NEXAM CHEMICAL

2013 Nexam Annual Report.

Commercialisation begins. Growing patent portfolio. Expanded cooperations and partnerships. New lab in Lund. Intensive product development. Upscaling of production.

Content

Nexam's unique technology and products significantly improve the properties of plastics, enabling them to replace more expensive and heavier materials for demanding applications.

Nexam at a glance

Nexam 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 same production technology intact. The properties that are improved include temperature resistance and service life.

The improvements in properties that can be achieved with Nexam's technology make it possible to replace metals and other heavier and more expensive materials with plastics in a number of different applications.

Nexam's technology was introduced on the world market in 2009 and now Nexam works with 18 of the world's 100 largest chemical and materials companies.

Nexam has been listed on First North since 23 April 2013 and has announced that it will be moving to Nasdaq OMX Stockholm Small Cap in 2014.

"... a broad product portfolio that is very attractive for materials companies around the world. A couple of our customers have also gone from testing to initiating a commercialisation phase during the past year."

Message from the CEO, page 4–5.

The year at a glance

Expanded collaborations and positive results
- Armacell (PET foam manufacturer, world leader)
- BASF (nylon manufacturer, world leader)
- PO-CROSS Project with IRPC et. al.
- Cooperation agreement with US-based company for development of high-temperature resin
- Initial commercial deliveries of Nexam's product for polyimide film to Sumitomo
- Nexam sold NEXIMID 100 (PEPA) for the qualification process of a multi-year aircraft project in the US
- Positive results from customer tests with PEEK and Nexam products

New development projects
- Several new customer projects in nylons were commenced during the year
- HICTAC, with Rolls-Royce Jet Engines as the end client
- Customer projects involving special nylons have been commenced

Preparation for production of Nexam products at contract manufacturers
- Increased cooperation with three select contract manufacturers

Expansion of patent portfolio
- 6 patents granted by the end of 2013, including for MEPA and PETA, which are important for improvements of nylons and thermoplastic polyesters (PET and PBT)

Operational and organisational
- Completion of Nexam's plastics processing laboratory
- Nexam St Andrews Ltd (Nexam's unit in Scotland for process development and manufacturing products) receives ISO certifications
- Nexam makes new hires

Miscellaneous
- Nexam listed on First North

Initial commercial deliveries of Nexam's product for polyimide film to Sumitomo

Positive results from both Armacell (PET foam) and BASF (nylon)

Several new customer projects involving different plastics were commenced during the year

Expansion of patent portfolio and key patents granted

Key Events after the end of the year

- Two-year exclusive commercialisation agreement with BASF
- Three-year exclusive supply agreement with Armacell, involving Nexam's products for PET foam
- Customer projects involving special nylons have progressed
- Several global leading polymer manufacturers have contacted Nexam in the past months to schedule meetings and discuss projects
- Nexam has hired an agent in Europe to sell Nexam products to converters for upgrading of recycled PET and polyethylene
- A patent for producing EBPA has been granted
- Preparation for large-scale production – deeper cooperation with three select contract manufacturers
- Decision to list the Company on Nasdaq OMX Small Cap
- New share issue completed

Key figures

	Full year 2013	Full year 2012
Net sales (SEK thousand)	2,547	764
Operating profit/loss (SEK thousand)	–26,790	–17,647
Cash and cash equivalents (SEK thousand)	32,511	7,265
Equity (SEK thousand)	43,523	15,676
Equity per share (SEK)	0.89	0.44
Equity/asset ratio (%)	79.8	72.6
Return on equity (%)	neg	neg
Total assets (SEK thousand)	54,516	21,589
Quick ratio (%)	599.9	229.8
Basic earnings per share (SEK)	–0.56	–0.49
Diluted earnings per share (SEK)	–0.56	–0.49

Exclusive agreements regarding commercialisation with BASF and Armacell

Preparation for large-scale production with select contract manufacturers

Decision to list the Company on Nasdaq OMX Small Cap

Message from the CEO

A year goes by really fast!

Since Nexam was founded in 2009, we have gone from being a company developing new crosslinkers for the polymer market to a company with a broad product portfolio that is very attractive for materials companies around the world. A couple of our customers have also gone from testing to initiating a commercialisation phase during the past year.

In 2013, Nexam worked hard on developing new crosslinker technologies for the high-volume thermoplastics available on the market. Collaborations are ongoing with a dozen or so materials companies looking to improve all different types of nylons, e.g. 66, 6, 11 & 12. In the project with BASF, efforts to develop cross-linkable nylon 66 plastics have now resulted in us entering a phase of commercialisation.

For a couple of years, Nexam has developed products intended to enable modification of thermoplastic polyesters. Nexam has worked intensively with its partner Armacell to modify Armacell's PET foam (PET foam is a small market for PET resin) during the year. Following successful results, we signed a supply agreement with Armacell after the end of the year to supply them with crosslinkers. The improved PET foam will hopefully be used in wind energy, vehicles and buildings in the near future. We are continuing our efforts to modify PET resin and also PBT (another large construction plastic), which are large markets, together with several partners.

If we take a look at products for aerospace components, Nexam's first product, NEXIMID 100 (PEPA), has already been commercial for a while, and we have regular sales, although still in small volumes, but they are forecast to grow. According to information from potential customers, Nexam's products are also on their way to become qualified in several new aircraft applications in both the US and Asia. Our new high-temperature resin, containing NEXIMID 400 (EBPA) and NEXIMID 100 (PEPA), which has been developed together with our American partner, has also attracted interest from aerospace industry suppliers from the EU, the US and Asia. The resin is also evaluated in a project where Rolls-Royce Jet Engines is the end client.

Nexam's products for polyimides (sold under the NEXIMID trademark) are being evaluated by several companies in the electronics industry, mainly in Asia, but also by companies in the US and Europe. The first confirmed commercial application in this industry came in the autumn of 2013 when Sumitomo in Japan announced that our product was used in a new polyimide film for computer chips.

During the PO-CROSS Project, which lasted two years and was completed in the winter of 2013, we demonstrated that one of Nexam's new crosslinkers for polyolefins, as well as polyethylene and polypropylene, generates interesting property changes. A dialogue is now ongoing with one of our partners from the project on how to move forward with this and get it out on the market.

In addition to the aforementioned projects, Nexam is also working on crosslinkers for several other polymers for various applications.

If you take a step back, you'll see that our products are now in high-performance polyimide composites for the aerospace industry and polyimide films for the electronics industry and are heading toward wind energy, vehicles and other applications. In light of the number of companies testing our products and working on several different polymers and applications, it will be exciting to see which company that will be the next to enter into a commercial phase.

Extensive efforts in 2013

Organisationally, we built up a plastics laboratory in Lund during the year with compounding machines, a compression press and an injection-moulding machine, as well as peripheral equipment and analysis tools. We have hired more employees to manage the lab. The new lab enables us to modify customers' plastics on our own and get faster answers as to what mixes work best and thus optimise the products for our customers. We also hired more employees in Scotland, since we have a high workload with development, upscaling and production.

Since Nexam's crosslinking technology is new and unique on the market, there are often opportunities to protect intangible assets developed. Since it was founded in the summer of 2009, that is precisely what Nexam has spent a significant portion of its annual operating expenses on. In 2013, Nexam was informed that its first six patent applications would be granted and three more positive notifications were received after the end of the year. We consider several of these patents to be key patents, since they will protect unique molecules on key markets such as the EU and the US. We expect that more of Nexam's patents will be granted in our field in the future and that Nexam's entire patent portfolio will be the cornerstone of the value Nexam adds for the future.

We know that our customers have applied for patents for materials based on Nexam's products. This serves as proof that the materials companies are working on developing new materials and applications containing our products.

In addition to the fact that more and more public news of big companies applying for patents based on our crosslinkers is coming out, Nexam's products are also being found in scientific publications, such as when a Japanese research team, whose participants

included people from Mitsubishi Gas and Chemical Company, recently published a study in which polyimide resin containing NEXIMID 300 (PETA) exhibited excellent heat properties and high dimensional stability.

In the beginning of 2013, Nexam decided that the Company should be listed on the Nasdaq OMX First North in Stockholm. The main purpose of the listing was to broaden Nexam's ownership base, attract new owner categories and raise awareness of Nexam's business. The listing took place on 23 April 2013 and was well received by both the financial market and our customers around the world. Following positive performance, it was decided that Nexam is to begin the process of getting listed on Nasdaq OMX Small Cap in the spring of 2014. Changing its listing is seen as a natural step in advance of an expected growth phase as well as a way to boost the confidence large global customers have in it even more, and a way to better match up with them.

In March 2014, Nexam completed a directed new share issue to international institutional investors and qualified investors in Sweden. The proceeds of the new share issue are planned to be used to finance and enable a continuing high rate of expansion and development of the Company, its markets and its products.

Prospects for coming years – opportunities and challenges

Nexam is well on its way to establishing a strong position on the market for crosslinkers for polymers. With our new and unique products, we give the large materials companies the ability to modify and improve both process properties in the production of components and material properties.

We forecast that demand for several of our products will increase substantially over the coming years and that is why we have set up collaborations with three different partners for large-scale production of these products.

For each passing month, new potential customers come into the picture wanting to start testing and developing materials and applications with the new crosslinkers from Nexam. Managing to serve new customers and meet their support needs to the same extent we have done so far, with existing customers, is a challenge for us – a positive challenge which means that we need to get better at coordinating our projects and prioritising our internal resources and continuing to grow organisationally.

Covering an increasingly large market with limited resources is a challenge we are working on. Nexam has had agents and distributors for a while in countries such as Japan, China and the US. Recently, we hired an agent for the European market and we are working on evaluating different potential agents or distributors in India. Establishing a good agent and distributor network is a priority for the coming years, since we estimate that this can add substantial value to the Company.

Nexam is well equipped

Nexam's organisation is ready for the challenge of scaling up production and, where needed, increasing the size of its workforce to secure expansion. After completing the share issue in March 2014, the Company is financially strong going into the years ahead and has the financial muscle needed for a strong expansion.

To sum up the past year, a lot of positive things have happened in and around the Company. We think and hope that this is a sign of things to come.

With the same high tempo we've had, we've already passed the first quarter of 2014. Our spirits and motivation level are very high and we are looking forward to an exciting spring and summer in 2014!

Per Palmqvist Morin, CEO
Lund, April 2014

"We forecast that demand for several of our products will increase substantially over the coming years"

Vision, objectives and strategy

Vision and mission

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

The Company's mission is to contribute to a more resource-efficient and durable society by using advanced crosslinking chemistry to reduce the limitations of plastic and polymer materials.

Nexam's strategy

Strategic area	Research and development	Patents
Strategy	• Nexam plans to create value for various stakeholders by continually refining its unique technology and its products.	• Nexam's development of technologies, products and processes will be protected by a proactive IPR strategy based on actively submitting patent applications.
2013 Milestones	• PO-CROSS Project (involving improvement of polyethylene. and polypropylene). • CRONYL Project (involving improvements of different nylons). • Improvement of PET foam.	• Several important patents, e.g. for MEPA and PETA, were granted
Focus for 2014	• Continue focusing on improving nylons, thermoplastic polyesters (PET/PBT), polyethylene and polypropylene, and certain other special polymers.	• Continue protecting our IP.

Business objective

Nexam's business objective is to establish itself as the market leader in the field of heat-activated crosslinkers for the polymer industry. Within five years, Nexam should have established itself as a well-known, appealing and profitable provider of solutions that are unique and create added value for customers.

	Customers	Sales	Procurement and production
	• Nexam primarily caters to leading plastics manufacturers and secondarily to select converters on the global market for plastics. In the long term, Nexam may sell licences for clearly defined areas of technology.	• Nexam will primarily market its products via in-house efforts. On markets with special conditions, hiring local representatives may however be considered in a transitional phase. Japan, Korea and China are examples of such markets.	• Nexam will ensure that key skills are available for procurement and upscaling for large-scale production of crosslinkers. Nexam will not seek to manufacture large-scale volumes in-house. Instead, it will work with established and well-reputed contract manufacturers. In this way, good capacity and quality is ensured without tying up capital in the Company's own production facilities.
	• Breakthrough with several key customers.	• Commencement of commercialisation.	• Cooperation with select contract manufacturers of Nexam's products secured. • Raw materials supply secured.
	• Continue serving key customers. • Broaden our customer base.	• Continue commercialisation. • Broaden our sales organisation.	• Implement large-scale production of select Nexam products.

Nexam's unique technology and products lead to ...

... advantages for plastics manufacturers ...

Processability can be increased in production thanks to shorter chains of polymers, which are crosslinked after the plastic has been processed into the desired form.

In addition, producing and shaping shorter polymer chains goes faster, which could result in an increase in productivity and total production capacity for customers.

... and better plastics ...

Thanks to crosslinking and the resulting longer chains of polymers, several different properties in the final material can be positively affected, which results in increased service life and stronger, more resistant plastic.

... that are cheaper ...

By combining a cheaper plastic with Nexam's crosslinkers, Nexam's unique technology enables customers to achieve just as high performance as in more expensive plastics – but at a lower total cost. This is why the market is very interested in Nexam's technology and products.

... and contribute to reducing environmental impact.

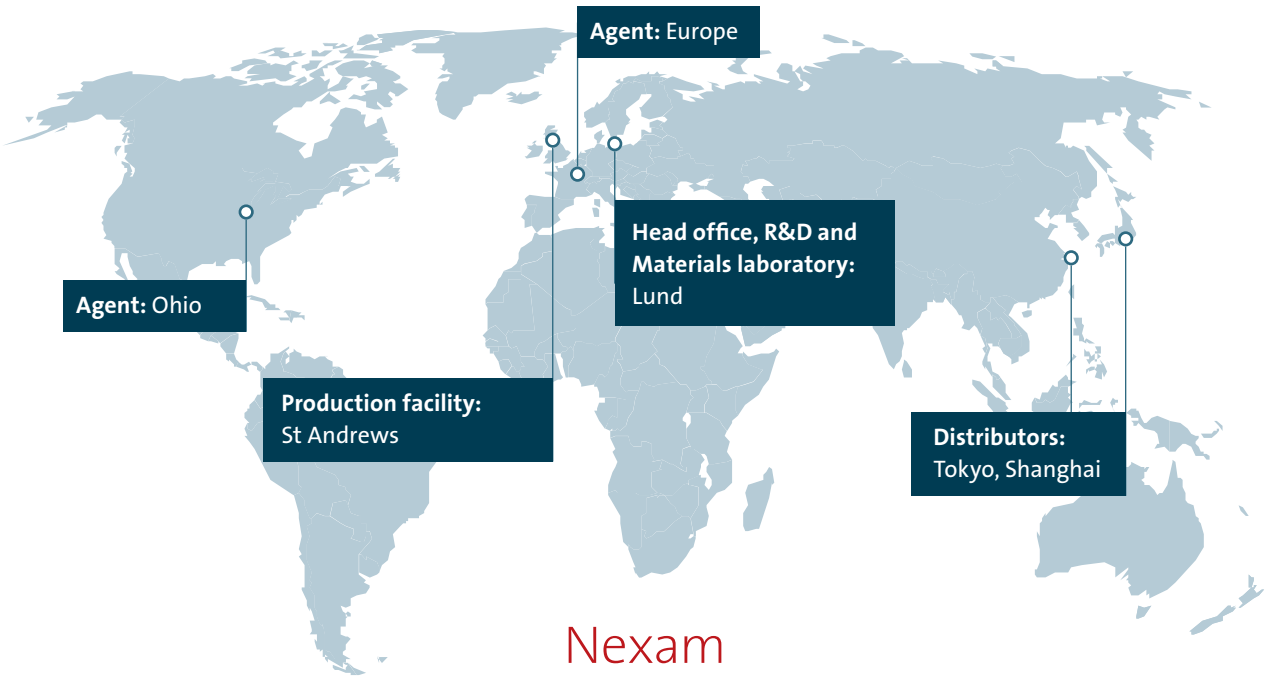
Nexam's technology and products provide greater opportunities to use recycled plastics with good results, which, in addition to environmental advantages, also cuts costs. Nexam's technology and products also contribute to lower weight than existing options for finished components with equal performance, which can have a great impact on the total weight of a vehicle and thus also its fuel consumption and greenhouse gas emissions. In addition, less amounts of plastic can be used, which reduces raw materials consumption.

Nexam's addressable market – large and growing

The plastics market has experienced high growth since plastic made its big breakthrough in the 1950s. The trend going forward is forecast to remain strong, as a result of several interacting factors. The main drivers include continued replacement of metals and other resource-intensive materials with plastics. For the plastics industry, this translates into good opportunities for growth. At the same time, more stringent requirements are being placed on the durability, service life, processability and environmental impact of plastics. This is where Nexam's technology and products can play a key role.

Addressable market

Types of plastic	Examples of applications	Drivers	Market size
Polyethylene	• Pipes & pipelines • Cables • Construction components • Packaging • Surface treatment • Consumer goods and sporting goods	• Enabling production of plastic pipes in larger sizes, as well as plastic pipes with higher temperature and chemical resistance • Replacing metals, cement and other heavier materials • Weighs less and easier to handle • Better environmental values and less need for maintenance	• 70 million tonnes per year • 4.5–5.5% growth per year
Nylons	• Vehicles • Electrical and electronics • Surface treatment, cabling and films • Appliances (incl. home appliances) • Engineering industry • Consumer goods and sporting goods	• Lower weight (plastics as a replacement for metals) • Increased service life and performance • Lower costs and more effective processing	• 2.5 million tonnes per year • 3–5% growth per year
Thermoplastic polyesters (PET/PBT)	• Buildings • Infrastructure • Wind power • Packaging • Construction components	• Foam that weighs less but has the same performance • Production process improvements	• 22 million tonnes of PET per year • 1 million tonnes of PBT per year • 5–8% growth per year
Polyimides	• Aerospace • Power circuits • Microelectronics • Consumer electronics	• More cost-effective production • Metal replacement and lower weight for finished components • Better performance and higher temperature resistance	• 40 thousand tonnes per year • 6% growth per year



Nexam

Status in the industry

Nexam develops products for polyethylene and polypropylene under the NEXAMITE™ trademark. These products are not in a commercial phase yet. Patenting is in progress.
Customers: IRPC, ABB, Repsol and others that we cannot mention by name due to non-disclosure agreements.

Nexam develops products for various nylons under the NEXAMITE™ trademark. The products are in the process of being commercialised.
Many patents have been applied for. Some have already been granted.
Customers: More than ten. Among others, BASF, the world's largest chemical company, which Nexam entered into an exclusive multi-year contract with concerning the commercialisation of crosslinkable PA 66. Our other customers are subject to non-disclosure agreements.

Nexam develops products for various thermoplastic polyesters under the NEXAMITE™ trademark.
The products are in the process of being commercialised.
Patents have been applied for. Some have already been granted.
Customers: Among others, Armacell, the world's leading PET foam manufacturer, which Nexam entered into an exclusive multi-year contract with for the delivery of Nexam products for PET foam. Our other customers are subject to non-disclosure agreements.

Nexam has developed products for polyimides under the NEXIMID trademark
The products are commercial.
Patents have been applied for. Some have already been granted.
Customers: More than 20, among others, NASA, Rolls-Royce, Sumitomo and several other Japanese and US-based component and electronics manufacturers, which cannot be mentioned by name due to non-disclosure agreements.

Over 600 billion euros in sales

In total, the demand for plastics was 280 million tonnes in 2011. Sales on the global plastics market were around 600 billion euros the same year. Both the volume and global sales are growing year after year. Several interacting factors are responsible for the rapid and strong growth of plastics. First and foremost, a growing population and increasing wealth have created the basis for increased global consumption. In parallel with that, the degree of innovation in the plastics industry has been high, which has made (and continues to make) it possible to successively improve the properties of plastics and thus take market shares from other types of materials.

New applications and products

Just as earlier in history, innovation and advances in technology in the plastics industry are expected to lead to and enable the development of new types of plastic-based applications and products. The application areas for plastics are, quite simply, expected to increase as the properties of plastic with regard to things such as heat resistance and chemical resistance increase.

Challenges for the plastics industry

These trends translate into good opportunities for continuing growth for the plastics industry. However, at the same time, increasingly more stringent requirements are being placed on the durability, service life, processability and environmental impact of plastics. More resource-efficient engines for care, more fuel-efficient aircraft and increasingly faster growth in electronics are driving the demand for smaller, lighter and stronger components that can withstand increasingly higher pressure and temperatures.

The more advanced structural solutions you choose, the higher the demands on the material will be. For plastics to be able to continue to replace metals and other more advanced materials, they will need increased resistance to heat, pressure, sunlight (radiation) and chemicals, among other things.

Lower-performance plastics are unable to withstand more demanding environments and conditions. You can use higher-performance plastics, but they get more expensive and the competitive advantage over alternative materials goes down.

This one of the plastics industry's biggest challenges; continuing to develop and improve the properties of plastic in such a way that they both enable continuing replacement of metals and meet the needs and requirements of tomorrow with regard to performance and quality.

Nexam's technology meets the needs of the market

Nexam has developed technology and products in the form of additives that make it possible to significantly improve the properties and performance of most types of plastics in a cost-effective manner and with current production equipment. The technology makes it possible for customers in a large number of segments to improve the properties and extend the service life of die-cast, compression-moulded, injection-moulded or extruded plastic components. These improvements in turn make it possible to replace heavier materials, such as steel, or more expensive materials, such as specialty plastics, with cheaper materials, often in the form of standard plastics. It is thus possible to meet the industry's demand for high performance at the same cost, or even lower costs. Since Nexam's technology was introduced in 2009, a series of development projects and partnerships have been entered into with a number of leading companies, of which several are world leaders in their respective niches.

Four market segments with high potential

Nexam's chemistry works for a wide range of different types of plastics and polymer materials. Let us first turn our attention to four prioritised segments where Nexam cooperates with various plastics manufacturers and materials companies to solve key materials problems and thus enable a further increase in the performance and application areas of plastics.

The nylon market

Nylon was launched at the end of the 1930s and has been a part of changing the world since then. The use of nylon is still increasing for every passing year. The total market is just over 2.5 million tonnes per year and growth is at 3-5 % per year. The markets where nylon is used differ greatly from one another, with the sports and recreation market (short product service life) on the one hand, and products for the electricity market and aerospace market on the other (very long product service life). New nylon qualities continue to be developed, and this contributes to growth. The new qualities developed are primarily designed to increase nylon's service life and resistance to high temperatures and chemicals.

The reason customers use Nexam's products is related to the need for lower weight (plastic as a replacement for metals), increased service life and performance of plastic components, lower costs and more effective processing.

Nexam's various development projects are financed by Nexam itself, by development grants from VINNOVA and by customers

that evaluate the technology for the purpose of creating new material qualities. Nexam's products are designed to be suitable for several different nylon qualities and we are planning to be able to cover basically all types of nylon plastics.

Read more about the nylon market in Nexam's interim financial statements for April–June 2013.

The polyethylene market

The polyethylene market is growing by around 4.5–5.5 percent per year and the total world market is now up at over 70 million tonnes per year for the different types of polyethylene. The biggest one is HDPE, followed by LDPE, with around 30 and 20 million tonnes per year respectively. The market segments for polyethylene (LPPE, HDPE etc.) include: film for packaging and plastic bags, surface treatment, cable insulation material, pipes, construction components, plastic bottles, food containers, toys and sporting goods. New polyethylene qualities continue to be developed all the time to meet new needs such as improved mechanical properties, increased service life and improved resistance to high temperatures.

For two years, Nexam has led and worked on a project funded by the EU and VINNOVA (PO-CROSS), which main purpose is to develop crosslinkable polyethylene (and polypropylene). The idea was to significantly improve deficiencies in the mechanical properties of polyethylene without having to add reinforcing material. This is done by crosslinking the material with a completely new Nexam product.

The project, which is considered very successful by its industrial participants, has produced several different methods for crosslinking polyethylene. It also turned out that, apart from the improved mechanical properties, an improvement in other in-demand properties was achieved, such as higher temperature stability and increased service life. Preparatory commercialisation efforts were commenced together with the project participants in 2013. This means that at least one crosslinker for all of the different types of polyethylene plastics will be added to the NEXAMITE™ product portfolio in the near future.

Read more about the polyethylene market in Nexam's interim financial statements for July–September 2013.

The thermoplastic polyester market – PET/PBT

The market for PET/PBT is constantly increasing and PET alone is growing at an average of 5–8% per year. The total volume of PET produced per year is around 22 million tonnes, of which nearly 1 million tonnes are used as construction plastics, while most of the rest is used for bottles. In addition, around 1 million tonnes of PBT is used as construction plastics. The polymers are estimated to have very good prospects for continuing strong growth. This growth can be further strengthened if some of the inherent weaknesses of the polymers are overcome. For example, some of their process properties can be improved.

Nexam's product portfolio for property improvement (crosslinking) of PET/PBT is primarily aimed at improving the process properties of the polymers. When the process properties are changed, the final properties of the finished plastic are also changed in a favourable manner. The product name of Nexam's products for PET/PBT is NEXAMITE®. Nexam currently has several NEXAMITE™ products that can be formulated to customise both the process properties and final properties of PET/PBT. One example is PET foam, where Nexam's additives give the finished material significantly better mechanical properties in comparison to the PET foam formulas currently in use.

Nexam's development projects relating to products for PET/PBT are financed by Nexam itself, while different formulations of NEXAMITE™ for PET/PBT have been developed together with end clients who have tested the technology. The developed products enjoy patent protection, and market introduction and commercial use are imminent.

Read more about the polyethylene market in Nexam's interim financial statements for October–December 2013.

The polyimide market

The global polyimide market is around 40 thousand tonnes per year. It is growing by approximately 6 percent on an annual basis. Polyimides offer several advantages in the form of heat resistance, which means that the material is well-suited for particularly demanding application areas in the aerospace industry, microelectronics and consumer electronics, among others.

Nexam works with over 20 customers in this segment, including NASA, Rolls-Royce, Sumitomo and several other Japanese and US-based electronics manufacturers.

Nexam has a range of commercial products with different curing temperatures, consisting of NEXIMID 100 (PEPA), NEXIMID 200 (EPA), NEXIMID 300 (PETA), NEXIMID 400 (EBPA), NEXIMID 500 (MEPA) and NEXIMID 600 (mDOB)

Read more about the polyimide market in Nexam's interim financial statements for January–March 2014.

Limited competition for Nexam

The Company's direct competition is limited at this time. There is quite simply no one else who has worked commercially with the chemistry and the products that are the core of Nexam's operations, i.e. the NEXAMITE™ portfolio and the majority of the NEXIMID portfolio. When it comes to competition for NEXIMID 100 (PEPA), Nexam knows of a couple of minor producers that have offered the product for a long time now; Manac in Japan and Cyalume (JFC Technologies) in the US. They are however estimated to have significantly higher costs of production than Nexam and are completely lacking the broad product portfolio that Nexam has built up.

High entry barriers

Entry barriers on the crosslinker market are high for several reasons, which means that it will be difficult for others to compete with Nexam.

A substantially high level of expertise with respect to the technology behind crosslinkers and application technology, based on several years of extensive research and development, are required. Innovations and products developed are protected by patents and know-how.

In addition, the sales process is complex, with a high degree of systematic cooperation with customers – often in the form of joint development projects. The sales process can take one to four years and anything in between, depending in part on the type of plastic and application area and the need for joint development initiatives and test projects.

Being able to contribute a unique research and development environment in the form of its own laboratory as well the way Nexam does is also a significant competitive advantage, or a greater entry barrier, if you will. Not only is it demanding to set up the lab, unique expertise is also required to run it optimally – to be able to carry out successful development projects together with customers.

Substantial added value

Nexam has good prospects for being able to add clear value thanks to its unique technology and product portfolio. The Company also has good prospects for being able to ensure that this added value is turned into financial gains, thanks on the one hand to the high entry barriers in place, and as is mentioned in the last paragraph, and on the other as a result of the patent protection safeguarding the Company's technology and the products.

Nexam is also looking to secure a negotiating position vis-a-vis suppliers and customers that is strong in the long term on the basis of its unique and strategically important expertise, technology and product portfolio, which meets clear needs on the market.

The fact that customers and end clients can make substantial functional, financial and environmental gains thanks to Nexam's technology and products also forms a type of business logic that is favourable for both the Company and its customers.

Nexam's technology makes it possible to improve the properties and extend the service life of die-cast, compression-moulded, injection-moulded or extruded plastic components.

Nexam's operations – well equipped for expansive growth

In 2013, Nexam kept up the tempo in research, development and customer relationship management, which led to a lot of progress that didn't go unnoticed. Production capacity for larger volumes has also been secured. This means that the Company is well equipped for the expected growth in the coming years.

Nexam develops new and unique 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 same production technology intact. Nexam's unique technology and product portfolio is being met with great interest from leading customers in the plastics industry.

The properties that are improved include quality, service life and weight. The modified and improved properties in turn make it possible to continue replacing metals and other, often heavier and more expensive materials, in a series of different applications. In addition, the technology provides the processor of the plastic with unique opportunities to streamline and improve their production capacity and production costs.

Roots from a project in the Perstorp Group

Nexam was founded in July 2009 after a management buy-out of a crosslinker project from the Perstorp Group. Perstorp had then put a number of years into the development of the project, but decided to divest its involvement in the field after disposing of its entire materials division to instead focus on aldehyde-based chemistry.

Products and trademarks

Nexam's products are marketed and sold under two trademarks:
NEXIMID™ for crosslinkers for polyimides. Nexam currently markets five different crosslinkers for different curing temperatures: NEXIMID 100 (PEPA), NEXIMD 200 (EPA), NEXIMID 300 (PETA), NEXIMID 400 (EBPA) and NEXIMID 500 (MEPA).
NEXAMITE™ for crosslinkers for thermoplastics. Nexam has developed and continues to develop/refine a series of crosslinkers for heat-activated crosslinking of volume plastics, such as polyethylene, polypropylene, PET, PBT, various nylons (11/12, 6, 66), PEEK etc. These products are currently being tested in close collaboration with select key customers.

2009

- Management buy-out from Perstorp and founding of Nexam Chemical.
- Commencement of build-up of plastics processing laboratory and development activities (both equipment and employees).

2010

- First proof of concept for crosslinkable nylon and polyethylene.
- Several customer collaborations are initiated, e.g. with BASF.
- Pre-launch of NEXIMID product family.

2011

- NEXIMID family with a total of five products launched for polyimide market.
- Several customer collaborations are initiated/intensified, for example, with companies in the polyimide industry commencing tests with Nexam's products and with the PO-CROSS 2 consortium concerning crosslinkable polyethylene and polypropylene.
- Nexam acquires production facility/operations in Scotland (for upscaling and small volumes).

Ongoing collaborations and customer projects 2013

Since Nexam's technology was introduced in 2009, a series of development projects and collaborations have been entered into with a number of leading companies, of which several are world leaders in their respective niches. They include BASF, Repsol, IRPC, Sumitomo, ABB, NASA and Rolls-Royce. All in all, Nexam currently works with a number of the world's 100 largest chemical and materials companies.

In 2013, development work progressed according to plan with continuing development together with Nexam's partners. Nexam's collaboration with Armacell, the leading PET foam manufacturer, and cooperation project involving PA 66 with BASF, are two examples of several projects with good results.

A customer project involving a special nylon for use in, for example, mobile phones and tablets also turned out well. Tests in regular production on the premises of the customer is planned for 2014.

Around the end of the year, discussions were held with Nexam's partners in the PO-CROSS Project with the goal of continuing and expanding the partnership for the purpose of commercialising the results achieved.

In the last quarter of the year, Nexam entered into a cooperation agreement with a US-based company for developing a new high-temperature polyimide resin for composites for aerospace applications.

CASE

Armacell enters into an exclusive supply agreement with Nexam

Armacell has successfully developed a PET foam with significantly improved mechanical properties. This is due to the effects contributed by Nexam's products.

Armacell is in the process of optimising the way to add Nexam's products in commercial production equipment. As part of an expected commercial breakthrough, and to get exclusive Nexam cooperation in PET foam, Armacell has chosen to enter into a three-year exclusive supply agreement with Nexam.

The intended applications are in the automotive, construction and energy sector.

In addition, Nexam's products likely make it possible to use cheaper input raw materials, and this is currently in the process of being tested by the customer.

2012

- Expanded tests of the NEXIMID product family with existing and new customers in the polyimide industry.
- Pre-launch of the NEXAMITE™ product family in close collaboration with a few select partners.
- Positive results in different nylon types, PET and polyethylene.

2013

- Nexam's products are specified in formulations by customers.
- Upscaling of volumes begins on the premises of customers.
- The plastics processing laboratory is brought into operation, which is going to further accelerate development work.
- Nexam had a total of 6 granted patents and 38 patent applications in 11 patent families in its portfolio at the end of the year.
- Nexam St. Andrews produced and delivered external customer orders placed as well as high-temperature resin for the Clean Sky Project.
- Sumitomo in Japan, one the world's leading chemical/materials companies, commercialised the first electronics application containing Nexam's crosslinkers.

2014 – 1st quarter

- BASF decided on commercialisation of crosslinkable nylon 66 containing Nexam's crosslinkers.
- Agreement with Armacell on the use of Nexam's crosslinkers for PET foam.
- Patents were granted for the production of EBPA in Europe and MEPA in South Africa.
- Increased cooperation with three contract suppliers.
- Preparations for large-scale production.
- The Board of Directors decides to prepare Nexam to change its listing to NASDAQ OMX Stockholm Small Cap.

Collaborations and customer projects after the end of the year

In the beginning of 2014, BASF and Nexam made a joint decision to initiate the commercialisation phase for new crosslinkable material based on nylon 66 and Nexam's crosslinkers. BASF has been given two-year market exclusivity, on the condition that it buys a certain minimum volume of Nexam products during the contract term.

A three-year supply agreement with Armacell, the world's largest manufacturer of PET foam, was signed in the first quarter of 2014. Armacell has exclusivity for the use of Nexam's crosslinkers for PET foam, on the condition that it buys a certain minimum volume of Nexam products during the contract term.

Customer projects involving special nylon for applications such as mobile phones and tablets progressed according to plan in the first quarter.

An extensive discussion on cooperation agreements and forms of cooperation for commercialising crosslinkable polyolefins, for example polyethylene for pipes, with one of Nexam's partners from the PO-CROSS Project went on during the first quarter of 2014.

Its own unique laboratory

In 2013, Nexam's new plastics processing laboratory in Lund went into operation. This is expected to lead to a further acceleration of development work together with select partners in the future. The lab is one of a kind and provides good opportunities for conducting applied research and development, for Nexam and Nexam's partners.

Thermosets

Plastics are primarily divided up into two main groups, thermoplastics and thermosets. The definition of a thermoset is that it cannot be melted or transformed after curing without being destroyed. Thermoplastics are defined as plastics that become plastic when heated up and that can be transformed between a solid state and a plastic state several times.

When it comes to specific properties and advantages, both types differ from one another. The strengths of thermosets include excellent material properties with regard to mechanical strength, heat resistance and chemical resistance. The main advantages of thermoplastics include superior cost-efficiency and processability suitable for mass production.

There has been a desire in the plastics industry for a long time now to be able to combine the advantages of both types of plastic and thus create a solution that combines good material properties with an attractive value and high processability.

Nexam's innovations and products are directly connected to the ability to convert thermoplastics into thermosets.

CASE

Contract related to aerospace industry

In November 2013, Nexam entered into a cooperation agreement with a US-based company for developing a new high-temperature polyimide resin for composites for aerospace applications.

The purpose of the cooperation is to develop and market a new high-temperature polyimide RTM resin for composites for the aerospace industry containing Nexam's NEXIMID 100 (PEPA) and NEXIMID 400 (EBPA) crosslinkers. The new resin is intended for use in composites designed for the most demanding applications in the aerospace industry.

The processability of polyimides and the properties of plastics, e.g. temperature resistance, can be improved with Nexam's products for crosslinking polyimides.

The total global market for polyimide resin is approximately 40,000 tonnes per year and growing.

Advantages of crosslinking

Basically, you could say that a plastic consists of long chains, which are called polymers, made out of small carbon-based building blocks (monomers) which are linked together into a long chain. Small ends stick out from these long chains which can be used to attach other molecules (e.g. crosslinkers). Crosslinking is defined as a reaction where multiple chains are linked with one another via crosslinkers. The higher the degree of linking (crosslinking) you can achieve between different chains of plastic, the stronger and more resistant the final material will be.

The product properties are modified and improved significantly by crosslinking the polymer chains in the plastic, at the same time as the service life increases, which means that entirely new application areas are made possible.

Even though crosslinking as a phenomenon has been known for a long time, existing methods have thus far been way too expensive, complicated and in many cases not usable for crosslinking regular thermoplastics in industrial conditions.

Nexam's unique technology and products

With Nexam's innovative technology, which is based on well-defined and heat-activated crosslinking, the door is opened for completely new opportunities for increased usage on a large scale.

This is done by first functionalising, i.e. attaching the crosslinker to the polymer during normal processing. Then, crosslinking of different polymer chains occurs by increasing the temperature to above the processing temperature, but lower than the degradation temperature. The unique thing about Nexam's crosslinkers is that they are activated in the right temperature range – between the processing temperature and the degradation temperature. This range varies between different plastics. Nexam has therefore developed many different crosslinkers with activation temperatures that are adapted based on the temperature range of the respective plastic.

This functionallity is unique on the market. Existing heat-activated crosslinkers on the market are activated either at too low or too high temperatures.

CASE

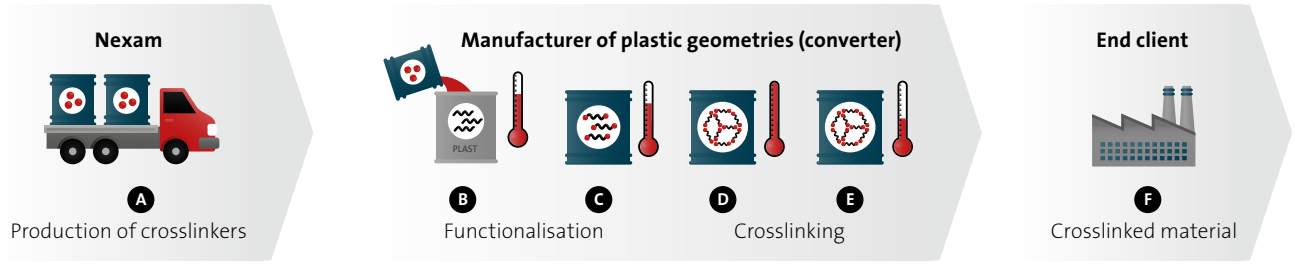
Highest marks in scientific study

A Japanese research team, whose participants included people from Mitsubishi Gas and Chemical Company, published a study in December 2013 in which polyimide resins containing NEXIMID 300 (PETA) exhibited excellent heat properties and dimensional stability.

In addition, the resins can be crosslinked at as low temperatures as 220 degrees Celsius, which is an advantage in comparison to other types of phenylethynyl-based crosslinkers that require significantly higher crosslinking temperatures (approx. 350 degrees Celsius).

How can Nexam's products be used

1 Reactive extrusion



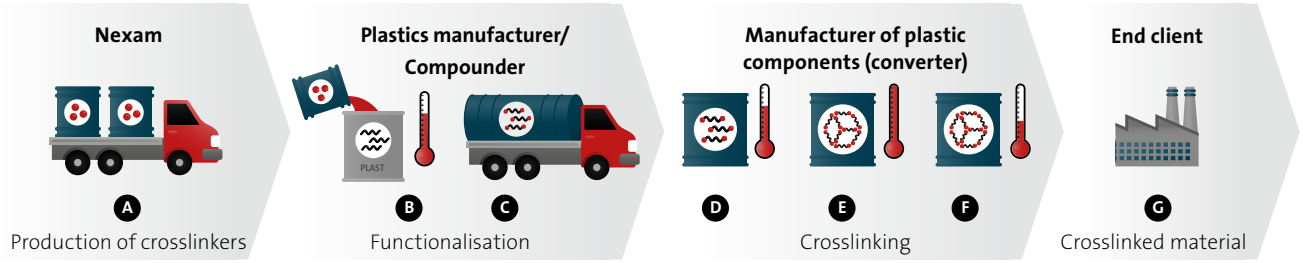
A. Nexam manufactures crosslinkers in its own factory in Scotland and via contract manufacturing at partners. The crosslinker powder is then transported to plastic geometry manufacturers.

B-D. Nexam's crosslinker is added to the plastic that is to be improved. While the warm plastic is extruded, the plastic is first functionalised (i.e. the crosslinker reacts with the plastic) and then crosslinked due to the temperature in the extruder.

E. The finished plastic geometries (e.g. foam, pipes, cables) are cooled on the cooling conveyor and they are now made up of a material that is crosslinked and has different and better properties than the original plastic would have had.

F. Plastic geometries made out of crosslinked plastic are delivered to end clients for assembly into products.

2 Curing in the injection-mould



A. Nexam manufactures crosslinkers in its own factory in Scotland and via contract manufacturing at partners. The crosslinker powder is then transported to the plastics manufacturers or plastics compounder.

B. In a first step, Nexam's crosslinker is mixed with the plastic that is to be improved. The hot, liquid plastic compound is converted into functionalised beads (i.e. the crosslinker has reacted with the plastic).

C. The beads are packed into a bag and delivered to manufacturers of plastic components.

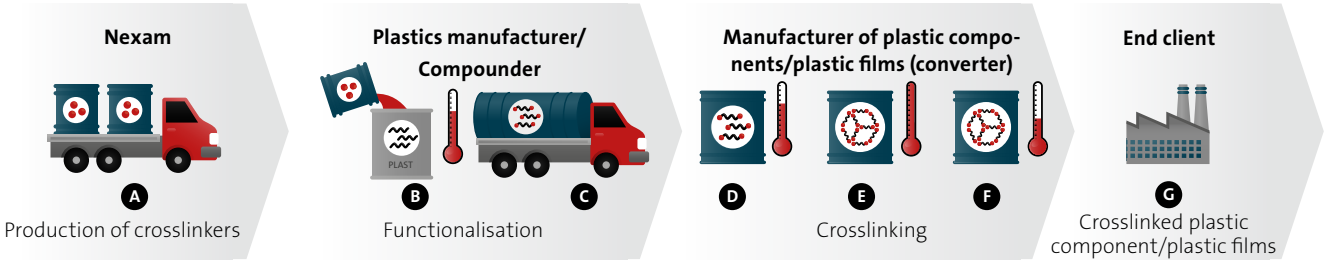
D. Manufacturers of plastic components (e.g. vehicle and aircraft structures, mobile phones etc.) melt down the plastic beads into a liquid compound the same way as usual.

E. When the plastic is injection moulded to form the parts, the temperature is increased in the tool, so that the plastic is crosslinked.

F. The finished plastic components are cooled and taken out from the injection-mould. They are now made up of a material that is crosslinked and has completely different and better properties than the original plastic would have had.

G. Plastic components made out of crosslinked plastic are delivered to end clients for assembly into products.

3 Curing in an oven



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B. In a first step, Nexam's crosslinker is mixed with the plastic that is to be improved. The hot, liquid plastic compound is converted into functionalised beads (i.e. the crosslinker has reacted with the plastic).

C. The beads are packed into a bag and delivered to manufacturers of plastic components.

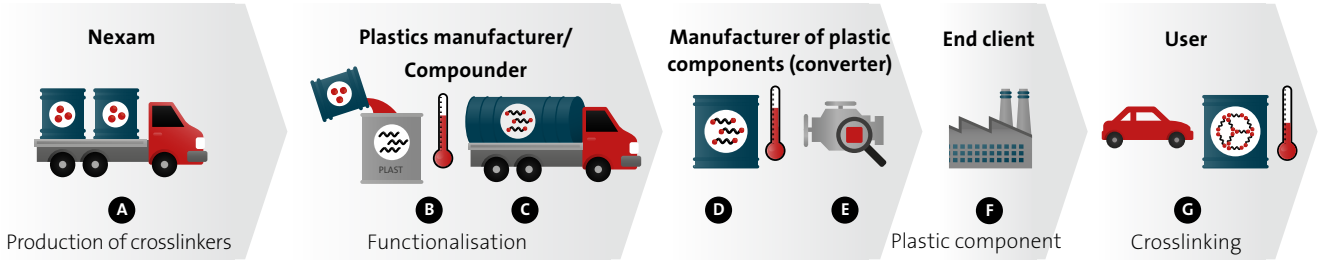
D. Manufacturers of plastic components/plastic films melt down the plastic beads into a liquid compound the same way as usual.

E. The plastic is shaped the same way as usual and the plastic components/plastic films (e.g. vehicle and aircraft structures, polyimide films for computer chips etc.) are put in an oven. In the oven, Nexam's crosslinker is activated, resulting in the material being crosslinked.

F. The finished products are taken out of the oven and cooled. They are now made up of a material that is crosslinked and has completely different and better properties than the original plastic would have had.

G. Plastic components/plastic films made out of crosslinked plastic are delivered to end clients for assembly into products.

4 Curing while components are in use (self-reinforcing plastic)



A. Nexam manufactures crosslinkers in its own factory in Scotland and via contract manufacturing at partners. The crosslinker powder is then transported to the plastics manufacturers or plastics compounder.

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C. The beads are packed into a bag and delivered to manufacturers of plastic components.

D. Manufacturers of plastic components melt down the plastic beads into a liquid compound the same way as usual.

E. The plastic is injection-moulded in the same way as usual and plastic components are taken out from the injection-mould.

F. Plastic components are delivered to end clients for assembly into products.

G. For example, while a car is in use, the working temperature of the components in the engine compartment is so high that Nexam's crosslinkers will be activated, albeit at a slow rate. The material is thus cured/crosslinked over hundreds of hours of use. The properties of the plastic components are thus gradually improved and their service life is extended.

CASE

Nexam's crosslinkers in customers' patents

In January 2014, one of Nexam's customers was granted a patent from the Japan Patent Office (JPO) where Nexam's product NEXIMID 500 is used in polyimide resin, which exhibited excellent heat properties and solubility combined with very good flexibility, which is unique.
In addition, the resin can be crosslinked at 50-80°C lower temperatures in comparison to other types of phenylethynyl-based crosslinkers. In general, few thermoset systems have elongation at break (a measure of flexibility) over 10 percent, but PETI resin is such a material with nearly 20 percent elongation at break. An example of nearly 40 percent is presented in the patent.

Patent application from DuPont
A patent application from DuPont in the US was made public the same month. It applies to nanonets made out of nanofibre, which is based on crosslinked polyimides with Nexam's crosslinkers. The nanonet is intended for use in the separator membrane in electrochemical cells, such as fuel cells and batteries.

Patents and rights

As of the end of 2013, Nexam had 6 granted patents and 38 pending patent applications in a total of 11 patent families. Existing patent applications are in different national and intentional examination phases. Several patents are expected to be granted in 2014 and 2015, as the nationalisation of patents already applied for occurs.

Nexam's patent application for MEPA was granted in Europe in 2013. This patent is important, as MEPA is key for crosslinking nylons. In Europe, Nexam's patent for its crosslinker PETA was also granted in 2013. In the US, a patent application was granted for nylon modified with the help of Nexam's technology was granted and thus made crosslinkable, which results in a significant improvement in the material properties of nylon.

Nexam's patent portfolio	
Granted patents	6
Pending patent applications	38
Patent families	11

Footnote: Patent portfolio as at 31 Dec 2013.

After the end of the year, a patent was granted for the production of EBPA, one of the products used in the high-temperature material, which is under development in cooperation with Rolls-Royce Jet Engines. The Company was also informed that its European patent application for crosslinking technology for aromatic polyether ketones (PAEK) will be granted. In the end of February, Nexam was informed by the US Patent and Trademark Office (USPTO) that it will grant the Company's US patent application for MEPA, which is a product that is unique and very important for Nexam, as it is used for crosslinking a large number of thermoplastics.

Funding of R&D projects

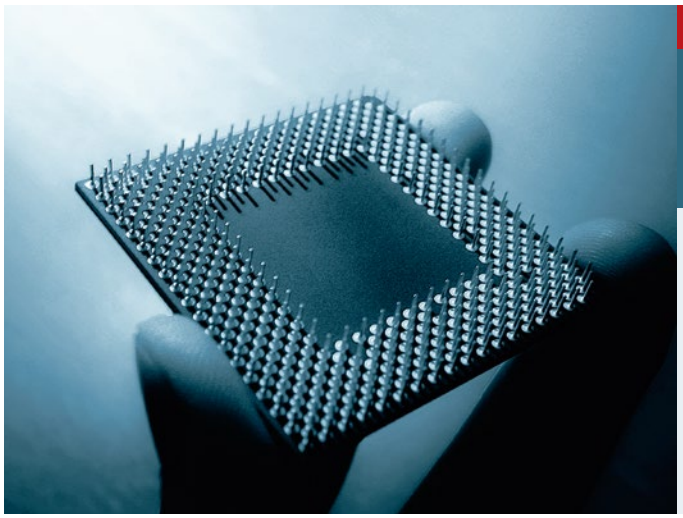
The costs associated with completed and ongoing research and development projects are paid by Nexam and participating customers. In addition, grants are received from agencies such as VINNOVA, Eurostar and the EU's Framework Programme, whose purpose is to provide funding for applied research and development with a focus on commercialisation for SMEs. One example of such a project funded by the EU and VINNOVA is PO-CROSS, where the main purpose is to develop crosslinkable polyethylene (and polypropylene). Upon application, the project was ranked number 1 out of 348 projects, regardless of industry or category, by Eurostar's expert group in Brussels for evaluation of project applications.

Another example is Nexam's C-PET 3 project application involving process and performance improvements for PET thermoplastic polyesters. It was ranked number 36 out of a total of 510 projects in this programme in 2013. This means that the project application was ranked above the quality threshold, which is a precondition, but not a guarantee that it will receive grants. Unfortunately, C-PET was not granted funding, since the grant money in Germany ran out.

CASE

SEK 1 million in grants for the HicTac Project

As participants in the HicTac Project (High performance composites for demanding high Temperature applications), Nexam and Swerea SICOMP have been allocated just over SEK 1 million to develop high-temperature resin to be included in new high-performance composites.
The project's end client is Rolls-Royce Jet Engines. The project, which was started in March 2013, is part of the EU's FP7/Clean Sky Programme. The project will be ongoing for a period of 24 months.



CASE

First application in electronics

In September 2013, Nexam was informed by Sumitomo in Japan, one of the world's largest chemical companies, that they have now commercialised the first application containing Nexam's crosslinkers. The application involves polyimide films for coating high-performance computer chips. Upscaling has now been implemented successfully and commercialisation has been completed.

The order value for Nexam in the first twelve months is estimated to be around SEK 300,000 and we expect that this will increase over time. Sumitomo has also announced that they are in the process of developing additional applications containing Nexam's products.

Procurement and production

Effective and secure procurement of necessary raw materials for production of crosslinkers is key for Nexam. The Company has built up a globally competitive procurement process with select and trusted suppliers. Nexam's procurement strategy is to always have at least two suppliers for every raw material.

Currently, Nexam produces its crosslinkers at the production facility in St. Andrews, Scotland. The production unit, Nexam St. Andrews, manufactures products on a medium scale for Nexam and utilises potentially available capacity to manufacture fine chemicals for external customers.

In 2013, production was successfully upscaled in conjunction with external orders for the production of products for the HICTAC Clean Sky Project, where Rolls-Royce Jet Engines is the end client.

In the commercialisation phase, when volumes increase substantially, the capacity at Nexam St. Andrews will not be sufficient. Nexam has therefore, in parallel to production at Nexam St. Andrews, and after production of pilot volumes, intensified its cooperation with three select contract manufacturers, which all have the ability to produce on a large scale and competitively. In 2013, they initiated preparations for production of multi-tonne volumes of several Nexam products.

Marketing and sales

Nexam is planning to market its technology and its products on a global market, primarily via direct contacts with both customers that produce plastic and potential end clients in specific industries. The nature of the sales process requires specific and strategically critical knowledge associated with both crosslinking technology and application technology in order to optimise the sales process.

Nexam has good knowledge of the market and its participants. On certain geographic markets, such as Japan, South Korea, Taiwan and China, Nexam serves the market via agents and distributors. In the US, the Company's marketing efforts are primarily pursued using its own resources, but a partner is used as an agent for certain applications. An agreement was signed with a European agent in the final quarter of 2013. Nexam is looking into the option of a suitable partner for serving the market in India.

As both product offerings and volumes grow, Nexam plans to increase its sales force. In parallel to pure sales efforts geared toward potential customers, an ongoing technical sales process is pursued in relation to established contacts.

Employees

Nexam's organisation consists of 14 employees in Sweden (head office and R&D) and 9 employees in Scotland (production). Of Nexam's current 23 employees, 10 have a doctoral degree (PhD) in chemistry or polymer materials.

Sustainability – Nexam contributes to a reduction in environmental impact

In addition to functional and economic benefits, Nexam's unique technology and product portfolio contributes to a reduction in environmental impact on all levels of the value chain, all the way from procurement and production to the end client and re-use.

On the producer level, being able to use plastics to a greater degree instead of metals, thanks to Nexam's unique technology and products, gives producers great opportunities to cut costs and environmental impact.

Positive effects on the production level
Plastic-based solutions are cheaper to manufacture, because the energy consumed is lower and processing time is shorter. Plastic also has many advantages if you take a look at its environmental impact over a life cycle.

Reduction in environmental impact for the end user
The end user level also sees a reduction in the environmental impact and costs, as plastics are used to a higher degree visavi more resource-intensive materials, such as metals. We can see an example of this in the vehicle industry and aerospace industry where a reduction in total weight generates a large reduction in costs and environmental impact thanks to lower fuel consumption.

Greater opportunities for re-use
Plastics can be recycled, but depending on the type of plastic, the specific material has a different value as reused material. One challenge in recycling plastics is that the different types of plastic may need to be separated to make recycling possible. Recycling materials such as thermoplastics successively downgrades them, because the polymer chains are decomposed and the properties of the plastic deteriorate. Nexam's technology enables recycled plastic to be upgraded, which per se means that a greater amount can be reused, creating both economic and environmental advantages.

Lower environmental impact of Nexam's operations
Nexam strives to reduce the environmental impact of its operations in both day-to-day work and strategic decisions. These efforts are supported by effective control and follow-up systems.

2013 environmental certification
In 2013, the Nexam St Andrews production unit received the following accreditations: ISO 9001 for quality, ISO 14001 for the environment and OHSAS 18001 for health and safety. This is proof of the unit's high standards with respect to its working methods to achieve high standards and promote constant improvements. The accreditations strengthen the facility's competitiveness both in terms of the production of Nexam's products and for contract manufacturing for external clients.

High demands from customers
Nexam's customers, which are among the leading chemical companies in the world, place high demands related to the Company's conduct in quality, environmental and safety issues. In many cases, these demands are more far-reaching than those associated with more general standards, such as ISO. The same goes for agencies such as VINNOVA and the EU which support Nexam's research and development projects in the form of grants.

The fact that Nexam has entered into cooperation agreements with large companies and received grants from agencies such as VINNOVA and the EU is another sign that Nexam's operations are conducted with high quality and good control.

Nexam's shares – share price up 41 percent in 2013

Nexam's shares have been listed on NASDAQ OMX First North since 23 April 2013. Nexam's share price increased by 41 percent from the listing date to 31 December 2013. The highest price of the year was SEK 14.50, which occurred on 10 October. The lowest price of the year was SEK 5.90, which occurred on 17 May. The last price traded at the end of December 2013 was SEK 10.30.

Nexam's total market value, based on the number of outstanding shares, was SEK 502.4 million at the end of the year. During the year, just under 31 million Nexam shares were traded at a value of just under SEK 304 million. On average, just over 179 thousand shares were traded per day, which is equal to around 0.4% of outstanding shares. The good liquidity, with substantial daily trade volumes, led the Company to decide to terminate its agreement with Remium concerning a liquidity guarantee for its shares. Nexam's shares will therefore be traded without a liquidity guarantee as of 21 March 2014.

Share capital

Nexam's share capital totalled SEK 938,077 divided up into 48,780,000 outstanding shares at the end of 2013. The Company only has one class of shares and all shares have an equal entitlement to dividends and surpluses in the event of liquidation and each share entitles the holder to one vote.

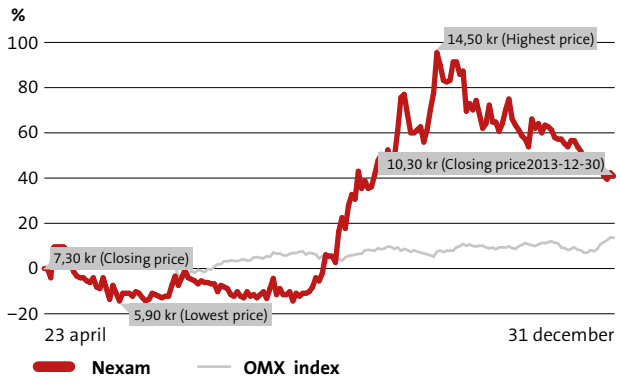
New share issue

Nexam's Board of Directors has an authorisation to, on one or multiple occasions during the period leading up to the next annual general meeting (which will be held in the spring of 2014, and concern the 2013 financial year), resolve to conduct a new share issue in exchange for cash payment and/or with a provision for contributions in kind or offsetting as well as in that case being able to derogate from the shareholders' pre-emption rights. In March 2014, a directed new issue of 3 million shares was held, which brought in SEK 67.5 million for the Company before issuing costs. The issue was directed at international institutional investors and qualified investors in Sweden at a price of SEK 22.50 per share. The new share issue resulted in dilution of 5.8 percent based on the number of shares after the issue.

Decision to change listing

In the beginning of 2014, the Board of Directors of Nexam resolved to initiate the process of preparing the Company to change the execution venue for the Company's shares from NASDAQ OMX First North to NASDAQ OMX Stockholm Small Cap. Changing its listing is seen as natural step in advance of an expected growth phase. The Company primarily sees this as a way to boost the confidence large global customers have in it even more, and a way to better match up with them. In addition, this listing is expected to raise interest from institutional investors, equity analysts and partners, as well as create the conditions for greater share liquidity.

Share performance during the period



Largest shareholders as of 31 December 2013

Nexam Holding AB's shareholders	No. of shares	Interest, %
UBS AG on behalf of client	4,728,024	9.7%
Lennart Holm, via company	2,591,596	5.3%
Richard Tooby, private and via company	2,132,266	4.4%
Per Palmqvist Morin, private, via company and family	2,070,569	4.2%
Jan-Erik Rosenberg, private and via company	2,048,866	4.2%
Daniel Röme, via company	2,000,237	4.1%
Michael Karlsson, private and via family	1,701,421	3.5%
AMF Aktiefond Småbolag	1,490,107	3.1%
Nordnet Pensionsförsäkring AB	1,349,333	2.8%
SIX SIS AG	1,247,070	2.6%
Other shareholders	27,420,511	56.2%
Total	**48,780,000**	**100.00%**

Shareholders
The Company had 6,047 shareholders as of the end of 2013. Institutional investors also became owners of the Company during the year.

Incentive programme
The Company's subsidiary, Nexam Chemical AB, has issued 7,280 share warrants to its staff. Each share warrant entitles the holder to subscribe for one share in the Company's subsidiary, Nexam Chemical AB, at a share price of SEK 1,000 (4,340 share warrants) or SEK 2,000 (2,940 share warrants). The share warrants may be used during the following periods: 15 September 2016–15 December 2016 (2,040 share warrants), 15 September 2017–15 December 2017 (2,300 share warrants) and 1 October 2018–31 December 2018 (2,940 share warrants). Nexam has entered into an agreement with the warrant holders concerning a right for Nexam to acquire any subscribed shares in the subsidiary in exchange for payment in the form of 182,5034 newly issued shares in Nexam for each newly issued share in the subsidiary. If all share warrants are used to subscribe for shares in the subsidiary, Nexam will issue a total of 1,328,625 shares as payment. The newly issued shares would be equal to approximately 2.65% of the share capital given the current number of outstanding shares. Otherwise, there are no outstanding share warrants, convertible promissory notes or similar financial instruments that can entitle the holder to subscribe for new shares or that can affect the share capital in another way.

Dividends
The Board of Directors proposes that no dividends be paid for the 2013 financial year. Dividends are not expected to be relevant in the next few years. Instead, available funds will be used for continued expansion.

Investor Relations contact
If you have any questions, please contact Per Palmqvist Morin, CEO: phone number +46(0)706-555582 or per.morin@nexam.se.

Equity investor meetings
Nexam participants in several equity investor meetings across Sweden per year and in that way gets the opportunity to tell equity investors about Nexam's operations in greater detail.

Directors' Report

The Board of Directors and the CEO hereby present the annual report for the financial year from 22 January 2013 to 31 December 2013 and the consolidated financial statements for the financial year from 1 January 2013 to 31 December 2013 for Nexam Chemical Holding AB, with its registered office in Lund Municipality, Skåne. The Company was registered with the Swedish Companies Registration Office on 22 January 2013 as Odlavso AB and changed its name during the year to Nexam Chemical Holding AB.

The annual report is presented in SEK thousand if nothing else is specified.

Operations

Parent Company

The Parent Company holds and manages the shares in its subsidiary Nexam Chemical AB (556784-6711), which in turn owns Nexam St Andrews Ltd (SC410830). The Company shall develop, manufacture, market and sell chemical substances and conduct related business. The Company shall also supervise both of its subsidiaries in Sweden and Scotland.

Group

Nexam develops, manufactures and markets unique crosslinking chemicals for the polymer industry, such as polyimides, thermoplastics and thermosets. Some sales of services and know-how concerning customer-specific projects for crosslinking polymers is also part of the Company's operations.

Nexam spends a large portion of its operating expenses on research and development (R&D). The technologies Nexam uses are still in their infancy and even though the Company has now come a long way, there is still a lot to be done in this area. In other words, there is great potential for further development. Nexam's research and development expenses for the past years and a comparison of its total operating expenses can be found in the five-year comparison. Part of Nexam's R&D investments have also been partially funded by government assistance and research grants, see note 5.

Multi-year comparison

In 2012, a group of companies was formed consisting of Nexam Chemical AB and Nexam St Andrews Ltd. Nexam Chemical Holding AB was registered on 22 January 2013, and it executed a reverse acquisition of Nexam Chemical AB on 20 March 2013. The acquisition was completed via a non-cash issue of 248,969 shares in Nexam Chemical AB. As payment for these shares, Nexam Chemical Holding AB issued 46,180,000 shares to the shareholders of Nexam Chemical AB. The newly issued shares are equal to 94.7% of the total number of shares and votes in Nexam Chemical Holding AB, see note 28.

Multi-year comparison, Parent Company (SEK thousand)	2013
Net sales	4,776
Profit/loss after financial items	15
Profit/loss as a % of net sales	0.31
Total assets	246,002
Equity/asset ratio (%)	99.2

Multi-year comparison, Group (SEK thousand)	2013	2012
Net sales	2,547	764
Profit/loss after financial items	–26,508	–17,604
Profit/loss as a % of net sales	neg	neg
Total assets	54,516	21,590
Equity/asset ratio (%)	79.8	72.6
Return on equity (%)	neg	neg
Return on total assets (%)	neg	neg
Quick ratio (%)	599.9	229.8
R&D expenses	–13,952	–9,979
Grants for R&D recognised as revenue	2,735	2,330
R&D expenses after grants received	–11,217	–7,649
Total net operating expenses after grants received	–31,172	–19,917
R&D expenses after grants of total operating expenses (%)	36	38
Number of outstanding shares as at 31/12 *	48,780,000	35,978,328
Average number of basic shares outstanding *	47,015,419	35,978,328
Average number of diluted shares outstanding *	47,364,575	35,978,328
Number of outstanding warrants as at 31/12 **	1,328,625	1,328,625
Basic earnings per share *	–0.56	–0.49
Diluted earnings per share *	–0.56	–0.49
Equity per basic share *	0.89	0.44
Equity per diluted share *	0.97	0.44
Share price on balance sheet date	10.30	–

* The corresponding figures for 2012 have been translated in terms of the number of shares of the reverse acquisition and in terms of the change in the quote value.
** The number of outstanding warrants in Nexam Chemical AB has been converted into shares in Nexam Chemical Holding AB upon full conversion, see note 20.

Ownership structure of Nexam Chemical Holding AB

A new issue of 55,000 shares in Nexam Chemical AB took place in January 2013. The proceeds received from the new share issue totalled SEK 53.9 million. The new share issue was registered with the Swedish Companies Registration Office on 12 February 2013. On 20 March 2013, a non-cash issue was held where the shareholders of Nexam Chemical AB contributed its shares to Nexam Chemical Holding AB, which thus became the new parent company of the group.

Nexam Chemical Holding AB was listed on First North on 23 April 2013. The Company's share capital totals SEK 938,077, divided up into 48,780,000 outstanding shares. The Company only has one class of shares and all shares have equal rights to dividends.

The Company's subsidiary, Nexam Chemical AB, has issued 7,280 share warrants to the staff divided up into three employee share option schemes with redemptions in 2016, 2017 and 2018 (see note 20). Nexam Chemical Holding AB has entered into an agreement with the warrant holders concerning a right to acquire any subscribed shares in the subsidiary in exchange for payment in the form of 182,5034 newly issued shares in Nexam Chemical Holding AB for each newly issued share in the subsidiary. If all share warrants are used to subscribe for shares in the subsidiary, Nexam Chemical Holding AB will issue a total of 1,328,625 shares as payment. The newly issued shares would be equal to approximately 2.65% of the share capital given the current number of outstanding shares. Otherwise, there are no outstanding share warrants, convertible promissory notes or similar financial instruments that can entitle the holder to subscribe for new shares or that can affect the share capital in another way.

Nexam's ten largest shareholders as of 31 December 2013 are shown in the table below.

Shareholder	Shares:	Percent
UBS AG on behalf of client	4,728,024	9.7%
Lennart Holm, via company	2,591,596	5.3%
Richard Tooby, private and via company	2,132,266	4.4%
Per Palmqvist Morin, private, via company and family	2,070,569	4.2%
Jan-Erik Rosenberg, private and via company	2,048,866	4.2%
Daniel Röme, via company	2,000,237	4.1%
Michael Karlsson, private and via family	1,701,421	3.5%
AMF Aktiefond Småbolag	1,490,107	3.1%
Nordnet Pensionsförsäkring AB	1,349,333	2.8%
SIX SIS AG	1,247,070	2.6%
Other shareholders	27,420,511	56.2%
Total	**48,780,000**	**100.0%**

Significant events during the financial year

In the first quarter of 2013, there was a structural transaction resulting in the business of Nexam Chemical AB being acquired by Nexam Chemical Holding AB. The decision to execute the structural transaction was made by an extraordinary general meeting on 20 March 2013. The meeting resolved on a new share issue where the Company increased its share capital by SEK 888,076.9231 by issuing 46,180,000 shares. The new shares were paid for by contributing a total of 248,969 outstanding shares in Nexam Chemical AB.

The shareholders of Nexam Chemical AB got the controlling interest in the new group. The transaction has therefore been recognised in compliance with the rules on reverse acquisitions. It is considered a reverse acquisition because what was Nexam Chemical Holding AB at the time issued its own shares to such an extent that the controlling interest in the newly formed group would go to the owners of Nexam Chemical AB. Legally, Nexam Chemical Holding AB is the parent company. The consolidated financial statements are presented in accordance with the above financial significance. The consolidated financial statements are published in the name of the legal parent company, but are de facto a continuation of Nexam Chemical AB's financial statements and its corresponding figures from past years.

Nexam Chemical Holding AB (Publ) was listed on Nasdaq OMX First North in Stockholm on 23 April 2013. The main purpose of the listing was to broaden Nexam's ownership base, attract new owner categories and raise awareness of Nexam's business. In the early summer, Nexam St. Andrews brought in an external order to increase the factory's capacity utilisation. In the autumn, a Japanese customer announced that it commercialised a polyimide film containing Nexam's products intended as the coating for high-performance computer chips. This is the first commercial application in electronics for Nexam.

In the winter of 2013, Nexam entered into a cooperation agreement with a US-based company that produces high-tech resins. The purpose of the cooperation is to develop and market a new high-temperature polyimide RTM resin for composites for the aerospace industry which contain Nexam's NEXIMID 100 (PEPA) and NEXIMID 400 (EBPA) crosslinkers. The new resin is intended for use in composites designed for the most demanding applications in the aerospace industry. Nexam also got an order from the HICTAC Project for high-temperature resin which was delivered in December.

In addition, Nexam was informed by various patent offices that they will grant the Company's patent applications for the molecules PETA and MEPA in Europe, as well as Nexam's crosslinking technology for aliphatic nylons in the US and for polycarbonates in Europe. The Company was also informed that a patent application for the Company's technology for catalysis of crosslinking will be granted in the US.

Profit performance and events during the year that affected the income statement, balance sheet and cash flow

Parent Company

The Parent Company's revenues are mainly management fees from Nexam Chemical AB. In 2013, the Company had several non-recurring costs for the IPO. Other expenses include consulting fees, travel expenses and personnel expenses. The Company's cash and cash equivalents totalled SEK 1,314 thousand on the balance sheet date.

Group

Net sales increased in 2013, primarily as a result of sales of high-temperature resin to the Clean Sky Consortium as well as pharmaceutical substances to a global organisation. Other sales include sales to potential customers around the world.

Personnel expenses continue to be the largest individual expense item for the Group. The build-up of a plastics laboratory in Lund has impacted costs, as well as the increased rate of production in Scotland. The listing incurred non-recurring costs, such as the company description and reconstruction of the Group's website. The listing also resulted in recurring costs. In comparison to past years, increased investments in intellectual property rights, trademarks and R&D resulted in higher costs for the Group.

Investments were made during the year in intangible assets, leasehold investments in conjunction with setting up the plastics laboratory, and finance leases were signed for three new leased premises for the plastics lab.

The single largest event that impacted cash flow during the year was the new share issue in January, which brought in SEK 53.9 million for the Group. The cash flow, which otherwise was negative, can be explained by regular operating expenses and development expenses. The Group's cash and cash equivalents totalled SEK 32,511 thousand on the balance sheet date.

Significant events after the end of the financial year

After the end of the financial year, Nexam entered into an exclusive agreement with BASF for a term of just over two years. Nexam and BASF have successfully developed a new crosslinkable Nylon 66, and have now agreed to initiate the commercialisation phase for this material. As a result of this, Nexam has granted BASF exclusive rights to the market, limited in time for approximately two years, for a material consisting of Nylon 66 and Nexam's crosslinker. The exclusive rights are contingent upon BASF purchasing certain minimum annual volumes of Nexam's crosslinker.

After the end of the financial year, Nexam entered into a three-year exclusive supply agreement with Armacell, the world's largest producer of PET foam. Armacell has exclusivity for the use of Nexam's products for PET foam, on the condition that it buys a certain minimum volume during the contract term.

As a natural step in advance of an expected growth phase, the Board of Directors of Nexam Chemical has decided to initiate the process of preparing the Company to switch the execution venue of for the Company's shares from NASDAQ OMX First North to NASDAQ OMX Stockholm Small Cap. The Company primarily sees this as a way to boost the confidence large global customers have in it even more, and a way to better match up with them. In addition, being listed on Small Cap should raise interest from institutional investors, equity analysts and partners, as well as create the conditions for greater share liquidity.

After the end of the year, the Company was informed that the Company's patent application for the production of the molecule EBPA will be granted in Europe. The Company received similar good news from the European Patent Office for its patent application for the Company's crosslinking technology for aromatic polyether ketones. Nexam was also informed that its patent application for the molecule MEPA will be granted in the US.

Nexam's shares have had good liquidity with considerable daily trading volumes for a while now. The Company has therefore decided to terminate its agreement with Remium concerning a liquidity guarantee for its shares. Nexam's shares will therefore be traded without a liquidity guarantee as of 21 March 2014.

Nexam held a directed new issue of 3 million shares on 14 March 2014, which brought in SEK 67.5 million for the Company before issuing costs, see the section entitled Financing for more information.

Research and development operations

Nexam Chemical AB develops, manufactures and markets chemicals for the plastics industry. All of Nexam's manufacturing is currently done within its wholly-owned subsidiary, Nexam St. Andrews, in Cupar, Scotland. Nexam's head office is in Lund, Sweden, which focuses on sales, development and marketing. At present, Nexam has six commercial products.

A portion of Nexam's research and development is financed by grants. SEK 2.7 million (SEK 2.3 million) in grants were received in 2013. The Group's cumulative expenses for research and development, less grants received, totalled approximately SEK 11.2 million (SEK 7.6 million) in 2013, which is equal to 36 percent (38%) of its total operating expenses less grants received.

Environment, health and safety

Nexam St Andrews Ltd has operations subject to permit requirements at its facility in Cupar, Scotland. Nexam Chemical AB has development operations subject to notification requirements at its two facilities in Lund, Sweden. In addition, Nexam has a permit for combustibles for its operations in Lund.

Nexam's obligations include minimising emissions of volatile organic compounds into the air. Emissions into the sewage system must be kept at the 0 level.

In addition, Nexam Chemical AB has drawn up a health and safety policy. The policy includes guidelines for Nexam's systematic preventative efforts with respect to health and safety issues, safety for its employees and customers and the environment. Nexam does not sell any products subject to REACH registration at present, but it nonetheless is actively working to ensure future compliance with laws and regulations. REACH stands for Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals.

Nexam strives for diversity and equality at the workplace. The Company has not entered into any collective agreements, but it does offer its employees terms very similar to those found in collective agreements. Wages and salaries are set individually with individual performance serving as the basis. Skills development at Nexam is individually based to match current and future tasks.

Nexam St Andrews also has a health and safety policy and a policy for the Company's social responsibility.

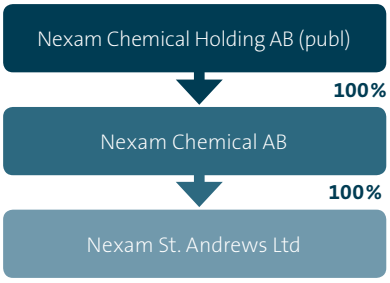
Financing

Nexam Chemical AB held a new share issue in January 2013 which brought in SEK 53.9 million for the Company in order to boost the Company's capitalisation in advance of the listing in April 2013.

On 14 March 2014, Nexam Chemical Holding AB (publ) held a directed new issue of 3,000,000 new shares, which brought in SEK 67.5 million for the Company before issuing costs. The new share issue was registered with the Swedish Companies Registration Office on 21 March 2014. The purchasers of the newly issued shares were primarily international institutional investors and qualified investors in Sweden. The proceeds of the new share issue are planned to be used to finance and enable a continuing high rate of expansion and development of the Company, its markets and its products.

Group structure

Nexam Chemical Holding AB is a Swedish public limited liability company and its corporate ID no. is 556919-9432. The group of companies consists of Nexam Chemical Holding AB, wholly-owned subsidiary Nexam Chemical AB (corporate ID no. 556784-6711) and Nexam Chemical AB's subsidiary in Scotland, Nexam St. Andrews Ltd. (corporate ID no. SC410830).



Forecast future growth

2014 has gotten off to a really quick start and, as mentioned in the significant events section, Nexam signed two major commercial contracts in the first quarter. Our cooperation with these parties and other parties as well in several ongoing development projects will permeate this year. In the near term, our focus will be on upscaling some of our crosslinkers for applications that are already commercial as well as major customer tests, and future commercialisation of products for other applications expected to take off in the coming years. Work to further develop new crosslinkers, adapted to different polymer systems, is progressing according to plan and there is still strong interest in the Company's products. In parallel, development is under way to achieve efficient production processes for manufacturing of the crosslinkers.

During the year, Nexam Chemical expects to regularly use two or three contract manufacturers for large-scale production of products. Increased activity in the plastics lab will give us the opportunity to serve more application-oriented customer projects than we had time for in the past year.

The Company is also working on preparing product launches for areas such as PET/PBT modification as well as nylons and polyolefins.

Nexam is expected to continue being granted several new patents in the coming years. Since intellectual property rights are very important to the Company, additional applications and supplementary protection will be prepared in the coming years. The purpose of this is to strengthen the Company's position and protect the values built up in the Company's business.

Risks and risk management

All businesses are associated with risks. Risks that are managed well can lead to opportunities and add value, while risks that are not managed well can result in damage and losses.

Nexam operates on a global market, developing, marketing and selling crosslinkers for polymers and also services for professional users and therefore has exposure to a wide variety of different external and internal risks in its operating activities. Risk management is therefore a key part of the management and control of the Company. Nexam's risk management includes both strategic risks and operating risks, risks of non-compliance with laws and regulations, and risks of errors in the Company's reporting, including financial reporting. The risks can mainly be divided up between market-related risks, operational risks and financial risks. Continuous work is done on different levels within the company to identify all material risks that occur and assess how they are to be managed.

- Market-related-risks are primarily managed on the board and management level
- Operational risks are preferably managed on the management level
- Function-specific risks in Operation and Finances & Administration are managed in their respective function
- Legal risks are primarily managed on the management level in cooperation with external lawyers and consultants, but also on the board level as needed
- Risks concerning financial reporting are primarily managed on the management level by the Company's CEO in cooperation with external consultants
- Financial risks are primarily managed on the board and management level

The risks described below are not ranked relative to one another and the description makes no claim of being complete.

Market-related risks

Legislation and political decisions

Nexam has sales in a large number of markets. Changes in laws and regulations, e.g. customs regulations, export regulations and other laws and regulations in countries that the Company operates in and where the Company's products are sold can affect the Company's operations negatively. Several of Nexam's professional customers, such as military and space organisations, are often under the influence of political decisions as well.

Global economic conditions
Nexam's sales are partly dependent on the global economic climate. A protracted recession with a reduced drive for new developments among customers could lead to a reduction in demand for the Company's products. That can result in orders not being received, being cancelled or being postponed. A weaker economic climate can thus have a negative impact on Nexam's operations.

Competition
The market for Nexam's type of crosslinker for polymers is relatively new and Nexam only knows of competition for PEPA, which is one of Nexam's existing products that is offered to the market. Nexam's products aim to out-compete other systems and solve problems customers have in a new and more economical way. It however cannot be ruled out that other systems will be developed by competitors that will compete with Nexam's products in the future, either directly or by solving customers' problems in another way. If Nexam cannot adapt its operations and its products to market trends, there is a risk that the Company will lose its competitiveness, which could affect the Company's opportunities for growth negatively. The market for Nexam's type of crosslinker is expected to experience long-term growth.

Technical risks
The market for modification of polymers is expected to undergo shifts in technology in the future and be exposed to changing market trends. Development can lead to technical problems that result in it taking a longer time than planned before new products reach the market and that the costs for the Company can be higher than estimated, both as a result of costs in the development phase and delayed market introduction. If the Company fails to develop and launch products based on the research and development work undertaken, there is also a risk of the value of the Company's assets having to be adjusted.

Company-specific risks
Ability to manage growth
Nexam's operations may grow as a result of increased demand for the Company's products, which would place high demands on the Company's management and operating and financial infrastructure. The Company currently has a small organisation. It is important that the Company always has effective planning and management processes to be able to secure production and delivery to customers in the event of increased demand. To be able to manage growth, the Company is also dependent on being able to procure contract manufacturing capacity and manage and monitor the contract manufacturers Nexam chooses to work with. If the Company does not succeed in adapting its organisation, its processes and its capacity to increased demand, that could have negative effects on the Company's sales, profit and financial position.

Market acceptance of newly developed products
Nexam plans to develop and launch new products onto the market on an ongoing basis. There is always a risk that new products will not be received by the market positively, or that competing products or solutions launched by other players could be more successful.

Product liability
Nexam in large part sells its products according to specifications and with liability concerning purity requirements. In cases where products deviate from their specifications, the buyer will receive a new product from Nexam as a replacement. Even though Nexam is of the opinion that the Company has a well-developed process for product development with special documentation systems and strict systematic routine requirements, it cannot be ruled out that potential errors in the Company's products could trigger liability and claims for damages against the Company. Nexam can thus be liable for damage caused by its products. This is normally covered by insurance policies, but it cannot be ruled out that such liability could affect the Company's position negatively.

Dependence on key personnel and employees
Nexam's future growth depends on the knowledge, experience and creativity of existing employees as well as the Company being able to recruit and retain key personnel in the future. Personnel with a high-level of expertise are coveted, and Nexam can incur costs in order to recruit and retain such personnel. If the Company fails to recruit and retain qualified staff, it could become hard to fulfil the Company's business strategy.

Customers and cooperation agreements
Nexam's sales are primarily handled in-house, but also through distributors and resellers primarily in Japan and China. These partners are important for the Company's future growth, since they cover markets that otherwise are difficult for the Company to serve.

There is no guarantee that the companies Nexam has signed or will sign contracts with will be able to fulfil their obligations under these contracts. Furthermore, there is a risk that Nexam's size and financial position could affect the Company's opportunities to enter into cooperation agreements with strategic partners and win key customer contracts. It cannot be guaranteed that existing contracts will not be terminated or declared null and void or that there will not be amendments to contracts already entered into.

Intellectual property rights
Nexam's intellectual property rights are protected primarily by patent applications, contracts and legislation protecting trade secrets. Nexam has patent applications in eleven patent families geared toward products, their use and production processes for producing the products.

Nexam has also protected the trademarks Nexam, NEXIMID and NEXAMITE, among others. There are negotiations for the Nexam trademark ongoing with an American company that wants Nexam to limit its use of the Nexam trademark when selling Nexam's products. Nexam's products are currently sold under the NEXIMID and NEXAMITE brand names. Infringement of the Company's intellectual property rights could weaken the Company's competitiveness or damage the Company's operations in another way. It could turn out to be necessary for the Company to institute legal proceedings to protect its intellectual property rights. Such legal proceedings could be burdensome and costly and there is no guarantee that the Company will win such proceedings.

In addition to patented products and technology, Nexam also uses its own know-how, which does not enjoy patent protection. Nexam takes measures to protect such information, which include non-disclosure agreements with employees, consultants and business partners. However, there is no guarantee that such agreements protect against disclosure of confidential information, the rights of employees, consultants and business partners to intellectual property rights or that the agreements provide for a sufficient penalty in the event of a breach of contract. Furthermore, Nexam's trade secrets can be learned of in another way or developed independently by competitors. If Nexam's internal information and knowledge cannot be protected, its operations may be affected negatively.

Supplier dependence

Nexam's products are mainly produced by its subsidiary in Scotland, but also, when needed, by contract manufacturers which are primarily located in Europe. For Nexam to be able to deliver its products, the Company is dependent on raw materials, products and services from third parties meeting agreed requirements concerning, for example, quantity, quality and delivery time. Deficient or missed deliveries from suppliers can lead to Nexam's production and/or delivery being delayed, which in the short-term can lead to lower sales or missing sales.

Risks concerning financial reporting

The most important risks of errors in financial reporting primarily concern the carrying amount of intangible fixed assets in the form of intangible and tangible assets of the subsidiary in Scotland that are acquired. If the carrying amount of these assets ends up deviating from the fair value, that can lead to a need for impairment, which would have negative effects on the Company's profit and financial position. The Company's estimate as at 31 December 2013 is that the carrying amount of these items does not exceed the fair value.

Financial risks

Nexam is exposed via its operations to various financial risks, such as interest rate risk, foreign exchange risk, price risk, credit risk and financing and liquidity risk. It has been assessed that Nexam's financial risks primarily consist of a financing risk, liquidity risk and foreign exchange risk, which are described below.

Financing risk and liquidity risk

A financing risk is defined as the risk of the refinancing of maturing loans being made difficult or becoming costly and that the Group thus has difficulty fulfilling its payment obligations. A liquidity risk is defined as the risk of not being able to fulfil payment obligations when they fall due. As at 31 December 2013, Nexam had liabilities to credit institutions in Scotland in the amount of SEK 1.9 million and SEK 4.4 million in finance leases, see also note 22 and 24.

Management and the Board actively and continuously works on the Company's management and control, including profit, liquidity and financial position. The Board checks whether the conditions for continuing operation are fulfilled on an ongoing basis. After the share issue in March 2014, the Board assesses that the Company has the financial resources to continue the business as a going concern for at least a couple more years. Nexam has never reported a profit thus far. It can't be ruled out that the Company may need additional capital contributions until its operations reach break-even with a profit and positive cash flow, and there are no guarantees that such a capital contribution can be obtained at all at favourable conditions.

Foreign exchange risk

Foreign exchange risks exist in the form of both transaction risks and recalculation risks. Transaction risks occur in conjunction with purchases and sales of products and services in currencies other than the respective company's local currency.

Recalculation risks occur in conjunction with the recalculation of the income statements and balance sheets of foreign subsidiaries into SEK.

Nexam operates on a global market with large portions of its sales and purchases in currencies other than SEK. Sales are primarily made in USD, yen and EUR. The Group's raw materials purchases are made in USD, but also in other currencies. The Group's purchases of services are partially made in SEK, but also in EUR and GBP. Overhead costs are incurred primarily in SEK, but also in GBP. Changes in the value of SEK in relation to other currencies can thus have both positive and negative effects on the Company's profit and financial position. The Group's exposure to its Scottish subsidiary's net assets as at 31 December 2013 totalled GBP 510,514 (SEK 5,479,292).

Net exposure in other currencies is currently limited, and the Group does not hedge currency exposure at this time.

Appropriation of earnings

Proposed appropriation of the Company's earnings

The following earnings are at the disposal of the Annual General Meeting	
Allocation to share premium reserve	243,102
Profit for the year	10
	243,112
The Board proposes that the following amount will be carried forward	243,112

For more information about the financial performance and financial position of the Company, please see the following income statements and balance sheets, and their additional disclosures.

Income statement
Group

Amounts in SEK thousand	Note	Group 1/1/2013–31/12/2013	Group 1/1/2012–31/12/2012	Parent Company 22/1/2013–31/12/2013
Net sales	3,4	2,547	764	4,776
Changes in goods in progress, finished goods and work in progress		1,660	1,481	0
Other operating income	5	2,910	2,355	0
		7,117	**4,600**	**4,776**
Operating expenses				
Raw materials and consumables		–4,680	–2,710	0
Other external expenses	6,7	–13,734	–9,216	–2,561
Personnel expenses	8	–12,923	–8,440	–2,198
Depreciation/impairment of tangible fixed assets, amortisation and impairment of intangible assets	9, 12–16	–2,570	–1,881	0
Operating profit/loss		**–26,790**	**–17,647**	**17**
Profit/loss from financial items				
Interest income		556	294	0
Interest expenses and similar items	10	–274	–250	–2
Profit/loss after financial items		**–26,508**	**–17,604**	**15**
Tax on profit for the year	11	–5	0	–5
Profit/loss for the year		**–26,513**	**–17,604**	**10**
Earnings per share (SEK)	*			
Basic earnings per share		–0.56	–0.49	
Diluted earnings per share		–0.56	–0.49	
Average number of basic shares outstanding		47,015,419	35,978,328	
Average number of diluted shares outstanding		47,364,575	35,978,328	

* See the disclosure on warrants in note 20 for the number of outstanding shares and warrants.
The corresponding figures for 2012 have been translated in terms of the number of shares of the reverse acquisition and in terms of the change in the quote value.

Balance sheet
Group

Amounts in SEK thousand	Note	Group 31/12/2013	Group 31/12/2012	Parent Company 31/12/2013
ASSETS				
Fixed assets				
Intangible fixed assets				
Acquired technology	12	3,572	2,952	0
		3,572	**2,952**	**0**
Tangible fixed assets				
Buildings and land	13	3,615	3,607	0
Plant and machinery	14,24	6,572	3,531	0
Equipment, tools, fixtures and fittings	15,24	1,747	939	0
Cost of leasehold improvements	16	433	102	0
		12,367	**8,180**	**0**
Financial assets				
Shares in Group companies	17	0	0	243,990
Other non-current receivables	18	5	5	0
		5	**5**	**243,990**
Total fixed assets		**15,943**	**11,137**	**243,990**
Current assets				
Inventories etc.				
Raw materials and consumables		570	1,091	0
Goods in progress		154	0	0
Finished goods and goods for resale		2,100	786	0
		2,824	**1,877**	**0**
Current receivables				
Trade receivables		1,841	148	0
Receivables from Group companies		0	0	673
Current tax assets		120	191	0
Other receivables		936	624	0
Prepaid expenses and accrued income	19	341	346	26
		3,237	**1,310**	**698**
Cash and bank balances		**32,511**	**7,265**	**1,314**
Total current assets		**38,573**	**10,452**	**2,012**
TOTAL ASSETS		**54,516**	**21,589**	**246,002**

Amounts in SEK thousand	Note	Group 31/12/2013	Group 31/12/2012	Parent Company 31/12/2013
EQUITY AND LIABILITIES				
Equity	20,21			
Restricted equity				
Share capital		938	194	938
		938	**194**	**938**
Unrestricted equity				
Share premium reserve				243,102
Profit/loss for the year				10
				243,112
Other paid-in capital		114,865	61,739	
Accumulated translation difference		438	–51	
Other equity including profit/loss for the year		–72,719	–46,205	
		42,585	**15,483**	
Total equity		**43,523**	**15,676**	**244,050**
Non-current liabilities				
Liabilities to credit institutions	22,23	1,690	1,833	0
Debt, finance lease obligations	24	3,344	349	0
		5,034	**2,182**	**0**
Current liabilities				
Liabilities to credit institutions	22,23	185	170	0
Debt, finance lease obligations	24	1,102	541	0
Trade liabilities		2,153	755	836
Liabilities to Group companies		0	0	623
Current tax liabilities		5	0	5
Other liabilities		910	917	237
Accrued expenses and deferred income	25	1,604	1,347	251
		5,959	**3,731**	**1,952**
TOTAL EQUITY AND LIABILITIES		**54,516**	**21,589**	**246,002**
Pledged assets and contingent liabilities - Group				
Pledged assets	26			None
For internal liabilities and provisions				
Property mortgages		1,875	2,003	0
Assets with retention of title		5,748	1,421	0
Total pledged assets		**7,623**	**3,424**	**0**
Contingent liabilities				None
Underwriting commitments, Euroclear Sweden AB		50	0	0
Other contingent liabilities		0	2,680*	0
Total contingent liabilities		**50**	**2,680**	**0**

* Grants recognised as revenue for the PoCross 2 Eurostar Project and the Crosslinked Nylon Forska & Väx A Project which are in progress can form the basis for a repayment obligation until the final report has been submitted. These final reports were submitted in the autumn and the winter of 2013 respectively.

Cash flow statement

Group

	Note	Group 1/1/2013–31/12/2013	Group 1/1/2012–31/12/2012	Parent Company 22/1/2013–31/12/2013
Operating activities				
Operating profit/loss		–26,790	–17,647	17
Adjustment for items not included in cash flow:				
– Depreciation/amortisation		2,570	1,881	0
– Other items that don't affect liquidity		372	75	0
Interest received etc.		556	294	0
Interest paid and foreign exchange earnings realised		–274	–250	–2
Tax paid		–5	0	–5
Net cash flow from operating activities before changes in working capital		**–23,572**	**–15,647**	**10**
Cash flow from changes in working capital				
Increase(–)/decrease(+) in inventories		–923	–1,396	0
Increase(–)/decrease(+) in trade receivables		–1,993	–6	–698
Increase(–)/decrease(+) in trade liabilities		1,718	1,433	1,952
Net cash flow from operating activities		**–24,770**	**–15,616**	**1,264**
Investing activities				
Acquisition of business		0	–4,429	0
Acquisition of intangible fixed assets		–831	–904	0
Acquisition of tangible fixed assets	27	–2,102	–1,788	0
Net cash flow from investing activities		**–2,933**	**–7,121**	**0**
Financing activities				
New share issue		53,820	58	50
Borrowings		0	2,183	0
Repayment of borrowings		–940	–1,781	0
Non-cash issue	28	50	0	0
Net cash flow from financing activities		**52,930**	**459**	**50**
Net cash flow for the year		**25,227**	**–22,278**	**1,314**
Cash and cash equivalents at the beginning of the year		7,265	29,556	0
Effect of exchange rate fluctuations on cash held		19	–13	0
Cash and cash equivalents at the end of the year	23,29	**32,511**	**7,265**	**1,314**

Additional Disclosures

General disclosures

Note 1 Accounting principles

This annual report has been drawn up in compliance with the Swedish Annual Accounts Act. The Company is newly started. The Group has applied BFNAR (the Swedish Accounting Standards Board's General Advice) 2012:1 (K3) since 2012. Upon transition to K3, the Group elected to not apply any exemption. Instead, numbers were translated with full retroactivity.

Consolidated financial statements

The consolidated financial statements have been drawn up on the basis of the acquisition method as specified in BFNAR 2012:1. This entails that the identifiable assets and liabilities of acquired businesses are recognised at market value according to a completed acquisition analysis. In the event that the business's cost exceeds the estimated market value of the acquired net assets in accordance with the acquisition method, the difference is recognised as goodwill.

The consolidated financial statements include, except for the Parent Company, all companies in which the Parent Company directly or indirectly holds 50 percent or more of the votes or in another way has control pursuant to BFNAR 2012:1.

A reverse acquisition was executed during the year, and the details surrounding the transaction can be found in the Directors' Report under Significant events during the year. Nexam Chemical Holding AB has had a controlling interest in Nexam Chemical AB since 20 March 2013 and is therefore legally the Parent Company of the Group. The consolidated financial statements are de facto a continuation of Nexam Chemical AB's financial statements and its corresponding figures from past years.

Translation of foreign subsidiaries

The financial statements of foreign subsidiaries have been translated into SEK at the current exchange rate method. The current exchange rate method entails all assets, provisions and other liabilities being translated to the exchange rate on the balance sheet date and all income statement items being translated to the annual average exchange rate. Any translation differences are recognised directly in Group equity.

Measurement principles etc.

Assets, provisions and liabilities have been measured at cost if nothing else is stated below.

Tangible fixed assets

Tangible fixed assets are recognised at cost less accumulated depreciation and any impairment losses. The assets are depreciated on a straight-line basis over the useful life of the assets. The calculated residual value of all tangible fixed assets is estimated to be zero after their useful life.

Nexam has estimated that, on the basis of the value and conditions of the building in Scotland, there are not any material differences in the service life of significant components. As a result, depreciation is done on a straight-line basis over 50 years.

The following depreciation periods apply:

Industrial building	2%
Plant and machinery	10–25%
Computers	20–33%
Equipment, tools, fixtures and fittings	10–25%

Intangible fixed assets

The intangible fixed assets line item consists of purchases for patent applications submitted which have good prospects for becoming national patents. The inventions are estimated to be sufficiently unique, and since future nationalisation will be carried out over a large geographic area, it is estimated that Nexam will have a financial advantage from the patents corresponding to the protection period of the patents, i.e. 20 years. Scheduled amortisation is therefore calculated over a useful life of 20 years which matches the protection period of patents pursuant to, for example, Section 40 of the Swedish Patent Act and Article 63 of the European Patent Convention. Intangible fixed assets are recognised at cost less accumulated depreciation and any impairment losses. The assets are amortised on a straight-line basis over the useful life of the assets. The calculated residual value is zero after the useful life (see also note 12).

Inventories

Inventories are measured at cost, which is ascertained using the first-in-first-out method. For goods in progress and finished goods, cost includes other direct personnel expenses, raw materials, other operating income, direct other external expenses and a reasonable proportion of indirect manufacturing overheads.

Financial instruments

Trade receivables/current receivables

Trade receivables and current receivables are recognised as current assets at the amount expected to be received by the Company less individually assessed doubtful accounts.

Securities and financial receivables

Securities and financial receivables acquired to be held as long-term investments are initially recognised at fair value and after that at amortised cost according to the effective interest method, less any impairment allowance. Securities acquired to be held as short-term investments are recognised at the lower of cost or market. All securities transactions are recognised on the transaction date.

Trade liabilities

Trade liabilities are recognised at fair value because their estimated maturity is short. Trade liabilities denominated in foreign currencies are measured at the exchange rates on the balance sheet date. Any exchange rate difference is recognised in the income statement.

Loans payable
Loans payable are initially recognised at the amount received less transaction costs. If the carrying amount differs from the amount to be repaid on the maturity date, the difference is accrued as interest expenses over the term of the loan. The carrying amount and the amount to be repaid thus are equal on the maturity date. Financial liabilities are not derecognised until the liabilities have been settled via repayment or they have been remitted.

Leases
Leases are divided up into operating leases and finance leases. Finance leases are recognised in the Group as a purchase made in instalments. Operating leases are recognised as costs in the income statement on a straight-line basis over the lease period.

Research and development
Internally generated expenses for research and development are recognised as expenses as they are incurred.

Receivables and liabilities denominated in foreign currencies
Receivables and liabilities denominated in foreign currencies are recognised at the exchange rates on the balance sheet date. Receivables denominated in foreign currencies that Nexam Chemical AB has from Nexam St Andrews Ltd and that are deemed part of its net investment in its subsidiary are therefore recognised as foreign exchange earnings, less the tax impact on the accumulated translation difference in Group equity.

Employee compensation
Short-term compensation
The Group's short-term compensation consists of salaries, wages, social security contributions, paid holiday, paid sick leave, healthcare and bonuses. Short-term compensation is recognised as an expense and a liability, since there is a legal or informal obligation to pay the compensation as a result of a prior event and the amount can be reliably estimated.

Compensation after the end of an employment relationship
The Group only has defined contribution plans. In the defined contribution plans, the Company pays fixed contributions to a separate legal entity and has no legal or informal obligation to pay additional contributions, even if the other company cannot meet its obligations. The Group's profit is impacted with expenses as benefits are earned.

Pension obligations for salaried employees covered by insurance policies are recognised in the Parent Company and in the Group as a defined contribution plan.

Compensation in the event of dismissal
Compensation in the event of dismissal is paid when a company in the Group of companies decides to end an employment relationship before its normal end date or when an employee accepts an offer to voluntarily resign in exchange for such compensation. If the compensation does not give the company any future financial rewards, a liability and an expense is recognised when the company has a legal or informal obligation to pay such compensation. The compensation is valued at the best estimate of the compensation that would be required to settle the obligation on the balance sheet date.

Taxes including deferred tax
The income tax recognised includes current tax and deferred tax. For items that are recognised in the income statement, the related tax is also recognised in the income statement. For items recognized directly in equity, the tax is also recognised directly in equity.

Deferred tax is calculated on all temporary differences. There is a temporary difference when the carrying amount of an asset or liability differs from the taxable value.

Deferred tax assets related to loss carryforwards or other future tax deductions are recognised to the extent that it is probable that the deductions can be offset against future taxable profit.

Government assistance
Government grants that do not have a consideration requirement are recognised as revenue when the conditions for receiving the grants are met. Government grants with a future consideration requirement are recognised as revenue upon performance of the consideration.

Rendering of services
Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenues as the services are delivered.

Sale of goods
Revenue arising from the sale of goods is recognised when all of the following criteria have been satisfied; the seller has transferred to the buyer the significant risks and rewards of ownership of the goods, the Company retains neither continuing managerial involvement nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Note 2 Significant estimates and judgements

The presentation of the financial statements and the application of accounting principles is often based on management's judgements, estimates and assumptions deemed reasonable at the time the judgement is made. Estimates and assumptions are based on historic experience and several other factors deemed reasonable in light of the present circumstances. The result is used to estimate the carrying amounts of assets and liabilities, which otherwise are not evident from other sources. The actual outcome can deviate from these estimates and judgements.

The estimates and assumptions are reviewed regularly. Any changes are recognised in the period the change is made, if it only affected that period, or in the period the change is made and future periods if the change affects both current and future periods.

The substantial risks in financial reporting primarily refer to the carrying amount of fixed assets, in the form of acquired intangible assets and tangible fixed assets of the subsidiary in Scotland and in form of the Parent Company's shares in the subsidiary. The carrying amount depends on the future market for the Company's products performing as expected. The Company's estimate as at 31 December 2013 is that the carrying amount of these items does not exceed the fair value.

Note 3 Net sales

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Distribution of net sales by type of revenue			
Sale of goods	2,455	640	0
Rendering of services	92	124	4,776
	2,547	764	4,776
Distribution of net sales by geographic market			
Sweden	930	170	4,776
Europe	414	104	0
Rest of the world	1,203	490	0
	2,547	764	4,776

Note 4 Parent Company purchases and sales from/to subsidiaries

	Parent Company
	31/12/2013
Part of sales related to Group companies	100.00%
Part of purchases related to Group companies	0.00%

Note 5 Grants received

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Grants received Vinnova Forska & Väx	1,068	1,000	0
Grants received Eurostars	836	1,700	0
Grants received 7th Framework Programme Clean Sky	617	0	0
Grants allocated to 2012	0	150	0
Grants allocated to 2013	520	–520	0
Grants allocated to 2014	–306	0	0
	2,735	2,330	0

Government assistance as above included in other operating income has been received for developing crosslinkers for various polymers.

Note 6 Auditors' fees

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Öhrlings PwC, Sweden			
Audit engagement	156	131	50
Audit-related services	27	160	0
Auditing activities in addition to the tasks of the audit engagement	37	16	0
Tax advice	0	2	0
Other services	0	25	0
	220	334	50
PwC in the UK (2013) / Henderson & Loggie (2012)			
Audit engagement	99	48	0
Other services	0	82	0
	99	130	0

An audit engagement refers to the auditor's work on the statutory audit and auditing activities refers to various types of quality assurance services. Other services are services not included in an audit engagement.

Note 7 Related party transactions

Transactions as well as liabilities and receivables between Group companies are disclosed in separate notes. Nexam Chemical AB and Nexam Chemical Holding AB used Mannheimer och Swartling Advokatbyrå (MSA) as its legal representative in the beginning of the year. The companies also use Lennart Holm Development AB for consultation in company matters.

Michael Karlsson is a partner at MSA and Lennart Holm owns Lennart Holm Development. Both of them are on the boards of directors of the Nexam companies and are also two of the largest shareholders of Nexam Chemical Holding AB. In 2013, MSA invoiced the Group SEK 100 thousand (SEK 827 thousand) and Lennart Holm Development AB invoiced the Group SEK 99 thousand (SEK 0 thousand).

Note 8 Personnel

Average number of employees *	Group 31/12/2013	Group 31/12/2012	Parent Company 31/12/2013
Average number of employees	22	15	2
of whom women	5	3	0

* The average number of employees is based on the number of hours present paid by the Company, in relation to normal working hours.

Average number of employees as at country	Scotland 31/12/2013	Scotland 31/12/2012	Sweden 31/12/2013	Sweden 31/12/2012
Average number of employees	9	4	13	11
of whom women	3	2	2	1

Wages, salaries, compensation etc.

Wages, salaries, compensation, social security contributions and pension costs have been paid in the following amounts:

	Group 31/12/2013	Group 31/12/2012	Parent Company 31/12/2013
Board of Directors and CEO:			
Wages, salaries and compensation	2,385	1,093	1,454
Pension costs	234	110	144
	2,619	1,202	1,598
Other employees:			
Wages, salaries and compensation	6,602	5,006	0
Pension costs	612	560	0
	7,214	5,566	0
Social security contributions	2,640	1,672	487
Total Board of Directors and others	12,473	8,440	2,085

Compensation for Board of Directors and Group Management

Group 2013	Directors' fee	Salary	Other compensation and benefits	Social security contributions (of which pension costs)
Chairman of the Board				
Lennart Holm	100	0	0	31
				(0)
Other board members:				
Daniel Röme	0	709	22	320
				(91)
Michael Karlsson	40	0	0	0
				(0)
CEO				
Per Palmqvist Morin	0	861	47	393
				(108)
Total	140	1,570	69	744

The amounts in the table include compensation paid by Nexam Chemical AB for the period from 1/1 to 31/3 2013.

Group 2012	Directors' fee	Salary	Other compensation and benefits	Social security contributions (of which pension costs)
Chairman of the Board				
Lennart Holm	0	0	0	0
Other board members:				
Daniel Röme	0	547	27	262
				(81)
Michael Karlsson	0	0	0	0
Richard Tooby	0	629	0	206
				(8)
Jan-Erik Rosenberg	0	552	59	275
				(82)
Torbjörn Lindgren	0	0	0	0
CEO				
Per Palmqvist Morin	0	614	47	300
				(92)
Total	0	2,342	133	1,043

Compensation for the CEO and other board members with positions in the Company consists of base pay, a company car benefit and a pension. The Company has not set up any bonus programmes yet. Therefore, no bonuses have been paid to the Board of Directors or the CEO in 2013. An occupational pension plan was started for the CEO which is equal to 12 percent of his pensionable salary. This pension provision level applies for employees of Nexam and is in line with the national average for employed staff. The period of notice for termination is six months for both the CEO and the Company. In the event of termination on the part of the Company, the CEO will also receive severance pay equal to nine months, above and beyond the period of notice.

For other board members with positions in the Company, a form of compensation equivalent to the above is applicable with base pay, a company car benefit, if a company car is desired, and pension provisions equal to 12 percent of their pensionable salary. In addition, the period of notice for termination, for both the employee and the Company, is six months. In the event of termination on the part of the Company, the employee will also receive severance pay equal to six months, above and beyond the period of notice. The other members of the Board of Directors will not receive any severance pay.

Gender distribution of the Board of Directors and company management

	Group 31/12/2013	Group 31/12/2012	Parent Company 31/12/2013
Number of board members	4	7	4
of whom women	0	0	0

Note 9 Goodwill

Goodwill of SEK 271 thousand, which refers to transaction costs in conjunction with the business combination of Nexam St Andrews in 2012, has been impaired completely, since the subsidiary was in the red during the start-up year.

	Group	
	31/12/2013	31/12/2012
Opening cost	271	0
Acquisitions for the year	0	271
Closing cost	271	271
Opening impairment	–271	0
Impairment for the year	0	–271
Closing impairment	–271	–271
Closing carrying amount	0	0

Note 10 Interest expenses and similar items

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Interest expenses	–239	–164	–2
Exchange losses	–35	–86	0
	–274	–250	–2

Note 11 Recognised tax expenses

In compliance with BFNAR 2012:1, deferred tax assets, for companies that in later years report losses, are only recognised to the extent that it becomes probable that sufficient taxable profit will be available. As a result of this, Nexam Chemical AB does not recognise any deferred tax assets in loss carryforwards.

The Group's tax rate, which is based on a weighted average of national tax rates for the countries the Group operates in, is 21.6% (25.3%) in 2013, and 22.0% for the Parent Company. The change in the Swedish tax rate from 26.3% to 22.0% that has been adopted led to an SEK 1,846 thousand decrease in the Group's cost on deferred tax assets in 2012. The difference between the tax recognised and the expected tax is shown in the table to the right:

Reconciliation of tax expenses

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Tax rate during the year	21.6%	25.3%	22.0%
Profit/loss before tax	–26,513	–17,604	15
Tax calculated at the average tax rate	5,727	4,511	–3
Tax effect of:			
Goodwill impairment	0	–69	0
Other non-deductible	–92	–40	–2
Effect of different tax rates	–20	–37	0
Change in tax rate affecting deferred tax assets	0	–1,846	0
Impairment of deferred tax assets	–5,620	–2,519	0
Recognised tax expenses	**–5**	**0**	**–5**

Change in deferred tax assets

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Cost at the beginning of the year	10,045	7,520	0
Change in income statement	5,620	2,519	0
Tax effect of translation difference recognised in equity*	–110	15	0
Translation difference	45	–9	0
Cost at the end of the year	**15,600**	**10,045**	**0**
Accumulated impairment at the start of the year	–10,045	–7,520	0
Change in income statement	–5,620	–2,519	0
Tax effect of translation difference recognised in equity*	110	–15	0
Translation difference	–45	9	0
	–15,600	**–10,045**	**0**
Carrying amount	**0**	**0**	**0**

* Tax effect of the Parent Company's foreign exchange earnings on subsidiary receivables, which was transferred directly to equity in the Group.

Temporary differences

The total net deferred tax on the balance sheet after accumulated impairment of deferred tax assets is zero and is distributed according to the following items:

	Group				Parent Company	
	31/12/2013		31/12/2012		31/12/2013	
	Asset	Liability	Asset	Liability	Asset	Liability
Plant and machinery		–1,081		–335	0	0
Equipment, tools, fixtures and fittings		–367		–190	0	0
Other non-current receivables	125		5		0	0
Inventories	44		19		0	0
Prepaid expenses	70		28		0	0
Debt for finance lease	978		234		0	0
Tax loss carryforwards Sweden	14,044		9,570		0	0
Tax loss carryforwards UK	1,787		714		0	0
Total	17,048	–1,448	10,570	–525	0	0
Set-off	–1,448	1,448	–525	525	0	0
Total deferred tax assets/liabilities	15,600	0	10,045	0	0	0
Valuation allowance for deferred tax assets	–15,600	0	–10,045	0	0	0
Total deferred tax assets/liabilities	0	0	0	0	0	0

Note 12 Acquired technology

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Opening accumulated cost	3,404	2,500	0
Acquisition for the year	832	904	0
Closing accumulated cost	4,236	3,404	0
Opening accumulated amortisation	–452	–307	0
Amortisation for the year	–212	–145	0
Closing accumulated amortisation	–664	–452	0
Closing carrying amount	3,572	2,952	0

Note 13 Land and buildings

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Opening accumulated cost	3,681	0	0
Business combinations	0	3,663	0
Acquisition for the year	0	115	0
Translation difference	85	–97	0
Closing accumulated cost	3,766	3,681	0
Opening accumulated depreciation	–74	0	0
Depreciation for the year	–75	–75	0
Translation difference	–2	1	0
Closing accumulated depreciation	–151	–74	0
Closing carrying amount	3,615	3,607	0

Note 14 Plant and machinery

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Opening accumulated cost	6,502	4,430	0
Business combinations	0	646	0
Acquisition for the year	4,822	1,460	0
Translation difference	41	–34	0
Closing accumulated cost	11,365	6,502	0
Opening accumulated depreciation	–2,971	–1,859	0
Depreciation for the year	–1,819	–1,113	0
Translation difference	–3	2	0
Closing accumulated depreciation	–4,793	–2,971	0
Closing carrying amount	6,572	3,532	0

Note 15 Equipment, tools, fixtures and fittings

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Opening accumulated cost	1,363	975	0
Acquisition for the year	1,153	0	0
Sales/disposals for the year	–64	388	0
Closing accumulated cost	2,452	1,363	0
Opening accumulated depreciation	–424	–167	0
Depreciation for the year	–345	0	0
Sales/disposals for the year	64	–257	0
Closing accumulated depreciation	–705	–424	0
Closing carrying amount	1,747	939	0

Note 16 Cost of leasehold improvements

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Opening accumulated cost	122	78	0
Acquisition for the year	450	122	0
Disposal	0	–78	0
Closing accumulated cost	572	122	0
Opening accumulated depreciation	–20	–78	0
Depreciation for the year	–119	–20	0
Sales/disposals	0	78	0
Closing accumulated depreciation	–139	–20	0
Closing carrying amount	433	102	0

Note 17 Shares in Group companies

	Parent Company
	31/12/2013
Opening accumulated cost	0
Acquisition for the year	243,990
Closing accumulated cost	243,990
Carrying amount	243,990

Direct ownership of Group companies	Corporate ID no.	Registered office	Number of votes and capital 31/12/2013
Nexam Chemical AB	556784-6711	Lund, Sweden	100%
			100%

Share capital disclosure

	Number of shares	Quote value per share
Number/quote value of shares at the beginning of the year	0	0
Number/quote value of shares at the end of the year	248,969	1

Indirect ownership of Group companies	Corporate ID no.	Registered office	Number of votes and capital 31/12/2013
Nexam St Andrews Ltd	SC410830	Cupar, Scotland	100%
			100%

Share capital disclosure

	Number of shares	Quote value per share
Number/quote value of shares at the beginning of the year	1	11
Number/quote value of shares at the end of the year	150,000	11

Note 18 Other non-current receivables

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Type of receivables			
Deposits made	5	5	0
	5	5	0
Opening accumulated cost	5	5	0
Closing accumulated cost	5	5	0
Closing carrying amount	**5**	**5**	**0**

Note 19 Prepaid expenses and accrued income

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Prepaid rent	174	86	0
Prepaid insurance	53	89	26
Prepaid service charges	0	109	0
Prepaid lease fees	26	22	0
Other items	88	40	0
	341	346	26

Note 20 Equity

Group	Share capital	Other paid-up capital	Accumulated translation difference	Other equity incl. profit/loss for the year	Total equity
Equity, 1/1/2013	194	61,739	–51	–46,205	15,676
New share issue – cash	55	53,845			53,900
Issuing costs		–80			–80
Non-cash issue in reverse acquisition	50	13,687			13,737
Cost of non-cash issue in reverse acquisition		–13,687			–13,687
Redistribution of share capital due to reverse acquisition	639	–639			0
Translation difference for the year			490		490
Net profit/loss for the year				–26,513	–26,513
Closing balance	938	114,865	438	–72,719	43,523

Parent Company	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Equity, 1/1/2013	0	0	0	0	0
Company formation	50	0	0	0	50
Non-cash issue	888	243,102	0	0	243,990
Profit/loss for the year	0	0	0	10	10
Equity, 31/12/2013	938	243,102	0	10	244,050

Nexam Chemical AB has issued 7,280 share warrants to the staff divided up into three employee share option schemes with redemptions in 2016, 2017 and 2018. The warrants were issued at market conditions. Each warrant entitles the holder to subscribe for one warrant in Nexam Chemical AB.

Nexam has entered into an agreement with the warrant holders concerning a right for Nexam to acquire any subscribed shares in the subsidiary in exchange for payment in the form of 182,5034 newly issued shares in Nexam for each newly issued share in the subsidiary. If all share warrants are used to subscribe for shares in the subsidiary, Nexam will issue a total of 1,328,625 shares as payment. The newly issued shares would be equal to approximately 2.65% of the share capital given the current number of outstanding shares.

Allotment date	Earliest redemption date	Final due date	Redemption price	Outstanding warrants 1/1	Issued in 2012	Outstanding warrants 31/12
11 Dec 2009	15 Sep 2016	15 Dec 2016	1,000	2,040	0	2,040
20 Dec 2010	15 Sep 2017	15 Dec 2017	1,000	2,300	0	2,300
1 Nov 2012	1 Oct 2018	31 Dec 2018	2,000	0	2,940	2,940
				4,340	2,940	7,280

Note 21 Share capital disclosures

	Number of shares	Quote value (SEK)
Number/quote value of shares at the beginning of the year	0	0.00
Number/quote value of shares at the end of the year	48,780,000	0.02

Note 22 Liabilities to credit institutions

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Repayment within 1 year	185	170	0
Current liabilities	185	170	0
Repayment in 2 to 5 years	667	795	0
Repayment later than 5 years	1,023	1,038	0
Non-current liabilities	1,690	1,833	0
Total liabilities to credit institutions	**1,875**	**2,003**	**0**

Note 23 Significant limitations on the Scottish subsidiary's ability to transfer funds to the Parent Company

In a loan agreement between the subsidiary and an external lender, Nexam Chemical AB has undertaken to refrain from taking any dividends from the subsidiary which would result in its reported equity falling short of GBP 150 thousand, or settle a promissory note receivable from the subsidiary in the amount of GBP 250 thousand (SEK 2,683 thousand) before the loan including interest to the external lender is settled.

The loan from the external lender totalled GBP 175 thousand (SEK 1,875 thousand) on the balance sheet date.

The cash and cash equivalents of Nexam St Andrews were valued at GBP 80 thousand (SEK 858 thousand) on the balance sheet date.

Note 24 Finance lease obligations

Finance leases recognised as fixed assets are included in the consolidated balance sheet at the following amounts:

	31/12/2013	31/12/2012
Plant and machinery	4,080	559
Equipment, tools, fixtures and fittings	1,668	862
	5,748	1,421

The due dates for lease fees and their estimated present values are:

	Lease fee incl. redemption price	repayment	interest
Within one year	1,255	1,102	152
Later than one year, but within five years	3,507	3,344	163
Later than five years	0	0	0
	4,762	4,446	315

Three new leases signed in 2013 involving a compounding machine, an injection-mould and a microcompounder.

The compounding machine is used to mix plastic in melted form with different additives (e.g. stabilisers, crosslinkers) and fillers (e.g. glass fibre) to create formulas for component production. The injection-mould is used to produce components, e.g. from formulas produced in the compounding machine, and the microcompounder is a miniaturised version of a compounding machine intended for research and development.

Note 25 Accrued expenses and deferred income

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Accrued holiday pay incl. social security contributions	550	431	97
Audit fee	90	66	50
Legal fees	28	388	0
Estimated accrued payroll tax on pension costs	200	221	35
Other items	736	241	69
	1,604	1,347	251

Note 26 Pledged assets

	Group	
	31/12/2013	31/12/2012
For liabilities to credit institutions		
Property mortgages	1,875	2,003
For finance lease obligations		
Assets subject to retention of title	5,748	1,421
	7,623	3,424

Note 27 Finance leases in cash flow

New finance leases were signed during the year with a total cost for tangible fixed assets of SEK 5,321 thousand. The initial higher lease fee of SEK 999 thousand has been paid.

SEK 4,322 thousand did not have any impact on the Group's cash flow and has therefore been offset in cash flow in relation to the balance sheet reported.

Note 28 Business combinations

2013

Nexam Chemical Holding AB's formal acquisition of Nexam Chemical AB was completed via a non-cash issue of 248,969 shares in Nexam Chemical AB. As payment for these shares, Nexam Chemical Holding AB issued 46,180,000 shares to the shareholders of Nexam Chemical AB. The newly issued shares are equal to 94.7% of the total number of shares and votes in Nexam Chemical Holding AB.

The non-cash consideration in the Parent Company was valued at SEK 243,990 thousand (SEK 980 per share), based on the Board of Directors' knowledge of Nexam's future earning power and the fact that Nexam held a new share issue in January 2013 where Nexam brought in SEK 53.9 million. This was done at an issue price that indicated a value for Nexam after the new share issue of approximately SEK 243,990 thousand. The new share issue was subscribed entirely by external investors who were not shareholders of Nexam before the new share issue.

Acquired assets

The issue value (estimated fair value of existing 2,600,000 shares as of 20 March 2013 in Nexam Chemical Holding AB, at a current market price of SEK 5.28)	13,737
Issuing costs	–13,687
Acquired net assets in Nexam Chemical Holding AB	50*

* Net impact on Group equity

2012

In January 2012, the Group acquired Nexam St Andrews Ltd. The acquisition was completed by acquiring the assets and liabilities of a company in Scotland newly formed by Nexam Chemical AB. All staff members previously employed by the seller were employed in conjunction with this acquisition. The Company also took over a lease for the land where the building acquired is located.

Purchase price	4,309,000
Transaction costs paid 2012	119,734
Total impact on Group cash flow 2012	4,428,734
Transaction costs paid 2011	151,616
Total acquisition price incl. transaction costs	**4,580,350**
Carrying amount of identifiable assets:	
Tangible fixed assets	4,309,000
Total identifiable assets	**4,309,000**
Goodwill	**271,350**

Note 29 Cash and cash equivalents

The cash and cash equivalents in the balance sheet and the cash flow statement include:

	Group		Parent Company
	31/12/2013	31/12/2012*	31/12/2013
Balances with banks and other credit institutions	32,511	7,265	1,314
Total cash and cash equivalents	**32,511**	**7,265**	**1,314**

Note 30 Environmental obligation and restoration expenses

Nexam's financial reporting is based on the assumption that the Group can continue its business as a going concern, which is also reflected in how potential environmental liabilities are assessed. The Group complies with official decisions and takes measures both proactievly to prevent environmental impact and reactively in the event of environmental damage. The Group has no known material environmental liabilities or events likely to create environmental liabilities in the near term.

On the going concern assumption, any restoration expenses, with discounting to the present value, are estimated to be immaterial, which is why they are not disclosed separately.

Note 31 Obligations for operating leases

Nexam Chemical AB signed a lease for a laboratory and office at Medicon Village, Scheelevägen 2, Lund in February 2012. The lease expires on 28 February 2015, but can also be terminated by either party with a six-month period of notice. This lease does not have automatic extension. With the rent in January 2014 at SEK 68,875 per month and a six-month commitment period for the lease, SEK 413,250 is to be considered a short-term obligation.

Nexam Chemical AB signed a lease for a plastics laboratory at Ideon Science Park, Sölvegatan 41, Lund in April 2012. This lease has a one-year term and may be terminated with a six-month period of notice before the expiration of the lease term. If the lease is not terminated, it is extended for one year at a time. Nexam has not terminated the lease during the year, which means that the current lease is valid until 31 March 2015. The rent in January 2014 was SEK 19,050 per quarter and the commitment period was lasting until 31 March 2015, leading to SEK 76,200 in short-term obligations and SEK 19,050 in long-term obligations.

Nexam Chemical AB signed another lease for an extension of the plastics laboratory at Ideon Science Park, Sölvegatan 41, Lund in February 2013. This lease has a three-year term and may be terminated with a six-month period of notice before the expiration of the lease term. If the lease is not terminated, it is extended for one year at a time. The current lease is valid until 31 January 2016. With the rent in January 2014 at SEK 85,852 per quarter and the commitment period until 31 January 2016, Nexam ends up with SEK 343,408 in short-term obligations and SEK 372,025 in long-term obligations.

Upon its acquisition of the assets and liabilities of St Andrews Chemtech Ltd's facility, Nexam St Andrews Ltd entered into a lease for the land that the Group's building is located on. The lease has a remaining lease period of 76 years. The annual cost of the lease in Scotland is currently £10,500 per year and is adjusted every fifth year with indexation. The lease specifies 2090 as the expiration date.

Nexam Chemical's future obligation for leases that cannot be terminated is divided up into due dates according to the following. (The amounts refer to nominal amounts based on the amount of the rent on the balance sheet date.)

The Group distinguishes between operating leases and finance leases.

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Lease fees for operating leases during the year totalled	1,643	805	0
	1,643	805	0

	Group		Parent Company
	31/12/2013	31/12/2012	31/12/2013
Future lease fees for leases that cannot be terminated fall due for payment in accordance with the following:			
Within one year	945	551	0
Later than one year, but within five years	842	452	0
Later than five years	8,001	7,932	0
	9,788	8,935	0

Note 32 Definition of financial ratios

Equity/asset ratio
Adjusted equity as a percentage of total assets.

Equity per share
Equity/number of shares at the end of the period.

Earnings per share
K3 has not issued any recommendations for calculating earnings per share, which is why guidance has been sought from IAS 33. The estimated market value of shares when calculating diluted earnings per share is based on the average share price for the year. This value exceeds the redemption price for the first 4,340 warrants.

Adjusted equity
Equity + untaxed reserves less deferred tax.

Return on equity
Profit/loss after financial items as a percentage of average adjusted equity.

Return on total assets
Operating profit/loss plus interest income as a percentage of average total assets.

Quick ratio
Current assets excluding inventories as a percentage of current liabilities.

Lund 15 April 2014

Per Palmqvist Morin
CEO

Lennart Holm
Chairman

Daniel Röme

Michael Karlsson

Our auditor's report has been submitted on 16 April 2014
Öhrlings Price Waterhouse Coopers AB

Magnus Willfors
Authorized Public Accountant

Board of Directors

Lennart Holm, Chairman of the Board of Directors

Born: 1960
Education: M. Sc. Chemical Engineering, Chalmers University of Technology, Gothenburg.
Main occupation: Entrepreneur.
Other current positions: Chairman of the board of Vigmed AB, Vigmed Holding AB, ChamberTech AB, VIDA AB and Hamnkrogen i Hbg Holding AB. Member of the board of Lennart Holm Development AB, BillerudKorsnäs AB, Hempel A/S (Denmark), Nattaro Labs AB, SOS Barnbyar Sverige, BioMass C Holding AB, and Polygiene AB (deputy board member).
Prior board positions: Perstorp Holding AB, Chr Hansen A/S, Industrifonden, Lahega AB, Croviva Invest AB, SI Technology AB, Yellow Bridge Management AB, Vatus Medical AB, Financiere Foret Ett AB, Financiere Foret Två AB, Financiere Foret Trois AB, UGI partners AB and Perstorp BioProducts AB.
Shareholding (via company)*: 2,591,596
Warrants held: 0

Michael Karlsson, Member of the Board of Directors

Born: 1955
Education: Jur Kand. (Master of Laws) Lawyer.
Main occupation: Partner, Mannheimer Swartling Advokatbyrå AB.
Other current positions: Chairman of the board of SOS Barnbyar Sverige, Lahega Kemi AB as well as Rohm and Haas Nordiska AB. Member of the board of Nohau Solutions AB, Hamnkrogen i Helsingborg Holding AB, Vasatorps Golf AB, Vasatorps golfklubb (non-profit association), SOS Kinderdorf International, SOS Kinderdorf Executive Committee, SOS International Leadership Selection Committee, Stiftelsen Thelma Zoégas fond för medicinsk forskning and Member of the Advisory Board of EFL Executive Foundation.
Prior board positions: Cassis Vacation AB, Rohm and Haas Electronic Materials AB, Aktiebolaget Carl Gram Fastighets AB, Tornet Fastighets AB Gumsbacken 1, Galloper Autoimport AB.
Shareholding (private and via family)*: 1,701,421
Warrants held: 0

Per Palmqvist Morin, Member of the Board of Directors

Born: 1966
Education: B.Sc. Business Administration and Economics.
Main occupation: CEO of Nexam Chemical.
Other current positions: Member of the board of Yellow Bridge Management AB and Per Morin Investment AB.
Prior board positions: Member of the board of Perstorp Singapore Pte Ltd, Chemiplastica AB, Chemiplastica Holding AB and Särimner Holding AB.
Shareholding (private and via company and family)*: 2,070,569
Warrants held: 0

Daniel Röme, Member of the Board of Directors

Born: 1976
Education: M.Sc. Chemical Engineering, PhD Organic Synthesis.
Main occupation: Director of Business Development & Innovation at Nexam Chemical.
Other current positions: Chairman of the board of Daniel Röme Investment AB and Chairman of the board of AB Nordisk Ytteknik.
Prior board positions: Member of the board of Bostadsrättsföreningen Maria Stenbock.
Shareholding (via company)*: 2,000,237
Warrants held: 0

Management

Per Palmqvist Morin

Born: 1966
CEO since 2009. B.Sc. Business Administration and Economics.
Past experience includes VP of Strategic Development at Perstorp, CFO at Perstorp Engineering Materials AB and Perstorp Chemicals AB, Controller at Stora Cell Paper and Pulp and Auditor at Price Waterhouse in Stockholm.
Shareholding (private and via company and family)*: 2,070,569
Warrants held*: 0
For more information, see Board of Directors

Richard Tooby

Born: 1969
Sales & Supply Chain Director since 2009.
M. Sc. Business Administration and Economics.
Past experience includes VP Strategic Development at Perstorp, Business Review & Improvement Manager at Perstorp, Management Consultant at Bain & Company.
Shareholding (private and via company)*: 2,132,266
Warrants held*: 0

Daniel Röme

Born: 1976
Director of Business Development & Innovation since 2013 (employee since 2009). M.Sc. Chemical Engineering, PhD Organic Synthesis. Past experience includes Technical Director at Nexam, Business Development Manager and Innovation Manager at Perstorp.
Shareholding (via company)*: 2,000,237
Warrants held: 0
For more information, see Board of Directors

Erik Lager

Born: 1975
Production Director since 2009. M.Sc. Chemical Engineering, PhD Organic Synthesis, Post Doc. Metal Organic Catalysis. Past experiences includes Process Optimization & Development Manager and Senior Scientist at Bayer Schering Pharma.
Shareholding*: 0
Warrants held*: 1,635 warrants in Nexam Chemical AB (equivalent to 298,393 shares in Nexam Chemical Holding AB).

Jan-Erik Rosenberg

Born: 1956
Director of Commercial & Market Development since 2013 (employee since 2009). M.Sc. Chemical Engineering, PhD Polymer Chemistry, Post Doc. Polymer Processing. Past experience includes Commercial & Technical Director at Nexam, Director at Perstorp Composite Intermediates AB, Technical Manager at Perstorp Engineering Materials AB and Head of R&D at Perstorp Chemitec AB. Jan-Erik has held a number of positions at Volvo Cars and within Nobel Industries prior to the above positions.
Shareholding (private and via company)*: 2,048,866
Warrants held*: 0

Dane Momcilovic

Born: 1976
R&D and EHSQ Director since 2013 (employee since 2010). M.Sc. Chemical Engineering, PhD Technical Analytical Chemistry. Past experience includes Assistant Professor & Scientist at KTH and Researcher at Astra Zeneca.
Shareholding*: 0
Warrants held*: 1,464 warrants in Nexam Chemical AB (equivalent to 267,185 shares in Nexam Chemical Holding AB).

Auditor

Öhrlings PricewaterhouseCoopers AB is the auditor of Nexam and its subsidiaries. Authorized Public Accountant Magnus Willfors (born:1963) is the auditor-in-charge.
Shareholding*: 0
Warrants held:

Auditor's Report

To the Annual General Meeting of Nexam Chemical Holding AB (publ), corporate ID no. 556919-9432

Report on the annual report and consolidated financial statements
We have audited the annual report for the financial year from 22 January to 31 December 2013 and the 2013 consolidated financial statements for Nexam Chemical Holding AB (publ). The Company's annual report and consolidated financial statements are presented on pages 28–49 of the printed edition of this document.

The responsibility of the Board of Directors and the CEO for the annual report and the consolidated financial statements
The Board of Directors and the CEO are responsible for the presentation of an annual report that presents a true and fair view in accordance with the Swedish Annual Accounts Act, as well as consolidated financial statements that present a true and fair view in accordance with the Swedish Annual Accounts Act, and for the internal controls deemed necessary by the Board of Directors and the CEO in order to present an annual report and consolidated financial statements that are free of material misstatement, whether due to inaccuracies or errors.

Responsibility of the auditor
We are responsible for expressing an opinion on the annual report and the consolidated financial statements on the basis of our audit. We have performed the audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with ethical business requirements and plan and perform the audit to obtain reasonable assurance that the annual report and the consolidated financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and other disclosures in the annual report and the consolidated financial statements. The auditor selects which measures to perform, among other things by assessing the risks of material misstatement in the annual report and the consolidated financial statements, whether due to inaccuracies or errors. In this risk assessment, the auditor considers the elements of the Company's internal control that are relevant to how the Company presents the annual report and the consolidated financial statements in order to present a true and fair view, for the purpose of performing the assessments that are appropriate in the circumstances, but not to state an opinion on the effectiveness of the Company's internal control. An audit also includes an assessment of the appropriateness of the accounting principles applied and the reasonableness of the estimates made by the Board of Directors and the CEO in the annual report, as well as evaluating the overall presentation of the annual report and the consolidated financial statements.

We consider the audit evidence we have obtained to be sufficient and appropriate as the basis for our opinions.

Opinions
We believe that the annual report and the consolidated financial statements are presented in accordance with the Annual Accounts Act and in all material respects present a true and fair view of the financial position of Nexam Chemical Holding AB and the Group as of 31 December 2013 and of their financial performance and cash flows for the period from 22 January to 31 December 2013 for Nexam Chemical AB (publ) and for 2013 for the Group in accordance with the Annual Accounts Act. The directors' report is in harmony with the other elements of the annual report and the consolidated financial statements.

We therefore recommend the income statements and balance sheet of the parent company and the Group for adoption by the Annual General Meeting.

Report on other statutory requirements and other provisions
In addition to our audit of the Parent Company's annual report for the financial year from 22 January to 31 December and the 2013 consolidated financial statements, we have also audited the proposed appropriation of the Company's profit or loss and the management of Nexam Chemical Holding AB on the part of the Board of Directors and the CEO for the financial year from 22 January to 31 December 2013.

The responsibility of the Board of Directors and the CEO
The Board of Directors is responsible for the proposed appropriation of the Company's profit or loss, and the Board of Directors and CEO are responsible for the management of the Company in accordance with the Swedish Companies Act.

Responsibility of the auditor
On the basis of our audit, it is our responsibility to state an opinion with reasonable certainty concerning the proposed appropriation of the Company's profit or loss and on the management of the Company. We have performed the audit in accordance with generally accepted auditing standards in Sweden.

As the basis for our opinion on the Board of Directors' proposed appropriation of the Company's profit or loss, we have examined whether the proposal is in accordance with the Swedish Companies Act.

As the basis for our opinion concerning discharge from liability, in addition to our audit of the annual report and the consolidated financial statements, we have examined significant decisions, measures and circumstances of the Company in order to assess whether any member of the Board of Directors or the CEO has any indemnification liability to the Company. We have also examined whether any member of the Board of Directors or the CEO has otherwise infringed the Swedish Companies Act, Annual Accounts Act, or the Company's Articles of Association.

We consider the audit evidence we have obtained to be sufficient and appropriate as the basis for our opinions.

Opinions
We recommend that the Annual General Meeting adopt the appropriation of the profit in accordance with the proposal in the Directors' Report and discharge the members of the Board of Directors and the CEO from liability for the financial year.

Malmö 16 April 2014
Öhrlings PricewaterhouseCoopers AB

Magnus Willfors
Authorized Public Accountant

Information on annual general meeting and calendar

Financial calendar

14 May 2014	Annual general meeting
14 May 2014	Interim Financial Statements Q1 2014
21 August 2014	Interim Financial Statements Q2 2014
10 November 2014	Interim Financial Statements Q3 2014
February 2015	2014 year-end report Q1-Q4

Annual general meeting

Nexam's annual general meeting will be held on Wednesday 14 May 2014 at 3:00 p.m. at Elite Hotell Ideon, Scheelevägen 27, Lund.

Shareholders wishing to participate in the annual general meeting shall be registered in the register of shareholders kept by Euroclear Sweden AB no later than on Thursday 8 May 2014 and shall submit an application to the Company no later than on Thursday 8 May 2014, 3:00 p.m.

Applications must be submitted by calling 076-108 18 00 or writing to Nexam Chemical Holding AB (publ), Medicon Village, Scheelevägen 2, 223 81 LUND, or via the website www.nexam.se.

In order to be entitled to participate in the proceedings at the meeting, shareholders that have had their shares registered with a nominee must temporarily register their shares in their own name well in advance of Thursday 8 May 2014 with the help of the nominee.

Contact & Media

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