

Nexam Chemical Holding AB (publ)

Year-End Report 1 January – 31 December 2017

Acquisition enable for multifunctional masterbatch and secures production capacity

Fourth quarter at a glance

Operational:

- Nexam Chemical acquires the masterbatch manufacturer Plasticolor.
- Receives order of NEXAMITE® for multifunctional masterbatch for production of polyethylene pipe.
- Order received from new customer within focus area PET-foam.
- First commercial order from Diab for NEXAMITE®-based masterbatch.
- Nexam Chemical supplies material for semiconductors – a new segment within high performance.
- Receives order within high performance worth SEK 5.3 million for delivery during 2018.

Financials:

- Net sales for the fourth quarter totaled SEK 9,691,000 (2,097,000) and for the full year SEK 18,694,000 (8,268,000).
- The operating loss for the fourth quarter SEK -8,153,000 (-6,078,000) and for the full year SEK -22,899,000 (-21,923,000).
- In comparison to the beginning of the year, cash and cash equivalents amounted to SEK 86,407,000 (133,147,000).
- Cash flow from operating activities during quarter was SEK -4,049,000 (-4,700,000) and for the full year SEK -18,471,000 (-17,585,000).
- Result per share after dilution for the quarter was SEK 0.13 (-0.09) and for the full year SEK -0.10 (-0.36).
- The board proposes no dividend for the year 2017.

Key Figures for the Group

| | Oct-Dec 2017 | Oct-Dec 2016 | Full year 2017 | Full year 2016 |
|--|-----------------|-----------------|-------------------|-------------------|
| Net sales (SEK thousand) | 9,691 | 2,097 | 18,694 | 8,268 |
| Operating profit/loss (SEK thousand) | -8,153 | -6,078 | -22,899 | -21,923 |
| Cash and cash equivalents (SEK thousand) | 86,407 | 133,147 | 86,407 | 133,147 |
| Cash flow (SEK thousand) | -29,486 | -10,175 | -46,732 | 97,005 |
| Equity (SEK thousand) | 187,109 | 164,231 | 187,109 | 164,231 |
| Equity per basic share (SEK) | 2.77 | 2.54 | 2.77 | 2.54 |
| Equity/asset ratio (%) | 67 | 94 | 67 | 94 |
| Total assets (SEK thousand) | 281,351 | 173,884 | 281,351 | 173,884 |
| Quick ratio (%) | 276 | 1,857 | 276 | 1,857 |
| Average number of basic shares | 65,240,471 | 64,724,000 | 64,854,179 | 62,106,907 |
| Average number of diluted shares | 65,240,471 | 64,724,000 | 64,854,179 | 62,106,907 |
| Basic earnings per share (SEK) | 0.13 | -0.09 | -0.10 | -0.36 |
| Diluted earnings per share (SEK) | 0.13 | -0.09 | -0.10 | -0.36 |
| Share price on balance sheet date (SEK) | 9.55 | 12.25 | 9.55 | 12.25 |

Note: This Interim Financial Report has been translated from Swedish. The Swedish text shall govern for all purposes and prevail in case of any discrepancy with the English version.

Comments from the CEO, Anders Spetz

Multifunctional masterbatch already on its way

I look back on an intensive fourth quarter and a 2017 where we have created new, exciting possibilities for Nexam Chemical. Both through the development in our focus areas where we make progress in all three, but especially through the acquisition of Plasticolor. The acquisition give us the opportunity to offer our customers additional development of our masterbatch concept – multifunctional masterbatch (MFMB). We have already made progress within MFMB through the order we have received from KWI. As I previously commented, the acquisition of Plasticolor means increased production capacity, improved margins and new business opportunities. We have already come a long way in the process of integrating the two businesses and can see many interesting synergies between our two companies. A lot of work remains, but everything is progressing according to plan.

The acquisition of Plasticolor means that we are expanding our offer to the market. After the acquisition the number of employees amounts to around 45 persons with production, distribution and sales in seven countries. The mutual customers that the both companies have, gives great development potential as we now combine our offerings into a unique concept. Since the acquisition we have had the possibility to get closer to Plasticolor's business and get to know our new co-workers. In my interactions with my new co-workers, I have once again got the confirmation that we have acquired a well-managed company with a dedicated and motivated team.

By financing the acquisition through a large part of loan and shares in Nexam Chemical means that we still have a strong financial position and flexibility. This give us the possibility to continue developing and grow our business and we intend to further develop Nexam Chemical. Read more about the acquisition of Plasticolor on our website as well as in the press releases and the Newsletter previously published.

Sales

Sales during the fourth quarter totaled SEK 9.7 million of which SEK 3.5 million consists of sales from Nexam

Chemicals operations and SEK 6.2 million from Plasticolor. The outcome being that the sales from Nexam Chemical products increased with more than 50 % compared to previous year. As in the past, the major part of the revenues relates to high performance, but we see increased activities and demand in all focus areas.

High performance

In October we received an order within a new high performance segment from a new Asian customer – material for semiconductors. The interest from semiconductor manufacturers is mainly due to the fact that our materials, in this case NEXIMID®, enable cure at low temperature as well as high temperature resistant components. This is needed, in for example, mobile and computer applications. It is initially small volumes, but the potential is large and we have several projects with other companies in this market. We have also received an order from Maverick, working within aerospace applications, with a value of SEK 5.3 million. The deliveries will take place during 2018 according to customer call-off. Maverick is an existing customer and we are happy to see that they have increased the order volume. This is a confirmation that we have a quality product that creates value.

”...we can offer a multifunctional masterbatch for pipe manufacturers.”

PET-foam

In November we received our first commercial order related to our cooperation with Diab. Diab is launching its high performance PET-foam, which contains our NEXAMITE®-technology. Diab provides material for products within solar and wind energy, vehicle and transport solutions as well as building constructions. During the period we also received an order from a new customer. One of the world leaders within high performance PET-foam. For both orders, our products are delivered in the form of masterbatch, i.e. a premixture added directly to the customer's production process.

Polyethylene pipe

The last order for the year came within the focus area polyethylene pipe. A test order of NEXAMITE® for multifunctional masterbatch from the Canadian company KWI Polymers. Nexam Chemical has, in cooperation with KWI, developed a multifunctional masterbatch for polyethylene pipe. The development work with KWI has moved into a commercial phase, where we can offer a multifunctional masterbatch for pipe manufacturers. The product simplifies the production process as well as improve the properties in the end product.

In our second development project, together with a large pipe manufacturer, we have continued to take further steps forward. The project, which aims to develop a new generation of water pipes, are making progress according to plan. This is an interesting future area but lies several years ahead before all tests and certifications are made.

I would also like to highlight some other interesting areas during the period:

- MATPAX; a two year development project, financed by Eurostar/Vinnova, has been finalized according to plan. The objective of the project was to develop new polyamide resins and address light weight applications within, e.g. electronic and automotive industries. The results are positive and we will continue to evaluate the technology together with the project partners.

- The organization has been strengthened with Susanne Thygesson as new COO. Nexam Chemicals former COO, Erik Lager, has taken over as CTO after Dane Momcilovic, who leaves for a position with Diab. One of Nexam Chemicals customers.
- At the end of October our new website was launched with a more customer and market focused structure.

I am looking forward to an exciting 2018 for Nexam Chemical and to leverage on our increased resources in production as well as market and sales. We have expectations of good growth in all our three focus areas and expect to add more commercial customers. This will provide us with an opportunity to add a new focus area to our portfolio and we have several interesting and promising applications under evaluation. We will continue to build Nexam Chemical as a competent commercial partner to our successful customers in the plastic industry.

Anders Spetz, CEO



This is Nexam Chemical

Nexam Chemical

Nexam Chemical develops technology and products that make it possible to significantly improve the properties and performance of most types of plastics in a cost-effective manner and with the production technology intact. The properties that are improved include temperature resistance and service life. The property improvements that can be achieved by using Nexam Chemical's technology make it possible to replace metals and other heavier and more expensive materials with plastics in a number of different applications. The company was founded in July 2009 after a management buy-out of a crosslinker project from the Perstorp Group. By then, Perstorp had put a number of years into the development of the project, but decided to divest its involvement in the field to instead focus on aldehyde-based chemistry.

The Company's head are located in Lund, Sweden. Development of new products and applications and formulation evaluation takes place in the laboratory in St. Andrews, Scotland where also the facility for pilot production is located. Large scale production is performed in collaboration with contract manufacturers.

In December 2017 Nexam Chemical acquired the established masterbatch manufacturer Plasticolor Group with more than 25 years of experience in the industry. Plasticolor has approximately 30 employees with production and sales and marketing offices in seven countries in Europe. With the acquisition, Nexam Chemical has increased its capabilities to manufacture masterbatch and develop advanced multifunctional masterbatch.

Vision and mission

Nexam Chemical's vision is to be a recognized world leader in the field of property modification of plastic and polymer materials via heat-activated crosslinking.

Financial comments

Sales and profit

Net sales for the fourth quarter totaled SEK 9,691,000 (2,097,000) and for the full year SEK 18,694,000 (8,268,000). Of total net sales, Plasticolor has, from the acquisition date, contributed with SEK 6,171,000. Other operating income for the quarter amounts to SEK 291,000 (25,000).

The personnel expenses during the fourth quarter totaled SEK -6,265,000 (-4,163,000) and other operating expenses totaled SEK -5,342,000 (-2,986,000). The profit/loss before tax for the quarter came in at SEK -8,175,000 (-6,112,000). The result has been affected negatively with external cost related to the acquisition of Plasticolor. During the quarter, other operating expenses and personnel expenses connected to development costs has been balanced with a total amount of SEK 488,000 (515,000). On the row income tax, the result has been positively affected with SEK 17,078,000 as previously unrecognized tax loss carry-forwards from group companies have been valued at the corresponding value of deferred tax liabilities.

Personnel and organization

The number of employees in the Group, restated as full time equivalents, was 44 (14) at the end of the year. Of these, 34 (13) were men and 10 (1) women.

Investments

The total investment in intangible assets for the year, in addition to those included in the acquisition, amounts to SEK 2,646,000 (1,907,000). Of these, SEK 2,476,000 (1,694,000) concerns development costs balanced in the balance sheet. Investments in tangible assets for the year amounts to SEK 1,246,000 (170,000).

Cash flow

The cash flow from the operating activities during the quarter amounted to SEK -4,049,000 (-4,700,000) and for the full year -18,471,000 (-17,585,000). The total cash flow for the quarter amounted to SEK -29,486,000 (-10,175,000) and for the full year SEK -46,732,000 (-97,005,000). The large change in cash flow between 2016 and 2017 is due to the acquisition carried out in 2017 and the positive cash flow resulting from the share issue in 2016.

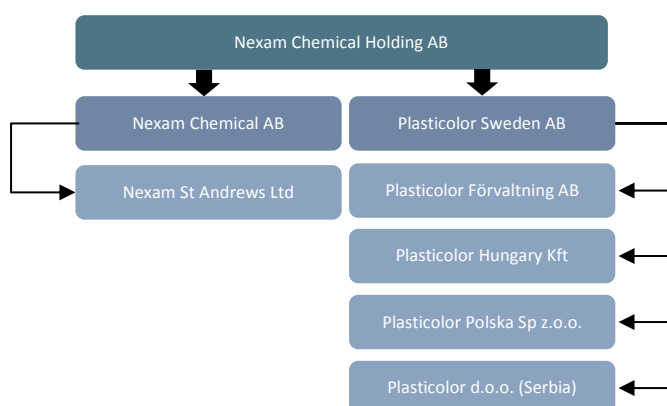
Financial position

Compared to the beginning of the year, the equity/assets ratio was 67 (94) percent, and the equity was SEK 187,109,000 (164,231,000). Cash and cash equivalents amounted to SEK 86,407,000 (133,147,000) compared to the beginning of the year. The Group has interest bearing debt of SEK 65,886,000 (3,328,000) at the end of the year.

Other information

Group structure

Nexam Chemical Holding AB is a Swedish public limited liability company and its corporate ID no. is 556919-9432.



The Group consists of the parent company Nexam Chemical Holding AB (publ) and two subgroups, Nexam Chemical and Plasticolor. All companies in the Group are wholly owned.

Accounting policies

The Group applies International Financial Reporting Standards (IFRS), as adopted by the EU. This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Annual Accounts Act. The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. The accounting policies and calculation methods applied are consistent with those

described in the annual report for 2016. New standards and interpretations that came into force on January 1, 2017 have not had any impact on Nexam Chemical's financial reporting for the interim report period.

Financial instruments. Nexam Chemical has only financial assets and liabilities valued at amortized cost. As these financial assets and liabilities are due within twelve months, the value is estimated to correspond to fair value.

Segment reporting. Financial information reported to the chief operating decision maker (CEO) as the basis for allocating resources and judging the group's profit or loss is not divided into different operating segments. Therefore the group consists of a single operating segment and reference is made to the income statement and balance sheet regarding operating segment reporting

New reporting standards.

As of January 1, 2018, Nexam Chemical applies IFRS 9 and IFRS 15.

IFRS 15, Revenue from Contracts with Customers, implies a new revenue model (five-step model) based on when the control of a Goods or Service is transferred to the Customer.

IFRS 9 involves changes in how financial assets are classified and valued, introduction of a write-down model based on expected loan losses instead of occurred losses and changes in principles for hedge accounting with the aim to simplify and increase the coherence with companies' internal risk management strategies.

The Group's work in 2017 has shown that the effects of implementing IFRS 15 and IFRS 9 will not have a material effect on the Group's financial statements when applied for the first time.

Transactions with related parties

No transactions with related parties has occurred, except for determined remuneration for the Board of Directors and remuneration in accordance with employment agreement.

Risks and uncertainties

The Group's operations are affected by a number of factors which can result in a risk for the Group's operations and profit. See the annual report for 2016 on Nexam Chemical's website for information about the Company's risks and uncertainties.

Estimates and judgements

In order to be able to prepare the financial statements, the Board of Directors and the Management make judgements and assumptions on the basis of available information that impact the company's financial performance and financial position.

Estimates and judgements are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations about future events that can be reasonably expected under prevailing conditions. The actual outcome may differ from the judgements made. The areas where estimates and assumptions could lead to a significant risk of adjustments to the figures reported for the company's financial performance, and position in future reporting periods, are primarily judgements about market conditions and thus the value of the Group's non-current assets.

Audit review

These financial statements have not been audited by the Company's auditor.

The Board of Directors and the Chief Executive Officer certify that the year-end report provides a true and fair view of the parent company's and the Group's business, financial position and performance and describes material risks and uncertainties to which the parent company and the companies in the group are exposed.

Lund 14 February 2018

Lennart Holm
Chairman of the Board

Cecilia Jinert Johansson
Member of the Board

Daniel Röme
Member of the Board

Per-Ewe Wendel
Member of the Board

Anders Spetz
CEO

Financial Statements in summary

| Consolidated income statement in summary | | | | | |
|---|------|-----------------|-----------------|-------------------|-------------------|
| (SEK '000) | Note | Oct-Dec 2017 | Oct-Dec 2016 | Full year 2017 | Full year 2016 |
| Net sales | | 9,691 | 2,097 | 18,694 | 8,268 |
| Changes in goods in progress, finished goods and work in progress | | -720 | -92 | 1,249 | 237 |
| Other operating income | | 291 | 25 | 777 | 1,020 |
| | | 9,262 | 2,030 | 20,720 | 9,525 |
| Operating expenses | | | | | |
| Raw materials and consumables | | -4,757 | -271 | -11,702 | -4,679 |
| Operating expenses | | -5,342 | -2,986 | -12,132 | -9,191 |
| Personnel cost | | -6,265 | -4,163 | -16,405 | -15,065 |
| Depreciation and write-down of tangible and intangible assets | | -1,240 | -615 | -2,943 | -2,438 |
| Other operating expenses | | 189 | -73 | -437 | -75 |
| Operating profit/loss | | -8,153 | -6,078 | -22,899 | -21,923 |
| Financial items | | | | | |
| Financial income | | 133 | - | 133 | - |
| Financial costs | | -155 | -34 | -244 | -162 |
| Profit/loss before tax | | -8,175 | -6,112 | -23,010 | -22,085 |
| Income tax | 3 | 16,859 | - | 16,859 | - |
| Profit/loss for the period | | 8,684 | -6,112 | -6,151 | -22,085 |
| Other comprehensive income | | | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | | | |
| Translation differences on foreign subsidiaries | | 81 | 1,130 | -54 | 568 |
| <i>Sum of other comprehensive income, net after tax</i> | | 81 | 1,130 | -54 | 568 |
| Comprehensive result for the period | | 8,765 | -4,982 | -6,205 | -21,517 |
| The profit for the year as well as comprehensive income are wholly attributable to the parent company's shareholders. | | | | | |
| Earnings per share (SEK) | | | | | |
| Basic earnings per share (SEK) | | 0.13 | -0.09 | -0.10 | -0.36 |
| Diluted earnings per share (SEK) | | 0.13 | -0.09 | -0.10 | -0.36 |
| Average number of basic shares | | 65,240,471 | 64,724,000 | 64,854,179 | 62,106,907 |
| Average number of diluted shares | | 65,240,471 | 64,724,000 | 64,854,179 | 62,106,907 |

| Consolidated balance sheet in summary | | | | |
|---------------------------------------|------|----------------|----------------|--|
| (SEK '000) | Note | 31-dec 2017 | 31-dec 2016 | |
| ASSETS | | | | |
| Intangible assets | 1 | 112,213 | 18,889 | |
| Tangible assets | | 48,248 | 8,710 | |
| Financial assets | | 5 | 2,788 | |
| Inventory | | 14,778 | 5,971 | |
| Trade receivables | | 14,809 | 1,754 | |
| Other receivables | | 4,891 | 2,625 | |
| Cash and bank | | 86,407 | 133,147 | |
| TOTAL ASSETS | | 281,351 | 173,884 | |
| EQUITY AND LIABILITIES | | | | |
| Equity | | 187,109 | 164,231 | |
| Long-term debt with interest | | 52,652 | 2,176 | |
| Other long-term debt | | 3,000 | - | |
| Provisions for pension | | 110 | 73 | |
| Short term debt with interest | | 13,234 | 1,152 | |
| Trade payables | | 14,389 | 1,262 | |
| Other liabilities | | 10,857 | 4,990 | |
| TOTAL EQUITY AND LIABILITIES | | 281,351 | 173,884 | |

| Consolidated changes in equity in summary | | | | |
|---|-----------------|-----------------|-------------------|-------------------|
| (SEK '000) | Oct-Dec 2017 | Oct-Dec 2016 | Full year 2017 | Full year 2016 |
| Balance at the beginning of the period | 149,261 | 172,331 | 164,231 | 66,307 |
| Profit/loss for the period | 8,684 | -6,112 | -6,151 | -22,085 |
| Other comprehensive income | 81 | -6 | -54 | -568 |
| Transactions with shareholders | 29,083 | -1,982 | 29,083 | 120,577 |
| Balance at the end of the period | 187,109 | 164,231 | 187,109 | 164,231 |

| Consolidated cash flow in summary | | | | | |
|--|------|-----------------|-----------------|-------------------|-------------------|
| (SEK '000) | Note | Oct-Dec 2017 | Oct-Dec 2016 | Full year 2017 | Full year 2016 |
| Cash flow from operating activities | | | | | |
| Operating income | | -8,153 | -6,078 | -22,899 | -21,923 |
| Adjustment from non-cash items | | 1,327 | 715 | 2,958 | 2,638 |
| Cash flow from operations before changes in working capital | | -6,826 | -5,363 | -19,941 | -19,285 |
| Changes in working capital | | 2,777 | 663 | 1,470 | 1,700 |
| Cash flow from operations | | -4,049 | -4,700 | -18,471 | -17,585 |
| Cash flow from investment activities | 2 | -81,272 | -5,236 | -83,564 | -6,842 |
| Cash flow from financing activities | 2 | 55,835 | -239 | 55,303 | 121,432 |
| Cash flow for the period | | -29,486 | -10,175 | -46,732 | 97,005 |
| Cash and cash equivalents at the beginning of the period | | 115,885 | 143,350 | 133,147 | 36,305 |
| Effect of exchange rate changes on cash | | 8 | -28 | -8 | -163 |
| Cash and cash equivalents at end of period | | 86,407 | 133,147 | 86,407 | 133,147 |

| Parent company - Income statement in summary | | | | |
|---|-----------------|-----------------|-------------------|-------------------|
| (SEK '000) | Oct-Dec 2017 | Oct-Dec 2016 | Full year 2017 | Full year 2016 |
| Net sales | 1,561 | 3,262 | 5,881 | 7,878 |
| | 1,561 | 3,262 | 5,881 | 7,878 |
| Operating expenses | | | | |
| Operating expenses | -392 | -2,376 | -3,452 | -4,123 |
| Personnel cost | -2,469 | -4,440 | -7,431 | -8,055 |
| Depreciation and write-down of tangible and intangible assets | -7,783 | - | -16,783 | - |
| Operating profit/loss | -9,083 | -3,554 | -21,785 | -4,300 |
| Financial items | | | | |
| Interest income and other similar profit items | - | - | - | - |
| Interest income from group companies | - | 195 | - | 390 |
| Interest expenses and other similar loss items | -73 | - | -75 | -1 |
| Profit/loss before tax | -9,156 | -3,359 | -21,860 | -3,911 |
| Income tax | - | - | - | - |
| Profit/loss for the period | -9,156 | -3,359 | -21,860 | -3,911 |

| Parent company - Statement of comprehensive income | | | | |
|--|-----------------|-----------------|-------------------|-------------------|
| (SEK '000) | Oct-Dec 2017 | Oct-Dec 2016 | Full year 2017 | Full year 2016 |
| Profit/loss for the period | -9,156 | -1,586 | -21,860 | -3,911 |
| Other comprehensive income | - | - | - | - |
| Comprehensive profit for the period | -9,156 | -1,586 | -21,860 | -3,911 |

| Parent company - Balance sheet in summary | | | | |
|---|--|--|----------------|----------------|
| (SEK '000) | | | 31-dec 2017 | 31-dec 2016 |
| ASSETS | | | | |
| Financial assets | | | 409,542 | 284,285 |
| Receivables from group companies | | | 24,540 | 17,189 |
| Other receivables | | | 186 | 153 |
| Cash and bank | | | 67,280 | 124,985 |
| TOTAL ASSETS | | | 501,548 | 426,612 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | 432,960 | 422,956 |
| Long-term debt with interest | | | 48,000 | - |
| Other long-term debt | | | 3,000 | - |
| Provisions for pension | | | 576 | 373 |
| Short term debt with interest | | | 12,000 | - |
| Trade payables | | | 890 | 296 |
| Other liabilities | | | 4,122 | 2,987 |
| TOTAL EQUITY AND LIABILITIES | | | 501,548 | 426,612 |

| Note 1 - Intangible assets | | | | |
|---|---------------|------------------|-------------------|--------------|
| (SEK '000) | Goodwill | Market positions | Development costs | Patents |
| Accumulated cost | | | | |
| Opening balance 1 January 2017 | - | - | 15,990 | 5,754 |
| Additions through acquisition | 47,458 | 44,000 | - | - |
| Additions | - | - | 2,816 | 174 |
| Closing balance 31 December 2017 | 47,458 | 44,000 | 18,806 | 5,928 |
| Accumulated depreciation | | | | |
| Opening balance 1 January 2017 | - | - | -1,755 | -1,100 |
| Expensed depreciation for the period | - | -367 | -417 | - |
| Capitalized depreciation for the period | - | - | - | -340 |
| Closing balance 31 December 2017 | - | -367 | -2,172 | -1,440 |
| Residual value 31 December 2017 | 47,458 | 43,633 | 16,634 | 4,488 |
| Accumulated cost | | | | |
| Opening balance 1 January 2016 | - | - | 13,956 | 5,635 |
| Additions | - | - | 2,034 | 213 |
| Impaired value | - | - | - | -94 |
| Closing balance 31 December 2016 | - | - | 15,990 | 5,754 |
| Accumulated depreciation | | | | |
| Opening balance 1 January 2016 | - | - | -1,303 | -774 |
| Expensed depreciation for the period | - | - | -452 | -5 |
| Capitalized depreciation for the period | - | - | - | -340 |
| Impaired value | - | - | - | 19 |
| Closing balance 31 December 2016 | - | - | -1,755 | -1,100 |
| Residual value 31 December 2016 | - | - | 14,235 | 4,654 |

| Note 2 - Acquisition | Fair values | Acquired carrying amounts |
|--|----------------|---------------------------|
| (SEK '000) | | |
| Market positions | 44,000 | - |
| Other intangible assets | 3 | 3 |
| Buildings and property | 28,187 | 6,604 |
| Other tangible assets | 10,641 | 7,703 |
| Financial assets | 17 | 17 |
| Inventory | 7,559 | 7,559 |
| Other receivables | 17,554 | 17,554 |
| Cash and equivalents | 11,128 | 11,128 |
| Deferred tax liability | -17,079 | -2,763 |
| Long-term debt | -5,200 | -5,200 |
| Short-term debt | -18,605 | -18,605 |
| Net assets acquired | 78,205 | 24,000 |
| Goodwill | 47,458 | |
| Total purchase consideration | 125,663 | |
| <i>Less:</i> | | |
| Issued shares ¹ | -31,863 | |
| Withheld purchase consideration | -3,000 | |
| Cash and bank in acquired company | -11,128 | |
| Effect on the Group's cash and cash equivalents | 79,672 | |

¹ 2 795 019 shares issued valued according to IFRS3 at 11.40 SEK/share which corresponds to the closing rate on the date of the acquisition, December 8, 2017.

On December 8, 2017, Nexam Chemical Holding AB (publ) acquired 100 % of the shares in Plasticolor Sweden AB as well as its four wholly-owned subsidiaries. The acquisition price amounted to 125.6 MSEK, of which 31.9 MSEK was received through 2,795,019 newly issued shares in Nexam Chemical Holding AB (publ). The issued shares have been valued in accordance with IFRS3, i.e. at 11.40 SEK per share which corresponds to the closing rate at the date of the acquisition. Of the cash purchase price of a total of 93.8 MSEK, 90.8 MSEK has been paid and the remaining 3.0 MSEK will be paid 18 months after the acquisition date. The cash part of the acquisition has been financed through own funds (33.8 MSEK) and bank loans (60.0 MSEK).

The cost for the acquisition amounts to 2.2 MSEK and is recognized as other external cost in the income statement. The acquired business has been consolidated in the Nexam Chemical Group from December 8, 2017. The acquisition balance is still preliminary and can therefore be adjusted. From the date of the acquisition, Plasticolor has contributed with 6.2 MSEK of sales. On a yearly basis, the Plasticolor Group has a turnover of approximately 86 MSEK and an EBITDA of around 13 MSEK.

The Plasticolor Group manufactures and sell masterbatch products on the European market. The acquisition contributes to Nexam Chemical through:

- production capacity, production control as well as knowledge of manufacturing Nexam Chemicals products in the form of masterbatch.
- offering the market advanced multifunctional masterbatch where Nexam Chemicals and Plasticolors products are combined in one masterbatch.
- access to Plasticolors international sales- and distribution channels and customer relations which strengthens Nexam Chemicals market presence in Europe.

The goodwill of approximately 47 MSEK, as a result of the acquisition, is based on the value of synergies created when the two company's products and offerings are combined. With the acquisition, Nexam Chemical also acquired a base and organization for the European market as well as the existing knowledge in the company regarding development and production of multifunctional masterbatch.

Note 3 – Income tax

In connection with the acquisition of the Plasticolor Group, overvalues have been identified which results in a deferred tax liability. Together with other deferred tax liabilities in the Plasticolor Group, it amounts to SEK 17,078,000. The Nexam Chemical Group has, as a result of accumulated losses, unrecognized loss carry-forwards that have been valued at the corresponding value as the deferred tax liability. As a result there is a positive effect in the income statement for 2017.

Share capital, shares and ownership

The Company's share capital totals SEK 1,298,442.67, divided into 67,519,019 outstanding shares. The Company only has one class of shares and all shares have equal rights to dividends. The shares of Nexam Chemical Holding AB were listed on NASDAQ Stockholm First North Premier under the ticker NEXAM. Approximately 10 million shares have been turned over during the fourth quarter 2017 and the average price during the period was SEK 8.54 per share.

Incentive programs

The company has one ongoing incentive programs with a total of 646,000 outstanding warrants, which all entitles the holders to subscribe for one new share. All warrants have been issued at market value, calculated according to the "Black Scholes" formula. If all currently outstanding warrants are exercised, the total dilution will be approximately 1.0 %.

For more information and the full terms and conditions of incentive program 2015/2018, please see the resolutions from the Annual General Meetings in 2015.

| Allotment date | Price per warrant (SEK) | Earliest redemption date | Final due date | Redemption price (SEK) | Outstanding warrants 31 December 2017 | Dilution if fully exercised |
|----------------|-------------------------|--------------------------|----------------|------------------------|---------------------------------------|-----------------------------|
| 2015-06-17 | 0.76 | 2018-09-03 | 2018-09-17 | 13.00 | 646,000 | 1.0 % |
| | | | | | 646,000 | 1.0 % |

Shareholders

The number of shareholders as of 31 December 2017 was 7,105, a decrease of 127 shareholders during the fourth quarter.

| Shareholders | Shares | Percent |
|---|-------------------|----------------|
| Försäkringsbolaget, Avanza Pension | 8,858,967 | 12.7 % |
| SIX SIS AG | 5,754,463 | 8.8 % |
| Barnwicki AB | 2,795,019 | 3.6 % |
| Länsförsäkringar Småbolag Sverige | 2,346,782 | 3.2 % |
| Lennart Holm, privately and via company | 2,121,596 | 3.1 % |
| Nordnet Pensionsförsäkring AB | 1,619,618 | 2.9 % |
| Goldman Sachs International Ltd | 1,518,973 | 2.3 % |
| Daniel Röme, via company | 1,500,237 | 2.2 % |
| RBC Investors Luxemburg | 1,260,029 | 2.2 % |
| Michael Karlsson | 947,942 | 1.5 % |
| Other shareholders (approx. 7,100) | 38,795,393 | 57.5 % |
| Total | 67,519,019 | 100.0 % |

Financial calendar

| | |
|-------------|---------------------------------------|
| 9 May 2018 | Interim Report January-March 2018 |
| 17 May 2018 | Annual General Meeting 2018 |
| 16 Aug 2018 | Interim Report January-June 2018 |
| 6 Nov 2018 | Interim Report January-September 2018 |
| 14 Feb 2019 | Year-End-Report 2018 |

The Annual Report 2017 will be published during week 15 2018.

Interim reports are available on www.nexamchemical.com.

Annual General Meeting

The Annual General Meeting (AGM) of Nexam Chemical Holding AB (publ) will be held on Thursday, 17 May 2018, at 3:00 pm, at Elite Hotel Ideon, Scheelevägen 27 in Lund, Sweden.

Shareholders are entitled to have items put on the agenda for the Annual General Meeting, if a request has been received by the Board of Directors no later than 29 March 2018.

The Board of Directors can be contacted via email at: styrelsen@nexamchemical.com or by regular mail addressed to:

Nexam Chemical Holding AB (publ)
Att: Board of Directors
Box 165
234 23 LOMMA, Sweden

The Nomination Committee for the AGM 2018 consists of the following persons:

- Jesper Bonnivier, Chairman of the Nomination Committee and nominated by Länsförsäkringar Småbolag Sverige;
- Ulric Grönvall, nominated by Danske Invest Sverige Fokus; and
- Anita Otterheim Hjalmarsson, nominated by Holm Invest AB (Lennart Holm)

Shareholders who wish to submit proposals to the Nomination Committee can contact the Nomination Committee via email at: valberedning@nexamchemical.com, or by regular mail addressed to:

Nexam Chemical Holding AB (publ)
Att: Nomination Committee
Box 165
234 23 LOMMA, Sweden

Proposals should be received by the Nomination Committee no later than 1 March 2018 for the Nomination Committee to be able to process them with sufficient care.

For further information concerning the report, please contact:

Anders Spetz, CEO
Tel: +46-(0)703 47 97 00
E-mail: anders.spetz@nexamchemical.com

This information is information that Nexam Chemical Holding AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on February 14, 2018.

Contact & Media

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