

Nexam Chemical Holding AB (publ)

Year-End Report 1 January – 31 December 2019

106 percent sales growth for NEXAMITE® and NEXIMID® during the year

Significant events:

- Sales growth continues, +8% compared to the corresponding quarter in 2018.
- The NEXAMITE® and NEXIMID®-based range, Performance Chemicals, in strong growth. + 36% compared to the corresponding quarter of 2018, the growth mainly attributable to products intended for PET foam manufacturing. The growth for Performance Chemicals for the full year 2019 was + 106%.
- Sales in the color and additive masterbatch, Performance Masterbatch, were -7% compared to the corresponding quarter of 2018. For the full year 2019, sales in the area decreased by 3% percent.
- The large order intake for Performance Chemicals resulted in stressed material flows, which had a negative impact on profitability and cash flow during the quarter

Financials:

- Net sales during quarter amounted to SEK 32,024,000 (29,547,000) and for the full year SEK 130,057,000 (109,835,00).
- Profit before depreciation (EBITDA) for the quarter was SEK – 2,814,000 (- 894,000) and for the full year – 5,576,000 (- 5,757,000).
- In comparison to the beginning of the year, cash and cash equivalents amounted to SEK 23,101,000 (53,705,000).
- Cash flow from the operating activities during the quarter amounted to SEK - 8,631,000 (- 4,203,000) and for the full year SEK - 21,277,000 (- 12,887,000).
- Earnings per share before and after dilution amounted to SEK - 0.09 (- 0.05) for the quarter and for the full year SEK -0,25 (-0,25).
- The Board proposes no dividend for the year 2019.

Key events after the end of the period

- The Board of Directors of Nexam Chemicals Holding AB has decided that a new share issue will take place during the spring 2020.

Key Figures for the Group

	Oct-Sep 2019	Oct-Sep 2018	Full year 2019	Full year 2018
Net sales (SEK thousand)	32 024	29 547	130 057	109 835
Operating profit/loss before depreciation (EBITDA) (SEK thousand)	-2 814	-894	-5 576	-5 757
Cash and cash equivalents (SEK thousand)	23 101	53 705	23 101	53 705
Cash flow from operations (SEK thousand)	-8 631	-4 203	-21 277	-12 887
Equity (SEK thousand)	154 702	170 551	154 702	170 551
Equity per basic share (SEK)	2,29	2,53	2,29	2,53
Equity/asset ratio (%)	68	69	68	69
Total assets (SEK thousand)	227 798	247 700	227 798	247 700
Quick ratio (%)	142	188	142	188
Average number of basic shares	67 519 019	67 519 019	67 519 019	67 519 019
Average number of diluted shares	67 519 019	67 519 019	67 519 019	67 519 019
Basic earnings per share (SEK)	-0,09	-0,05	-0,25	-0,25
Diluted earnings per share (SEK)	-0,09	-0,05	-0,25	-0,25
Share price on balance sheet date (SEK)	8,10	9,30	8,10	9,30

Comments from the CEO, Johan Arvidsson

We want to continue our growth journey and raise our ambitions

Nexam Chemical reports sales of 130 million in 2019. That is almost 20 percent more than the 109 million in turnover for 2018. Seen in a longer perspective the most interesting factor is where the growth occurs.

The most positive aspect in a generally good year for the company is that Nexam Performance Chemicals (PET foam, high performance and polyethylene; formerly referred to as Nexam Chemical) doubles sales during the year. The main potential lies within Performance Chemicals and in 2019 we saw many years of hard work pay off - not least within PET foam. A strong contributing factor is our in-depth collaboration with Diab, in combination with new and refined business elsewhere. The wind power market is expanding globally, and our products are in high demand as wind turbines become both larger and more efficient. We have good relations and collaborations in China, which will be global leaders in wind power for many years to come. In the short term, however, there is some uncertainty regarding China, both regarding trade tariffs and the Corona virus. In addition to the opportunities in China, we are also starting to break ground in India where the need for sustainable energy solutions is enormous.

“...The wind power market is expanding globally, and our products are in high demand...”

Nexam Performance Masterbatch (formerly known as Plasticolor) has had a more difficult journey in 2019 and does not contribute to our growth. The market for Performance Masterbatch is the plastics industry in the Nordic and Eastern Europe and is a much more mature business than our offer in Performance Chemicals. We have seen some inactivity in this business area during the year and we do not expect any major, cyclical change for 2020. With that said, we are working intensively to change our business model and we are optimistic in finding a growth model to fit this segment as well.

The growth journey for PET foam is undeniably ongoing but is still in its youth. Following our breakthrough in PET foam, we can now invest in other areas within

Performance Chemicals where we have similarly worked hard for several years to properly reach the market. We have learned that our clients need time in the process, and today we have better knowledge of where our high performance and polyethylene products are in relation to the market. In regard to high performance, we have reached several milestones in 2019. We have found exciting partners globally and are noticing an increasing demand for our products and solutions. However, we have not come as far with the polyethylene area. We believe the polyethylene area is at the same degree of maturity as PET foam was three years ago, which is exciting.

All in all, there is much to be pleased about concerning Performance Chemicals, especially that we see ourselves at the beginning of a very exciting growth phase. In the future, we expect even greater exchange in PET foam and in a longer perspective also in high performance and the polyethylene area where the potential remains very high. The large order intake at Performance Chemicals has resulted in stressed material flows, which affects our profitability. This development is natural. As we expand our own production facilities and refine our global distribution network, optimize raw material flows and build raw material buffers, profitability will improve.

“...we see ourselves at the beginning of a very exciting growth phase...”

Nexam Chemical is in a favorable position. At Performance Chemicals, we break through in one product area at a time and we believe we have great unresolved potential in our business. At the same time, Performance Masterbatch is a stable business that gives us the advantage of being able to focus resources primarily on growth in Performance Chemicals. We have a new organization optimized for the business, and we have gathered the entire business under one name - Nexam Chemical. Our focus going forward is clear - continued strong growth in the area of Performance Chemicals while developing Performance Masterbatch with profitable growth. That road is as exciting as challenging.

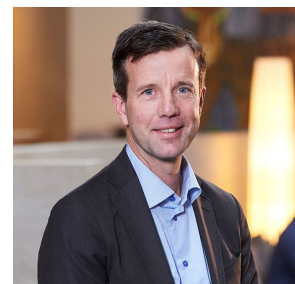
In order to ensure growth at the same rate the coming years, a share issue is now made to strengthen the company's liquidity. We see that we have great potential for continued exciting development in the company, but in order to capitalize on our current position and accelerate development, we need to strengthen the capital situation.

With our anticipated growth comes expected and unavoidable costs. We will need to go through a number of REACH approvals as a direct result of volume growth. We also need to invest in capacity to meet market expectations. As a result of increased working capital, a lot of capital is tied up. The effect of the increased working capital has hit us during Q4. With a strengthened capital situation, we also wish to strengthen our sales function.

Our aspiration is to create better sales channels into North America and China, where we expect to be able to establish our own representation as volumes grow there.

2019 was a year of sustainable growth. For 2020, our ambitions are even greater.

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 130 million, with production in four 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 fourth quarter totaled SEK 32,024,000 (29,547,000) and for the full year SEK 130,057,000 (109,835,000). Other operating income for the quarter amounts to SEK - 285,000 (343,000) and consists mainly of changes from effects of exchange rates.

The personnel expenses during the fourth quarter totaled SEK - 7,164,000 (- 7,556,000) and other operating expenses totaled SEK - 9,360,000 (- 6,040,000). The depreciation for the period amounts to SEK - 2,173,000 (- 2,858,000) 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 - 2,814,000 (- 894,000) and for the full year SEK - 5,576,000 (- 5,757,000). The operating profit/loss before tax for the quarter came in at SEK - 5,591,000 (- 3,761,000) and for the full year SEK - 17,020,000 (- 17,027,000).

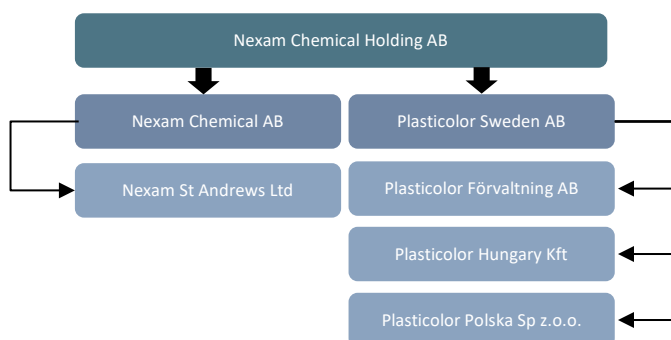
Personnel and organization

The number of employees in the Group, restated as full time equivalents were 40 (41) at the end of the year. Of these, 35 (33) were men and 5 (8) women.

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.



Investments

The total investment in intangible assets during the year amounts to SEK 3,271,000 (2,583,000) and for the material assets SEK 1,648,000 (3,285,000).

Cash flow

The cash flow from the operating activities during the quarter amounted to SEK - 8,631,000 (- 4,203,000). Changes in working capital has affected the cashflow negatively with SEK - 5,425,000 (- 3,513,000). During the quarter, amortization of bank loans has affected the cashflow with SEK - 5,695,000 (- 4,416,000). The total cash flow for the quarter amounted to SEK - 15,557,000 (- 9,986,000).

Financial position

Compared to the beginning of the year, the equity/assets ratio was 68 (69) percent, and the equity was SEK 154,702,000 (170,551,000). Cash and cash equivalents amounted to SEK 23,101,000 (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 49,837,000 (51,020,000) compared to the beginning of the year.

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 since the fourth quarter divided into two different operating segments regarding revenue. The segments are Performance Chemistry and Performance Masterbatch. Performance Chemistry consists of Nexam Chemicals product portfolio and Performance Masterbatch consists of Plasticolor's product portfolio.

New reporting standards.

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

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

IFRS 16 has been applicable for the premises, land and leased machines and equipment. 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 increased the assets by approximately SEK 3.8 million and the liabilities with the corresponding amount. The average interest rate per 1 January 2019 amounted to 3.5 percent. The new standard primarily had an effect on the Company's equity ratio.

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 former Chairman of the

Board Lennart Holm and a consulting fee of 15 kSEK has during the year been paid to a company related to board member Cecilia Jinert Johansson. 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.

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 14th of February 2020

Mats Persson
Chairman of the Board

Cecilia Jinert Johansson
Member of the Board

Jonna Opitz
Member of the Board

Ronnie Törnqvist
Member of the Board

Johan Arvidsson
CEO

Financial Statements in summary

Consolidated income statement in summary					
(SEK '000)	Note	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales	2,3	32 024	29 547	130 057	109 835
Changes in goods in progress, finished goods and work in progress		-624	501	3 908	2 844
Other operating income		-285	343	2 046	2 314
		31 115	30 391	136 011	114 993
Operating expenses					
Raw materials and consumables		-17 406	-17 874	-82 285	-67 990
Operating expenses		-9 360	-6 040	-28 750	-24 339
Personnel cost		-7 164	-7 556	-30 552	-28 277
Depreciation and write-down of tangible and intangible assets		-2 173	-2 588	-9 836	-9 927
Other operating expenses		-	185	-	-144
Operating profit/loss		-4 987	-3 482	-15 412	-15 684
Financial items					
Financial income		-35	8	24	20
Financial costs		-569	-287	-1 632	-1 363
Profit/loss before tax		-5 591	-3 761	-17 020	-17 027
Income tax		-43	4	-54	-153
Profit/loss for the period		-5 634	-3 757	-17 074	-17 180
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences on foreign subsidiaries		-454	115	-68	282
<i>Sum of other comprehensive income, net after tax</i>		<i>-454</i>	<i>115</i>	<i>-68</i>	<i>282</i>
Comprehensive result for the period		-6 088	-3 642	-17 142	-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)		-0,09	-0,05	-0,25	-0,25
Diluted earnings per share (SEK)		-0,09	-0,05	-0,25	-0,25
Average number of basic shares		67 519 019	67 519 019	67 519 019	67 519 019
Average number of diluted shares		67 519 019	67 519 019	67 519 019	67 519 019

Consolidated balance sheet in summary			
(SEK '000)	Note	31 dec 2019	31 dec 2018
ASSETS			
Intangible assets	1	106 223	107 895
Tangible assets		49 201	47 820
Financial assets		98	5
Inventory		24 884	19 448
Trade receivables		19 126	16 245
Other receivables		5 166	2 582
Cash and bank		23 101	53 705
TOTAL ASSETS		227 798	247 700
EQUITY AND LIABILITIES			
Equity		154 702	170 551
Long-term debt with interest		35 797	38 443
Other long-term debt		3 603	152
Provisions for pension		230	-
Short term debt with interest		14 040	12 577
Trade payables		12 090	14 499
Other liabilities		7 337	11 478
TOTAL EQUITY AND LIABILITIES		227 798	247 700

Consolidated changes in equity in summary				
(SEK '000)	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Balance at the beginning of the period	160 298	174 193	170 551	187 512
Profit/loss for the period	-5 634	-3 757	-17 074	-17 180
Other comprehensive income	38	115	809	282
Transactions with shareholders	-	-	416	-63
Balance at the end of the period	154 702	170 551	154 702	170 551

Consolidated cash flow in summary				
(SEK '000)	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Cash flow from operating activities				
Operating income	-4 987	-3 483	-15 412	-15 684
Adjustment from non-cash items	1 781	2 793	8 321	8 931
Cash flow from operations before changes in working capital	-3 206	-690	-7 091	-6 753
Changes in working capital	-5 425	-3 513	-14 186	-6 134
Cash flow from operations	-8 631	-4 203	-21 277	-12 887
Cash flow from investment activities	-1 231	-1 368	-10 016	-5 537
Cash flow from financing activities	-5 695	-4 415	475	-14 333
Cash flow for the period	-15 557	-9 986	-30 818	-32 757
Cash and cash equivalents at the beginning of the period	38 719	63 676	53 705	86 407
Effect of exchange rate changes on cash	-61	15	213	55
Cash and cash equivalents at end of period	23 101	53 705	23 101	53 705

Parent company - Income statement in summary				
(SEK '000)	Oct-Sep 2019	Oct-Sep 2018	Full year 2019	Full year 2018
Net sales	1 333	0	8 246	9 000
	1 333	0	8 246	9 000
Operating expenses				
Operating expenses	-895	-1 305	-4 360	-5 055
Personnel cost	-916	-870	-7 658	-5 849
Operating profit/loss	-478	-2 175	-3 772	-1 904
Financial items				
Write down financial assets	0	-3 000	-5 000	-12 000
Interest expenses and other similar loss items	-272	-239	-939	-1 024
Profit/loss before tax	-750	-5 414	-9 711	-14 928
Appropriations	600	4 500	600	4 500
Profit/loss for the period	-150	-914	-9 111	-10 428

Parent company - Balance sheet in summary		
(SEK '000)	31 dec 2019	31 dec 2018
ASSETS		
Financial assets	409 303	409 076
Receivables from group companies	44 669	38 040
Other receivables	272	495
Cash and bank	-413	29 816
TOTAL ASSETS	453 831	477 427
EQUITY AND LIABILITIES		
Equity	413 773	422 469
Provisions for pension	1 180	152
Long-term debt with interest	24 000	36 000
Short term debt with interest	12 000	12 000
Trade payables	510	597
Other liabilities	2 368	6 209
TOTAL EQUITY AND LIABILITIES	453 831	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	-	-	3 271	-
Closing balance 31 December 2019	45 943	44 000	24 660	5 934
Accumulated depreciation				
Opening balance 1 January 2019	-	-4 767	-2 817	-1 787
Expensed depreciation for the period	-	-4 400	-493	-141
Capitalized depreciation for the period	-	-	-	91
Closing balance 31 December 2019	-	-9 167	-3 310	-1 837
Residual value 31 December 2019	45 943	34 833	21 350	4 097
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 in geographical markets

(SEK '000)	okt-dec 2019	okt-dec 2018	Full year 2019	Full year 2018	Full year Change
Net sales Sweden	5 825	9 653	36 320	44 283	-18%
Net sales Europe	21 441	16 352	75 586	54 541	39%
Net sales rest of the world	4 758	3 542	18 151	11 011	65%
	32 024	29 547	130 057	109 835	18%

Note 3 – Net sales divided in segments

(SEK '000)	okt-dec 2019	okt-dec 2018	Full year 2019	Full year 2018	Full year Change
Performance Masterbatch	17 723	19 012	85 483	88 233	-3%
Performance Chemicals	14 301	10 535	44 574	21 602	106%
	32 024	29 547	130 057	109 835	18%

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 Growth Market under the ticket NEXAM. Approximately 4.4 million shares have been turned over during the fourth quarter 2019 and the average price during the period was SEK 8.56 per share.

Incentive programs

The company has one ongoing incentive programs with a total of 1,040,000 outstanding warrants, which all entitles the holders to subscribe for one new share. All warrants have been issued at market value, calculated according to the "Black Scholes" formula. If all currently outstanding warrants are exercised, the total dilution will be approximately 1.5 %.

For more information and the full terms and conditions of incentive program 2019/2022, please see the resolutions from the Annual General Meetings in 2019.

Allotment date	Price per warrant (SEK)	Earliest redemption date	Final due date	Redemption price (SEK)	Outstanding warrants 31 th of December 2019	Dilution if fully exercised
2019-06-30	0.40	2022-08-26	2022-09-09	11.51	1,040,000	1.5 %

Shareholders

The number of shareholders as of 31st of December 2019 was 6,256.

Shareholders	Shares	Percent
Försäkringsbolaget, Avanza Pension	10 969 932	16,2%
SIX SIS AG	9 097 813	13,5%
Länsförsäkringar Småbolag Sverige	2 499 053	3,7%
Lennart Holm, privately and via company	2 121 596	3,1%
Nordnet Pensionsförsäkring AB	1 764 735	2,6%
Goldman Sachs International Ltd	1 518 973	2,2%
IBKR Financial Services AG	1 402 635	2,1%
Michael Karlsson	948 342	1,4%
Swedbank Försäkring	939 687	1,4%
Björn Parkander	912 517	1,4%
Other shareholders (approx. 6,200)	35 343 736	52,3%
Total	67 519 019	100,0%

Financial calendar

4 March 2020	Extraordinary General Meeting
8 May 2020	Interim Report January-March 2020
13 May 2020	Annual General Meeting 2020
17 Jul 2020	Interim Report January-June 2020
22 Oct 2020	Interim Report January-September 2020
28 Jan 2021	Year-End-Report 2020

Interim reports are available on www.nexamchemical.com.

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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 February 14, 2020.

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