



Nexam Chemical Holding AB (publ)

Interim Financial Report – January - March 2015

The first quarter at a glance

Operations:

- Organizational changes have been initiated in order to adapt the business to commercialization and a cost saving program initiated with the goal to reduce our costs with approximately SEK 10 million on an annual basis.
- Lars Öhrn has been recruited to the newly created position as CMO, Chief Marketing Officer. A strengthening of the organization and an important step in the commercialization of the Company's products.
- Christian Svensson is appointed CFO, Chief Financial Officer.
- The Management and key persons in the company have subscribed for a total of 700,000 warrants in the incentive program.
- The Board of Directors decides to postpone the change of trading venue for the Company's share.
- Two new patents have been approved. One in Europe for catalysis of crosslinkers, and one in the USA, for a new process of manufacturing EBPA.

Financial & legal:

- Net sales for the first quarter totaled SEK 513,000 (120,000). Profit/loss before tax for the period amounted to SEK -10,520,000 (-7,136,000).
- In comparison with the beginning of the year, the total assets at the end of the period amounted to SEK 75,106,000 (84,973,000), with cash and cash equivalents accounting for SEK 51,645,000 (62,543,000).
- Cash flow from operating activities for the first quarter was SEK -10,535,000 (-5,044,000).

Key Figures for the Group

| Key figures for the Group | Jan-Mar 2015 | Jan-Mar 2014 | Full year 2014 |
|--|-----------------|-----------------|-------------------|
| Net sales (SEK thousand) | 513 | 120 | 1,602 |
| Operating profit/loss (SEK thousand) | -10,615 | -7,603 | -35,497 |
| Cash and cash equivalents (SEK thousand) | 51,645 | 91,866 | 62,543 |
| Equity (SEK thousand) | 63,732 | 101,189 | 73,804 |
| Equity per basic share (SEK) | 1.23 | 2.06 | 1.44 |
| Equity/asset ratio (%) | 84.9 | 89.9 | 86.9 |
| Total assets (SEK thousand) | 75,106 | 112,572 | 84,973 |
| Quick ratio (%) | 726.1 | 1 415.0 | 893.0 |
| Average number of basic shares | 51,780,000 | 49,180,000 | 51,138,904 |
| Average number of diluted shares | 52,572,065 | 49,790,179 | 51,740,703 |
| Basic earnings per share (SEK) | 0.20 | -0.16 | -0.69 |
| Diluted earnings per share (SEK) | 0.20 | -0.16 | 0.69 |
| Share price on balance sheet date (SEK) | 7.30 | 23.90 | 11.55 |

Comments from the CEO, Anders Spetz

Customer value generates sales

The Management Team and Board of Directors has during the first quarter 2015 conducted a strategic review of the entire business. The outcome of this work is a new business plan, which I briefly describe below. Our business model is based on customer intimacy. In close cooperation with those partners that benefit from Nexam Chemicals' additives, we develop new applications that create customer value through improved performance and lower costs. Obvious success factors, in the short to medium terms, is of course increased sales, but also in-depth understanding of customer needs and customer value. We need to improve our technical understanding of how our chemistry works in large-scale production.

The Company's business can be divided into three distinct areas:

- Conversion and recycling of plastic
- High-performance polymers and plastics
- Services within R&D and technical solutions

Within these areas we have, in the short term, chosen to focus on a number of product areas to accelerate the business cycle. Now, we focus on:

- Pipes of PE
- Film of PE
- Foam of PET
- High performance applications of PI

Within each of our focus areas, we develop a well-defined offer with a significant customer value. We have development projects with one or more of the leading customers within each respective area to ensure that our solutions are applicable in large-scale production.

We are currently changing our organization to create a team that is passionate about customers and to generate

” We are currently changing our organization to create a team that is passionate about customers and to generate sales.”

sales. This shift in focus has meant that some employees have had to leave the business and others have been given new tasks.

To ensure the Company's ability to manage the commercialization, the management has decided on a cost saving program, with the goal to reduce our costs with approximately SEK 10 million on an annual basis. Several of these cost savings will have an impact already during Q3 2015.

The financial outcome for Nexam Chemical in Q1 2015 is positive from the starting position that we had. Our high-performance business is slowly developing. Many of our NEXIMID™ customers have placed larger orders than they previously indicated. However, the potential for the NEXIMID™ business is limited in size and profitability. So far, we have also received positive test results in the projects carried out in our focus areas. However, a lot of work remains to be done before we can reach large-scale commercialization in high volume segments. In several cases we see positive results even with low dosage of NEXAMITE™ additives. This is positive but also creates other challenges. To reach large volume sales, we need many customers. We have a tough and exciting work ahead of us to bring Nexam Chemical's additives to the larger market.

Customer intimacy, Productivity, Innovation – We are building a plastic additive company that creates value in the plastic conversion industry, Polymer R&D and High performance plastics.

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 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. At the end of the period, Nexam Chemical had twelve 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, and by contract manufacturers with access to large-scale production facilities.

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 parties, of which several are world leaders in their respective niches. These include Armacell, IRPC, The European Van Company and Rolls-Royce. Nexam Chemical work several largest chemical and materials companies.

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.

Financials

Sales and profit

Net sales for the first quarter totaled SEK 513,000 (120,000), which mainly relates to sales of products in the NEXIMID® portfolio. Other operating income for the quarter amounts to SEK 245,000 (70,000) and refers primarily to foreign exchange gains.

The personnel expenses during the quarter totaled SEK -5,582,000 (-3,226,000) and other operating cost SEK -4,697,000 (-3,281,000). The personnel expenses are higher than corresponding period previous year due to double salary costs associated with the handover to the new management. The Company's personnel and other operating costs have been affected by a provision of SEK 1.2 million, relating to costs linked to the cost saving program initiated. The profit/loss before tax for the quarter came in at SEK -10,520,000 (-7,631,000).

Personnel and organization

Compared to the same quarter last year, the average number of employees decreased from 24 to 22 persons whereof 14 (15) in Sweden and 8 (9) in Scotland. The number of employees at the end of the quarter was 20, which is a decrease of 5 employees compared to December 2014.

Investments

Investments for the period totaled SEK 0.3 million and concerns investment in equipment.

Cash flow

The cash flow during the first quarter amounted to SEK -10,974,000 (59,358,000). The negative cash flow is mainly connected to the operating loss. The cash flow for the same quarter last year has been affected by the share issue of approximately SEK 65 million. Cash flow from the operating activities was for the period -10,535,000 (-5,044,000), of which change in working capital was SEK -605,000 (1,969,000), mainly driven by increased inventory.

Financial position

Compared to the beginning of the year, the equity/assets ratio was 85 (87) percent, and the equity was SEK 63,732,000 (73,804,000). Cash and cash equivalents amounted to SEK 51,645,000 (62,543,000) compared to the beginning of the year. The long-term interest bearing liabilities includes a bank loan from Handelsbanken in Scotland relating to the operations in Nexam St Andrews Ltd.

Financial statements

| Income statement for the Group | | | |
|---|-----------------|-----------------|-------------------|
| (SEK thousand) | Jan-Mar 2015 | Jan-Mar 2014 | Full year 2014 |
| Net sales | 513 | 120 | 1 602 |
| Other operating income | 245 | 70 | 840 |
| Raw materials and consumables | -471 | -558 | -1 911 |
| Personnel expenses | -5,582 | -3,226 | -13,796 |
| Other operating expenses | -4,697 | -3,281 | -18,076 |
| Depreciation, amortization & impairment | -623 | -728 | -4,156 |
| Operating profit/loss | -10,615 | -7,603 | -35,497 |
| Financial net | 95 | -28 | 444 |
| Profit/loss before tax | -10,520 | -7,631 | -35,053 |
| Income tax | - | - | 1 |
| Profit/loss for the period | -10,520 | -7,631 | -35,052 |

| Balance sheet for the Group | | | |
|-------------------------------------|----------------|----------------|----------------|
| (SEK thousand) | 31 Mar 2015 | 31 Mar 2014 | 31 Dec 2014 |
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 2,163 | 3,531 | 2,200 |
| Tangible assets | 12,585 | 12,204 | 12,564 |
| Financial assets | 5 | 5 | 5 |
| Total non-current assets | 14,753 | 15,740 | 14,769 |
| Current assets | - | - | - |
| Inventories | 5,731 | 3,343 | 4,637 |
| Other current assets | 2,977 | 1,623 | 3,024 |
| Cash and bank balance | 51,645 | 91,866 | 62,543 |
| Total current assets | 60,353 | 96,832 | 70,204 |
| Total assets | 75,106 | 112,572 | 84,973 |
| Equity and liabilities | | | |
| Equity | 63,732 | 101,189 | 73,804 |
| Liabilities | | | |
| Non-current liabilities | 3,851 | 4,776 | 3,827 |
| Current liabilities | 7,523 | 6,607 | 7,342 |
| Total liabilities | 11,374 | 11,383 | 11,169 |
| Total equity and liabilities | 75,106 | 112,572 | 84,973 |

| Statement of changes in equity | | | |
|--|-----------------|-----------------|-------------------|
| (SEK thousand) | Jan-Mar 2015 | Jan-Mar 2014 | Full year 2014 |
| Equity at the start of the period | 73,804 | 43,523 | 43,523 |
| New share issues and subscription rights | 140 | 67,500 | 67,500 |
| Issuing costs | - | -2,136 | -2,811 |
| Profit/loss for the period | -10,520 | -7,631 | -35,052 |
| Translation difference | 308 | -67 | 644 |
| Equity at the end of the period | 63,732 | 101,189 | 73,804 |

| Cash flow statement for the group | | | |
|---|-----------------|-----------------|-------------------|
| (SEK thousand) | Jan-Mar 2015 | Jan-Mar 2014 | Full year 2014 |
| Cash flow from operating activities before changes in working capital | -9,930 | -7,013 | -31,019 |
| Changes in working capital | -605 | 1,969 | -472 |
| Cash flow from operating activities | -10,535 | -5,044 | -31,491 |
| Net cash from investing activities | -271 | -473 | -1,779 |
| Net cash from financing activities | -168 | 64,875 | 63,126 |
| Net cash flow for the period | -10,974 | 59,358 | 29,856 |
| Cash and cash equivalents at start of period | 62,543 | 32,511 | 32,511 |
| Translation difference in cash & cash equivalents | 76 | -3 | 175 |
| Cash and cash equivalents at the end of period | 51,645 | 91,866 | 62,543 |

| Income statement for parent company | | | |
|-------------------------------------|-----------------|-----------------|-----------------|
| (SEK thousand) | Jan-Mar 2015 | Jan-Mar 2014 | Jan-Mar 2014 |
| Net sales | 2,018 | 1,335 | 6,033 |
| Personnel expenses | -1,834 | -701 | -2,534 |
| Other operating expenses | -911 | -529 | -6,262 |
| Operating profit/loss | -727 | 105 | -2,763 |
| Financial net | 231 | - | 627 |
| Profit/loss before tax | -496 | 105 | -2,136 |
| Income tax | - | - | 1 |
| Profit/loss for the period | -496 | 105 | -2,135 |

| Balance sheet for the parent company | | | |
|--------------------------------------|----------------|----------------|----------------|
| (SEK thousand) | 31 Mar 2015 | 31 Mar 2014 | 31 Dec 2014 |
| Assets | | | |
| Non-current assets | | | |
| Financial assets | 243,990 | 243,990 | 243,990 |
| Total non-current assets | 243,990 | 243,990 | 243,990 |
| Current assets | | | |
| Other current assets | 50,456 | 572 | 42,197 |
| Cash and bank balance | 13,486 | 67,838 | 22,462 |
| Total current assets | 63,942 | 68,410 | 64,659 |
| Total assets | 307,932 | 312,400 | 308,649 |
| Equity and liabilities | | | |
| Equity | 306,107 | 309,519 | 306,604 |
| Liabilities | | | |
| Current liabilities | 1,825 | 2,881 | 2,045 |
| Total liabilities | 1,825 | 2,881 | 2,045 |
| Total equity and liabilities | 307,932 | 312,400 | 308,649 |

Lund, 20 April 2015

The 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 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 shares of Nexam Chemical Holding AB were listed on NASDAQ Stockholm First North on 23 April 2013. Approximately 9.2 million shares have been turned over during the first quarter 2015 and the average price during the period was SEK 9.52 per share.

Incentive programs

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 share 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. If all these shares are issued, the dilution would amount to approximately 2.5% given the current number of outstanding shares.

The Company has in October 2014, without consideration, issued 1,083,849 warrants to its wholly owned subsidiary Nexam Chemical AB. The subsidiary has in January 2015 transferred 700,000 warrants to senior executives and key persons in the Nexam Chemical Group at the fair market value of SEK 0.20. Each warrant entitles the holder to acquire one new share in Nexam Chemical Holding AB at a redemption price estimated at SEK 35.20 per share in September 2014. If all 700,000 warrants are exercised, the dilution will correspond to approximately 1.3% of the share capital with the present amount of outstanding shares. The total dilution of all outstanding warrants subscribed will be approximately 3.8%.

Shareholders

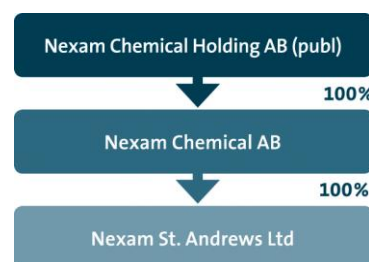
The number of shareholders as of 31 March 2015 was 8,586, a decrease of 231 shareholders since the beginning of the year.

| Shareholders ¹ | Aktier | Andel |
|---|-------------------|----------------|
| Försäkringsbolaget, Avanza Pension | 4,348,095 | 8,4 % |
| UBS AG on behalf of client | 3,831,628 | 7,4 % |
| Lennart Holm, via company | 2,091,596 | 4,0 % |
| Nordnet Pensionsförsäkring AB | 2,027,038 | 3,9 % |
| Per Palmqvist Morin, via company and family | 1,570,569 | 3,0 % |
| Jan-Erik Rosenberg, private and via company | 1,548,866 | 3,0 % |
| SIX SIS AG | 1,517,971 | 2,9 % |
| Richard Tooby, private and via company | 1,504,266 | 2,9 % |
| Daniel Röme, via company | 1,500,237 | 2,9 % |
| AMF Aktiefond Småbolag | 1,120,908 | 2,2 % |
| Other shareholders (approx. 8,500 owners) | 30,718,826 | 59,3 % |
| Totalt | 51,780,000 | 100,0 % |

¹ Source: Share register kept by Euroclear and information known to the company as of 31 March 2015.

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 preparing 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 policies applied are the same as those used in the 2014 Annual Report. For more information, see the Group's 2014 Annual Report.

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

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 2014 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.

2015 AGM

Nexam Chemical's Annual General Meeting ("AGM") will be held on Tuesday, 12 May 2015, at 3:00 p.m., at Hörsalen, Medicon Village, Scheelevägen 2, Lund, Sweden. Admission for registration from 2.00 p.m.

Shareholders wishing to attend the AGM must,

- be listed in the share register kept by Euroclear Sweden AB on Wednesday May 6, 2015 and;
- not later than Wednesday May 6 2015, inform Nexam Chemical in writing of their attendance and number of assistances, if any, to Nexam Chemical Holding AB (publ), Bolagsstämman, Scheelevägen 19, 223 63 Lund.

This information can also be given by telephone +46 733 88 98 38, or by e-mail to info@nexamchemical.com

Notification ought to include the shareholder's name, address, telephone number, personal or corporate identity number, registered shareholding and information on proxies and number of assistances, if any. To facilitate entry, a copy of the power of attorney, certificate of registration and other legitimacy papers, if any, are preferably attached to the notification of attendance of the AGM.

Interim reports are available on www.nexamchemical.com.

For further information concerning the report, please contact:

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Financial calendar

| | |
|-------------|-----------------------------|
| 12 May 2015 | Annual General Meeting |
| 20 Aug 2015 | Interim Report Jan-Jun 2015 |
| 12 Nov 2015 | Interim Report Jan-Sep 2015 |
| 18 Feb 2016 | 2015 Year-End Report |

This Interim Financial Report, Q1, 2015 is published in Swedish and English.
The Swedish text shall govern for all purposes and prevail in case of any discrepancy with the English version.

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