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Press release

Lomma 2020-02-14

Nexam Chemical carries out a rights issue of units of approximately SEK 62m and postpones publication of the interim report of the first quarter 2020

The board of directors of Nexam Chemical Holding AB, Reg. No. 556919-9432 ("Nexam Chemical" or the "Company"), has today, on February 14, 2020, subject to approval by the extraordinary general meeting, resolved to carry out a rights issue of a maximum of 2,813,292 units, each unit containing four (4) shares, one (1) warrant series TO1 and one (1) warrant series TO2 (the "Rights Issue"). At full subscription in the Rights Issue, Nexam Chemical will receive gross proceeds of approximately SEK 62m before issue costs, and upon full exercise of all warrants, Nexam Chemical will receive additional proceeds of SEK 42m before issue costs. Nexam Chemical has received subscription commitments and subscription intentions of approximately SEK 12.8m, corresponding to approximately 20.7 percent of the Rights Issue. The Rights Issue is subject to approval by the extraordinary general meeting on March 4, 2020. Notice of the extraordinary general meeting will be published through a separate press release. Due to the Rights Issue, the board of directors has resolved to postpone the publication of the interim report for the first quarter of 2020 to May 8, 2020.

Background and reason in short

In 2019, Nexam Chemical showed a sales growth of almost 20 percent, driven by a positive development within Performance Chemicals, where the Company has a strong position in several product segments and a good underlying growth. Clearest is Nexam Chemical's position in PET foam where volumes are increasing rapidly, driven by the wind power industry, which is shifting to PET foam as manufacturing material in the blades. The Company also believes that the growth potential is significant in the high performance product segment and polyethylene pipes segment.

To meet the growing demand in Performance Chemicals, Nexam Chemical needs to invest in increased production capacity. Furthermore, increasing volumes drive increased working capital tied up, which means that the Company needs to strengthen its financial position. A strong financial position is also important for Nexam Chemical to be viewed as a long-term and stable supplier, which is often crucial in major procurements.

Overall, Nexam Chemical believes that the capital from the Rights Issue will strengthen the long-term growth potential of the Company. If the Company develops according to plan, there are prerequisites for additional capital to be raised through the warrants issued in the Rights Issue. Nexam Chemical estimates that Performance Chemicals can grow substantially in the coming years and that there may therefore be additional investment needs, which can potentially be met through additional capital through the exercise of warrants.

In order to enable the growth initiatives planned by the Company, the board of directors of Nexam Chemical has resolved on the upcoming Rights Issue, which, at full subscription, will provide the Company with approximately SEK 62m before issue costs, excluding exercise of warrants. Issue costs are estimated to amount to approximately SEK 3m and consists mainly of compensation to financial and legal advisors. The net proceeds of approximately SEK 59m are considered to be sufficient to meet the Company's working capital needs for at least the coming twelve-month period.

The net proceeds of approximately SEK 59m is intended to be used for the following areas, stated in priority order:

- Investments in production capacity (approximately SEK 20m)
- Research and development of new products (approximately SEK 25m)
- Strengthening working capital (approximately SEK 11m)
- Strengthening the sales organization (approximately SEK 3m)

In case the warrants are exercised for subscription of shares, the Company will receive additional proceeds of approximately SEK 42m before issue costs, which are estimated to approximately SEK 1m. The additional net proceeds of approximately SEK 41m are intended to be used for the following areas, stated in priority order:

- Investments in production capacity (approximately SEK 10m)
- Research and development of new products (approximately SEK 8m)
- Expansion in new segments/markets (approximately SEK 13m)
- Strengthening working capital (approximately SEK 5m)
- Strengthening the organization (approximately SEK 5m)

Preliminary time plan for the Rights Issue

March 4, 2020	Extraordinary general meeting
March 9, 2020	Last day of trading including the right to receive unit rights
March 10, 2020	First day of trading excluding the right to receive unit rights
March 11, 2020	Record date for participation in the Rights Issue
March 16 – 26, 2020	Trading in unit rights
March 16 – 30, 2020	Subscription period
Around April 3, 2020	Publication of the outcome of the Rights Issue

Terms and conditions of the Rights Issue

The board of directors of Nexam Chemical has today, on February 14, 2020, subject to approval by the extraordinary general meeting, resolved to carry out a Rights Issue of a maximum of 2,813,292 units. For each (1) share in the Company held on the record date on March 11, 2020, one (1) unit right is obtained. Twenty-four (24) unit rights entitle to subscription of one (1) unit, containing four (4) shares, one (1) warrant series TO1 and one (1) warrant series TO2. The subscription price amounts to SEK 22, corresponding to a subscription price of SEK 5.50 per share. At full subscription in the Rights Issue, Nexam Chemical will receive gross proceeds of approximately SEK 62m before issue costs, excluding the additional capital contribution that may come from exercise of warrants. The warrants are issued free of charge. Subscription of units with or without unit rights takes place during the period March 16 – 30, 2020. Unit rights not exercised during the subscription period will become invalid and lose their value. Trading in unit rights will take place on Nasdaq First North Premier Growth Market during the period March 16 – 26, 2020.

If not all units are subscribed for by exercise of unit rights, allotment of the remaining units shall be made within the highest amount of the Rights Issue: firstly, to those who have subscribed for units by exercise of unit rights (regardless of whether they were shareholders on the record date or not) and who have applied for subscription of units without exercise of unit rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of unit rights that each and every one of those, who have applied for subscription of units without exercise of unit rights, have exercised for subscription of units; and secondly, to those who have applied for subscription of units in the Rights Issue without exercise of unit rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of units the subscriber in total has applied for subscription of units. To the extent that allotment in any section above cannot be done pro rata, allotment shall be determined by drawing of lots.

Each warrant series TO1 entitles the right to subscribe for one (1) new share in the Company at a subscription price of SEK 6.50 during the period September 6 – 17, 2021. This means that the additional capital contribution from the warrants of series TO1 may amount to a maximum of approximately SEK 18m. Each warrant of series TO2 entitles the right to subscribe for one (1) new share in the Company at a subscription price of SEK 8.50 during the period September 5 – 16, 2022. This means that the additional capital contribution from the warrants of series TO2 may amount to a maximum of approximately SEK 24m.

Full terms and conditions for the Rights Issue and other information about the Company will be stated in the EU Growth Prospectus which will be published no later than the day before the start of the subscription period.

Subscription commitments and subscription intentions

In connection with the Rights Issue, a number of existing shareholders, including the CEO, CFO and all members of the board of directors, have undertaken to subscribe or declared their intention to subscribe their respective pro rata shares in the Rights Issue for a total of SEK 12.8m, corresponding to approximately 20.7 percent of the Rights Issue. No commission is paid for the subscription commitments.

Change of share capital and number of shares and dilution

At full subscription in the Rights Issue the number of shares in the Company will increase from 67,519,019 to 78,772,187 and the share capital will increase from SEK 1,298,442.673109 to SEK 1,514,849.750038, corresponding to a dilution effect of approximately 14.3 percent. At full exercise of all warrants in the Rights Issue the number of shares in the Company will increase with an additional 5,626,584 shares and the share capital with an additional SEK 108,203.538466, to 84,398,771 shares respective SEK 1,623,053.288504, corresponding to a dilution effect of approximately 6,7 percent. The total dilution at full subscription in the Rights Issue and full exercise of all warrants thus amounts to a maximum of approximately 20 percent.

Extraordinary general meeting

The board of directors' resolution on the Rights Issue is subject to approval by the extraordinary general meeting on March 4, 2020. Notice of the extraordinary general meeting will be published through a separate press release.

Postponement of publication of the interim report for the first quarter of 2020

Due to the Rights Issue, the board of directors of Nexam Chemical has resolved that the interim report for the first quarter of 2020 will be published on May 8, 2020 instead of April 28, 2020, as previously planned.

Advisors

Financial advisor to Nexam Chemical in connection with the Rights Issue is Erik Penser Bank AB and Setterwalls Advokatbyrå AB is legal advisor to Nexam Chemical in connection with the Rights Issue.

For more information, please contact:

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This information is such information as 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 07.30 CET on February 14, 2020.

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, warrants or other securities in Nexam Chemical. No action has been taken and measures will not be taken to permit a public offering in any jurisdictions other than Sweden. Any invitation to the persons concerned to subscribe for units in

Nexam Chemical will only be made through the EU Growth Prospectus that Nexam Chemical estimates to publish no later than the day before the subscription period begins.

The information in this press release may not be released, distributed or published, directly or indirectly, in or into the United States, Australia, Canada, Japan or any other jurisdiction in which such action would be unlawful or would require registration or any other measures than those required by Swedish law. Actions in violation of these restrictions may constitute a violation of applicable securities laws. No shares, warrants or other securities in Nexam Chemical have been registered, and no shares, warrants or other securities will be registered, under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities legislation of any state or other jurisdiction in the United States and no shares or other securities may be offered, sold or otherwise transferred, directly or indirectly, in or into the United States, except under an available exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States.

Within the European Economic Area ("EEA"), no public offering of shares, warrants or other securities ("Securities") is made in other countries than Sweden. In other member states of the EU, such an offering of Securities may only be made in accordance with the Prospectus Regulation (EU) 2017/1129 (the "Prospectus Regulation"). In other member states of the EEA which have implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption in the Prospectus Regulation and/or in accordance with an applicable exemption under a relevant national implementation measure. In other member states of the EEA which have not implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption under national law.

This communication is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

This press release may contain forward-looking statements which reflect the Company's current view on future events and financial and operational development. Words such as "intend", "expect", "anticipate", "may", "believe", "plan", "estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

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. FNCA Sweden AB can be reached at info@fnca.se and 0046-(0)8-528 00 399.