

Nexam Chemical Holding AB (publ)

Interim Report 1 January – 31 March 2019

17 percent sales growth in quarter

First quarter at a glance

Operational:

- Sales record during first quarter with sales amounting to SEK 31,754,000 (27,041,000).
- Sales growth within Nexam Chemicals NEXIMID®- and NEXAMITE®-based products.
 - Continuously increased order flow from PET-foam producers.
 - Good sales development within high performance segment.
 - Sales of color and functional masterbatch at the same level as last year.
- On February 15, Johan Arvidsson assume the position as new CEO for Nexam Chemical.

Financials:

- Net sales for the first quarter totaled SEK 31,754,000 (27,041,000).
- The operating loss before depreciation (EBITDA) for the quarter SEK - 1,650,000 (- 901,000).
- Result has been affected by non-recurring costs of approximately SEK 1.5 million.
- Compared to the beginning of the year, cash and cash equivalents amounted to SEK 35,448,000 (53,705,000).
- Cash flow from operating activities during quarter was SEK - 14,251,000 (- 5,307,000), of which changes in working capital, as a result of the increasing sales, affected cash flow with SEK - 11,929,000.
- Result per share before and after dilution for the quarter was SEK - 0.06 (-0.06).

Key events after the end of the period

- Marcus Nyberg appointed new CFO in Nexam Chemical. He will assume his position on August 1st 2019.

Key Figures for the Group

	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net sales (SEK thousand)	31,754	27,041	109,835
Operating profit/loss before depreciation (EBITDA) (SEK thousand)	-1,650	-901	-5,757
Cash and cash equivalents (SEK thousand)	35,448	76,597	53,705
Cash flow from operations (SEK thousand)	-14,251	-5,307	-12,887
Equity (SEK thousand)	166,450	183,860	170,551
Equity per basic share (SEK)	2.47	2.72	2.53
Equity/asset ratio (%)	68	66	69
Total assets (SEK thousand)	245,167	277,572	247,700
Quick ratio (%)	157	248	188
Average number of basic shares	67,519,019	67,519,019	67,519,019
Average number of diluted shares	67,519,019	67,519,019	67,519,019
Basic earnings per share (SEK)	-0.06	-0.06	-0.25
Diluted earnings per share (SEK)	-0.06	-0.06	-0.25
Share price on balance sheet date (SEK)	7.76	9.48	9.30

Comments from the CEO, Johan Arvidsson

Sales record in the first quarter for Nexam Chemical

As the new CEO of Nexam Chemical since February 15, I now write my first comments in a quarterly report. However, all of you that has been following the company know that I have been the sales manager since 2016 and that I, together with all my colleagues, have laid the foundation for the positive development that we can see in this quarterly report.

Last year was in many ways a breakthrough for Nexam Chemical with a strong increase in sales through the strategic acquisition of Plasticolor, increased production capacity and new expertise among our employees. The positive trend from last year has continued during the first quarter. We have reached close to SEK 32 million in sales, with growth of about 17 percent compared with the corresponding quarter last year. It is the company's strongest quarter so far, with the main growth within Nexam Chemical's original product portfolio. Given what we know today regarding the general economic trend, I believe that the rest of the year looks promising.

“We have reached close to SEK 32 million in sales, with growth of about 17 percent...”

Before I describe the quarter more in detail, I would like to give a more general reflection on where Nexam Chemical is today as a company. We are a company in growth where our innovative solutions create value by improving our customers' business. Chemical and polymer technology from Nexam Chemical increases our customers' profitability and also contributes to more sustainable solutions.

It is of course a paradox that a significant part of our business is aimed at companies in an industry where some of the products, mainly in the form of disposable plastic products, are rightly questioned just now. Nexam Chemical delivers solutions that contribute to less environmental impact by, for example, creating conditions for lighter and stronger end-products.

This in turn can, for example, improve fuel economy in vehicles or increase the possibilities for the use of renewable energy. In many projects we strive to enable a higher degree of recycling of plastics. A large part of all collected plastics is never recycled but instead incinerated or sent to landfill. In the worst case it ends up in the nature. In this area we not only have a business opportunity but also a possibility to contribute to a more sustainable society.

Back to the first quarter 2019 and how our markets has developed segment by segment. As we know, we received a couple of big orders within **PET-foam** at the end of 2018. They were received from customers with whom we have worked actively with for several years. We now see the result from that in the form of increasing sales volumes. I expect that these customers will generate growth for us for a long time to come.

“...these customers will generate growth for us for a long time to come.”

For the segment **high performance applications**, US is still our main market. We were pleased to receive a breakthrough order on the important Chinese market last year and have now raised our ambitions for sales on the Asian markets. The first quarter showed good sales development, and the growth potential within the segment remains large.

The **polyethylene pipe** segment is still slower than we would like. We have had some commercial success with a limited number of customers, but we still wait for the large commercial breakthrough. We are not satisfied with what we have achieved so far. That being said, it is important to remember that we have focused our resources to PET and high-performance applications to ensure success in these segments. In addition, we are talking about volume products where the potential customers are conservative and less likely to take risks,

such as relying on a small and relatively newly established supplier. We are persistent and continue to work with also this segment.

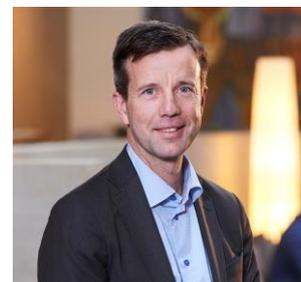
Overall, I can say that Nexam Chemical had a really good first quarter and that the positive trend continues. Our sales and order intake were at record level, which unfortunately also meant that the cash flow was negatively affected in the short term by increased working capital. The operating result before depreciation and non-recurring costs is the best so far.

Finally, some words about the upcoming Annual General Meeting on May 16. It will be my first shareholders meeting as CEO for this fine company.

I look forward to meeting our shareholders who have supported and believed in Nexam Chemical for a long time. Now we are preparing to take the next step in developing the company and how we will do that, I will tell you in my speech at the shareholders meeting.

Welcome to Lund on May 16!

Johan Arvidsson, CEO



This is Nexam Chemical

Nexam Chemical

Stronger, lighter and recyclable materials. It is one part of what the world needs to be able to grow in a sustainable way. We at Nexam Chemical can contribute to this. We work with improving polymeric materials – more commonly described as plastics. By adding our products, the customer can create materials that will give the end-products completely new and effective properties. Such as lower weight, increased heat resistance and strength, longer life cycle and increased recycling.

Today we help our customers to improve materials that are then used in everything from computers, wind turbines and vehicle components to water pipes and food packaging. We are a growth company with a turnover of approximately SEK 110 million, with production in five countries, employs about forty persons and cooperates with well-known chemical and material companies all over the world.

The Company's head office is located in Lomma, Sweden. Development of new products and applications and formulation evaluation takes place in the laboratory in St. Andrews, Scotland where also the facility for production of the Company's molecules are located. Large scale production of the company's unique molecules is performed in collaboration with contract manufacturers. Manufacturing of masterbatch and multifunctional masterbatch is performed by the subsidiary Plasticolor.

Our vision

To be a recognized world-leader in property modification of polymeric materials through heat-activated chemistry.

Our mission

To contribute to a more resource-efficient and sustainable society through innovative chemistry that improves properties, usability and recycling of polymeric materials.

Financial comments

Sales and profit

Net sales for the first quarter totaled SEK 31,754,000 (27,041,000). Other operating income for the quarter amounts to SEK 1,109,000 (1,200,000) and consists mainly of effects from exchange rates.

The personnel expenses during the first quarter totaled SEK -9,271,000 (-7,206,000). Personnel expenses has been affected by approximately SEK 1.5 million in non-recurring costs related to organizational changes. Other operating expenses totaled SEK -6,190,000 (-5,962,000). The depreciation for the period amounts to SEK -2,420,000 (-2,820,000) of which SEK -1,100,000 (-1,100,000) concerns depreciation of acquired immaterial surplus values. The profit/loss before depreciation (EBITDA) amounted to SEK -1,650,000 (-901,000). Adjusted for non-recurring costs, EBITDA amounted to SEK -198,000. The operating profit/loss before tax for the quarter came in at SEK -4,338,000 (-4,085,000).

Personnel and organization

The average number of employees in the Group for the period amounted to 41 (42), whereof 6 (9) were women.

Investments

The total investment in intangible assets during the year amounts to SEK 577,000 (678,000) and for the material assets SEK 562,000 (726,000).

Cash flow

The cash flow from the operating activities during the quarter amounted to SEK -14,251,000 (-5,307,000). Changes in working capital has affected the cashflow negatively with SEK -11,929,000 (3,860,000). The change in working capital is a consequence from sales starting to increase which affects the inventory and account receivables. During the quarter, amortization of bank loans has affected the cashflow with SEK -3,135,000 (-3,142,000). The total cash flow for the quarter amounted to SEK -18,349,000 (-9,998,000).

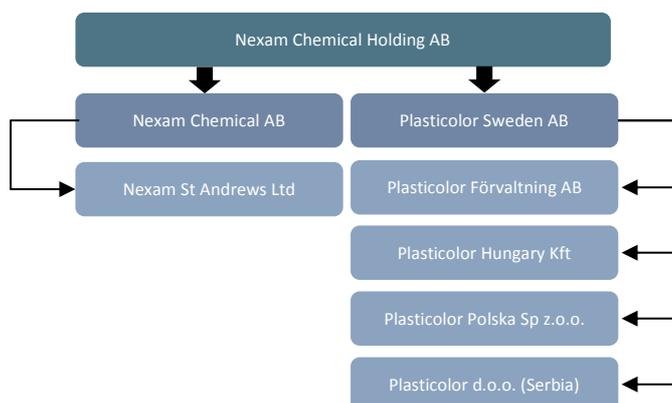
Financial position

Compared to the beginning of the year, the equity/assets ratio was 68 (69) percent, and the equity was SEK 166,450,000 (170,551,000). Cash and cash equivalents amounted to SEK 35,448,000 (53,705,000) compared to the beginning of the year. The Group has at the end of the period an interest-bearing debt of SEK 47,966,000 (51,020,000) compared to the beginning of the year.

Other information

Group structure

Nexam Chemical Holding AB is a Swedish public limited liability company and its corporate ID no. is 556919-9432. The Group consists of the parent company Nexam Chemical Holding AB (publ) and two subgroups, Nexam



Chemical and Plasticolor. All companies in the Group are wholly owned.

Accounting policies

The Group applies International Financial Reporting Standards (IFRS), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Annual Accounts Act. The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. The accounting policies and calculation methods applied are consistent with those described in the annual report for 2018. New standards and interpretations that came into force on January 1, 2019 have affected Nexam Chemical's financial reporting

for the interim report period according to the description of new reporting standards below.

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

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

New reporting standards.

As of January 1, 2019, Nexam Chemical applies IFRS 16.

IFRS 16, Leases, replaces IAS 17 and begin to apply as of January 1, 2019. The standard requires that assets and liabilities attributable to all leases, with some exceptions, be reported in the balance sheet. Introducing the standard, Nexam Chemical will apply the simplified transition method, which means that comparative information in previous periods will not be recalculated.

IFRS 16 has only been applicable for the premises and land that the Group have leased. The Company currently, through the subsidiary Nexam St Andrews Ltd, only lease land with a remaining term of 72 years. The effect of the introduction of IFRS 16 will increase the assets by approximately SEK 3.6 million and the liabilities with the corresponding amount. The average interest rate per 1 January 2019 amounted to 3.5 percent. The new standard will primarily have an effect on the Company's equity ratio and is expected to affect the 2019 profit/loss after tax by approximately SEK 50,000.

No other IFRS or IFRIC interpretations that have not yet come into force are expected to have any significant impact on the Group.

Transactions with related parties

During the year, SEK 174,000 has been paid in consulting fees for hiring of temporary purchasing manager from a company that are related to the Chairman of the Board. Other than that, no other transactions with related parties has occurred, except for determined remuneration for the Board of Directors and remuneration in accordance with employment agreement. The principles for these remunerations are stated in the annual report 2018.

Risks and uncertainties

The Group's operations are affected by a number of factors which can result in a risk for the Group's operations and profit. See the annual report for 2018 on Nexam Chemical's website for information about the Company's risks and uncertainties.

Estimates and judgements

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

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

Audit review

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

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

Lomma 7 May 2019

Lennart Holm
Chairman of the Board

Cecilia Jinert Johansson
Member of the Board

Jonna Opitz
Member of the Board

Daniel Röme
Member of the Board

Per-Ewe Wendel
Member of the Board

Johan Arvidsson
CEO

Financial Statements in summary

Consolidated income statement in summary				
(SEK '000)	Note	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net sales	2	31,754	27,041	109,835
Changes in goods in progress, finished goods and work in progress		5,120	650	2,844
Other operating income		1,109	1,200	2,314
		37,983	28,891	114,993
Operating expenses				
Raw materials and consumables		-24,172	-16,510	-67,990
Operating expenses		-6,190	-5,962	-24,339
Personnel cost		-9,271	-7,206	-28,277
Depreciation and write-down of tangible and intangible assets		-2,420	-2,820	-9,927
Other operating expenses		-	-114	-144
Operating profit/loss		-4,070	-3,721	-15,684
Financial items				
Financial income		8	2	20
Financial costs		-276	-366	-1,363
Profit/loss before tax		-4,338	-4,085	-17,027
Income tax		-35	-71	-153
Profit/loss for the period		-4,373	-4,156	-17,180
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Translation differences on foreign subsidiaries		272	571	282
<i>Sum of other comprehensive income, net after tax</i>		272	571	282
Comprehensive result for the period		-4,101	-3,585	-16,898
The profit for the year as well as comprehensive income are wholly attributable to the parent company's shareholders.				
Earnings per share (SEK)				
Basic earnings per share (SEK)		-0.06	-0.06	-0.25
Diluted earnings per share (SEK)		-0.06	-0.06	-0.25
Average number of basic shares		67,519,019	67,519,019	67,519,019
Average number of diluted shares		67,519,019	67,519,019	67,519,019

Consolidated balance sheet in summary				
(SEK '000)	Note	31 Mar 2019	31 Mar 2018	31 Dec 2018
ASSETS				
Intangible assets	1	107,238	110,166	107,895
Tangible assets		51,497	49,810	47,820
Financial assets		5	5	5
Inventory		24,568	15,428	19,448
Trade receivables		22,871	20,268	16,245
Other receivables		3,540	5,298	2,582
Cash and bank		35,448	76,597	53,705
TOTAL ASSETS		245,167	277,572	247,700
EQUITY AND LIABILITIES				
Equity		166,450	183,860	170,551
Long-term debt with interest		35,378	49,366	38,443
Other long-term debt		3,870	3,120	152
Short term debt with interest		12,588	13,352	12,577
Trade payables		14,223	11,262	14,499
Other liabilities		12,658	16,612	11,478
TOTAL EQUITY AND LIABILITIES		245,167	277,572	247,700

Consolidated changes in equity in summary			
(SEK '000)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Balance at the beginning of the period	170,551	187,512	187,512
Profit/loss for the period	-4,373	-4,156	-17,180
Other comprehensive income	272	571	282
Transactions with shareholders ¹	-	-67	-63
Balance at the end of the period	166,450	183,860	170,551

¹ Concerns cost connected to share issue in 2017

Consolidated cash flow in summary			
(SEK '000)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Cash flow from operating activities			
Operating income	-4,070	-3,721	-15,684
Adjustment from non-cash items	1,748	2,274	8,931
Cash flow from operations before changes in working capital	-2,322	-1,447	-6,753
Changes in working capital	-11,929	-3,860	-6,134
Cash flow from operations	-14,251	-5,307	-12,887
Cash flow from investment activities	-963	-1,405	-5,537
Cash flow from financing activities	-3,135	-3,286	-14,333
Cash flow for the period	-18,349	-9,998	-32,757
Cash and cash equivalents at the beginning of the period	53,705	86,407	86,407
Effect of exchange rate changes on cash	92	188	55
Cash and cash equivalents at end of period	35,448	76,597	53,705

Parent company - Income statement in summary			
(SEK '000)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net sales	3,000	7,000	9,000
	3,000	7,000	9,000
Operating expenses			
Operating expenses	-965	-1,224	-5,055
Personnel cost	-3,311	-1,679	-5,849
Depreciation and write-down of tangible and intangible assets	-	-	-
Operating profit/loss	-1,276	4,097	-1,904
Financial items			
Write down financial assets	-4,000	-5,000	-12,000
Interest income and other similar profit items	-	-	-
Interest expenses and other similar loss items	-215	-277	-1,024
Profit/loss before tax	-5,491	-1,180	-14,928
Appropriations	-	-	4,500
Income tax	-	-	-
Profit/loss for the period	-5,491	-1,180	-10,428

Parent company - Statement of comprehensive income			
(SEK '000)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Profit/loss for the period	-5,491	-1,180	-10,428
Other comprehensive income	-	-	-
Comprehensive profit for the period	-5,491	-1,180	-10,428

Parent company - Balance sheet in summary			
(SEK '000)	31 Mar 2019	31 Mar 2018	31 Dec 2018
ASSETS			
Financial assets	409,076	409,076	409,076
Receivables from group companies	41,040	31,540	38,040
Other receivables	688	433	495
Cash and bank	19,130	55,668	29,816
TOTAL ASSETS	469,934	496,717	477,427
EQUITY AND LIABILITIES			
Equity	416,977	431,717	422,469
Provisions for pension	161	120	152
Long-term debt with interest	33,000	45,000	36,000
Other long-term debt	-	3,000	-
Short term debt with interest	12,000	12,000	12,000
Trade payables	426	242	597
Other liabilities	7,370	4,638	6,209
TOTAL EQUITY AND LIABILITIES	469,934	496,717	477,427

Note 1 - Intangible assets

(SEK '000)	Goodwill	Market positions	Development costs	Patents
Accumulated cost				
Opening balance 1 January 2019	45,943	44,000	21,389	5,934
Additions	-	-	661	-
Closing balance 31 March 2019	45,943	44,000	22,050	5,934
Accumulated depreciation				
Opening balance 1 January 2019	-	-4,767	-2,817	-1,787
Expensed depreciation for the period	-	-1,100	-134	-
Capitalized depreciation for the period	-	-	-	-84
Closing balance 31 March 2019	-	-5,867	-2,951	-1,871
Residual value 31 March 2019	45,943	38,133	19,099	4,063
Accumulated cost				
Opening balance 1 January 2018	45,943	44,000	18,806	5,929
Additions	-	-	2,583	5
Closing balance 31 December 2018	45,943	44,000	21,389	5,934
Accumulated depreciation				
Opening balance 1 January 2018	-	-367	-2,172	-1,441
Expensed depreciation for the period	-	-4,400	-645	-7
Capitalized depreciation for the period	-	-	-	-339
Closing balance 31 December 2018	-	-4,767	-2,817	-1,787
Residual value 31 December 2018	45,943	39,233	18,572	4,147

Note 2 - Net sales divided on geographical markets

(SEK '000)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net sales Sweden	10,619	12,133	44,283
Net sales Europe	18,680	12,881	54,541
Net sales rest of the world	2,455	2,027	11,011
	31,754	27,041	109,835

Share capital, shares and ownership

The Company's share capital totals SEK 1,298,442.67 divided into 67,519,019 outstanding shares. The Company only has one class of shares and all shares have equal rights to dividends. The shares of Nexam Chemical Holding AB were listed on NASDAQ Stockholm First North Premier under the ticker NEXAM. Approximately 3.6 million shares have been turned over during the first quarter 2019 and the average price during the period was SEK 8.63 per share.

Shareholders

The number of shareholders as of 31 March 2019 was 6,551.

Shareholders	Shares	Percent
Försäkringsbolaget, Avanza Pension	10,501,344	15.6%
SIX SIS AG	7,133,876	10.6%
Länsförsäkringar Småbolag Sverige	2,346,782	3.5%
Lennart Holm, privately och via company	2,121,596	3.1%
Goldman Sachs International Ltd	1,518,973	2.2%
Daniel Röme, via company	1,500,237	2.2%
IBKR Financial Services AG	1,460,646	2.2%
Nordnet Pensionsförsäkring AB	1,281,626	1.9%
Michael Karlsson	948,342	1.4%
Björn Parkander	912,517	1.4%
Other shareholders (approx. 6,600)	37,793,080	56.0%
Total	67,519,019	100.0%

Financial calendar

16 May 2019	Annual General Meeting 2019
20 Aug 2019	Interim Report January-June 2019
12 Nov 2019	Interim Report January-September 2019
14 Feb 2020	Year-End-Report 2019

Interim reports are available on
www.nexamchemical.com.

Annual General Meeting

The Annual General Meeting (AGM) of Nexam Chemical Holding AB (publ) will be held on Thursday, 16 May 2019, at 3:00 pm, at Elite Hotel Ideon, Scheelevägen 27 in Lund, Sweden. Admission for registration from 2.00 p.m.

Shareholders wishing to attend the AGM must,

- first, be listed in the share register kept by Euroclear Sweden AB on Friday, May 10 2019 and
- secondly, not later than Friday, May 10 2019, inform Nexam Chemical in writing of their attendance and

number of assistances, if any, to Nexam Chemical Holding AB (publ), Bolagsstämman, P.O. Box 165, SE-234 23 Lomma. Such notification can also be given by telephone +46 733 88 98 38, or by e-mail to info@nexamchemical.com.

Notification ought to include the shareholder's name, address, telephone number, personal or corporate identity number, registered shareholding and information on proxies, if any. Notification and particulars of any proxy and assistances will be registered with Nexam Chemical to provide the basis for the voting list.

For further information concerning the report, please contact:

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This information is information that Nexam Chemical Holding AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on May 7, 2019.

Contact & Media

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