

Nexam Chemical Holding AB (publ)

Interim Report 1 January – 31 March 2021

Growth by 26% and best quarter to date

First quarter at a glance

Significant events:

- Continued high growth, +26% compared to the corresponding quarter in 2020.
- Both Performance Chemical, + 38%, and Performance Masterbatch, + 15%, are growing compared to the corresponding quarter in 2020.
- First commercial order to India amounted to SEK 1,500,000 shipped during the quarter.
- Directed new share issue oversubscribed, added SEK 33,534,000 after deduction of transaction costs.
- Reactive Recycling, a new offering in recycling, was launched during the quarter.

Financials:

- Net sales during quarter amounted to SEK 52,506,000 (41,704,000).
- The operating profit before depreciation (EBITDA) for the quarter was SEK 2,090,000 (2,283,000).
- In comparison to the beginning of the year, cash and cash equivalents amounted to SEK 61,556,000 (29,791,000) excluding an unused credit facility of SEK 10,000,000.
- Cash flow from the operating activities during the quarter amounted to SEK 3,600,000 (- 3,940,000).
- Earnings per share before and after dilution amounted to SEK -0.00 (- 0.01) for the quarter.
- Operating profit for the quarter is charged with non-recurring costs linked to adjustments in the supply chain.

Key Figures for the Group

	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Net sales (SEK thousand)	52 506	41 704	165 830
Adjusted operating profit/loss before depreciation (EBITDA) (SEK thousand)	2 090	2 283	6 324
Operating profit/loss before depreciation (EBITDA) (SEK thousand)	2 090	2 283	4 908
Cash and cash equivalents (SEK thousand)	61 556	14 305	29 791
Cash flow from operations (SEK thousand)	3 600	-3 940	-17 084
Equity (SEK thousand)	220 522	153 888	187 183
Equity per basic share (SEK)	2,79	2,28	2,47
Equity/asset ratio (%)	76	69	75
Total assets (SEK thousand)	291 303	224 550	250 276
Quick ratio (%)	222	138	190
Average number of basic shares	78 903 367	67 519 019	75 803 367
Average number of diluted shares	78 903 367	67 519 019	75 803 367
Basic earnings per share (SEK)	0,00	-0,01	-0,14
Diluted earnings per share (SEK)	0,00	-0,01	-0,14
Share price on balance sheet date (SEK)	16,30	5,48	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 continues at the same time as production and organization are optimized

Nexam Chemical continues its growth journey. Compared with the corresponding quarter in 2020, sales during the first quarter of 2021 increased by 26% and we are thus making our strongest sales quarter ever (SEK 52.5 million). We get a positive EBITDA of SEK 2.1 million, a stable result which, however, does not really follow the growth due to adjustments in the supply chain.

We start the year by continuing to grow according to plan. The largest growth is in PET foam. We believe that PET foam will be the company's strongest area in terms of sales for the foreseeable future, although we expect other platforms to achieve similar commercial successes. These include high performance as well as polyolefins and fibers where we see good indications from several customers. However, I would like to emphasize that the plan is still firm; we let our successes in PET foam drive growth to create conditions for our other platforms. We know that we have great opportunities ahead of us, but we also know that it is a process that takes time. If we stick to the plan and do what we are supposed to, the hope is that at least one new platform has begun its commercial journey of success in 2021.

“...new platform has begun its commercial journey of success in 2021...”

At the beginning of the year, we packaged our technology in the field of recycling under one name that we call Reactive Recycling. I have communicated a lot about recycling before, which is a big issue in the plastics industry. With Reactive Recycling, we have a customized offer that creates opportunities for both producers and recycling customers to significantly simplify their process. It is really a matter of course for Nexam Chemical to take a clear position in the field of recycling because our technology is essentially based on being part of the solution to the challenges that exist in the plastics industry. We look forward with confidence to continuing to invest in recycling together with our customers, which is a very important issue for the entire industry, as well as for society as a whole.

During the first quarter, we have partly had an internal focus to be able to ensure production and delivery of the volumes we expect during the year. We have also optimized the organization according to the conditions that prevail now and in the future.

We have made adjustments in the supply chain to get a better flow in the long term. This in turn leads to increased costs in the quarter. In the long run, the changes will benefit the company and are a prerequisite for us to be able to deliver in a time of strong growth.

“In the future, our R & D function will be more focused on research...”

We have also made some changes in the company's management team. The purpose of the new structure in the management team is to gather larger areas of responsibility for fewer people, who can then organize the respective parts in a more efficient way. In the future, our R & D function will be more focused on research, while the work with application development is in the commercial organization. With the changes, we get a strong organization that can handle the daily operations so that Nexam Chemical can continue to be a profitable growth company.

To summarize the first quarter, we follow our plan, the company is growing as it should and we have a positive result. We have a strong and good organization with a new structure in the management team and of course our employees in all parts that play a crucial role in the company's success. We are well positioned in several important future areas where recycling is one. We also have focus on achieving commercial success in additional platforms where our technology has much to add to the market. It looks good for Nexam Chemical, we have high trust from our customers and look to the future with confidence.

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 165 million, with production in four countries, employs close to fifty 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 also performed in collaboration with contract manufacturers. Manufacturing of masterbatch and multifunctional masterbatch is performed by the subsidiary Nexam Performance Masterbatch.

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.

Our sustainability vision

Nexam Chemical strives towards a sustainable future through innovative and reactive chemistry and to create possibilities to save on our valuable and scarce natural resources. We want to enable our customers to develop lighter, stronger, more durable and more recyclable products.

Financial comments

Sales and profit

Net sales for the quarter totaled SEK 52,506,000 (41,704,000). Other operating income for the quarter amounts to SEK 539,000 (805,000).

The personnel expenses during the quarter totaled SEK – 10,131,000 (- 8,074,000) and other operating expenses totaled SEK - 9,712,000 (-8,299,000). The depreciation for the period amounts to SEK - 2,580,000 (- 2,508,000) 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 2,090,000 (2,283,000). The operating profit/loss before tax for the quarter came in at SEK - 515,000 (- 453,000).

Personnel and organization

The number of employees in the Group, restated as full time equivalents were 46 (40) at the end of the quarter. Of these, 39 (34) were men and 7 (6) women.

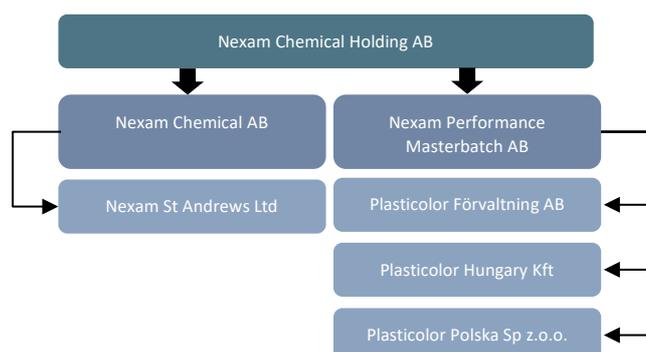
Investments

The total investment in intangible assets during the year amounts to SEK 683,000 (388,000) and for the tangible assets SEK 1,085,000 (1,401,000).

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.



Cash flow

The cash flow from the operating activities during the quarter amounted to SEK 3,600,000 (- 3,940,000). Changes in working capital has affected the cashflow positively with SEK 1,631,000 (- 5,651,000). During the quarter, net amortization of bank loans has affected the cashflow with SEK - 3,120,000 (- 3,020,000). The total cash flow for the quarter amounted to SEK 32,108,000 (- 8,749,000).

Financial position

Compared to the beginning of the year, the equity/assets ratio was 76 (75) percent, and the equity was SEK 220,522,000 (187,183,000). Cash and cash equivalents amounted to SEK 61,556,000 (29,791,000) and an unused credit facility of SEK 10,000,000 compared to the beginning of the year. The Group has at the end of the period an interest-bearing debt of SEK 33,660,000 (37,068,000) 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 2020.

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 since the fourth quarter 2019 divided into two different revenue streams. 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.

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

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.

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 2020.

The Group's financial instruments are valued at fair value via other comprehensive income, 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

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 2020.

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 2020.

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 21st of April 2021

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 2021	Jan-Mar 2020	Full year 2020
Net sales	2,3	52 506	41 704	165 830
Other operating income		539	805	-
		53 045	42 509	165 830
Operating expenses				
Raw materials and consumables		-31 112	-23 853	-95 109
Operating expenses		-9 712	-8 299	-34 158
Personnel cost		-10 131	-8 074	-30 361
Depreciation and write-down of tangible and intangible assets		-2 580	-2 508	-10 193
Other operating expenses		-	-	-1 293
Operating profit/loss		-490	-225	-5 285
Financial items				
Financial income		131	142	166
Financial costs		-156	-370	-2 477
Profit/loss before tax		-515	-453	-7 597
Income tax		-20	-87	-496
Profit/loss for the period		-535	-540	-8 093
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Translation differences on foreign subsidiaries		340	-36	-2 397
<i>Sum of other comprehensive income, net after tax</i>		340	-36	-2 397
Comprehensive result for the period		-195	-576	-10 491
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)		0,00	-0,01	-0,14
Diluted earnings per share (SEK)		0,00	-0,01	-0,14
Average number of basic shares		78 903 367	67 519 019	75 803 367
Average number of diluted shares		78 903 367	67 519 019	75 803 367

Consolidated balance sheet in summary				
(SEK '000)	Note	31-Mar 2021	31-Mar 2020	31 Dec 2020
ASSETS				
Intangible assets	1	104 375	105 471	104 912
Tangible assets		45 653	49 277	44 898
Financial assets		6	100	98
Inventory		38 382	23 547	32 442
Trade receivables		35 507	24 608	31 735
Other receivables		5 824	7 242	6 400
Cash and bank		61 556	14 305	29 791
TOTAL ASSETS		291 303	224 550	250 276
EQUITY AND LIABILITIES				
Equity		220 522	153 888	187 183
Long-term debt with interest		20 480	33 387	23 749
Other long-term debt		3 675	3 617	3 377
Provisions for pension		319	246	302
Short term debt with interest		13 180	13 416	13 319
Trade payables		25 163	11 803	14 160
Other liabilities		7 963	8 193	8 185
TOTAL EQUITY AND LIABILITIES		291 303	224 550	250 276

Consolidated changes in equity in summary				
(SEK '000)		31-Mar 2021	31-Mar 2020	31 Dec 2020
Balance at the beginning of the period		187 183	154 702	154 702
Profit/loss for the period		-535	-540	-8 093
Other comprehensive income		340	-274	-2 474
Transactions with shareholders		33 534	-	43 049
Balance at the end of the period		220 522	153 888	187 183

Consolidated cash flow in summary				
(SEK '000)		Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Cash flow from operating activities				
Operating income		-489	-226	-5 286
Adjustment from non-cash items		2 458	1 937	6 683
Cash flow from operations before changes in working capital		1 969	1 711	1 397
Changes in working capital		1 631	-5 651	-18 481
Cash flow from operations		3 600	-3 940	-17 084
Cash flow from investment activities		-1 767	-1 789	-6 307
Cash flow from financing activities		30 275	-3 020	29 995
Cash flow for the period		32 108	-8 749	6 604
Cash and cash equivalents at the beginning of the period		29 791	23 101	23 101
Effect of exchange rate changes on cash		-343	-47	86
Cash and cash equivalents at end of period		61 556	14 305	29 791

Parent company - Income statement in summary			
(SEK '000)	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Net sales	-	-	5 535
	-	-	5 535
Operating expenses			
Operating expenses	-575	-1 031	-4 642
Personnel cost	-2 229	-1 711	-5 374
Operating profit/loss	-2 804	-2 742	-4 481
Financial items			
Interest expenses and other similar loss items	-236	-243	-841
Profit/loss before tax	-3 040	-2 985	-5 322
Appropriations	-	-	500
Profit/loss for the period	-3 040	-2 985	-4 822

Parent company - Balance sheet in summary			
(SEK '000)	31-Mar 2021	31-Mar 2020	31 Dec 2020
ASSETS			
Financial assets	409 669	409 370	409 596
Receivables from group companies	37 239	44 671	47 382
Other receivables	2 042	790	970
Cash and bank	58 447	-7 051	22 679
TOTAL ASSETS	507 397	447 780	480 626
EQUITY AND LIABILITIES			
Equity	482 494	410 788	452 000
Provisions for pension	1 636	1 261	1 545
Long-term debt with interest	9 000	21 000	12 000
Short term debt with interest	12 000	12 000	12 000
Trade payables	383	836	609
Other liabilities	1 884	1 894	2 472
TOTAL EQUITY AND LIABILITIES	507 397	447 780	480 626

Note 1 - Intangible assets

(SEK '000)	Goodwill	Market positions	Development costs	Patents
Accumulated cost				
Opening balance 1 January 2021	45 943	44 000	27 773	6 394
Additions	-	-	650	33
Re-classification	-	-	723	-723
Closing balance 31 March 2021	45 943	44 000	29 146	5 704
Accumulated depreciation				
Opening balance 1 January 2021	-	-13 567	-3 568	-2 062
Expensed depreciation for the period	-	-1 100	-66	-55
Closing balance 31 March 2020	-	-14 667	-3 634	-2 117
Residual value 31 March 2021	45 943	29 333	25 512	3 587
Accumulated cost				
Opening balance 1 January 2020	45 943	44 000	24 660	5 934
Additions	-	-	3 573	-
Re-classification	-	-	-460	460
Closing balance 31 December 2020	45 943	44 000	27 773	6 394
Accumulated depreciation				
Opening balance 1 January 2020	-	-9 167	-3 310	-1 837
Expensed depreciation for the period	-	-4 400	-258	-225
Closing balance 31 December 2020	-	-13 567	-3 568	-2 062
Residual value 31 December 2020	45 943	30 433	24 205	4 332

Note 2 - Net sales divided in geographical markets

(SEK '000)	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Net sales Sweden	14 487	8 108	38 045
Net sales Europe	29 745	22 118	89 903
Net sales rest of the world	8 274	11 478	37 882
Total	52 506	41 704	165 830

Note 3 - Net sales divided in revenue streams

(SEK '000)	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Performance Masterbatch	25 194	21 923	86 599
Performance Chemicals	27 312	19 781	79 231
Total	52 506	41 704	165 830

Share capital, shares and ownership

The Company's share capital totals SEK 1,517,372.44 divided into 78,903,367 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 13 million shares have been turned during the first quarter 2021 and the average price during the period was SEK 13.34 per share.

Incentive programs

The company has one ongoing incentive programs with a total of 1,038,500 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 1.3 %.

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 st of Mar 2021	Dilution if fully exercised
2019-06-30	0.40	2022-08-26	2022-09-09	11.51	808,500	1.0 %
2020-05-12	0.26	2022-08-26	2022-09-09	11.51	230,000	0.3 %

Shareholders

The number of shareholders as of 31st of March 2021 was 6,069.

Shareholders	Shares	Percent
SIX SIS AG	12 825 387	16,3%
Försäkringsbolaget, Avanza Pension	8 569 959	10,9%
Veronica Wallman	3 639 225	4,6%
Länsförsäkringar Småbolag Sverige	3 289 692	4,2%
Nordnet Pensionsförsäkring AB	2 622 172	3,3%
Lennart Holm, privately and via company	2 052 025	2,6%
Goldman Sachs International Ltd	2 024 746	2,6%
Michael Wandy Karlsson, privately and via company	1 377 342	1,7%
Futur Pension	1 360 253	1,7%
IBKR FINANCIAL SERVICES AG	1 265 194	1,6%
Other shareholders (approx. 6,000)	39 877 372	50,5%
Total	78 903 367	100,0%

Financial calendar

11 May 2021	Annual General Meeting 2021
14 Jul 2021	Interim Report January-June 2021
21 Oct 2021	Interim Report January-September 2021
26 Jan 2022	Year-End-Report 2021

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. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on April 21, 2021.

Contact & Media

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