

Interim Report

January – March 2024

“Further steps towards profitable growth”

– Ronnie Törnqvist, CEO



First quarter at a glance

Increased EBITDA and positive cash flow

Significant events during the quarter:

- Sales increased by 2% compared to the corresponding quarter in 2023 and the gross margin increased from 42% to 45%. Sequentially, revenue increased by 5% compared to the fourth quarter of 2023.
- EBITDA increased to SEK 2,212,000, which is a sequential increase of 42% compared to the fourth quarter of 2023.
- The cost saving program has run according to plan and has had full effect at the end of the quarter.
- Performance Masterbatch's sales decreased by 9% compared to the corresponding quarter in 2023, while Performance Chemical increased by 17%.
- Researchers from the Department of Applied Science and Technology at Politecnico di Torino, Italy have validated Nexam's additives for recycled polypropylene.

Financials during the first quarter 2024:

- Net sales during quarter amounted to SEK 53,219,000 (52,234,000).
- The gross margin amounted to 45% (42%) during the quarter.
- The operating profit before depreciation (EBITDA) for the quarter was SEK 2,212,000 (119,000).
- In comparison to the beginning of the year, cash and cash equivalents amounted to SEK 9,909,000 (9,056,000).
- Cash flow from the operating activities during the quarter amounted to SEK 3,622,000 (10,698,000).
- Earnings per share before and after dilution amounted to SEK -0.02 (-0.04) for the quarter.

Key Figures for the Group			
(SEK thousand)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Net sales (SEK thousand)	53 219	52 234	190 152
Adjusted operating profit/loss before depreciation (Adj EBITDA) (SEK thousand)	2 212	119	-5 122
Operating profit/loss before depreciation (EBITDA) (SEK thousand)	2 212	119	-5 856
Cash and cash equivalents (SEK thousand)	9 909	28 339	9 056
Cash flow from operations (SEK thousand)	3 622	10 698	-352
Equity (SEK thousand)	191 824	212 103	193 055
Equity per basic share (SEK)	2,37	2,62	2,39
Equity/asset ratio (%)	77	75	79
Total assets (SEK thousand)	248 598	284 043	245 805
Quick ratio (%)	141	153	140
Average number of basic shares	80 915 798	80 915 798	80 915 798
Average number of diluted shares	80 915 798	80 915 798	80 915 798
Basic earnings per share (SEK)	-0,02	-0,04	-0,28
Diluted earnings per share (SEK)	-0,02	-0,04	-0,28
Share price on balance sheet date (SEK)	3,29	4,65	3,36



Comments from the CEO

“Further important steps towards profitable growth”

CEO Ronnie Törnqvist - comments on the first quarter and provides an outlook for the future.

Sales during the quarter amounted to SEK 53.2 m, which is slightly above the same quarter in 2023 (SEK 52.2 m). Thanks to the numerous new projects that lead to new business, sales continue to increase, even though the underlying markets are still relatively weak.

Profitability is also improved, through a combination of implemented savings programs and an increasingly better coverage rate. EBITDA in the quarter amounted to SEK 2.2 m (SEK 0.19 m for Q1-23).

Cash flow was positive (+0.8 mSEK) during the quarter, a result of the measures taken to reduce working capital. Continued efforts to reduce working capital are ongoing and strengthen our conviction, which was previously

communicated, that we can run the business financed with our own cash.

“... achieved a coverage rate of 45% in the quarter...”

The focus on improved cash flow and improved results continues with high intensity. We achieved a coverage rate of 45% in the quarter, which means that it has now increased sequentially for 5 (!) quarters in a row – a strong result that the entire organization has every reason to be proud of. The increased coverage rate is primarily based on a greater proportion of own production, optimized prescription costs and measures that have lowered purchase prices.

The savings programs implemented in 2023, totaling SEK 13 million, have reached full effect during the past quarter, even regarding the last measures. My ambition for the current year is that we should be able to recover most of the future salary increases and possible competitive pressure on prices through the continuous improvements for more efficient operations that are carried out, in combination with a continued strengthened gross margin.

Despite the savings, I feel that the organization continues to develop and that a clearer market and customer focus now permeates all parts of the business. 2023's strategic review has resulted in sharp plans in all market areas, and we are a stronger organization that will now move towards profitable growth together.

The sharpened commercial strategy, which has a clear focus on additives that make plastics better and more durable, has been quickly adopted by the organization. It has created an increased understanding of the core of our business, and the value we deliver to both custom-

ers, shareholders, and society at large. Nexam continues to act more and more like the cleantech company we really feel we are, a position that it is my ambition to consolidate and strengthen. During the end of the quarter, CTO Christer Svanberg and I participated in the annual event Naventus Renewables Summit in Stockholm, in the company of several reputable companies in sustainability and transition. Christer presented there the recently published research results of a research team at the Politecnico di Torino, which demonstrate with scientific accuracy the improvement of recycled material streams that our additives enable.

All in all, I have a very positive view of the current year and feel that the wind has really turned. A sharpened strategy, a sharp and effective organization, a significantly reduced cost mass and an increasingly large project portfolio, all in all, guarantee good conditions despite a continued sluggish market.

Ronnie Törnqvist, CEO

This is Nexam Chemical

Nexam Chemical

Lighter, stronger, and recyclable material. It is part of what the world needs to grow sustainably. We at Nexam Chemical can contribute to that. We work to improve polymeric materials – plastics, in everyday terms. By adding our additives, customers can create materials that give the end products completely new and effective properties, such as lower weight, increased heat resistance and strength, longer life, higher recycling rate or more aesthetically pleasing properties such as advanced colors and their durability.

Today, we help customers improve materials that are then used in everything from computers, wind turbines and vehicle components to water pipes and food packaging. We are a company that has a turnover of just over SEK 200 million, has manufacturing in four countries, employs around fifty people and cooperates with reputable chemical and material companies throughout the world.

The group's head office is in Lomma, Sweden. Development of new products and applications as well as formulation evaluation takes place in our laboratory in St Andrews, Scotland where production of the company's molecules

also takes place. Production of masterbatch and multifunctional masterbatch takes place in the subsidiary Nexam Performance Masterbatch.

Our vision

To be a recognized, world-leading player in the 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 the properties, usability and recycling rate of polymeric materials.

Our sustainability vision

Nexam Chemical strives to create opportunities to save valuable natural resources with innovative and reactive chemistry. We want to enable our customers to develop light, strong, durable, recycled and colourful products for a sustainable future.

Nexam Chemical is certified according to Nasdaq Green Equity Transition.



Financial comments

Sales and profit

Net sales for the quarter totalled SEK 53,219,000 (52,234,000). Other operating income for the quarter amounts to SEK 331,000 (37,000).

The personnel expenses during the quarter totalled SEK - 10,886,000 (- 11,595,000) and other operating expenses totalled SEK - 10,532,000 (- 10,380,000). The depreciation for the period amounts to SEK - 3,561,000 (- 3,805,000) 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 2,212,000 (119,000). The operating profit/loss before tax for the quarter came in at SEK - 1,835,000 (- 4,065,000).

Personnel and organization

The number of employees in the Group, restated as fulltime equivalents were 54 (56) at the end of the quarter. Of these, 45 (47) were men and 9 (9) women.

Investments

The total investment in intangible assets during the year amounts to SEK 927,000 (716,000) and for the tangible assets to SEK 1,371,000 (397,000).

Cash flow

The cash flow from the operating activities during the quarter amounted to SEK 3,621,000 (10,698,000). Changes in working capital has affected the cashflow with SEK 1,769,000 (10,658,000). During the quarter, amortization of bank loans has affected the cashflow with SEK - 128,000 (- 120,000). The total cash flow for the quarter amounted to SEK 837,000 (5,814,000).

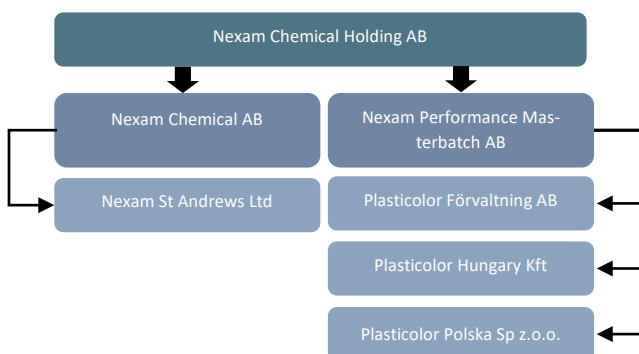
Financial position

Compared to the beginning of the year, the equity/assets ratio was 77 (79) percent, and the equity was SEK 191,824,000 (193,055,000). Cash and cash equivalents amounted to SEK 9,909,000 (9,056,000) in addition there is an overdraft of 20 mSEK. The Group has at the end of the period an interest-bearing debt of SEK 23,426,000 (24,030,000) 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 Nexam Performance Masterbatch. 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 2023.

The new standards and the amendments to and revisions of standards and new interpretation statements (IFRIC) that came into force on 1 January 2024 did not have any significant effect on the group's accounting for the period January–March 2024.

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.

Split of revenue on different revenue streams. 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 divided into two different revenue streams, but not divided in results. The revenue streams are Performance Chemicals and Performance Masterbatch. Performance Chemicals consists of Nexam Chemicals product portfolio and Performance Masterbatch consists of Nexam Performance Masterbatch's product portfolio.

Reporting standards. Nexam prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretative statements from the IFRS Interpretations Committee, as adopted by the EU for application within the EU. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Disclosures in accordance with IAS 34.16A appear not only in the financial statements and their accompanying notes but also in other parts of the interim report.

The parent company applies the Annual Accounts Act and the "Council for Financial Reporting" RFR 2 Accounting for legal entities. Application of RFR 2 means that the parent company as far as possible applies all IFRS approved by the EU within the framework of the Annual Accounts Act and the Social Security Act and has considered the connection between accounting and taxation. The Group and the Parent Company have applied the accounting principles described in the annual report for 2023.

The Group's financial instruments are valued at accrued acquisition value. The carrying amount of all financial assets and liabilities is estimated to correspond to fair value.

Transactions with related parties

During the year there have been no transactions with related parties besides remunerations to Board of Directors.

Principles for remunerations to Board of Directors are stated in the annual report 2023 and from then minutes from the Annual General Meeting 9th of May 2023.

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 2023.

The company assesses that the risks described in the annual report are also applicable during the first quarter. The company assesses that no significant changes occurred in the risk assessment for the first quarter.

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 on 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. During the period the principles for estimates and judgements have remained unchanged.

Signatures

Lomma 18th of April 2024

Cecilia Jinert Johansson
Chairman of the Board

Lennart Holm
Member of the Board

Jonna Opitz
Member of the Board

Martin Roos
Member of the Board

Magnus Wikström
Member of the Board

Ronnie Törnqvist
Chief Executive Officer

Financial Statements in summary

Consolidated income statement in summary				
(SEK '000)	Note	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Net sales	2,3	53 219	52 234	190 152
Other operating income		331	37	1 146
		53 550	52 271	191 298
Operating expenses				
Raw materials and consumables		-29 292	-30 176	-108 485
Operating expenses		-10 532	-10 380	-42 152
Personnel cost		-10 886	-11 595	-45 948
Depreciation of tangible and intangible assets		-3 561	-3 805	-14 602
Other operating expense		-628	-	-569
Operating profit/loss		-1 349	-3 686	-20 458
Financial items				
Financial income		2	-	848
Financial costs		-488	-379	-2 400
Profit/loss before tax		-1 835	-4 065	-22 011
Income tax		-30	-29	-830
Profit/loss for the period		-1 865	-4 094	-22 841
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Translation differences on foreign subsidiaries		634	576	273
<i>Sum of other comprehensive income, net after tax</i>		634	576	273
Comprehensive result for the period		-1 231	-3 518	-22 568
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)		-0,02	-0,04	-0,28
Diluted earnings per share (SEK)		-0,02	-0,04	-0,28
Average number of basic shares		80 915 798	80 915 798	80 915 798
Average number of diluted shares		80 915 798	80 915 798	80 915 798

Consolidated balance sheet in summary

(kSEK)	Note	31 Mar 2024	31 Mar 2023	31 Dec 2023
ASSETS				
Intangible assets	1	100 541	101 336	101 027
Tangible assets		60 338	64 778	60 771
Financial assets		28	28	28
Inventory		38 181	45 832	41 209
Trade receivables		34 175	37 195	29 329
Other receivables		5 427	6 535	4 386
Cash and bank		9 909	28 339	9 056
TOTAL ASSETS		248 598	284 043	245 805
EQUITY AND LIABILITIES				
Equity		191 824	212 103	193 055
Long-term debt with interest		18 856	21 667	19 564
Other long-term debt		2 240	2 743	2 123
Provisions for pension		540	477	540
Short term debt with interest		4 570	3 660	4 466
Trade payables		17 472	30 856	13 819
Other liabilities		13 095	12 537	12 238
TOTAL EQUITY AND LIABILITIES		248 598	284 043	245 805

Summary consolidated statement of changes in equity					
(SEK '000)	Share capital	Other capital provided	Reserves	Retained earnings	Sum equity
Equity opening balance 2024-01-01	1 556	423 573	-981	-231 093	193 055
Comprehensive income					
Loss for the period				-1 865	-1 865
Other comprehensive income					
Change in translation reserve for the period			634		634
Sum other comprehensive income after tax	0	0	634	0	634
Total comprehensive income for the period	1 556	423 573	-347	-232 958	191 824
Transaction with Group's owners					
Total transaction with the Group's owners	0	0	0	0	0
Equity closing balance 2024-03-31	1 556	423 573	-347	-232 958	191 824
Equity opening balance 2023-01-01	1 556	423 573	-1 254	-208 254	215 621
Comprehensive income					
Loss for the period				-22 843	-22 843
Other comprehensive income					
Change in translation reserve for the period			273	3	276
Sum other comprehensive income after tax	0	0	273	3	276
Total comprehensive income for the period	1 556	423 573	-981	-231 093	193 055
Transaction with Group's owners					
Total transaction with the Group's owners	0	0	0	0	0
Equity closing balance 2023-12-31	1 556	423 573	-981	-231 093	193 055

Consolidated cash flow in summary			
(SEK '000)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Cash flow from operating activities			
Operating income	-1 349	-3 686	-20 458
Adjustment from non-cash items	3 202	3 726	12 143
Cash flow from operations before changes in working capital	1 853	40	-8 315
Changes in working capital	1 769	10 658	7 963
Cash flow from operations	3 622	10 698	-352
Cash flow from investment activities	-2 298	-1 113	-9 180
Cash flow from financing activities	-486	-3 771	-5 175
Cash flow for the period	838	5 814	-14 707
Cash and cash equivalents at the beginning of the period	9 056	22 875	22 875
Effect of exchange rate changes on cash	15	-349	888
Cash and cash equivalents at end of period	9 909	28 340	9 056

Parent company - Income statement in summary			
(SEK '000)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Net sales	2 701	2 277	9 106
Other operating income	-	-	246
	2 701	2 277	9 352
Operating expenses			
Operating expenses	-1 717	-1 342	-7 469
Personnel cost	-1 830	-2 249	-9 994
Other operating expense	-	-	-245
Operating profit/loss	-846	-1 315	-8 355
Financial items			
Interest expenses and other similar loss items	-592	-86	-10
Profit/loss before tax	-1 438	-1 401	-8 365
Appropriations	-	-	-10 000
Profit/loss for the period	-1 438	-1 401	-18 850

Parent company - Balance sheet in summary			
(SEK '000)	31 Mar 2024	31 Mar 2023	31 Dec 2023
ASSETS			
Financial assets	408 352	408 352	408 352
Receivables from group companies	50 990	62 076	47 614
Other receivables	369	896	1 095
Cash and bank	3 124	16 073	8 363
TOTAL ASSETS	462 835	487 398	465 424
EQUITY AND LIABILITIES			
Equity	458 842	477 730	460 280
Provisions for pension	540	477	540
Trade payables	308	513	365
Liabilities to group companies	-	5 000	-
Other liabilities	3 145	3 678	4 239
TOTAL EQUITY AND LIABILITIES	462 835	487 398	465 424

Note 1 - Intangible assets				
(SEK '000)	Goodwill	Market positions	Development costs	Patents
Accumulated cost				
Opening balance 1 January 2024	45 943	44 000	39 303	7 425
Additions			818	109
Re-classification			51	-51
Closing balance 31 March 2024	45 943	44 000	40 172	7 483
Accumulated depreciation				
Opening balance 1 January 2024	0	-26 767	-6 142	-2 735
Expensed depreciation for the period		-1 100	-257	-56
Closing balance 31 March 2024	0	-27 867	-6 399	-2 791
Residual value 31 March 2024	45 943	16 133	33 773	4 692
Accumulated cost				
Opening balance 1 January 2023	45 943	44 000	35 566	6 512
Additions			3 532	1 117
Re-classification			205	-205
Closing balance 31 December 2023	45 943	44 000	39 303	7 425
Accumulated depreciation				
Opening balance 1 January 2023	0	-22 367	-5 113	-2 511
Expensed depreciation for the period		-4 400	-1 029	-224
Closing balance 31 December 2023	0	-26 767	-6 142	-2 735
Residual value 31 December 2023	45 943	17 233	33 161	4 690

Note 2 - Net sales divided in geographical markets

(SEK '000)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Net sales Sweden	10 475	10 640	38 596
Net sales Europe	32 652	28 256	98 635
Net sales rest of the world	10 092	13 338	52 921
Total	53 219	52 234	190 152

Note 3 - Net sales divided in revenue streams

(SEK '000)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Performance Masterbatch	27 525	30 217	105 604
Performance Chemicals	25 694	22 018	84 548
Total	53 219	52 234	190 152

Share capital, shares and ownership

The Company's share capital totals SEK 1,556,073 divided into 80,915,798 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 are listed on NASDAQ Stockholm First North Growth Market under the ticket NEXAM. Close to 4 million shares have been turned during the quarter and the average price during the period was SEK 3.03 per share.

Incentive programs

The company has one ongoing incentive program with a total of 380,500 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 0.5 %.

For more information and the full terms and conditions of incentive program 2021/2024, please see the resolutions from Annual General Meetings in 2021.

Allotment date	Price per warrant (SEK)	Earliest redemption date	Final due date	Redemption price (SEK)	Outstanding warrants 31 st of March 2024	Dilution if fully exercised
2021-05-27	0.98	2024-08-16	2024-08-30	21.28	380,500	0,5%

Shareholders

The number of shareholders as of 31st of March 2024 was 5,321.

Shareholders	Shares	Percent
Försäkringsbolaget, Avanza Pension	8 062 445	10,0%
SIX SIS AG	5 950 483	7,4%
SvenOlov Hjaelmstad	5 225 000	6,5%
Veronica Wallman	3 641 225	4,5%
Lennart Holm, privately and via company	2 074 426	2,6%
SEB Europafond småbolag	1 842 458	2,3%
Nordnet Pensionsförsäkring AB	1 702 278	2,1%
Claes Mellgren	1 660 663	2,1%
Per Olof Andersson	1 615 664	2,0%
Futur Pension Försäkringsaktiebolag	1 209 316	1,5%
Other shareholders (approx. 5,473)	47 931 840	59,2%
Total	80 915 798	100,0%

Financial calendar

14 May 2024	Annual General Meeting 2024
12 Jul 2024	Interim Report January-June 2024
18 Oct 2024	Interim Report January-September 2024
30 Jan 2025	Year-End-Report 2024

Interim reports are available on www.nexamchemical.com.

This report hasn't been subject to review by company's auditor.

Contact

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

This information is information that Nexam Chemical Holding AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:18 CET on 18th of April 2024.