

Nexam Chemical Holding AB (publ)

Year-End Report 1 January – 31 December 2018

Increased activities during the year

Fourth quarter at a glance

Operational:

- Breakthrough with 10 MSEK order from one of the largest manufacturers of PET-foam.
- New product launched within high performance segment and a first order received.
- Production facility in St Andrews break production record.
- Completed automation project in Lomma increase production capacity.
- Water approval for pipes containing Nexam Chemical technology.
- New head of development recruited.

Financials:

- Net sales for the fourth quarter totaled SEK 29,547,000 (9,691,000) and for the full year SEK 109,835,000 (18,694,000).
- The operating loss before depreciation (EBITDA) for the quarter SEK - 894,000 (- 6,913,000) and for the full year SEK - 5,757,000 (- 19,956,000).
- In comparison to the beginning of the year, cash and cash equivalents amounted to SEK 53,705,000 (86,407,000).
- Cash flow from operating activities during quarter was SEK - 4,206,000 (- 4,049,000) and for the full year SEK - 12,890,000 (- 18,471,000).
- Result per share before and after dilution for the quarter was SEK - 0.05 (0.14) and for the full year SEK - 0.25 (- 0.09).
- The Board proposes no dividend for the year 2018.

Key events after the end of the period

- On February 15th, 2019, Johan Arvidsson will take over as new CEO of Nexam Chemical.

Key Figures for the Group

	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Net sales (SEK thousand)	29,547	9,691	109,835	18,694
Operating profit/loss before depreciation (EBITDA) (SEK thousand)	-894	-6,913	-5,757	-19,956
Cash and cash equivalents (SEK thousand)	53,705	86,407	53,705	86,407
Cash flow from operations (SEK thousand)	-4,206	-4,049	-12,890	-18,471
Equity (SEK thousand)	170,495	187,512	170,495	187,512
Equity per basic share (SEK)	2.53	2.78	2.53	2.78
Equity/asset ratio (%)	69	67	69	67
Total assets (SEK thousand)	247,376	281,754	247,376	281,754
Quick ratio (%)	205	276	205	276
Average number of basic shares	67,519,019	65,240,471	67,519,019	64,854,179
Average number of diluted shares	67,519,019	65,240,471	67,519,019	64,854,179
Basic earnings per share (SEK)	-0.05	0.14	-0.25	-0.09
Diluted earnings per share (SEK)	-0.05	0.14	-0.25	-0.09
Share price on balance sheet date (SEK)	9.30	9.55	9.30	9.55

Note: This Year-End 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, Anders Spetz

Investments start to show results

For Nexam Chemical, 2018 became an exciting and positive year when several important milestones were passed.

We successfully finalized the integration of Plasticolor, launched two new focus areas – Medical and Electronics – and implemented efficiency improvements and capacity increases in our production facilities. On the market side we received a number of strategic orders, which included a breakthrough on the important Chinese market. The positive development is also reflected in the full-year sales which for the year increased to SEK 110 million. A growth of 11 % for comparable businesses and where Nexam Chemical products accounts for most of the growth. The long-term work of marketing our products, especially the PET-foam market in combination of a strengthened sales organization implemented during the year, is starting to show result.

We are pleased with the development during the fourth quarter even though the market for Plasticolor's standard products was somewhat cautious at the end of the quarter. This was offset by a continued sales growth from Nexam Chemical's products. Total sales during the quarter came to SEK 29,547,000 (9,691,000), which - despite weaker volumes than expected from Plasticolor – is our best-selling quarter so far.

“During the year we have seen how our sales of PET-foam products gradually increased...”

During the year we have seen how our sales of PET-foam products gradually increased and we are now well established on the market. During the fourth quarter we received an order of SEK 10 million from one of the largest manufacturers of PET-foam. The largest single order so far in our history. We see this as an acknowledgement that we are now recognized as a preferred supplier of high quality masterbatch for the production of PET-foam. We see great opportunities to add more customers in this segment.

I also want to comment on our second focus area, high-performance polymers. We have during the year launched

several new products and increased the volumes we deliver. A couple of products have developed faster than we could hope for, and our factory in St Andrews noted a new production record during the year.

For the company's third focus area, products for polyethylene, we still have good business opportunities. However, we can conclude that we have not yet reached a full commercial breakthrough. We are actively working with several large producers and several ongoing test runs are carried out in both Asia and Europe. It is also positive that, during the year, pipes with our technology received water approval in Europe. This creates business opportunities for the future.

“We expect continued sales growth...”

Outlook

Nexam Chemical continues to move forward according to the established strategy. We expect continued sales growth across our entire product portfolio and especially when it comes to volumes for the PET-foam market. However, there are some uncertainty regarding the economic trend in the coming years, which may have an impact on the demand for Plasticolor' products.

Our new head of development has now joined the company, which will enable us to further intensify the development of new masterbatches adapted for existing and new customer's processes. The project creating efficiency improvements in the production facility in Lomma will make sure that we can produce the volumes of multifunctional masterbatches that will be needed. We will, of course, also continue to pursue the continuous improvement work that is ongoing in the company. One goal, among other things, is to reduce purchase prices and improve our margins.

In the coming year, a clear goal is to succeed with a breakthrough for our products aimed for the polyethylene industry. The world has a growing need for our products,

and although it has been found that the sales processes often take longer time, we see great opportunities to reach out with products that can contribute to better and more sustainable materials as well as a positive development of Nexam Chemical's businesses.

As announced a few days ago, after four intensive years as CEO of Nexam Chemical, I decided to move on to my own business. Nexam Chemical is now entering into a new phase and the timing is right to hand over to a new leadership of the company.

It is with a warm hand that I hand over to Johan Arvidsson, who has, during his two years as sales manager, contributed greatly to the development we have seen in the past year. I am convinced that Nexam Chemical will continue to develop under his leadership. I will follow the company with great interest and wish him and Nexam Chemical all the best.

Anders Spetz, CEO



This is Nexam Chemical

Nexam Chemical

Nexam Chemical 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 production technology intact. The properties that are improved include temperature resistance and service life. The property improvements that can be achieved by using Nexam Chemical's technology make it possible to replace metals and other heavier and more expensive materials with plastics in a number of different applications.

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 pilot production is 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 with production as well as sales- and market offices in totally seven countries throughout Europe. The Group has in total approximately 45 employees.

Vision and mission

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

Financial comments

Sales and profit

Net sales for the fourth quarter totaled SEK 29,547,000 (9,691,000) and for the full year SEK 109,835,000 (18,694,000). Other operating income for the quarter amounts to SEK 343,000 (291,000) and consists mainly of changes from effects of exchange rates.

The personnel expenses during the fourth quarter totaled SEK - 7,556,000 (- 6,265,000) and other operating expenses totaled SEK - 6,039,000 (- 5,342,000). The depreciation for the period amounts to SEK - 2,853,000 (- 1,263,000) of which SEK - 1,100,000 (- 367) concerns depreciation of acquired immaterial surplus values. The profit/loss before depreciation (EBITDA) amounted to SEK - 894,000 (- 6,913,000) and for the full year SEK - 5,757,000 (- 19,956,000). The operating profit/loss before tax for the quarter came in at SEK - 3,755,000 (- 8,198,000) and for the full year SEK - 17,021,000 (- 23,033,000).

Personnel and organization

The number of employees in the Group, restated as full time equivalents were 41 (44) at the end of the year. Of these, 34 (34) were men and 7 (10) women.

Investments

The total investment in intangible assets during the year amounts to SEK 2,249,000 (2,646,000) and for the material assets SEK 3,285,000 (1,246,000).

Cash flow

The cash flow from the operating activities during the quarter amounted to SEK - 4,206,000 (- 4,049,000). Changes in working capital has affected the cashflow negatively with SEK - 3,517,000 (2,777,000) and concerns to a large part of increased inventory and payment of a short-term debt. During the quarter, amortization of bank loans has affected the cashflow with SEK - 4,416,000 (- 39,000). The total cash flow for the quarter amounted to SEK - 9,987,000 (- 29,486,000).

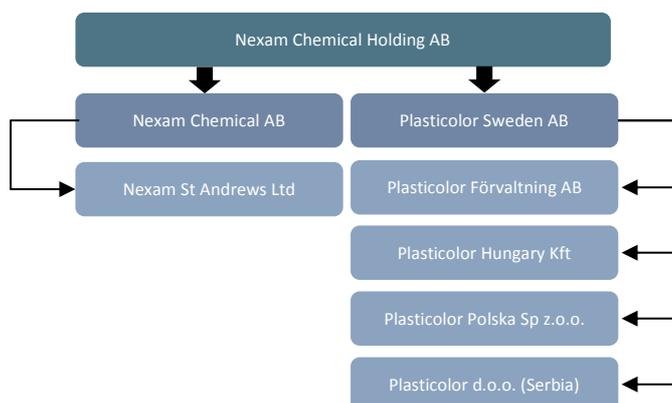
Financial position

Compared to the beginning of the year, the equity/assets ratio was 69 (67) percent, and the equity was SEK 170,495,000 (187,512,000). Cash and cash equivalents amounted to SEK 53,705,000 (86,407,000) compared to the beginning of the year. The Group has at the end of the period an interest-bearing debt of SEK 51,017,000 (65,886,000) 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 2017. New standards and interpretations that came into force on January 1,

2018 have not had any impact on Nexam Chemical's financial reporting for the interim report period.

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 not divided into different operating segments. Therefore the group consists of a single operating segment and reference is made to the income statement and balance sheet regarding operating segment reporting

New reporting standards.

As of January 1, 2018, Nexam Chemical applies IFRS 9 and IFRS 15.

IFRS 15, Revenue from Contracts with Customers, implies a new revenue model (five-step model) based on when the control of a Goods or Service is transferred to the Customer.

IFRS 9 involves changes in how financial assets are classified and valued, introduction of a write-down model based on expected loan losses instead of occurred losses and changes in principles for hedge accounting with the aim to simplify and increase the coherence with companies' internal risk management strategies.

The introduction of IFRS 15 and IFRS 9 has not had any effects on The Group's report of comprehensive result or the financial statement. Disclosures related to the standards will however be affected in the coming annual report of the Group.

IFRS 16, Leases, replaces IAS 17 and begin to apply as of January 1, 2019. The standard requires that assets and liabilities attributable to all leases, with some exceptions, be reported in the balance sheet. IFRS 16 has only been applicable for the premises that the Group have leased. As per 31 December 2018, the Group does not lease any premises and IFRS 16 will therefore not have any effect.

Transactions with related parties

During the year, SEK 506,000 has been paid in consulting fees to a company that are related to the Chairman of the Board. Other than that, no other transactions with related parties has 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 2017.

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 2017 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.

Audit review

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

The Board of Directors and the Chief Executive Officer certify that the year-end 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 14 February 2019

Lennart Holm
Chairman of the Board

Cecilia Jinert Johansson
Member of the Board

Jonna Opitz
Member of the Board

Daniel Röme
Member of the Board

Per-Ewe Wendel
Member of the Board

Anders Spetz
CEO

Financial Statements in summary

Consolidated income statement in summary					
(SEK '000)	Note	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Net sales	2	29,547	9,691	109,835	18,694
Changes in goods in progress, finished goods and work in progress		501	-720	2,844	1,249
Other operating income		343	291	2,314	777
		30,391	9,262	114,993	20,720
Operating expenses					
Raw materials and consumables		-17,874	-4,757	-67,990	-11,702
Operating expenses		-6,039	-5,342	-24,338	-12,132
Personnel cost		-7,556	-6,265	-28,277	-16,405
Depreciation and write-down of tangible and intangible assets		-2,583	-1,263	-9,922	-2,966
Other operating expenses		184	189	-145	-437
Operating profit/loss		-3,477	-8,176	-15,679	-22,922
Financial items					
Financial income		8	133	20	133
Financial costs		-286	-155	-1,362	-244
Profit/loss before tax		-3,755	-8,198	-17,021	-23,033
Income tax	4	4	17,285	-153	17,285
Profit/loss for the period		-3,751	9,087	-17,174	-5,748
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Translation differences on foreign subsidiaries		53	81	220	-54
<i>Sum of other comprehensive income, net after tax</i>		53	81	220	-54
Comprehensive result for the period		-3 698	9,168	-16,954	-5,802
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)		-0.05	0.14	-0.25	-0.09
Diluted earnings per share (SEK)		-0.05	0.14	-0.25	-0.09
Average number of basic shares		67,519,019	65,240,471	67,519,019	64,854,179
Average number of diluted shares		67,519,019	65,240,471	67,519,019	64,854,179

Consolidated balance sheet in summary			
(SEK '000)	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Intangible assets	1	107,895	110,698
Tangible assets		47,764	50,166
Financial assets		5	5
Inventory		19,181	14,778
Trade receivables		16,245	14,809
Other receivables		2,581	4,891
Cash and bank		53,705	86,407
TOTAL ASSETS		247,376	281,754
EQUITY AND LIABILITIES			
Equity		170,495	187,512
Long-term debt with interest		38,417	52,690
Other long-term debt		3,152	3,110
Short term debt with interest		12,600	13,196
Trade payables		14,232	14,389
Other liabilities		8,480	10,857
TOTAL EQUITY AND LIABILITIES		247,376	281,754

Consolidated changes in equity in summary				
(SEK '000)	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Balance at the beginning of the period	174,193	149,261	187,512	164,231
Profit/loss for the period	-3,751	9,087	-17,174	-5,748
Other comprehensive income	53	81	220	-54
Transactions with shareholders ¹	-	29,083	-63	29,083
Balance at the end of the period	170,495	187,512	170,495	187,512

¹ Concerns cost connected to share issue in 2017

Consolidated cash flow in summary				
(SEK '000)	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Cash flow from operating activities				
Operating income	-3,476	-8,153	-15,677	-22,899
Adjustment from non-cash items	2,787	1,327	8,925	2,958
Cash flow from operations before changes in working capital	-689	-6,826	-6,752	-19,941
Changes in working capital	-3,517	2,777	-6,138	1,470
Cash flow from operations	-4,206	-4,049	-12,890	-18,471
Cash flow from investment activities	-1,365	-81,272	-5,534	-83,564
Cash flow from financing activities	-4,416	55,835	-14,334	55,303
Cash flow for the period	-9,987	-29,486	-32,758	-46,732
Cash and cash equivalents at the beginning of the period	63,676	115,885	86,407	133,147
Effect of exchange rate changes on cash	16	8	56	-8
Cash and cash equivalents at end of period	53,705	86,407	53,705	86,407

Parent company - Income statement in summary				
(SEK '000)	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Net sales	-	1,561	9,000	5,881
	-	1,561	9,000	5,881
Operating expenses				
Operating expenses	-1,304	-392	-5,054	-3,452
Personnel cost	-870	-2,469	-5,849	-7,431
Operating profit/loss	-2,174	-1,300	-1,903	-5,002
Financial items				
Write-down financial assets	-3,000	-7,783	-12,000	-16,783
Interest expenses and other similar loss items	-239	-73	-1,024	-75
Profit/loss before tax	-5,413	-9,156	-14,927	-21,860
Appropriations	4,500	-	4,500	-
Income tax	-	-	-	-
Profit/loss for the period	-913	-9,156	-10,427	-21,860

Parent company - Statement of comprehensive income				
(SEK '000)	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Profit/loss for the period	-913	-9,156	-10,427	-21,860
Other comprehensive income	-	-	-	-
Comprehensive profit for the period	-913	-9,156	-10,427	-21,860

Parent company - Balance sheet in summary				
(SEK '000)			31 Dec 2018	31 Dec 2017
ASSETS				
Financial assets			409,076	409,076
Receivables from group companies			38,040	24,540
Other receivables			495	186
Cash and bank			29,816	67,280
TOTAL ASSETS			477,427	501,082
EQUITY AND LIABILITIES				
Equity			421,470	432,960
Provisions for pension			152	110
Long-term debt with interest			36,000	48,000
Other long-term debt			3,000	3,000
Short term debt with interest			12,000	12,000
Trade payables			597	890
Other liabilities			3,208	4,122
TOTAL EQUITY AND LIABILITIES			476,427	501,082

Note 1 - Intangible assets

(SEK '000)	Goodwill	Market positions	Development costs	Patents
Accumulated cost				
Opening balance 1 January 2018	45,943	44,000	18,806	5,929
Additions	-	-	2,583	-
Closing balance 31 December 2018	45,943	44,000	21,389	5,929
Accumulated depreciation				
Opening balance 1 January 2018	-	-367	-2,172	-1,441
Expensed depreciation for the period	-	-4,400	-645	-
Capitalized depreciation for the period	-	-	-	-341
Closing balance 31 December 2018	-	-4,767	-2,817	-1,782
Residual value 31 December 2018	45,943	39,233	18,572	4,147
Accumulated cost				
Opening balance 1 January 2017	-	-	15,990	5,754
Additions through acquisition	45,943	44,000	-	-
Additions	-	-	2,816	175
Closing balance 31 December 2017	45,943	44,000	18,806	5,929
Accumulated depreciation				
Opening balance 1 January 2017	-	-	-1,755	-1,100
Expensed depreciation for the period	-	-367	-417	-1
Capitalized depreciation for the period	-	-	-	-340
Closing balance 31 December 2017	-	-367	-2,172	-1,441
Residual value 31 December 2017	45,943	43,633	16,634	4,488

Note 2 - Net sales divided on geographical markets

(SEK '000)	Oct-Dec 2018	Oct-Dec 2017	Full year 2018	Full year 2017
Net sales Sweden	9,653	2,609	44,283	2,616
Net sales Europe	16,352	5,078	54,541	8,648
Net sales rest of the world	3,542	2,004	11,011	7,430
	29,547	9,691	109,835	18,694

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 Premier under the ticker NEXAM. Approximately 4.9 million shares have been turned over during the fourth quarter 2018 and the average price during the period was SEK 8.65 per share.

Shareholders

The number of shareholders as of 31 December 2018 was 6,687.

Shareholders	Shares	Percent
Försäkringsbolaget, Avanza Pension	10,271,112	15.2 %
SIX SIS AG	6,833,972	10.1 %
Länsförsäkringar Småbolag	2,346,782	3.5 %
Lennart Holm, privately and via company	2,121,596	3.1 %
IBKR Financial Services AG	1,555,646	2.3 %
Goldman Sachs International Ltd	1,518,973	2.2 %
Daniel Röme, via company	1,500,237	2.2 %
Nordnet Pensionsförsäkring AB	1,388,115	2.1 %
Michael Karlsson	948,342	1.4 %
Björn Parkander	912,517	1.4 %
Other shareholders (approx. 6,700)	38,121,727	56.5 %
Total	67,519,019	100.0 %

Financial calendar

7 May 2019	Interim Report January-March 2019
16 May 2019	Annual General Meeting 2019
20 Aug 2019	Interim Report January-June 2019
12 Nov 2019	Interim Report January-September 2019
14 Feb 2020	Year-End-Report 2019

Interim reports are available on
www.nexamchemical.com.

For further information concerning the report, please contact:

Anders Spetz, CEO

Tel: +46-(0)703 47 97 00

E-mail: anders.spetz@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 February 14, 2019.

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. 0703-47 97 00
www.nexamchemical.com