Halvor Kittelsen, Managing Director of our Norwegian company, lives in the area should not be overseen either. He has access to an impressive network which opens doors for us to many potential partners and customers. More about Norway later.

The second major change concerning our team that recently has happened relates to the way we operate our business in Finland. Until now, we have been present through an affiliated company in Finland. But we have now chosen to sell the company to the local Finnish management at the same time as we have entered into a license agreement with them. Axolot's defined home market is Sweden. Our strategy when it comes to international expansion is to accomplish this through cooperation with local or regional partners, via license agreements or jointly owned companies. This strategy enables Axolot to attract and motivate driven individuals with local networks and knowledge at the same time as we can grow in a capital-efficient way. The downside will of course be that we - theoretically - give away part of the upside, but this is more than outweighed by the fact that an internationalization can be accomplished faster, cheaper and at lower risk. There are historical reasons to why we didn't do it in this way in Finland; our technology originates from Finland and this is where the first steps were taken. We now felt that it was the right time to move forward and adapt the way we work in Finland to the strategy we intend to apply moving forward. A short-term advantage is also the fact that the change will free up financial resources which can be used in Sweden and Norway. In Finland, Mikael Åbacka and Sirkku Rönkä will continue to market Axolot's technology, but now as owners of the Finnish company. We look forward to a continued good cooperation.

MARKET AND PRODUCTS

To establish a new technology on an existing market is rarely a straight-forward journey. When we ramped up our efforts in Axolot five years ago we had a clear vision of which markets and applications to approach. Our DNA is closely connected to the process industry, and it was natural to go for that market. However, in hindsight we weren't ready for that market at the time. Our technology wasn't able to deal with flows large enough to make us relevant for the industry's needs. We therefore had to change focus targeting applications where the flows were smaller and the willingness to pay the required price per volume was higher. Between 2018 - 2021 we focused our work on customers with smaller flows and fairly high costs for water purification. We gathered a lot of knowledge and experience fighting to establish the first reference installations. Such references are crucial when you want to establish yourself as a reliable supplier on a market as few potential customers dare to go for a technology that is seen as unproven. The fact that our commercialization process kicked off in the very moment that the Covid pandemic hit the world made things even more challenging for Axolot.

Despite the challenges we had during these years, we managed to get a foot through the door with a number of potential customers as we performed a substantial amount of test- and demo runs at their sites. The vast majority of these trials came out with good results, and all of them contributed to an increased knowledge. We have used the experience gained to develop our know-how and our approach to the market which now enables us to focus on the - for us - most suitable markets and customers as well as technologies and solutions.

As a consequence of above, we launched AxoPur® 2.0 during the spring of 2022, the second generation of our Axolot technology. This new product generation has opened up new markets due to the fact that we today can offer a substantially more efficient product that also deals with bigger water flows. When we in a few years' time look back on 2022, I believe that we will regard this as the year when Axolot really took off!

Basically, Axolot today offers two parallel product lines:

1. Smaller units; standardized AxoPur units which, in their base version, are installed in prefabricated containers. They are built in a standardized way keeping costs down at the same time as delivery time is shortened. We are talking about systems with a capacity from 1 m³/hour up to 30 m³/hour. There is a wide range of potential application areas for these products – from small, stationary units that are operated intermittently, to fully automatic mobile units with continuous flows up to some 30 m³/hour. So far, we have five smaller units up running, and in the last couple of weeks we have contracted an additional two – Borås Energi & Miljö and Sandahlsbolagen. Apart from these two, we have offers outstanding to several potential customers. As a rough indication a smaller unit will cost from around 1 MSEK up to around 8 MSEK, depending on its size and complexity.



Modular AxoPur unit

2. Larger units; designed and constructed on a case-by-case basis for fixed installation at the customers location. These AxoPur units can deal with flows from 30 m³/hour up to at least 500 m³/hour. A substantial part of the development of these larger units has been done at the Ahlström-Munksjö pulp mill Aspa located by the lake of Vättern. Much of the work has been done during 2022. We developed and built a dedicated prototype plant for Aspa that proved to function really well. Based on the experience gained we are now in the phase of designing and preparing for a large-scale system with a capacity of 300 m³/hour which we hope to install at Aspa during 2023. The outcome of the results from Aspa has generated quite some interest, why we today have a number of potential customers expressing a wish to evaluate similar large AxoPur installations. Big projects are complex and tend to take time to sell and implement, but when they are realized they bring a very significant value to us. The cost of a large AxoPur installation depends on a number of parameters, but as a rough indication they will cost between 15 and 30 MSEK. This is a significant investment for any company, however compared to alternative solutions we believe that we are very competitive. This not only from an investment perspective but also with regard to operating costs. In addition, the advantages of AxoPur will actually increase as the energy price increases.

DEVELOPMENT AND PATENTS

We continuously develop our products and solutions. In a small company, this work is closely integrated with the activities ongoing in cooperation with our customers. The development of AxoPur 2.0 is a good example. Here we did major parts of the work in cooperation with a couple of customers, identifying not only how to construct but also run a system as efficiently as possible creating optimal conditions for different types of water. This meant redesigning the system and the software required to control it. Together with new sensors the new software improved our ability to control the process. Part of this development we did ourselves, other parts were accomplished in cooperation with external technology suppliers

who in Axolot have identified a new market potential for their products. Networking is vital nowadays as the pace of development is so rapid. Right now we are in the midst of preparing for several new patent applications which will add to our IPR portfolio. We believe that we have come up with some exciting and partly unexpected results which will be presented in due time.

NORWAY

We have chosen to now enter the Norwegian market. The reasons for this decision are multiple; 1) it is geographically close to our home market Sweden and a number of our potential customers are present both on the Swedish and the Norwegian markets, 2) there are numerous industries and potential customers with needs matching very well what Axolot has to offer, and 3) the legislation in Norway regarding emissions to water is in this moment tightening, meaning that a significant number of industrial companies in Norway need to invest in more advanced water purification equipment.

Initially, we have chosen to focus on a few selected application areas where we know that we will be able to deliver efficient and well-functioning solutions; a) land-based fish farms (so called RAS plants) and fish processing plants, b) metal smelters, which are numerous in Norway and c) certain specific and identified customers having a need that we believe we can respond to in an efficient way. During the late autumn, we have performed tests and demos at a number of customers. These tests have more or less without exceptions shown very promising results. We have already signed an LOI with Driva Aquaculture who are about to start the construction of several new land-based fish farms. I hope to be able to present several pieces of good news already during this winter.

IN SUMMARY

I must say that I am pleased with the achievements of the entire Axolot team during the past year. Naturally, we have challenges to deal with, but we do so in a systematic and energetic way where we as a team complement each other in a fantastic way. We now start to see results of all that has been done during the year – equipment working according to expectations, results from demos made at the customers, material for patent applications, actual orders for new systems and a growing number of requests, cooperation with other suppliers in Sweden and abroad and – even if not so much our doing– a growing awareness and focus on water issues in society. We really feel that we have a worthy mission and that we can make a difference! Thanks to everyone who supported us in different ways during the past year – we have more coming in 2023!

MERRY CHRISTMAS

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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 an affiliated company in Norway. More information about the Company and its business activities can be found at 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.