

Nexam Chemical Holding AB (publ)

Interim Report 1 January – 31 March 2020

Strongest quarter so far

First quarter at a glance

Significant events:

- Continued good growth, +31% compared to the corresponding quarter in 2019.
- Substantially improved profitability. Increased EBITDA to 2,3 MSEK compared to -1,7 MSEK for the corresponding quarter in 2019.
- Growth is primarily driven by Performance Chemical which grew by 138% compared to corresponding quarter in 2019.
- Sales within color and additive masterbatch, Performance Masterbatch, was -6% compared to corresponding quarter in 2019.
- Gross margin increased to 43% compared to 40% during the first quarter in 2019. The primary reason being that optimization of logistics chains is starting to show results.
- Entered new supply agreement with DIAB regarding NEXAMITE® for 2020-2021 worth 100 to 120 MSEK in sales.

Financials:

- Net sales for the first quarter totaled 41 704 (31 754) kSEK.
- The operating profit before depreciation (EBITDA) amounted to 2 283 (-1 650) kSEK.
- Compared to the beginning of the year, cash and cash equivalents amounted to 14 305 (23 101) kSEK.
- Cash flow from operating activities during quarter was -3 940 (- 14 251) kSEK.
- Result per share for the quarter was -0,01 (-0,06) SEK.

Key events after the end of the period

- Preferential rights issue was completed and resulted in an addition of just over 45 MSEK, corresponding to a subscription ratio of 74%.
- Covid-19 pandemic's effect on the company has thus far been limited, although considerable uncertainties lie ahead.
- Henrik Bernquist assumed the role of business development manager on April 1st.

Key Figures for the Group

	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Net sales (SEK thousand)	41 704	31 754	130 057
Operating profit/loss before depreciation (EBITDA) (SEK thousand)	2 283	-1 650	-5 576
Cash and cash equivalents (SEK thousand)	14 305	35 448	23 101
Cash flow from operations (SEK thousand)	-3 940	-14 251	-21 277
Equity (SEK thousand)	153 888	166 450	154 702
Equity per basic share (SEK)	2.28	2.47	2.29
Equity/asset ratio (%)	69	68	68
Total assets (SEK thousand)	224 550	245 167	227 798
Quick ratio (%)	138	157	142
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)	-0.01	-0.06	-0.25
Diluted earnings per share (SEK)	-0.01	-0.06	-0.25
Share price on balance sheet date (SEK)	5.48	7.76	8.10

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.

Comments from the CEO, Johan Arvidsson

Growth and profitability despite global turmoil

Nexam Chemical reaches its financial targets both regarding sales and EBITDA for the first quarter of 2020. The company makes its strongest quarter in company history which is a result of focused and perseverant work for a long period of time.

Compared to the first quarter of 2019 we have a growth of just over 31% to 41,7 MSEK and go from -1,7 MSEK to 2,3 MSEK in EBITDA. We are growing our business unit Performance Chemical by 138% to 19,8 MSEK compared to corresponding period in 2019, while Performance Masterbatch has a negative growth of 6% to 21,9 MSEK. The primary growth driver is our even stronger partnership with Diab within the Performance Chemical segment. Diab is establishing more and more sites which makes up for a greater demand of our supplies. Our business in Hungary, within Performance Masterbatch, is also growing considerably.

Q1 2020 was not only Nexam Chemical's strongest quarter thus far. It was also a quarter marked by global turmoil, panic actions to save lives and the economy, and the start of a global economic recession. The Covid-19 pandemic affects both societies as well industries across the globe. From our perspective we can notice how employees, customers, suppliers and authorities are coming together to cushion the virus' negative effects to the extent that is possible. Naturally regarding reduced spread of the disease but also to find solutions and possibilities to keep business going. We, like many others, have been forced to adapt to a new state of affairs and our employees have managed the situation in an exemplary manner.

"...we have a growth of 31% and go from negative to clearly positive EBITDA"

With a solid and focused business at our core, combined with a high degree of flexibility and innovation, Nexam Chemical has managed to perform well during the first quarter. Both sales, production and material supply have worked which gives us a sense of security going forward into next period which is uncertain in itself and may be challenging for large parts of the business community.

My work during the quarter was also characterized by the execution of our preferential rights issue. We would like to show our gratitude towards all of the shareholders who contributed to the rights issue. We are delighted that also from a capital markets perspective, there is a trust and belief in the company's future. Not least considering the situation where the stock market is in a precarious situation. With a subscription ratio at 74%, the rights issue results came in at 45 MSEK out of the total 62 MSEK which it covered. The result will solve all immediate financing of the company and we can now continue to work with prioritizing our future.

"... a subscription ratio at 74%, the rights issue results came in at 45 MSEK ..."

When we now move on with a strong result from the first quarter, we are aware of the large uncertainty in the global economy. But we have also proven that our business model has worked well thus far during current circumstances. An important reason why our offering is considered attractive is the strong focus on innovation which is nested in the company's DNA. Nexam Chemical is supplying many globally exciting areas of development, and it would not be possible without having our business tightly nested on innovative chemistry. We know that our customers value this, whether it regards conversion to green energy, high performance applications within the space industry or property enhancement of electronic components.

In summary the company has performed well during the first quarter, even though the situation is different from what we are used to. To date we have not seen decreasing



Johan Arvidsson, CEO

volumes as a direct consequence of Covid-19, but we are of course preparing the company to being able to manage such situation. With innovation and flexibility, we will continue to take one step at a time.

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 first quarter totaled SEK 41,704,000 (31,754,000). Other operating income for the quarter amounts to SEK 805,000 (1,109,000) and consists mainly of changes from effects of exchange rates.

The personnel expenses during the first quarter totaled SEK - 8,074,000 (- 9,271,000) and other operating expenses totaled SEK - 8,299,000 (- 6,190,000). The depreciation for the period amounts to SEK - 2,508,000 (- 2,420,000) 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 2,283,000 (- 1,650,000). The operating profit/loss before tax for the quarter came in at SEK - 453,000 (- 4,388,000).

Personnel and organization

The number of employees in the Group, restated as full time equivalents were 40 (41) at the end of the quarter. Of these, 34 (35) were men and 6 (6) women.

Investments

The total investment in intangible assets during the year amounts to SEK 388,000 (661,000) and for the material assets SEK 1,401,000 (562,000).

Cash flow

The cash flow from the operating activities during the quarter amounted to SEK - 3,940,000 (- 14,251,000). Changes in working capital has affected the cashflow negatively with SEK - 5,651,000 (- 11,929,000). During the quarter, net amortization of bank loans has affected the cashflow with SEK - 3,020,000 (- 3,135,000). The total cash flow for the quarter amounted to SEK - 8,749,000 (- 18,349,000).

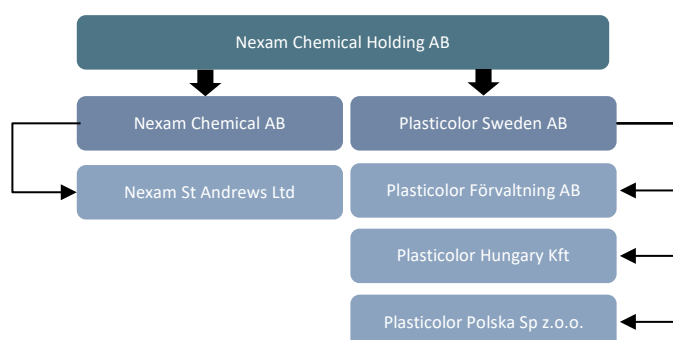
Financial position

Compared to the beginning of the year, the equity/assets ratio was 69 (68) percent, and the equity was SEK 153,888,000 (154,702,000). Cash and cash equivalents amounted to SEK 14,305,000 (23,101,000) compared to the beginning of the year. The Group has at the end of the period an interest-bearing debt of SEK 46,803,000 (49,837,000) 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 2019.

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 2019 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.

Reporting standards.

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

Transactions with related parties

No transactions with related parties have 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 2019.

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 2019 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 8th of May 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	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Net sales	2,3	41 704	31 754	130 057
Other operating income		805	1 109	2 046
		42 509	32 863	132 103
Operating expenses				
Raw materials and consumables		-23 853	-19 052	-78 377
Operating expenses		-8 299	-6 190	-28 750
Personnel cost		-8 074	-9 271	-30 552
Other operating expenses		-2 508	-2 420	-9 836
Operating profit/loss		-225	-4 070	-15 412
Financial items				
Financial income		142	8	24
Financial costs		-370	-276	-1 632
Profit/loss before tax		-453	-4 338	-17 020
Income tax		-87	-35	-54
Profit/loss for the period		-540	-4 373	-17 074
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Translation differences on foreign subsidiaries		-36	272	-68
<i>Sum of other comprehensive income, net after tax</i>		-36	272	-68
Comprehensive result for the period		-576	-4 101	-17 142
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)		-0,01	-0,06	-0,25
Diluted earnings per share (SEK)		-0,01	-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 2020	31 Mar 2019	31 Dec 2019
ASSETS				
Intangible assets	1	105 471	107 238	106 223
Tangible assets		49 277	51 497	49 201
Financial assets		100	5	98
Inventory		23 547	24 568	24 884
Trade receivables		24 608	22 871	19 126
Other receivables		7 242	3 540	5 166
Cash and bank		14 305	35 448	23 101
TOTAL ASSETS		224 550	245 167	227 798
EQUITY AND LIABILITIES				
Equity		153 888	166 450	154 702
Long-term debt with interest		33 387	35 378	35 797
Other long-term debt		3 617	3 870	3 603
Provisions for pension		246	-	230
Short term debt with interest		13 416	12 588	14 040
Trade payables		11 803	14 223	12 090
Other liabilities		8 193	12 658	7 337
TOTAL EQUITY AND LIABILITIES		224 550	245 167	227 798

Consolidated changes in equity in summary				
(SEK '000)		31 Mar 2020	31 Mar 2019	31 Dec 2019
Balance at the beginning of the period		154 702	170 551	170 551
Profit/loss for the period		-540	-4 373	-17 074
Other comprehensive income		-274	272	809
Transactions with shareholders		-	-	416
Balance at the end of the period		153 888	166 450	154 702

Consolidated cash flow in summary				
(SEK '000)		Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Cash flow from operating activities				
Operating income		-225	-4 070	-15 412
Adjustment from non-cash items		1 937	1 748	8 321
Cash flow from operations before changes in working capital		1 711	-2 322	-7 091
Changes in working capital		-5 651	-11 929	-14 186
Cash flow from operations		-3 940	-14 251	-21 277
Cash flow from investment activities		-1 789	-4 863	-10 506
Cash flow from financing activities		-3 020	765	798
Cash flow for the period		-8 749	-18 349	-30 985
Cash and cash equivalents at the beginning of the period		23 101	53 705	53 705
Effect of exchange rate changes on cash		-47	92	381
Cash and cash equivalents at end of period		14 305	35 448	23 101

Parent company - Income statement in summary			
(SEK '000)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Net sales	-	3 000	8 246
	-	3 000	8 246
Operating expenses			
Operating expenses	-1 031	-965	-4 360
Personnel cost	-1 711	-3 311	-7 658
Operating profit/loss	-2 742	-1 276	-3 772
Financial items			
Write down financial assets	-	-4 000	-5 000
Interest expenses and other similar loss items	-243	-215	-939
Profit/loss before tax	-2 985	-5 491	-9 711
Appropriations	-	-	600
Profit/loss for the period	-2 985	-5 491	-9 111

Parent company - Balance sheet in summary			
(SEK '000)	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS			
Financial assets	409 370	409 076	409 303
Receivables from group companies	44 671	41 040	44 669
Other receivables	790	688	272
Cash and bank	-7 051	19 130	-413
TOTAL ASSETS	447 780	469 934	453 831
EQUITY AND LIABILITIES			
Equity	410 788	416 977	413 773
Provisions for pension	1 261	161	1 180
Long-term debt with interest	21 000	33 000	24 000
Short term debt with interest	12 000	12 000	12 000
Trade payables	836	426	510
Other liabilities	1 894	7 370	2 368
TOTAL EQUITY AND LIABILITIES	447 780	469 934	453 831

Note 1 - Intangible assets				
(SEK '000)	Goodwill	Market positions	Development costs	Patents
Accumulated cost				
Opening balance 1 January 2020	45 943	44 000	24 660	5 934
Additions	-	-	388	-
Re-classification	-	-	457	-457
Closing balance 31 March 2020	45 943	44 000	25 505	5 477
Accumulated depreciation				
Opening balance 1 January 2020	-	-9 167	-3 310	-1 837
Expensed depreciation for the period	-	-1 100	-126	-35
Capitalized depreciation for the period	-	-	-	120
Closing balance 31 March 2020	-	-10 266	-3 436	-1 752
Residual value 31 March 2020	45 943	33 734	22 069	3 725
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

Note 2 - Net sales divided in geographical markets			
(SEK '000)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Net sales Sweden	8 108	10 619	36 320
Net sales Europe	22 118	18 680	75 586
Net sales rest of the world	11 478	2 455	18 151
	41 704	31 754	130 057

Note 3 – Net sales divided in segments			
(SEK '000)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Performance Masterbatch	21 923	23 431	85 483
Performance Chemicals	19 781	8 323	44 574
	41 704	31 754	130 057

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 6.4 million shares have been turned over during the first quarter 2020 and the average price during the period was SEK 6.31 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 March 2020 was 6,127.

Shareholders	Shares	Percent
Försäkringsbolaget, Avanza Pension	10 642 919	15,8%
SIX SIS AG	9 167 813	13,6%
Länsförsäkringar Småbolag Sverige	2 499 053	3,7%
Lennart Holm, privately and via company	2 121 596	3,1%
Nordnet Pensionsförsäkring AB	1 902 977	2,8%
Goldman Sachs International Ltd	1 518 973	2,2%
IBKR Financial Services AG	1 319 635	2,0%
Michael Karlsson	968 342	1,4%
Swedbank Försäkring	921 987	1,4%
Björn Parkander	912 517	1,4%
Other shareholders (approx. 6,100)	35 543 207	52,6%
Total	67 519 019	100,0%

Financial calendar

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.

For further information concerning the report, please contact:

Johan Arvidsson, VD
 Tel: +46 (0)708-97 44 39
 E-post: johan.arvidsson@nexamchemical.com

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 8, 2020.

Contact & Media

Company

Nexam Chemical Holding AB (publ)
Box 165
234 23 LOMMA, Sweden
Tel. +46-(0)703 47 97 00
www.nexamchemical.com

Certified Adviser

FNCA Sweden AB
Humlegårdsgatan 5
102 48 STOCKHOLM, Sweden
Tel. +46-(0)8 528 00 399
www.fnca.se

Account Operator

Euroclear Sweden AB
Box 7822
103 97 STOCKHOLM, Sweden
Tel. +46-(0)8 402 90 00
www.euroclear.nu

Auditor

Bengt Ekenberg
MAZARS SET Revisionsbyrå AB
Terminalgatan 1
252 78 HELSINGBORG, Sweden



Nexam Chemical Holding AB (publ)
Box 165
234 23 LOMMA
Tel. +46-40 41 36 20
www.nexamchemical.com