



Newsletter

March 2018

Comments from the CEO, Anders Spetz

It is with great confidence that I can say that Nexam Chemical, three months into 2018, is developing very well. We are in a very intensive phase in the company's development where we not only worked with the integration between Nexam Chemical and Plasticolor, but also gained momentum in the market. The interest for both Nexam Chemicals and Plasticolors products are very strong and the volumes are increasing to both existing as well as new customers. The whole organiza-

tion is motivated and we are moving full ahead. In this newsletter we will give you a short update regarding the ongoing integration process, multifunctional masterbatch, present our new COO, Susanne Thygesson and a briefly tell you about the JEC World trade fair in Paris.

Lomma March 28, 2018

Anders Spetz, CEO

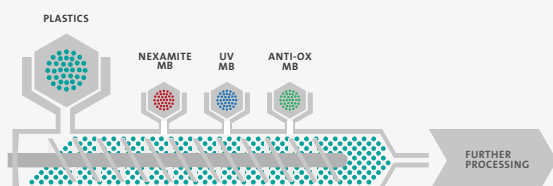
Multifunctional masterbatch

The plastics industry seeks new innovative ways to create products that solve challenges in our everyday lives, ranging from packaging solutions to aircraft constructions. Nexam Chemical has the cutting edge technology that allows for completely new properties of plastics. In order to add NEXAMITE®-based technology to the customers' existing production processes, we have

developed a so-called masterbatch concept where we package advanced technology in a form that is easy for our customers to use. We are now increasing production capacity in a network to provide the market with multifunctional masterbatch, with production both in-house and through outsourcing partners.

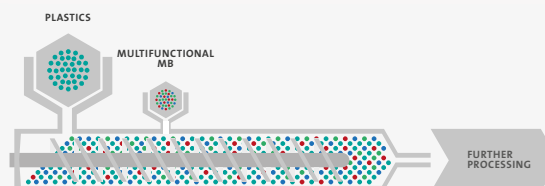
Multifunctional masterbatch

Traditional masterbatch



A traditional masterbatch contains one specific additive. If you need two or more additives, they each has to be added separately, which makes the production more complex.

Multifunktional masterbatch



A multifunctional masterbatch contains two or more additives, which makes the production more straight-forward and more cost-efficient.

Short about the background of the acquisition of Plasticolor

Plasticolor is a masterbatch* manufacturer with production in four countries and sales offices in six. The company started more than 25 years ago in Lomma, Sweden, specializing in customer specific color masterbatches helping the customers to design and color their products with precision and high quality. The company have also developed its business within functional masterbatches. This is a growing segment and the products sold improves processability, physical properties and recyclability of plastics. At Nexam Chemical the demand for the trademark NEXAMITE®, heat activated function-

nal products for improving plastics in masterbatch form, is growing. Combining Nexam Chemical and Plasticolor know-how, assortment, production and portfolio of customers creates value and synergies along the value chain for all parties. It also opens new possibilities within multifunctional masterbatches.

**Masterbatch is a concentrate of one or more components that are going to be incorporated into a plastic product at small dosages. As small amounts of components are difficult to add and mix with precision a masterbatch is used where the components are well distributed in a carrier that easily mix/blend with the main plastic used.*



Integration project for one company

On December 8, 2017, Nexam Chemical became the owners of Plasticolor Group. During the first 100 days, intensive integration efforts have been made within all functions of the company to fully realize the synergies. Prior to the acquisition, integration and activity plans were prepared, which are now largely implemented according to schedule, but some activities will continue during the coming months.

Customers and suppliers to both Nexam Chemical and Plasticolor have been visited to present the new company and the products we now can offer together. The response has been positive. As expected, customers have shown a large interest in our common products in the form of multifunctional masterbatch. The transfer of Nexam Chemicals masterbatch products into the acquired production capacity has begun and the mutual development of the masterbatch concept and multifunctional masterbatch have had a good start. At the same time, the development in both businesses are moving forward.

We have also finalized the installation of a new production line. It will bring additional production capacity to the company. During the period we have been active in establishing common administrative processes regarding order handling, procurement, finance and financial reporting. A common IT-structure has evolved around the ERP-system that Plasticolor has used for many years and that are well adapted for the business needs. With a

common ERP-system we have the ability to quickly and transparently analyze all companies in the Group. It creates possibilities for continuous improvement work, but also enable us to respond quickly and react on possible changes and deviations.

During the first quarter we have also moved from Nexam Chemical's office and plastic laboratory at Ideon in Lund. The development work previously taking place at the laboratory regarding plastic applications has been transferred to our facility in St Andrews, Scotland, where all R&D now have been concentrated. In St Andrews, we have also recently recruited a qualified chemist with extensive experience in polymer development and thereby adding valuable experience to our R&D-team. Application development concerning masterbatch will be performed in Lomma, where also pilot and full scale production of multifunctional masterbatch will take place. The employees in the Lund office have also moved into our now shared premises in Lomma, where some re-work has been done to expand the office space.

Susanne Thygesson – new COO in place

Tell us shortly about your background?

I decided early to study mechanical engineering. My first job with a company was as Production Manager and a few years later I took over as Marketing and Sales Manager in the same company. Combining the customer and production perspective are inspiring. In all my employments thereafter I have had interesting and developing assignments within both sales and production. I have also worked in various industries as plastic film, plastic packaging, food and pharmaceutical industry. I have had the privilege to work with many committed and inspiring persons. All this experience has made me who I am today and given me the knowledge for the role as COO in Nexam Chemical.

What was it in the role as COO and Nexam Chemical's business that attracted you to the company?

It was without doubt the possibility to build a business together, integrating both companies - Nexam Chemical and Plasticolor - and building one new company. To take part in this journey already from the beginning, two companies with a great common potential, and develop the current business but also together develop new interesting products. Above all multifunctional masterbatch.

What is it that makes the work in the production so interesting to you?

The production in a company is an important and dynamic part of a company's business where customer value is created. It is in the production unit where the customer need are converted into a product. A product that should be manufactured safely and cost-effectively in a process where human and machine interact and deliver a high quality product to a satisfied customer.



Almost three months in the company – what is your focus today?

My focus now is on how our production units shall prepare for the production of our increasing volumes in the existing product portfolio as well as the new products we have in our pipeline.

What possibilities and challenges do you see in your role as COO?

The possibilities are definitely my production organization and how I, together with all my co-workers will develop Nexam Chemical. The challenges, all inspiring, are to develop our production units in the way as will be required to meet future demand.

What is the most important experience you bring with you as Nexam Chemicals new COO?

"It is possible!". With my long experience, I have seen so many projects and businesses evolving and succeeding reaching the goals that initially may have seen impossible to meet. But it's all about not giving up. It is an incredible feeling for everyone involved to say "We did it together!". Involving all co-workers in how we continuously improve our business and processes creates great strength and teambuilding.

At JEC World trade fair in Paris

JEC World in Paris is a great opportunity to find new customers and projects within the composites area. It is also a unique opportunity to study the development throughout the composites market, i.e. also in niches where Nexam Chemical so far is not active. JEC World is the largest trade fair for composites technology in the world with 40 000 visitors and 1 300 exhibitors. The interest in composites have never been greater. Trade fairs are also an opportunity to be surprised by things you had no idea existed. JEC World is the place where it is possible to meet the entire value chain within the composite area at the same time.



There are mainly two areas of the fair that are of specific interest for Nexam Chemical: Engineering foam (PET-foam) and high temperature composites (polyimides for e.g. airplane engines).

PET-foam

In the area of PET-foam, all manufacturers were represented at the fair. The growth trend within PET-foam are still very strong. Wind power is still the largest application area and driving the volume, but there are more and more talk about applications for the automotive industry. All car manufacturers are looking for lightweight constructions with durable materials. PET-foam is a material that can be perfect for this segment, both in terms of economics and sustainability. The possibility to thermoform PET-foam, further contributes to the fact that it fits with the automotive applications. Nexam Chemical already work with the majority of the PET-foam manufacturers and has for a long time been committed in developing additives for PET-foam that will provide the basis for further applications and growth

for this material. PET-foam will take market shares from other material for a long time to come.

High temperature composites

High temperature composites has a very high potential but also requires a lot of endurance. The lead times in development are long, as this is highly advanced material in critical applications. The aviation industry works towards the goal of moving composites into the hotter zones of the airplane engines. It takes a long time to be qualified, but the potential is very high. There are a lot of airplane engines manufactured every year and the demand on light weight, fuel economy, heat resistance and functional integration speaks for the use of composites to a greater extent. The aviation industry are already used to working with composites. Nexam Chemical has the solutions that increase the processability of these composites polymers. In the long term, it is likely that this could be Nexam Chemicals strongest business area.

Annual General Meeting May 17, 2018

The Annual General Meeting (AGM) of Nexam Chemical will be held on Thursday, 17 May 2018, at 3:00 pm, at Elite Hotel Ideon, Scheelevägen 27 in Lund. Admission for registration from 2.00 p.m. when also coffee with accessories will be served.

Presents at Småbolagsdagen June 11, 2018

Nexam Chemical will participate at Småbolagsdagen at Hotel Sheraton in Stockholm on June 11, 2018. Småbolagsdagen is organized by Swedish Shareholders Association. More information regarding the event will follow. Registration to Småbolagsdagen opens on Swedish Shareholders Associations website on May 2, 2018.

