



Nexam Chemical Holding AB (publ)

Interim Financial Statements for Quarter 2, April–June 2014

Background and Introductory Comments

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 same 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 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 Chemical currently has fifteen employees in Sweden and eight 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 Chemical'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 Chemical currently works with over 20 of the world's 100 largest chemicals and materials companies.

Vision and mission

Nexam Chemical'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:

- Ongoing major customer projects are progressing.
- Products sent to several PET and PE users in Europe for evaluation.
- Project commenced with a European special nylon manufacturer.
- Two confidentiality agreements entered into and projects jointly commenced, with an elastomer manufacturer and with a European defence industry supplier.
- Another confidentiality agreement has been entered into with a nylon producer.
- The HICTAC Clean Sky Project has come along well. Another potential customer in addition to Rolls-Royce is expressing great interest in testing the material. New results indicate that several new application areas will be opened up.

- Sales of NEXIMID 200 (EPA) to a new Japanese customer that has commenced commercialisation of materials for the electronics industry.
- Nexam Chemical's patent application for the unique molecule PETA has been granted in the US.
- Nexam Chemical introduces a new product: NEXIMID® MHT-R a new resin mainly intended for use in the aerospace industry, but also in the industrial and transport sector.

Financial & legal:

- Net sales for the period totalled SEK 385 (299) thousand. Profit/loss before tax for the period came in at SEK –9,099 (–5,571) thousand.
- Total assets at the end of the period amounted to SEK 102,449 (66,776) thousand, with cash and cash equivalents accounting for SEK 81,283 (46,457) thousand.
- The net cash flow for the period was SEK –10,649 (–9,541) thousand.

Key figures for the Group

	Apr-Jun 2014	Apr-Jun 2013	Ack Jan-Jun 2014	Ack Jan-Jun 2013	Full Year 2013
Net sales (SEK thousand)	385	299	505	502	2,547
Operating profit/loss (SEK thousand)	-9,039	-5,536	-16,643	-11,999	-26,790
Cash and cash equivalents (SEK thousand)	81,283	46,457	81,283	46,457	32,511
Equity (SEK thousand)	92,894	57,473	92,894	57,473	43,523
Equity per basic share (SEK)	1.82	1.27	1.82	1.27	0.93
Equity/asset ratio (%)	90.7	86.1	90.7	86.1	79.8
Return on equity (%)	neg	neg	neg	neg	neg
Total assets (SEK thousand)	102,449	66,776	102,449	66,776	54,516
Quick ratio (%)	1,759.8	643.7	1,759.8	643.7	599.9
Average number of basic shares	50,487,182	45,158,122	50,487,182	45,158,122	47,015,419
Average number of diluted shares	51,104,624	45,348,173	51,104,624	45,348,173	47,364,575
Basic earnings per share (SEK)	-0.18	-0.12	-0.33	-0.27	-0.56
Diluted earnings per share (SEK)	-0.18	-0.12	-0.33	-0.27	-0.56
Share price on balance sheet date (SEK)*	32.80	6.90	32.80	6.90	10.30

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

Key Events after the end of the period

- IRPC and Nexam Chemical have entered into a framework cooperation agreement with respect to modified polyolefines, such as PE and PP. The agreement formalises frameworks for product development and commercialisation.
- Positive response from Eurostars concerning Nexam Chemical's rPET project – just over SEK 3.4 million in funding grants for Nexam Chemical. The project's objective is to upgrade recycled PET with heat-activated crosslinkers and commercialise the use of upgraded PET material.
- The Japan Patent Office has announced that it will grant Nexam Chemical's patent application for nylon resin containing MEPA.
- New lease at Ideon Delta in Lund entered into with Wihlborgs, which means more space for administration and the head office.

Message from the CEO

High tempo continuing

The tempo remained high throughout the second quarter and into the summer. In addition to evaluations and material tests progressing in ongoing major customer projects, Nexam Chemical was contacted and visited by several new major partners that want to enter into projects with us to evaluate our products in their polymers.

After the end of the quarter, we were informed that our Eurostars project "rPET" was ranked high and that Nexam Chemical will receive just over SEK 3.4 million in funding grants over the two years the project is ongoing. This project is being carried out together with our partners Armacell and The European Van Company and aims to upgrade recycled PET with heat-activated crosslinkers for the purpose of commercialising the use of upgraded PET material. This is a welcome contribution to a development that is interesting for many customers and simultaneously supports green thinking.

We are also seeing increased interest in our systems for modifying the high-performance polymer PAEK. The market for this polymer is relatively small at present, but as a result of the polymer system's high price level and its high growth, we see it as a very interesting future potential market for Nexam Chemical. You can read more about PAEK polymers in the in-depth text on page five.

As a positive result of the previous PoCross project, Nexam Chemical and Thai IRPC entered into a framework cooperation agreement over the summer with respect to modified polyolefines such as PE and PP. The agreement formalises frameworks for product development and commercialisation in the future. The project with IRPC will continue over the coming years.

Additional indications came from Asia in the second quarter that customers are approaching commercialisation of applications, mainly in the electronics and energy sector. It will be exciting to see what the autumn brings in this regard.

To support the expected growth of the coming years, we have initiated several key recruitments. The positions to be recruited include a CFO in order to support the Company in advance of and following the list change we announced earlier. We are also planning to recruit a CMO who will lead the build-up of the Company's global sales and marketing organisation. In addition, we have already recruited a marketing and project coordinator who will be starting with us in September. Additional reinforcements will most likely occur in the next twelve months to match expected growth.

Nexam Chemical signed a new lease with Wihlborgs in the summer for new, 400 m² premises at Ideon Delta in Lund. The purpose of the lease was to adapt our administrative premises to a growing organisation and get closer to the Company's plastics laboratory. The head office will thus move there in the autumn of 2014. In the long term, the idea is for us to also find new premises for the chemical laboratory nearby Ideon Delta and thus bring together Nexam Chemical Sweden at a single location. Negotiations with American company Kraton Polymers concerning Nexam Chemical's use of the "Nexam" trademark have been completed over the summer and the parties have now entered into a trademark agreement where Nexam Chemical refrains from marketing products under the "Nexam" trademark. In practice, this is already a fact, given that Nexam Chemical has already been marketing its products under the NEXIMID and NEXAMITE trademark.

Additional notifications of granted patents were received in the second quarter and over the summer. The American patent authorities will approve our patent application for the unique molecule PETA in the US and the Japanese patent authorities will grant our application for nylon resin containing MEPA in Japan.

In the autumn, we will continue, together with our customers, to push forward large-scale commercialisation of selected products. In addition, the autumn will be characterised by the start of several projects in various areas, such as special nylons, rubber, high-temperature resin for composites etc. The high-temperature resin, which was developed in the HICTAC-project, has already attracted interest in Europe. A broader introduction in Europe and Asia is estimated to be commenced in the third quarter of this year.

All in all, we therefore are looking forward to a very interesting autumn!

Per Palmqvist Morin
CEO, Nexam Chemical AB

” ...several new major partners that want to enter into projects with us... ”



In-depth: PAEK (PolyArylEtherKetone) and related Nexam Chemical projects

PAEK is a generic name for a group of high-performance plastics consisting of plastics such as polyetherketone (PEK), polyetherketoneketone (PEKK) and polyetheretherketone (PEEK). These plastics were invented in the late 1970s by DuPont, BASF, Hoechst and Solvay, among others. DuPont was the first to come out with a commercial product, PEKK, manufactured in India. ICI followed suit with PEEK, with production in the UK. It later turned out that PEEK was the most successful product of them all. ICI had two versions of products based on PEEK, beads for injection-moulding and extrusion as well as fibres. One interesting anecdote is that ICI's fibre programme (ZYEX) was a result of ICI's board chairman at the time visiting the Wimbledon tennis tournament and saying "There must be a material at ICI suitable to replace natural gut in tennis rackets." This statement passed down through the organisation and the development of fibre for string material in racket sports was given the highest priority, which later led to the ZYEX product.

For ICI's part, sales did not take off in the beginning, which contributed to ICI letting a team do a management buy-out in 1993 of ICI's Victrex division which manufactured PEEK. In conjunction with the buy-out, the company was listed on the London Stock Exchange. The rest is, as they say, history. Victrex is now synonymous with PEEK material around the world and accounts for around 80 percent of the total market for PAEK plastics.



Properties and use

PAEK plastics combine a series of unique material properties with manufacturing properties that allow melt forming, such as injection moulding, die casting and extrusion. The material properties of PAEK plastics differ from other plastics mainly on account of their good temperature properties where continuous use temperatures up to 260°C are allowed without the plastic losing its mechanical or electrical properties. The melting temperatures are high and are in the interval of 334°C (PEEK) to 386°C (PEKK). PAEK plastics also have very good resistance to chemicals, good electrical properties, excellent friction properties and very good resistance to fire (low flammability).

PAEK plastics are used in a wide variety of applications instead of metals and other high-performance materials. Their main application areas are:

- Aerospace sector: As a replacement for metal in manhole covers, frames around windows, different types of fasteners, interior panels, lamp bodies and handles.
- The automotive and transport sector: in transmission components, seals, sensors, hydraulic systems such as steering and brake systems and components for turbo systems etc.
- The oil and gas industry: in applications such as sensors, pumps, compressors, seals and cables.
- The electronics industry: in applications such as mobile phones, speaker membranes, RFID, micro switches, contactors and semiconductor components.
- Industrial components: such as bushings, seals, valves, nozzles, pumps and various types of holders for other components.
- Medical technology: equipment and implants.

Market

The raw materials used for PAEK plastics are expensive in comparison to other plastics. This is also the case for the actual production process. In total, this leads to a high price, between around SEK 700 and 1000 per kg, depending on the material quality. It could be said that the price of PAEK plastics is the largest obstacle to achieving large volumes, but in

spite of this, its percentage growth has been over 12 percent per year between 2007 and 2012, which is high in comparison to other plastics. The forecast up to 2017 indicates a growth rate on about the same level.

PEEK consumption per end use area in 2007, 2012 and 2017 (thousands of tonnes)

	2007	2012	2017 forecast
Vehicles	0.49	0.91	1.36
Aerospace and defence industry	0.05	0.11	0.18
Electricity and electronics	0.49	0.95	1.4
Engineering industry	0.86	1.4	1.85
Medical technology and healthcare	0.07	0.14	0.22

Source: The Future of Specialty Plastics. Market forecasts to 2017 made by Smithers-RAPRA 2012..

Nexam Chemical's products to PAEK plastics

Since it was started in 2009, the Company has collaborated with the majority of the PAEK plastic producers on the market. This has resulted in a PAEK plastic patent and several products. A couple of the products developed can be used to improve the process properties of PAEK plastics, which enables more complicated components to be manufactured. The plastic becomes less viscous during forming and the improved properties are recreated in the final phase of the process. In the continuing service life of the component, Nexam Chemical's products give the material self-reinforcing properties.

Another of Nexam Chemical's development projects also makes it possible to improve properties by adding our crosslinker as an additive to the finished PAEK plastic. The improvement is strong enough to allow the plastic to successfully compete with polyimide plastics, which are more expensive and cost more to manufacture. This creates opportunities for increased sales growth of PAEK plastics, mainly for new applications, but also enables Nexam Chemical to provide users of PAEK plastics with additives for manufacturing special solutions. In this way, Nexam Chemical gets access to an expanded potential market in addition to the companies that produce PAEK plastics. Nexam Chemical products for the PAEK market are marketed under the NEXAMITE name.

Operations during the Quarter

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

- Ongoing major customer projects are progressing.
- Nexam Chemical products sent to several PET and PE users in Europe for evaluation.
- Sales, still in small volumes, of NEXIMID products to the US, Japan and China.
- Project commenced with a European special nylon manufacturer.
- Two confidentiality agreements entered into and projects jointly commenced with an elastomer manufacturer and a European defence industry supplier.
- Another confidentiality agreement has been entered into with a nylon producer.
- The HICTAC Clean Sky Project has come along well. Another potential customer in addition to Rolls-Royce is expressing great interest in testing the material. New results indicate that several new application areas will be opened up.
- The next generation of a modified injection-moulding tool for Nexam Chemical's crosslinkable thermoplastics has been completed and is under evaluation.
- Sales of NEXIMID 200 (EPA) to a new Japanese customer that has commenced commercialisation of materials for the electronics industry.
- The Company's patent application for the unique molecule PETA has been granted in the US.
- Nexam Chemical introduces a new product: NEXIMID® MHT-R a new resin mainly intended for use in the aerospace industry, but also in the industrial and transport sector.
- The Company has employed a marketing coordinator.



Financials

Sales and profit

Net sales for the period totalled SEK 385 (299) thousand, with the majority coming from sales of NEXIMID products mainly to Japan and China. Part of the rest of the sales came from sales of the new high-temperature resin to potential customers in Europe. Accumulated net sales at mid-year totalled SEK 505 (502) thousand.

The Group's revenue during the quarter amounted to SEK 432 (1,125) thousand, with the portion of revenue from grants amounting to SEK 0 (826) thousand.

Personnel expenses during the quarter totalled SEK –3,829 (–3,360) thousand. This increase is a result of increased staffing in both Sweden and Scotland in comparison to the same period last year. Other operating costs totalled SEK –4,545 (–3,651) thousand. In comparison to the past year, and the past quarter, the increase of costs can be explained by different kind of consulting costs. For example; costs of recruitment, costs related to the new share issue in March and costs for marketing and the coming change of list. A large portion of the costs are of a one-time nature. Profit/loss before tax for the quarter came in at SEK –9,099 (–5,571) thousand.

Personnel and organisation

The Company has increased its number of employees in Sweden during the past year from 13 to 15. 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 of Nexam St. Andrews has increased from five, at the end of Q2, 2013, to eight at the end of Q2, 2014.

Investments

Investments for the period totalled SEK 0.3 million. A total of approx. SEK 0.8 million was invested during the year. This includes investments in laboratory equipment and IP.

Cash flow

Net cash flow for the period totalled SEK –10,649 (–9,541) thousand, which is higher than planned and is driven by increased consulting costs of a one-time nature as referenced above. The cash flow from operating activities during the period was SEK –10,017 (–8,110) thousand, of which the change in working capital was SEK –2,141 (–3,503) thousand, driven primarily by lower trade payables and an increase in inventories during the period.

Liquidity and financing

As of the balance sheet date on 30 June 2014, cash and cash equivalents totalled SEK 81,283 (46,457) 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 Chemical reports in compliance with K3, an adjustment has been made for finance leases in the balance sheet. This means that the leases are recognised as non-current assets and current liabilities. Since this does not affect 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

Income Statement for the Group					
(SEK thousand)	Apr-Jun 2014	Apr-Jun 2013	Ack Jan-Jun 2014	Ack Jan-Jun 2013	Full Year 2013
Operating income	432	1,125	622	1,964	5,457
Raw materials and consumables	-340	927	-898	-19	-3,020
Personnel expenses	-3,829	-3,360	-7,055	-6,125	-12,923
Other operating expenses	-4,545	-3,651	-7,826	-6,818	-13,734
Depreciation, amortisation and impairment	-757	-577	-1,485	-1,001	-2,570
Operating profit/loss	-9,039	-5,536	-16,643	-11,999	-26,790
Net finance income/expenses	-60	-35	-88	-59	282
Profit/loss after finance income and expenses	-9,099	-5,571	-16,731	-12,058	-26,508
Tax on profit/loss for the year	0	0	0	0	-5
Profit/loss for the period	-9,099	-5,571	-16,731	-12,058	-26,513

Balance Sheet for the Group			
(SEK thousand)	30/06/2014	30/06/2013	31/12/2013
Assets			
Fixed assets			
Intangible assets	3,578	3,309	3,572
Tangible assets	12,036	12,373	12,367
Financial assets	5	30	5
Total fixed assets	15,619	15,712	15,944
Current assets			
Inventories	3,800	3,242	2,824
Other current assets	1,747	1,365	3,237
Cash and bank balances	81,283	46,457	32,511
Total current assets	86,830	51,064	38,572
TOTAL ASSETS	102,449	66,776	54,516
Equity and liabilities			
Equity	92,894	57,473	43,523
Liabilities			
Non-current liabilities	4,837	1,874	5,034
Current liabilities	4,718	7,429	5,959
Total liabilities	9,555	9,303	10,993
Total equity and liabilities	102,449	66,776	54,516

Changes in equity

(SEK thousand)	Apr-Jun 2014	Apr-Jun 2013	Ack Jan-Jun 2014	Ack Jan-Jun 2013	Full Year 2013
Equity at the start of the period	101,189	62,842	43,523	15,676	15,676
New share issues and subscription rights	0	-30	67,500	53,820	53,820
Issuing costs	0	0	-2,136	0	0
Non-cash issue	0	0	0	13,737	13,737
Cost of non-cash issue	0	0	0	-13,687	-13,687
Profit/loss for the period	-9,099	-5,571	-16,731	-12,058	-26,513
Translation difference	804	232	738	-15	490
Equity at the end of the period	92,894	57,473	92,894	57,473	43,523

Cash Flow Statement for the Group

(SEK thousand)	Apr-Jun 2014	Apr-Jun 2013	Ack Jan-Jun 2014	Ack Jan-Jun 2013	Full Year 2013
Cash flow from operating activities before changes in working capital	-7,876	-4,607	-14,889	-10,907	-23,572
Changes in working capital	-2,141	-3,503	-172	-1,982	-1,198
Cash flow from operating activities	-10,017	-8,110	-15,061	-12,889	-24,770
Net cash flow from investing activities	-315	-1,525	-788	-1,463	-2,933
Net cash flow from financing activities	-317	94	64,558	53,560	52,930
Net cash flow for the period	-10,649	-9,541	48,709	39,208	25,227
Cash and cash equivalents at the start of the period	91,866	56,038	32,511	7,265	7,265
Translation difference in cash and cash equivalents	65	-40	62	-16	19
Cash and cash equivalents at the end of the period	81,282	46,457	81,282	46,457	32,511

Income Statement for the Parent Company

(SEK thousand)	Apr-Jun 2014	Apr-Jun 2013	Ack Jan-Jun 2014	Ack Jan-Jun 2013	Full Year 2013
Operating income	1,479	1,840	2,814	1,840	4,776
Personnel expenses	-653	-743	-1,354	-743	-2,198
Other operating expenses	-1,641	-884	-2,170	-884	-2,561
Operating profit/loss	-815	213	-711	213	17
Net finance income/expenses	0	0	0	0	-2
Profit/loss after finance income and expenses	-815	213	-711	213	15
Tax on profit/loss for the year	0	0	0	0	-5
Profit/loss for the period	-815	213	-711	213	10

Balance Sheet for the Parent Company

(SEK thousand)	30/06/2014	30/06/2013	31/12/2013
Assets			
Fixed assets			
Financial assets	243,990	243,990	243,990
Total fixed assets	243,990	243,990	243,990
Current assets			
Other current receivables	690	1,047	698
Cash and bank balances	64,992	555	1,314
Total current assets	65,682	1,601	2,012
Total assets	309,672	245,591	246,002
Equity and liabilities			
Total equity^{*)}	308,703	244,253	244,050
Liabilities			
Current liabilities	969	1,338	1,952
Total liabilities	969	1,338	1,952
Total equity and liabilities	309,672	245,591	246,002

Parent company equity ^{*)}

Opening equity 1/1	244,050	0	0
New share issue	67,500	50	50
Issuing costs	-2,136	0	0
Non-cash issue	0	243,990	243,990
Profit/loss for the period	-711	213	10
Closing equity on the balance sheet date	308,703	244,253	244,050

Lund, 21 August 2014

Board of Directors

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

Share capital, shares and ownership

The Company's share capital totals SEK 995,769.23, divided up into 51,780,000 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. The Company has entered into an agreement with the warrant holders concerning a right for Nexam Chemical Holding AB to acquire any subscribed shares in the subsidiary in

exchange for payment in the form of 182,5034 newly issued shares in Nexam Chemical Holding AB for each newly issued share in the subsidiary. If all share warrants are used to subscribe for shares in the subsidiary, Nexam Chemical Holding AB will issue a total of 1,328,625 shares as payment. The newly issued shares would be equal to approximately 2.5 % of the share capital given the current number of outstanding shares.

The annual general meeting on 14 May resolved in accordance with the proposal of the Board of Directors to set up an incentive programme with a maximum of 1,083,849 share warrants to be offered to senior executives and key personnel in the Nexam Group in

exchange for market compensation. Each share warrant entitles the holder to acquire one new share in Nexam Chemical Holding AB at a redemption price equal to 150 percent of the most recent volume-weighted average price paid for Nexam Chemical's shares on NASDAQ OMX First North in the period from 1 September 2014 to 12 September 2014. Senior executives who also are board members are not entitled to participate in the incentive programme.

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 price of the shares between 23 April 2013 and 30 June 2014.

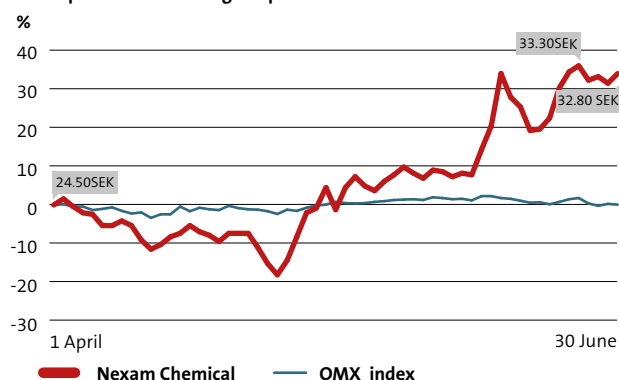
Nearly 17 million shares have been turned over during the second quarter of 2014, which is equivalent to just below 33 % of the total number of outstanding shares. The average price during the period was SEK 26.78 per share. The number of shareholders as of 30 June was 8,936, an increase of around 2,900 shareholders since the end of the year.

A breakdown of changes in share capital and a list of owners as of 30 June can be found below. For more information, please refer to the company description and annual report from 2013 which can be found on Nexam Chemical's website, www.nexamchemical.com.

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	50,000	50,000	1
Split		50,000	2,550,000	2,600,000	0.02
Non-cash issue	888,077	938,077	46,180,000	48,780,000	0.02
New share issue	57,692	995,769	3,000,000	51,780,000	0.02

Shareholders	Shares	Percent
UBS AG on behalf of client	4,043,674	7.8%
Insurance company, Avanza Pension	3,049,181	5.9%
Lennart Holm, via company	2,591,596	5.0%
Richard Tooby, private and via company	2,132,266	4.1%
Nordnet Pensionsförsäkring AB	2,090,985	4.0%
Per Palmqvist Morin, private, via company and family	2,070,569	4.0%
Jan-Erik Rosenberg, private and via company	2,048,866	4.0%
Daniel Röme, via company	2,000,237	3.9%
Michael Karlsson, private and via family	1,701,421	3.3%
AMF Aktiefond Småbolag	1,590,107	3.1%
Other shareholders	28,461,098	55.0%
Total	51,780,000	100.0%

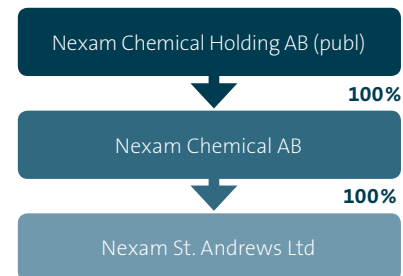
Share performance during the period



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.nexamchemical.com.

Group structure and additional information

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



Accounting policies

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 financial statements for 2012. The transition to K3 caused certain changes to the income statement. The parent company did not apply any 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 2013 annual report. For more information, see the Group's annual report of 2013.

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 performed on the basis of 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 Chemical's website and the Annual Report for 2013 for information about the Company's risks and uncertainties.

Estimates and Judgements

To be able to prepare the financial statements, the Board of Directors and Management make judgements and assumptions that affect the Company's financial performance 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 pre-

vailing 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 fixed assets.

Financial calendar

Upcoming events

21 August 2014	Interim Financial Statements Q2 2014
10 November 2014	Interim Financial Statements Q3 2014
25 February 2015	Year-end report Q1-Q4
12 May 2015	Annual General Meeting

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