

News
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Business update from CEO Anders Spetz

Strategic focus on masterbatch deliveries

In our continued market efforts we see that the strategic decision, on delivering Nexam Chemicals technology to customers as masterbatch, was correct. During the summer and early autumn, we have put much focus on carefully evaluating potential masterbatch manufacturers. A number of companies have been analyzed based on their capacities and capabilities. We've also had in-depth discussions with a few selected companies, who have completed up-scaling trials for production of our masterbatches. The aim has been to get to know these manufacturers and validate their production processes and product quality. The masterbatch products have been used by our customers with positive outcome. As a result, strategic partnership and/or acquisition discussions are now underway with a couple of manufacturers.

Business update

Polyethylene pipes

We are step-by-step moving forward on deliveries of product for pipe applications based on polyethylene. Our existing commercial customer is in a process which aims to increase the rate of deliveries, by introducing Nexam Chemicals product to additional production facilities. In parallel promising results have been achieved with other pipe manufacturers.

Our ambition is to broaden the product offering, based on the positive response we have received from large manufacturers of polyethylene. These companies are already delivering polyethylene to the pipe manufacturers, but they are in need of improving their products. Nexam Chemicals products intended for polyethylene can now be considered as fully developed for pipe applications. However, the polyethylene manufacturers are still working in pilot or up-scaling stages and some development remains until implementation. The potential is huge but, even if sales can be expected to take off in a relatively near future, sales of larger volumes lies a couple of years in the future.

Polyester foam, e.g. PET

As previously communicated, we work with all the market leading manufacturers in the world. We have learned, after a long time of working closely with these companies that their respective manufacturing processes differ. Therefore, we must "package" our technology in a unique way for each customer. Our masterbatch focus provides the means to deliver a tailored product to each customer. The technical results achieved so far are very positive and we have concepts that provide our customers with significant property enhancements.

High performance applications

The number of customers that we classify as commercial according to our business model is increasing. The volumes are still relatively low and typically these customers work with low levels of our products to obtain the desired effect. This is, of course, positive looking forward, but it means that it will take time to build a significant market. The high performance products are applicable in a number of different products and industries. Consequently, each customer has unique requirements concerning the type of property enhancement that is

required. We continuously see a high interest from a number of companies that wish to evaluate our technology. However, in this segment, the time between first tests to commercial sales are long.

Development

The final project meeting for the rPET-project, partly financed by Vinnova/EUROSTARS, will be held in the near future. At the meeting, the partner companies will present their findings to representatives from the financing authorities. In short, the technical results of the project are positive and the project goals have been achieved.

Nexam Chemical is, in collaboration with one of the world's largest pipe manufacturers, working in a development project for a new type of pipe. For this project, the technical team at our production facility in Scotland has developed a new manufacturing process on an existing product in order to fulfil the environmental requirements of our partner. Product evaluation is ongoing. The application areas for different pipe qualities are strictly regulated and every new quality requires certification by the authorities before market launch. This means that despite the positive results, a commercial launch of this new quality will take time.

Organization

Johan Arvidsson joined the company in August, acting as Head of Sales. He has quickly got to know the business and has activated his broad network of contacts within plastic manufacturers around the world. His network is priceless for a company of Nexam Chemicals size and it is essential when selling a new technology in an established and conservative industry. With Johan, our already slim organization has become even more effective. Key success factors for us is to be well informed, responsive and decisive. Every recruitment is of importance and we intend to recruit additional sales and market resources when we identify the right persons with the right profiles. Since January 2015, when I took over as CEO, the number of employees has been reduced. As a result of this, we have moved to new and more adaptive offices and also realized a 50% cost reduction in rents.

Trade fair – K 2016

Between 19th and 26th of October the world's largest trade fair for the plastics and rubber industry is held in Düsseldorf. The trade fair has over 200 000 visitors from 120 countries. We will of course be there with several of our employees to meet and make business with existing and potential new customers. Read more about the trade fair on [K 2016](#).

Newsletter

We will shortly publish the first in the series a regular newsletter where we intend to touch on everything from how the organization works, to describe specific customer case studies, technology and applications, market trends or interesting areas within plastics that are or may be relevant for Nexam Chemicals technology.

Anders Spetz, CEO

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

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About Nexam Chemical

Nexam Chemical develops technology and products that make it possible to significantly improve the production process and properties of most types of plastics in a cost-effective manner and with retained production technology. The improved properties include strength, toughness, temperature and chemical resistance as well as service life. The improvements in properties that can be achieved by using Nexam Chemical's technology make it possible to replace metals and other heavier or more expensive materials with plastics in a number of applications. In applications where plastic is already used, Nexam Chemicals products can improve the manufacturing process, reducing material use and enable more environmental friendly alternatives. Example of commercial applications: pipe manufacturing, foam production and high-performance plastics. More information about the business will be found on www.nexamchemical.com. The company's Certified Adviser is FNCA Sweden AB.