



# **Nexam Chemical Holding AB (publ)**

2013 year-end report 1 January – 31 December 2013

# Background and Introductory Comments

## Nexam Chemical

Nexam develops technology and products that make it possible to significantly improve the properties and performance of most types of plastics in a cost-effective manner and with the same production technology intact. The properties that are improved include temperature resistance and service life. The improvements in properties that can be achieved by using Nexam's technology make it possible to replace metals and other heavier and more expensive materials with plastic in a number of different applications and fields of application. Nexam was founded in July 2009 after a management buy-out of a crosslinker project from the Perstorp Group. By then, Perstorp had put a number of years into the development of the project, but decided to divest its involvement in the field to instead focus on aldehyde-based chemistry. Nexam currently has 14 employees in Sweden and nine in Scotland. The Company's head office and R&D are in Lund, Sweden, but its production takes place in St. Andrews, Scotland.

## Ongoing partnerships and customer projects

Since Nexam's technology was introduced in 2009, a number of development projects and partnerships have been entered into with a range of leading parties, of which several are world leaders in their respective niches. They include BASF, Repsol, IRPC, Sumitomo, ABB, NASA and Rolls-Royce. Nexam currently works with 18 of the world's 100 largest chemicals and materials companies.

## Vision and mission

Nexam's vision is to be a recognised world leader in the field of property modification of plastic and polymer materials via heat-activated crosslinking.

## The Quarter at a Glance

### Operations:

- Successful upscaling of production and initial sale worth approx. SEK 900 thousand of products to the HICTAC Clean Sky Project, with Rolls-Royce Jet Engines as the end client.
- Continued development together with the leading PET foam producer, Armacell. Armacell has announced that, in the event of successful results, they plan on initiating commercialisation of products containing Nexam's crosslinkers in several fields of application.
- Positive results in the PA 66 project with BASF, which prompted discussions on going into a commercialisation phase.
- Customer project involving a special nylon for use in, for example, mobile phones and tablets has progressed. Tests in regular production on the premises of the customer is in the process of being planned for Q1 2014.

- Discussions with Nexam's partners in the PO-Cross project are ongoing which aim to continue and expand our cooperation for the purpose of commercialising the results achieved.
- Nexam has intensified its cooperation with three select contract manufacturers, which have now initiated preparations for production of Nexam's products on a larger scale.
- Nexam St. Andrews has completed final delivery of products to external customers and is now focusing on manufacturing Nexam products.
- Nexam's patent application for the unique molecule MEPA was granted in Europe. This patent is important, since MEPA is key for crosslinking nylons.
- Nexam's patent application for catalysis of crosslinking was granted in the US.

- Nexam entered into a cooperation agreement with a US-based company for developing a new high-temperature polyimide resin for composites for aerospace applications.

### Financial & legal:

- Net turnover for the period totalled SEK 1,707 (142) thousand. Net profit/loss before tax came in at SEK -8,126 (-4,933) thousand.
- Total assets at the end of the period amounted to SEK 54,396 (21,590) thousand, of which there were SEK 32,511 (7,265) thousand in cash and cash equivalents at the end of the period.
- Cash flow during the period was reported at SEK -7,172 (-6,552) thousand, which was according to plan.

# Group Financial Ratios

	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Net turnover (SEK thousand)	1,707	142	2,547	764
Operating profit/loss (SEK thousand)	-8,537	-5,055	-26,790	-17,647
Cash and cash equivalents (SEK thousand)	32,511	7,265	32,511	7,265
Equity (SEK thousand)	43,523	15,676	43,523	15,676
Equity per share (SEK) *	0.92	0.44	0.92	0.44
Equity/asset ratio (%)	80.0	72.6	80.0	72.6
Return on equity (%)	neg	neg	neg	neg
Total assets (SEK thousand)	54,396	21,590	54,396	21,590
Quick ratio (%)	610.2	229.8	610.2	229.8
Number of basic shares *	46,983,945	35,400,000	46,983,945	35,400,000
Number of diluted shares *	47,333,100	35,400,000	47,333,100	35,400,000
Basic earnings per share (SEK)	-0.17	-0.14	-0.56	-0.50
Diluted earnings per share (SEK)	-0.17	-0.14	-0.56	-0.50
Closing share price (SEK) **	10.30			

\* The number of shares has been translated for 2012 due to the changed quote value of the shares.

\*\* The Company was introduced on the stock exchange on 23 April 2013.

## Key Events after the End of the Period

- BASF and Nexam Chemical have jointly decided to initiate the commercialisation phase for a new crosslinkable material based on nylon 66 and Nexam's crosslinkers. BASF has been awarded a two-year market exclusivity, on the condition that it buys a certain minimum volume of Nexam products during the contract term.
- Nexam has entered into a three-year supply agreement with Armacell, the world's largest producer of PET foam. Armacell has exclusivity for the use of Nexam's crosslinkers for PET foam, on the condition that it buys a certain minimum volume of Nexam products during the contract term.
- Customer project involving special nylon for applications such as mobile phones and tablets have progressed. Positive test results have been achieved and a larger volume of test materials have been produced and delivered to the customer for full-scale production tests in the end of February. The customer has announced that, in the event of successful results in the production runs, it will begin using the material commercially in the near future.
- More in-depth discussions concerning cooperation agreements and forms of cooperation for commercialising crosslinkable polyolefin, such as polyethylene for pipes etc. is ongoing with one of the participants in the PO-CROSS Project.
- Nexam has contracted an agent in Europe to sell Nexam products to converters, for applications such as upgrading recycled PET and polythene. Many interesting business opportunities have already been identified together with potential customers.
- Nexam's cooperation with three selected contract manufacturers continues with high intensity and preparations for production of Nexam's products on a multi-tonne scale are ongoing.
- Nexam's patent application for the production of EBPA granted in Europe. This patent is important, since EBPA is key for the high-temperature resin Rolls Royce is evaluating.
- Nexam's patent application for the unique molecule MEPA granted in South Africa.
- The Board of Directors of Nexam has decided to begin preparing the Company for changing its listing from NASDAQ OMX Stockholm First North to NASDAQ OMX Stockholm Small Cap.

Message from the CEO

# High pressure!

As expected, quarter four was an eventful quarter filled with activities. To name a few events, Nexam entered into non-disclosure agreements with several large Asian and European organisations during the quarter and after the end of the period. We were visited by a number of large potential customers and partners, whereby there was an opportunity to discuss both future partnerships and new development projects. Sample deliveries were made to several players in Japan, China, the EU and the US for tests. Nexam St. Andrews produced and delivered contracted external customer orders and high-temperature resin for the Clean Sky Project, in addition to all of the quantities of Nexam crosslinkers produced.

In spite of everything that is going on now, it still feels like we are just at the beginning of an interesting development for the company – the interest in our products seems to be increasing nonstop. Work on building our patent portfolio is also going according to plan and Nexam obtained two patents important for the future during the quarter. One of them involves the unique molecule MEPA, which, among other things, is used for crosslinking nylon. After the end of the year, we have also been granted a patent for the production of EBPA, one of the products used in high-temperature material, which is under development in cooperation with Rolls-Royce Jet Engines. I believe that the patent portfolio Nexam has already established, and is now building on, serves as a very strong backbone for the Company's future value creation.

After the end of the year, one of the most important milestones is the fact that BASF has announced that they are now going into a commercialisation phase for crosslinkable nylon 66 containing Nexam's crosslinkers. After just over two years of constructive cooperation between Nexam and BASF, we

have now reached the point where products are being put on the market for testing – this is very exciting! I believe that Nexam's products have great potential in the future to penetrate key parts of the nylon market. We consider it very positive for Nexam that BASF is the first one to move forward, since they are one of the global leaders in nylon 66. We think that this is only the first of many similar launches in the future involving crosslinkable plastics by several large companies. You can read more about the market for nylon in our Q2 report, which was issued in August 2013.

In the beginning of 2014, we have also entered into an exclusive three-year supply agreement with Armacell, which is the market leader in PET foams. Armacell has indicated that they plan on launching products containing our crosslinkers on the market in 2014 and that they successively will need larger volumes of crosslinkers from Nexam. The plastic PET is a polyester and the market for it is presented in greater detail in the in-focus section of this report. PET foam is a relatively new material on the market, which is exhibiting strong growth, because it is taking market shares from foam based on other plastics. PET foam makes up a small portion of the entire polyester market, which gives you an indication of how much more there is for Nexam to tap out there.

The untapped market opportunities for Nexam's crosslinkers are just about unlimited. Since every new application requires a certain amount of development time, it is important to begin developing new fields of application well in advance. To ensure this, we have entered into an agreement with a European agent. After just a few weeks of work, the agent has identified several interesting business opportunities in the short term. Screening is ongoing as well to find a suitable partner who can develop the market in India.

Preparations for upscaling production have also been made recently with three select contract manufacturers to secure production capacity for our products as demand increases. In parallel, our work to develop necessary test data and register our crosslinkers with the European Chemicals Agency continues in order to ensure that we are in compliance with all laws and regulations.

Since we expect Nexam to now gradually go into a commercialisation phase, the Board of Directors of Nexam Chemical, as a part in this development, decided in February to initiate the process of preparing the company for switching the execution venue for the Company's shares from NASDAQ OMX First North to NASDAQ OMX Stockholm Small Cap. We see the change in listing as a natural step leading up to an expected growth phase and we aim for this to further boost confidence in the Company on the part of large global customers and other stakeholders. Being listed on OMX Stockholm Small Cap should also in all likelihood increase interest from institutional investors, equity analysts and partners, as well as create the conditions for increased share liquidity.

I look forward to 2014 and expect that it will be a year that we will remember as "the year Nexam's products had their commercial breakthrough".

Per Palmqvist Morin  
CEO, Nexam Chemical AB



” The interest in our products seems to be increasing nonstop ”

## In-depth: The polyester market (PET/PBT) and related Nexam projects

Polyethylene terephthalate, or PET as it is commonly referred to, is one of the largest bulk plastics in the world and is perhaps most famous for its use as a glass replacement in different types of bottles and containers, especially in the food industry.

As is the case for many other polymers, the story of PET started in England as well, where the first patents for producing the polymer were submitted by John Whinfield and James Dickson in 1941 together with their employer, the Calico Printer's Association in Manchester. The first development conducted in a polyester fibre called Terylene for use in textiles. That was followed by the development of several different types of polyester fibres, but also film, for coating and strengthening. For example, DuPont in Nemours, Delaware, USA, launched a product named Mylar in June 1951, which turned out to be a crucial product in NASA's lunar landing project. After over 60 years, it is still one of the most well-known polyester film products on the market.

Other developments and patents that are noteworthy include the one for PET bottles submitted by Nathaniel Wyeth in 1973. Continuing development has also enabled production of PET foam as a core material in sandwich designs for primary use in the boat and public transport industry (hulls and load-bearing floors) and the wind power industry (blades).

### Production and properties of PET

PET, and its sister molecule PBT (polybutylene terephthalate), are produced by heating up (boiling) terephthalic acid and ethylene glycol (or butylene glycol) while water is being discharged. The properties of the melted polymer make it especially suitable for fibre spinning, production of laminates and bottles. The material is very mouldable and its main fields of application are packaging for industries such as the food industry, where, for example, the polymer's good barrier properties come in handy. Many of the plastic-packaged groceries we buy in grocery stores today are packed in packaging containing PET.

PBT is also a polymer that is primarily used as a design plastics, often fibre-reinforced in

sectors such as the electricity sector (because of its very good insulation properties, but it is also common in polymer alloys together with other polymers and is used in industries such as the domestic appliances industry and the automotive industry.

### Market

Global PET/PBT consumption in 1000 tonnes in some fields of application (compilation from IHS Chemical, 2012, Chemical Economic Handbook 2008 and others).

PET/PBT as construction plastics	Global volume
PET/PBT (ktonne)	
Cars & Vehicles	500
Electricity & Electronics	600
Film, Cable Coating	200
Consumer & Sports	400
Foam	100
<b>Total</b>	<b>1800</b>

The market for PET/PBT is constantly increasing and PET alone is growing at an average of approx. 5–8% per year. The total volume of PET produced per year is approx. 22 million tonnes, of which approx. 1 million tonnes are used in construction plastics, and the rest is used in large part for bottles etc. In addition, approx. 1 million tonnes of PBT is used in construction plastics. It is estimated that the polymer has

very good prospects for continuing strong growth if some of its inherent weaknesses, in the process properties it has, can be remedied.

### Nexam products for polyesters (PET/PBT)

Nexam's product portfolio for property improvement (crosslinking) of PET/PBT is primarily aimed at improving the process properties of polymers. When the process properties are changed, the final properties of the finished plastic are also changed in a favourable manner. The product name of Nexam's products for PET/PBT is NEXAMITE®. Nexam currently has several NEXAMITE products that can be formulated to customise both the process properties and final properties of PET/PBT. One example is a change in the properties of PET so that the material can be foamed and where the finished material gets a structure that it makes it mechanically superior to other alternative process aids which make it possible to foam PET.

### How projects are conducted and financed

Nexam's development projects relating to products for PET/PBT is financed by Nexam itself, while different formulas of NEXAMITE for PET/PBT have been developed together with end clients who have tested the technology. The developed products enjoy patent protection, and market introduction and commercial use is imminent.





# Operations during the Quarter

**During the quarter, our operations performed well in many ways. Some of the most important events were:**

- Successful upscaling of production and initial sale worth approx. SEK 900 thousand of products to the HICTAC Clean Sky Project, which aims to develop new high-temperature composites for aircraft engines. It is a breakthrough to be able to get a high-temperature material based on Rolls-Royce Jet Engines' current and future requirements specifications out on the European market.
- A leading US-based materials supplier for the aerospace industry has purchased NEXIMID 100 (PEPA) to be able to qualify Nexam as the supplier for a multi-year aircraft project.
- Continuing sales of NEXIMID products for tests in Japan and the US.
- Continued development together with the leading PET foam producer, Armacell. They have announced that, in the event of successful results, they plan on initiating commercialisation of products containing Nexam's crosslinkers in several fields of application. The fields of application include core material in sandwich composites for wind turbines, buildings and car bodies.
- New positive results in the PA-66 Project with BASF. These results have prompted a discussion on going into a commercialisation phase.
- Continuing strong interest from a number of leading nylon players, of which we can mention DSM and Unitika.
- Continuing market development at the world's largest plastics trade fair (K Trade Fair in Germany).
- Several new products have been developed on a pilot scale for assessment in-house at Nexam and on the premises of potential customers.
- Customer project involving nylon (with the objective of improving properties in injection-moulded parts of thin materials, for use in e.g. mobile phones and tablets) has progressed. Tests in regular production on the premises of the customer is in the process of being planned for Q1 2014.
- The PO-CROSS Project (involving crosslinked PE for pipes and other applications), with ABB, IRPC, Repsol and Norner as project participants, has been formally completed. Discussions with the parties involved in the project have been initiated on the subject of continued and intensified cooperation with Nexam aiming for commercialisation.
- Nexam has evaluated additional contract manufacturers and has now intensified its cooperation with three select manufacturers, which all have the ability to produce on a large scale and competitively. They have now initiated preparations for production of multi-tonne volumes of several Nexam products.
- Nexam St. Andrews has made its final delivery of products for external contract manufacturing orders.
- Nexam's patent application for MEPA was granted in Europe. This patent is important, since MEPA is key for crosslinking nylons.
- Nexam's patent application for catalysis of crosslinking was granted in the US.
- Nexam entered into a cooperation agreement with a US-based company for developing a new high-temperature polyimide resin for composites for aerospace applications.



# Financial Position

## Sales and profit

Net sales for the period totalled SEK 1,707(142) thousand, of which the majority involved sales of high-temperature resin to the Clean Sky Consortium as well as pharmaceutical substances to a global external organisation, which was mentioned in previous reports. The rest of the turnover came from sales of development products (NEXIMID and NEXAM-ITE products) to potential customers in Japan and China. For the full year, net sales totalled SEK 2,547 (764) thousand, which is in line with our previously communicated expectations.

The Group's revenue during the quarter amounted to SEK 2,094 (857) thousand, of which revenue from grants totalled SEK 349 (715) thousand. The Group's revenue for the full year came in at SEK 5,457 (3,119) thousand.

Personnel expenses during the quarter totalled SEK -3,878 (-2,218) thousand. This increase is a result of increased staffing in both Sweden and Scotland in comparison to the same period last year. This is an effect of the build-up of the plastics processing laboratory in Lund and the increased rate of production in Scotland. Other operating costs totalled SEK -3,494 (-2,255) thousand, which is in line with the past quarter's costs. In comparison to the past year, the increase can be explained in large part by increased costs for patents and trademarks, increased consulting costs and other costs driven by the stock exchange listing as well as increased investments in areas such as R&D, which drive incidental costs. Net profit/loss before tax for the quarter came in at SEK -8,126 (-4,933) thousand.

## Personnel and organisation

Nexam has increased the number of employees during the past year from 11 to 14. This is driven by the build-up of a plastics processing laboratory in Lund and a high level of activity of the Company. The number of permanent employees at Nexam St. Andrews increased in the fourth quarter of 2013 in comparison to the same period last year from four to nine.

## Investments

The investments during the period consist of investments in intellectual assets. A total of approx. SEK 2.9 million was invested during the year. This includes increased lease fees for three new leased properties that the Company has acquired for the plastics laboratory, redemption of a rheometer from a previous lease, investments in property belonging to another entity in conjunction with setting up the plastics laboratory as well as capitalised costs for intellectual property rights.

## Cash flow

The cash flow for the period totalled SEK -7,172 (-6,552) thousand, which is according to plan. The net cash flow from operating activities during the period was SEK -5,216 (-4,593) thousand, of which the change in working capital was SEK 1,816 (-438) thousand, driven primarily by increased accounts payables and receivables and the reduction of stocks during the period.

## Liquidity and financing

As of the closing date on 31 December 2013, cash and cash equivalents totalled SEK 32,511 (7,265) thousand. Non-current liabilities consist of interest-bearing loans from the Bank of Scotland for the operations of Nexam St. Andrews Ltd.

## Balance sheet

Since Nexam reports in compliance with K3, an adjustment has been made for financial lease agreements in the balance sheet. This means that the lease agreements are recognized as fixed assets as well as current and noncurrent liabilities. Since this does not affect the cash flow, an adjustment has been made in the cash flow statement, which entails only the increased lease fees that were paid out being included in the Cash flow from investing activities line item.

# Financial Statements

Consolidated income statement				
(SEK thousand)	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Operating income	2,094	857	5,457	3,119
Raw materials and consumables	-2,404	-736	-3,020	-1,229
Personnel expenses	-3,878	-2,218	-12,923	-8,440
Other operating expenses	-3,494	-2,255	-13,734	-9,216
Depreciation, amortisation and impairment	-855	-703	-2,570	-1,881
<b>Operating profit/loss</b>	<b>-8,537</b>	<b>-5,055</b>	<b>-26,790</b>	<b>-17,647</b>
Net financial income/expense	411	122	282	43
<b>Profit/loss after financial items</b>	<b>-8,126</b>	<b>-4,933</b>	<b>-26,508</b>	<b>-17,604</b>
Tax on net profit/loss for the year	-5	0	-5	0
<b>Net profit/loss for the period</b>	<b>-8,131</b>	<b>-4,933</b>	<b>-26,513</b>	<b>-17,604</b>

Consolidated balance sheet		
(SEK thousand)	31/12/2013	31/12/2012
<b>Assets</b>		
<b>Fixed assets</b>		
Intangible fixed assets	3,572	2,952
Tangible fixed assets	12,367	8,180
Financial assets	5	5
<b>Total fixed assets</b>	<b>15,944</b>	<b>11,137</b>
<b>Current assets</b>		
Stocks	2,824	1,877
Other current assets	3,117	1,311
Cash and bank balances	32,511	7,265
<b>Total current assets</b>	<b>38,452</b>	<b>10,453</b>
<b>Total assets</b>	<b>54,396</b>	<b>21,590</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>43,523</b>	<b>15,676</b>
<b>Liabilities</b>		
Non-current liabilities	5,034	2,182
Current liabilities	5,839	3,732
<b>Total liabilities</b>	<b>10,873</b>	<b>5,914</b>
<b>Total equity and liabilities</b>	<b>54,396</b>	<b>21,590</b>



### Statement of Changes in Equity

(SEK thousand)	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Equity at the start of the period	51,174	20,603	15,676	33,274
New share issues and subscription rights	0	0	53,820	58
Non-cash issue	0	0	13,737	0
Cost of non-cash issue	0	0	-13,687	0
Net profit/loss for the period	-8,131	-4,933	-26,513	-17,604
Translation difference	479	6	490	-51
<b>Equity at the end of the period</b>	<b>43,522</b>	<b>15,676</b>	<b>43,522</b>	<b>15,676</b>

### Consolidated cash flow statement

(SEK thousand)	Oct-Dec 2013	Oct-Dec 2012	Full year 2013	Full year 2012
Net cash flow from operating activities before changes in working capital	-7,032	-4,155	-23,572	-15,647
Changes in working capital	1,816	-438	-1,198	31
<b>Net cash flow from operating activities</b>	<b>-5,216</b>	<b>-4,593</b>	<b>-24,770</b>	<b>-15,616</b>
Net cash flow from investing activities	-1,368	-509	-2,933	-7,121
Net cash flow from financing activities	-588	-1,450	52,930	459
<b>Net cash flow for the period</b>	<b>-7,172</b>	<b>-6,552</b>	<b>25,227</b>	<b>-22,278</b>
Cash and cash equivalents at the start of the period	39,640	13,830	7,265	29,556
Translation difference in cash and cash equivalents	43	-13	19	-13
<b>Cash and cash equivalents at the end of the period</b>	<b>32,511</b>	<b>7,265</b>	<b>32,511</b>	<b>7,265</b>

### Parent company income statement

(SEK thousand)	Oct-Dec 2013	Accumulated 2013
Operating income	1,483	4,776
Personnel expenses	-890	-2,198
Other operating expenses	-1,042	-2,561
<b>Operating profit/loss</b>	<b>-449</b>	<b>17</b>
Net financial income/expense	-2	-2
<b>Profit/loss after financial items</b>	<b>-451</b>	<b>15</b>
Tax on net profit/loss for the year	-5	-5
<b>Net profit/loss for the period</b>	<b>-456</b>	<b>10</b>

### Parent company balance sheet

(SEK thousand)	31/12/2013
<b>Assets</b>	
<b>Fixed assets</b>	
Financial assets	243,990
<b>Total fixed assets</b>	<b>243,990</b>
<b>Current assets</b>	
Other current receivables	698
Cash and bank balances	1,314
<b>Total current assets</b>	<b>2,012</b>
<b>Total assets</b>	<b>246,002</b>
<b>Equity and liabilities</b>	
<b>Total equity</b>	<b>244,050 *</b>
<b>Liabilities</b>	
Current liabilities	1,952
<b>Total liabilities</b>	<b>1,952</b>
<b>Total equity and liabilities</b>	<b>246,002</b>

Lund, 26 February 2014

Board of Directors

These financial statements have not been audited by the Company's auditor.

Parent company equity *)	
New share issue - cash	50
Non-cash issue	243,990
January-December profit	10
	244,050

# Share Capital, Shares and Ownership

Nexam's share capital totals SEK 938,076.92 divided up into 48,780,000 outstanding shares. The Company only has one class of shares and all shares have equal rights to dividends. The Company's subsidiary, Nexam Chemical AB, has issued 7,280 share warrants to the staff divided up into three employee share option schemes with redemptions in 2016, 2017 and 2018. The warrants were issued at market conditions. Each warrant entitles the holder to subscribe to a warrant in the subsidiary, Nexam Chemical AB. Nexam has entered into an agreement with the warrant holders concerning a right for Nexam to acquire any subscribed shares in the subsidi-

ary in exchange for payment in the form of 182,5034 newly issued shares in Nexam for each newly issued share in the subsidiary. If all share warrants are used to subscribe to shares in the subsidiary, Nexam will issue a total of 1,328,625 shares as payment. The newly issued shares would be equal to approximately 2.65% of the share capital given the current number of outstanding shares.

The shares of Nexam Chemical Holding AB were listed on NASDAQ OMX First North in Stockholm on 23 April 2013. A diagram is presented below which depicts the performance of the turnover and share price between 23 April and 31 December 2013. Nearly 10.2

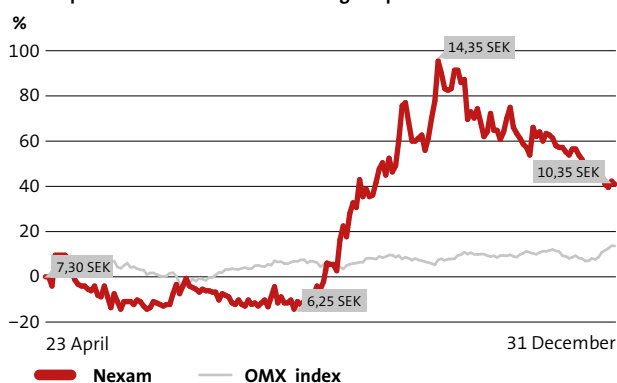
million shares have been turned over during the last quarter of 2013, which is equivalent to just below 21 % of the total number of outstanding shares. The average price during the period was SEK 12.24 per share. Just under 31 million shares have been turned over from the time the Company was listed until the end of the year, which is equal to approximately 64% of the number of outstanding shares.

A breakdown of changes in share capital and a list of owners as of 31 December can be found below. For more information, please refer to the company description that can be found on Nexam's website, [www.nexam.se](http://www.nexam.se).

Action	Change in share capital (SEK)	Accumulated share capital (SEK)	Change (number of shares)	Accumulated number of shares	Quota value (SEK)
Company formation		50,000		50,000	1
Split	—	50,000	+2,550,000	2,600	0.02
Non-cash issue	+888,077	938,077	+46,180,000	48,780,000	0.02

Shareholders	Shares:	Percent
UBS AG on behalf of client	4,728,024	9.7%
Lennart Holm, via company	2,591,596	5.3%
Richard Tooby, private and via company	2,132,266	4.4%
Per Palmqvist Morin, private, via company and family	2,070,569	4.2%
Jan-Erik Rosenberg, private and via company	2,048,866	4.2%
Daniel Röme, via company	2,000,237	4.1%
Michael Karlsson, private and via family	1,701,421	3.5%
AMF Aktiefond Småbolag	1,490,107	3.1%
Nordnet Pensionsförsäkring AB	1,349,333	2.8%
SIX SIS AG	1,247,070	2.6%
<b>Other shareholders</b>	<b>27,420,511</b>	<b>56.2%</b>
<b>Total</b>	<b>48,780,000</b>	<b>100.0%</b>

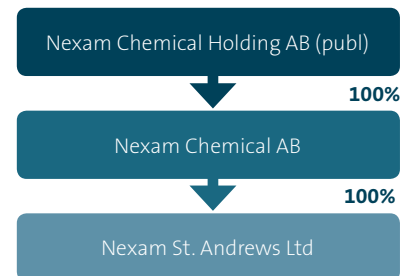
Development of the Nexam share during the period



Nexam Chemical Holding AB's shares were listed on NASDAQ OMX First North on 23 April 2013. The ticker symbol is NEXAM and the ISIN code is SE0005101003. For more information about our shares, go to [www.nexam.se](http://www.nexam.se).

## Group Structure and Additional Information

Nexam Chemical Holding AB is a Swedish public limited liability company (publikt aktiebolag) and its corporate ID no. is 556919-9432. The group of companies consists of Nexam Chemical Holding AB, the wholly-owned subsidiary Nexam Chemical AB (corp. ID no. 556784-6711) and Nexam Chemical AB's subsidiary in Scotland, Nexam St. Andrews Ltd. (corp. ID no. SC410830).



## Accounting Principles

The Group applied BFNAR (the Swedish Accounting Standards Board's General Advice) 2012:1 (K3) for the first time when drawing up its annual report and consolidated accounts for 2012. The transition to K3 caused certain changes to the income statement. The parent company has not applied some voluntary exceptions from retroactive application

of K3, and so translation has occurred with full retroactive effect. The accounting principles applied are the same as those used in the 2012 annual report. For more information, see the Group's 2012 annual report.

This report has not been audited by the Company's auditor.

## Definitions

### Equity/asset ratio

This ratio shows how large the proportion of assets financed internally is. The ratio of equity and untaxed reserves (less deferred tax liability) to total assets.

### Quick ratio

This ratio shows the Company's short-term solvency. Current assets excluding inventories in proportion to current liabilities.

### Return on equity

Profit/loss after tax divided by average equity (opening equity plus closing equity divided by two).

### Average number of shares

Calculated in accordance with IAS33. The calculations have been made based on a mathematical adjustment of the historic number of outstanding shares including warrants.

## 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 company

description on Nexam's website and the annual report for 2012 for information about the Company's risks and uncertainties.

## Estimates and Judgements

To be able to draw up the financial statements, the Board of Directors and Management make judgements and assumptions that affect the Company's profit and position, as well as other information given.

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 profit/loss and financial position in future reporting periods are primarily judgements about market conditions and thus the value of the Group's fixed assets.

# Financial Calendar

2014	February	2013 year-end report	26 February 2014
	May	Annual General Meeting	14 May 2014
	May	Interim Financial Statements Q1 2014	14 May 2014
	August	Interim Financial Statements Q2 2014	21 August 2014
	November	Interim Financial Statements Q3 2014	10 November 2014

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