



Nexam Chemical Holding AB (publ)

Interim Financial Statements for Quarter 1, January–March 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. The properties that are improved include temperature resistance and service life. The property improvements that can be achieved by using Nexam's technology make it possible to replace metals and other heavier and more expensive materials with plastics in a number of different applications.

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.

The Company has twelve employees in Sweden and four in Scotland. The Company's head office and R&D are in Sweden, but its production takes place in 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. All in all, Nexam currently works with 18 of the world's 100 largest chemicals and materials companies.

Vision and mission

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



The Quarter at a Glance

Operations

- Nexam was the first in the world to produce details of crosslinked nylon with conventional injection molding.
- Test plates of crosslinked nylon 66 have been produced for BASF for further evaluation.
- A non-disclosure agreement has been signed with a world-leading company within specialty nylons and a project together with this company has been initiated.
- Positive initial results from tests with crosslinked specific PET material with leading producer of PET material to the energy sector.
- Initiated project with Rolls-Royce for development of materials to air-plane engines.
- Delivery of crosslinked test materials for evaluation in several customer projects within the electronics and aerospace industry.
- The completion of Nexam's plastics processing laboratory has come close to finalization, which will accelerate the developments going forward.

Financials & Legal

- Net turnover for the period totalled SEK 203 thousand (103 thousand). Net profit/loss before tax came in at SEK –6,487 thousand (–4,253 thousand)
- Total assets at the end of the period amounted to SEK 70,286 thousand (35,109 thousand), of which there were SEK 56,038 thousand (22,691 thousand) in cash and cash equivalents at the end of the period
- Cash flow during the period was reported at SEK 48,822 thousand (–6,838 thousand). The new share issue had an effect on cash flow during the period equal to SEK 53,850 thousand
- The new share issue of SEK 53,900 thousand in Nexam Chemical AB was completed
- The annual general meeting of Nexam Chemical AB was held on 20 March. Nexam Chemical AB executed, at the same day, a reverse acquisition of Nexam Chemical Holding AB, thus becoming the group's new parent company

Key Events after the End of the Period

- Nexam Chemical Holding AB's shares were admitted to trading on NASDAQ OMX First North on 23 April
- The European Patent Office (EPO) announced that Nexam's patent application concerning its PETA crosslinker will be granted in Europe
- The United States Patent and Trademark Office (USPTO) announced that Nexam's American patent application concerning a new type of crosslinkable nylon will be granted in the US
- The European Patent Office (EPO) announced that Nexam's European patent application concerning the Company's crosslinking technology for polycarbonates will be granted in Europe
- Two of Nexam's customers working with the thermoplastic called PEEK, have reported positive results from their projects

Group Financial Ratios

	Jan–Mar 2013	Jan–Mar 2012	Helår 2012
Net turnover (SEK thousand)	203	103	764
Operating profit/loss (SEK thousand)	–6,463	–4,197	–17,647
Cash and cash equivalents (SEK thousand)	56,038	22,691	7,265
Equity (SEK thousand)	62,842	28,994	15,676
Equity per share (SEK) *	1.29	0.82	0.44
Equity/asset ratio (%)	89.4	82.6	72.6
Return on equity (%)	neg	neg	neg
Total assets (SEK thousand)	70,286	35,109	21,590
Quick ratio (%)	1,028.0	932.8	229.8
Number of basic shares *	42,875,556	35,400,000	35,400,000
Number of diluted shares *	42,875,556	35,400,000	35,400,000
Basic earnings per share (SEK)	–0.15	–0.12	–0.50
Diluted earnings per share (SEK)	–0.15	–0.12	–0.50
Closing share price (SEK) **			

* 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 after the closing date

Message from the CEO

When we founded Nexam, we did so with the goal of delivering products that help handle the increasing need for high-performance plastics. New resource-efficient products require lighter materials and materials that can withstand demanding conditions. We saw that need and realised that we had an attractive and unique solution – our crosslinker technology and our products!

Now, about three years later, we have established ourselves as a leader in heat-activated crosslinkers. The products we have developed are added as an additive directly in the plastics, whereby we improve a range of properties and make the plastic material substantially better.

With our technology and our products, ordinary standard plastics can be made stronger, thereby extending their service life. Moreover, they withstand heat and chemicals better. These properties make it possible for simpler plastics to compete with significantly more expensive and more advanced plastics, which in turn can compete with even more expensive or even heavier materials, such as metal alloys.

Nexam's technology and products have what it takes to change many aspects of the plastics industry in a big way. For our customers, that means that they, without needing to rebuild their existing production processes, can deliver better quality plastics to their end clients. This also means that they can deliver plastics that can replace steel and other metals in even more areas. This is especially appealing in the transport, aerospace and automotive industry, where the lighter plastics save a lot of energy. Nexam's technology also opens up new opportunities in electronics, oil and gas, transport, plastics recycling, and much more. New solutions that will be good for both the environment and the economy. During the three-odd years we have been

active, we have refined and perfected our products step-by-step. These efforts have resulted in cooperation agreements with five large plastics and materials companies/consortia and development projects with even more of the largest plastics and materials companies that are in advanced stages.

Several of them are currently working on developing new applications containing Nexam's crosslinkers. As we are now approaching a phase of commercialisation and large-scale introduction of our technology, we are doing so with respect for the challenges we have ahead of us and the effort it will require. At the same time, we believe in our ability and in our products, and our confidence level is high. We can deliver solutions that the world needs and that is precisely what we intend to do.

The first quarter of 2013 was characterised by hectic times with preparations for the coming admission to trading of the Company's shares on NASDAQ OMX First North. Nexam Chemical AB executed a directed new share issue with subscription in December 2012 as well as the subsequent settlement date, closure and registration of the issue in January and February of 2013. The Company brought in SEK 53,900,000 with the issue. The ordinary general meeting of Nexam Chemical AB was held on 20 March, and the annual report for 2012 was adopted there. A reverse acquisition of Nexam Chemical Holding AB (publ.), via a

non-cash issue of shares in Nexam Chemical AB, was also executed on 20 March, thus making it the Group's new parent company. Nexam Chemical Holding AB (publ.) was then listed on NASDAQ OMX

First North on 23 April. Following the listing, market interest for Nexam has been solid and the liquidity of its shares has been good.

Nexam has continued to work on its development projects in active cooperation with customers and partners during the quarter. Process preparations and upscaling work in the run-up to future high-volume production has been in the works at our Scottish facility. The unit is now well prepared for future needs.

We are now looking forward to an exciting year where we are at the crossroads between the development phase and commercialisation. Getting Nexam's shares listed on First North at the same time is a natural step in the Company's development as a limited liability company. We are currently doing everything we can to create a well-functioning and valuable company.

Per Palmqvist Morin
CEO



” Nexam's technology also opens up new opportunities in electronics, oil and gas, transport, plastics recycling, and much more. New solutions that will be good for both the environment and the economy.

Operations during the Quarter

During the quarter the operations have developed positively in many ways, some of the more important items were:

- Nexam was the first in the world to produce details of crosslinked nylon with conventional injection molding. This was done with nylon 6 and nylon 66.
- The nylon 66 project with BASF has progressed. Crosslinked test plates have been produced by Nexam. Analysis and evaluation as well as further optimization of the recipe is ongoing in active cooperation with the customer.
- A world-leading company within specialty nylons has entered into a non-disclosure agreement with Nexam and a project together with this company has been initiated to develop crosslinked specialty nylons.
- In tests with crosslinking of a specific PET, positive results have been obtained in initial tests that have been done together with a leading producer of PET material to the

energy sector. A non-disclosure agreement has been entered into by the parties. The work will continue forward with high priority from both parties and with the goal to take the properties of this specific PET material to a new level, thereby enabling lower weight and costs.

- The HITAC project, which involves developing new high-temperature composites for airplane engines, has been initiated during the quarter. The project is a part of a larger development project within EU's research program FP7/Clean Sky and is coordinated by SICOMP with Rolls-Royce as end-customer.
- Delivery of crosslinked test materials for evaluation in several customer projects within the electronics and aerospace industry.
- The completion of Nexam's plastics processing laboratory has come close to finalization, which will accelerate the developments going forward. The new equipment has already started to contribute to faster results in several customer projects.

The level of activity in Nexam's Scottish factory has been high. For example, NASA and several Japanese customers have purchased crosslinkers during the quarter. To enable accumulation of a certain level reserve stocks of Nexam's products as well, four additional operators have been employed on a contract basis during the 1st and 2nd quarter. The Company also expects some contract manufacturing for external customers during the second quarter. Besides sales of test volumes of products during the quarter, around 10 potential customers have requested and received samples of Nexam products.

With regard to R&D operations, Nexam, in addition to existing laboratory space at Medicion Village, has now expanded its premises in the Ideon area of Lund (Gamma Building) by about 200 m². This was done to house the new plastics processing laboratory. Investments have been made in machines for processing and modifying plastics. The new plastics processing laboratory will enable an acceleration of development work for potential customers.

Nexam continued with its established IPR strategy and had 28 pending patent applications in a total of 10 patent families during the quarter. After the end of the period, three of them have led to granted patents – see "press-meddelanden" (press releases) on Nexam's Swedish website for more info.



Financial Position

Turnover and Profit/Loss

Net turnover for the period came in at SEK 203 thousand (103 thousand), of which about half were sales of test volumes of commercial NEXIMID products. The rest of the turnover came from sales of development products (NEXIMID and NEXAMITE products) to potential customers in Asia, Europe and the US.

The Group's revenue during the quarter amounted to SEK 839 thousand (418 thousand), of which revenue from grants totalled SEK 636 thousand (315 thousand).

The personnel costs during the quarter came in at SEK –2,765 thousand (–2,068 thousand), with the increase coming from increased staffing in Sweden. This was an effect of the build-up of the plastics processing laboratory in Lund. Furthermore, to be able to handle the increased capacity utilisation of the factory in Scotland, four people have been employed on a contract basis. Other operating costs totalled SEK –3,167 thousand (–2,162 thousand). A provision was made for non-recurring costs related to the stock exchange listing in the amount of SEK 450,000 in this year's operating expenses. This provision is intended to cover both the new website and consultation fees in conjunction with the listing. Profit/loss before tax came in at SEK –6,487 thousand (–4,253 thousand), which was according to expectations.

Personnel and organisation

The Company has increased the number of employees it employs in Sweden from 10 in Q1 last year to 12 in Q1 this year. 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 in Nexam's Scottish unit increased from three in Q1 2012 to four in Q1 2013. Since January 2013, the Company has also brought in four contract workers in order to handle the increased capacity utilization of the factory.

Investments

The investments during the period consisted in large part of purchases of development tools for injection-moulding for the plastics processing laboratory.

Cash flow

The net cash flow for the period of SEK 48,822 thousand (–6,838 thousand) was driven by the share issue that was completed at the beginning of the quarter. The net cash flow from operating activities during the period was SEK –4,505 thousand (–3,893 thousand), of which the change in working capital was 1,261 (–13), and the accumulation of stocks was SEK 238 thousand.

Liquidity and Financing

In December 2012, Nexam Chemical AB executed subscription with regard to a new share issue, which was completed in January, and for which the proceeds came in January, and then it was registered with the Swedish Companies Registration Office (bolagsverket) in February 2013. The Company brought in SEK 53,900 thousand with the share issue.

As of the closing date on the last day of March 2013, cash and cash equivalents totalled SEK 56,038 thousand. Non-current liabilities consist of interest-bearing loans from the Bank of Scotland for the operations of Nexam St. Andrews Ltd.

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 subsidiary 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.

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

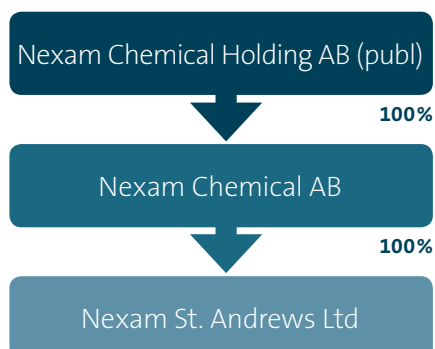
Shareholders	Shares	Percent
1. Lennart Holm, via company	2,591,596	5.3%
2. Nordea Luxemburg on behalf of client	2,528,400	5.2%
3. UBS AG on behalf of client	2,279,703	4.7%
4. Per Palmqvist Morin, private, via company and family	2,070,569	4.2%
5. Jan-Erik Rosenberg, private and via company	2,048,866	4.2%
6. Richard Tooby, private and via company	2,004,266	4.1%
7. Daniel Röme, via company	2,000,237	4.1%
8. Torbjörn Lindgren, via company and private	1,963,962	4.0%
9. Michael Karlsson, private and via family	1,701,421	3.5%
10. Wiscania Consulting AG	912,517	1.9%
Other shareholders	28,678,463	58.8%
Total	48,780,000	100.00%

The shares of Nexam Chemical Holding AB were listed on NASDAQ OMX First North in Stockholm on 23 April 2013. Since trading commenced after the end of the quarter, a share graph concerning turnover and price will not be

presented until the next quarterly report. The change in share capital and list of owners as at 9 April is presented here to the side. For more information, please refer to the company description.

Group Structure and Additional Information

Nexam Chemical Holding AB is a Swedish public limited liability company (publikt aktieföretag) and its corporate ID no. is 5569199432. The group of companies consists of Nexam Chemical Holding AB, the wholly-owned subsidiary Nexam Chemical AB (corp. ID no. 556784-6711) as well as Nexam Chemicals 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 Nexam Chemical AB for 2012. The transition to K3 caused certain changes to the income statement. The parent company has

not applied any voluntary exceptions from retroactive application of K3, so recalculation 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 Nexam Chemical AB's 2012 annual report.

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. The ratio of current assets excluding stocks to current liabilities.

Return on equity

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

Risks and uncertainties

The Group's operations are affected by a number of factors, which can lead to a risk for the Group's operations and its profit. For more information about the Company's risks and

uncertainties, see the company description on Nexam's website and the 2012 annual report for Nexam Chemical AB.

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 statements

Consolidated income statement	Jan–Mar	Jan–Mar	Full year
(SEK thousand)	2013	2012	2012
Operating income	839	418	3,119
Change in stocks	–330	0	1,481
Cost of goods sold	–616	–12	–2,710
Gross profit/loss	–107	406	1,890
Personnel expenses	–2,765	–2,068	–8,440
Other operating expenses	–3,167	–2,162	–9,216
Depreciation, amortisation and impairment	–424	–373	–1,881
Operating profit/loss	–6,463	–4,197	–17,647
Net financial income/expense	–24	–56	43
Profit/loss after financial items	–6,487	–4,253	–17,604
Tax on net profit/loss for the year	0	0	0
Net profit/loss for the year	–6,487	–4,253	–17,604

Consolidated balance sheet	31/3/2013	31/3/2012	31/12/2013
(SEK thousand)			
Assets			
Fixed assets			
Intangible fixed assets	2,930	2,837	2,952
Tangible fixed assets	7,754	7,436	8,180
Financial assets	30	40	5
Total fixed assets	10,713	10,314	11,137
Current assets			
Stocks	2,048	654	1,877
Other current assets	1,486	1,451	1,311
Cash and bank balances	56,038	22,691	7,265
Total current assets	59,573	24,795	10,453
Total assets	70,286	35,109	21,590
Equity and liabilities			
Equity	62,842	28,994	15,676
Liabilities			
Non-current liabilities	1,847	3,527	2,182
Current liabilities	5,596	2,588	3,732
Total liabilities	7,443	6,115	5,914
Total equity and liabilities	70,286	35,109	21,590

Statement of changes in equity	Jan–Mar	Jan–Mar	Full year
(SEK thousand)	2013	2012	2012
Equity at the start of the period	15,676	33,268	33,274
New share issues and subscription rights	53,850	0	58
Non-cash issue	13,737	0	0
Cost of non-cash issue	-13,687	0	0
Profit/loss for the period	-6,487	-4,253	-17,604
Translation difference	-247	-21	-51
Equity at the end of the period	62,842	28,994	15,676

Consolidated cash flow statement	Jan–Mar	Jan–Mar	Full year
(SEK thousand)	2013	2012	2012
Net cash flow from operating activities			
before changes in working capital	-5,766	-3,880	-15,647
Changes in working capital	1,261	-13	31
Net cash flow from operating activities	-4,505	-3,893	-15,616
Net cash flow from investing activities	-306	-5,075	-7,121
Net cash flow from financing activities	53,633	2,130	459
Cash flow for the period	48,822	-6,838	-22,278
Cash and cash equivalents at the beginning of the year	7,265	29,556	29,556
Translation difference	-49	-27	-13
Cash and cash equivalents at the end of the year	56,038	22,691	7,265

The parent company has not conducted any operations during the 1st quarter and is therefore not reporting an income statement for the period.

Parent company balance sheet	31/03/2013
(SEK thousand)	
Assets	
Fixed assets	
Financial assets	243,990
Total fixed assets	243,990
Current assets	
Cash and bank balances	50
Total current assets	50
Total assets	244,040
Equity and liabilities	
Total equity	244,040,*
Total equity and liabilities	244,040
Parent company equity *)	
Cash, new share issue	50
Non-cash issue	243,990
	244,040

Lund, 20 May 2013

Board of Directors

These financial statements have not been audited by the Company's auditor. Note: This report has been translated from Swedish. The Swedish text shall govern for all purposes and prevail in case of any discrepancy with the English version.

Financial calendar

2013	May	Interim Financial Statements Q1 2013	20 May 2013
	August	Interim Financial Statements Q2 2013	19 August 2013
	November	Interim Financial Statements Q3 2013	25 November 2013
2014	February	2013 year-end report	February 2014
	May	Annual general meeting	May 2014

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