

Nexam Chemical Holding AB (publ)

Interim Financial Statements for Quarter 2, April–June 2013

Background and Introductory Comments

Nexam Chemical

Nexam develops technology and products that make it possible to significantly improve the properties and performance of most types of plastics in a cost-effective manner and with the same production technology intact. The properties that are improved include temperature resistance and service life. The 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. Nexam currently has thirteen employees in Sweden and five in Scotland. The Company's head office and R&D are in Lund, 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. 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:

- A leading US-based materials supplier for the aerospace industry informs Nexam that they are going to qualify Nexam's PEPA for an aircraft project lasting several years
- Nexam St. Andrews decides to selectively accept external contract manufacturing orders. The first order has a value of SEK 900 thousand and is for delivery in August–September
- Nexam has intensified its collaboration with some major select contract manufacturers in Europe in preparation for expected future production of multi-tonne volumes of Nexam's products
- 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 European Patent Office (EPO) announced that Nexam's patent application concerning the Company's crosslinking technology for polycarbonates 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
- Two of Nexam's customers working with the thermoplastic called PEEK, have reported positive results from their projects

Financial & legal:

- Net turnover for the period totalled SEK 299 thousand (72 thousand). Net profit/loss before tax came in at SEK –5,571 thousand (–4,437 thousand)
- Total assets at the end of the period amounted to SEK 66,776 thousand (30,890 thousand), of which there were SEK 46,457 thousand (17,430 thousand) in cash and cash equivalents at the end of the period
- Cash flow during the period was reported at SEK –9,541 thousand (–5,328 thousand), and includes several items of a one-time nature

Group Financial Ratios

	Apr–Jun 2013	Apr–Jun 2012	Acc. Jan–Jun 2013	Acc. Jan–Jun 2012	Full year 2012
Net turnover (SEK thousand)	299	72	502	175	764
Operating profit/loss (SEK thousand)	-5,536	-4,579	-11,999	-8,776	-17,647
Cash and cash equivalents (SEK thousand)	46,457	17,430	46,457	17,430	7,265
Equity (SEK thousand)	57,473	24,624	57,473	24,624	15,676
Equity per share (SEK) *	1.27	0.70	1.27	0.70	0.44
Equity/asset ratio (%)	86.1	79.7	86.1	79.7	72.6
Return on equity (%)	neg	neg	neg	neg	neg
Total assets (SEK thousand)	66,776	30,890	66,776	30,890	21,590
Quick ratio (%)	643.7	716.8	643.7	716.8	229.8
Number of basic shares *	45,158,122	35,400,000	45,158,122	35,400,000	35,400,000
Number of diluted shares *	45,348,173	35,400,000	45,348,173	35,400,000	35,400,000
Basic earnings per share (SEK)	-0.12	-0.13	-0.27	-0.25	-0.50
Diluted earnings per share (SEK)	-0.12	-0.13	-0.27	-0.25	-0.50
Closing share price (SEK) **	6.90				

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

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

Key Events after the End of the Period

- Positive customer results in the field of crosslinking PET foam, used, for instance, as material in wind turbines. The customer has announced that they plan on ordering additional amounts of Nexam product for upscaling production tests in its regular production facility in September
- Nexam Chemical's C-PET 3 project application is ranked number 36 of 510 European applications in 2013 to Eureka/Eurostars in Brussels. Nexam Chemical, Fraunhofer ICT from Germany and an end client that is a world leader with a base in Europe are responsible for the project
- Nexam product developed as part of the PO-CROSS project (regarding e.g. crosslinked PE for pipes and other applications) has been scaled up at Nexam St Andrews and a larger sample volume has been sent to project participants ABB, IRPC and Repsol for further evaluation
- NASA has continued to purchase materials from Nexam during the summer – the latest order was worth around SEK 100 thousand
- Nexam's patent in the US with regard to crosslinked nylon has now been granted

Message from the CEO

The development of products for different high-performance plastics has progressed during the second quarter and interest in our products remains strong!

After the IPO in April, we have focused on developing products for different polymers and customers in different application segments. Three customers in completely different industries and markets have announced that they are going to conduct upscaling tests of varying size during the second half of 2013. One of them works with polymer films for industries such as the food industry. The other works with polyimide films as a coating for high-performance computer chips and the third customer works with material for e.g. wind mills.

An American customer that tested our PEPA crosslinker in the spring announced that they are going to qualify our PEPA for use in high-performance composites for the aerospace industry. Crosslinkers for advanced composites for the aerospace industry is a market that Nexam has served for several years and where many of our products have already been qualified and approved.

Nexam will also conduct internal upscaling of a resin for the aerospace industry at our Nexam St. Andrews factory in the autumn. The aircraft applications market seems to be recovering now from a severe downturn in

2012/2013 according to a report published in the magazine Composites World in July 2013 (www.compositesworld.com/articles/beyond-the-battlefield-uas-technology-2012-2022). The report goes even further and gives hope for unexpected solid growth in the coming years thanks to a large and growing interest in unmanned aircraft for civilian applications.

In this quarterly report, we will provide a more in-depth report on the large market for nylons, one of Nexam's areas of focus where development work is progressing at a rapid rate. Nylons are used in a variety of different applications and industries, and we believe that Nexam will have a large market in this segment in the future.

We will focus on support for on-site upscaling and development work at our partners during the coming quarter. The goal of this will be to drive our products forward toward commercialisation. We are looking forward to an exciting and interesting autumn for Nexam.

Per Palmqvist Morin
CEO, Nexam Chemical AB

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In-depth report: Nylon market and Nexam

If wood is the world's most diverse natural material, nylon is probably the most useful synthetic material. Nylon is a plastic that can be shaped into every-day products, pulled into fibres to make fabrics or used in advanced composite structures. The first products made with this diverse plastic were toothbrushes and stockings. Nylon is now used in everything from tennis rackets and parachutes to car parts, fibres, pipes and numerous different appliances and machines. It's almost easier to name what nylon isn't used in.

What is nylon?

Nylon is a plastic (polymer) that is made of and consists of short, recurring groups of atoms (molecules). Nylon is not one single substance. It is in fact the name of a whole family of similar materials all called polyamides.

The main reason why there is a whole family of different nylon materials is that the different variations of nylon have different properties, and that makes them useful for a variety of different applications. At this time, there are a number of different nylon materials on the market, such as nylon 6.6, nylon 6, nylon 12, and nylon 4.10. Another reason for the emergence of different variations of nylon was that the original and most common form of the material, nylon 6.6, was patented by El du Pont de Nemours & Company (DuPont™), the American company where it was invented. Rivals such as German chemicals giant BASF were therefore forced to develop other very similar alternatives.

Market

Nylon was launched at the end of the 1930s and has had a part in changing the world since then. The use of nylon is still increasing for every passing year. A conservative volume estimate according to table 1 gives you an idea of how the market looks. The total market is just over 2.5 million tonnes per year and growing at 3–5% per year. The markets where nylon is used are very distinct from each other, with the sports and recreation market on the one hand (short product service life), and products for the electricity and aerospace market on the other (very long product service

life). New nylon qualities continue to be developed, and this contributes to growth. The new qualities developed are primarily designed to increase the nylon's service life and resistance to high temperatures and chemicals.

Table 1

Global consumption of nylon in 1000 tonnes (from IHS Chemical, 2012).

	Global volume (thousand tonnes)
Automotive industry	927
Electrical and Electronics	304
Appliances (incl. home appliances)	203
Surface treatment, cables and films	409
Consumer goods and sporting goods	258
Engineering industry	335
Other	139
Total	2575

Production of nylon

As opposed to traditional materials such as wood, iron, wool and cotton, nylon does not exist in nature, so the plastic must be manufactured from chemicals in chemical plants. One of the most common nylon plastics is produced by getting two different molecules to react with one another at moderate heat (approx. 285 °C) under pressure in a reaction vessel. One of the two molecules is hexane-1,6-dicarboxylic acid (also referred to as adipic acid) and the second is 1,6-diaminohexane (also referred to as hexamethylenediamine). When combined, they merge to form a larger molecule at the same time as water is given off in a chemical reaction called a condensation polymerisation reaction (condensation because the water is eliminated, polymerisation because it occurs several times until it becomes one single large molecule). Other nylon variations are created by varying the different starting molecules.

Nylon properties

Nylon is generally a silky thermoplastic that melts and becomes liquid when it is heated (generally at approximately 260°C). Its distinguishing characteristics are that it is strong and durable. Since nylon is a synthetic polymer, it has very strong resistance to attacks

from naturally occurring bacteria, fungi etc. Nylon is waterproof and dries quickly because water molecules cannot penetrate through its outer surface (as opposed to natural materials such as cotton or wool). In addition, nylon also has some resistance to other chemicals.

Nexam products for nylon

Nexam has developed a number of products (crosslinkers) for improving the properties of nylon. The crosslinkers are designed to be added to the nylon plastic, either by the plastics manufacturer during the production process or by the plastics converter that produces the plastic component. The crosslinkers added react with the plastic and are activated later during or after the shaping process of the finished component. Nexam sells its crosslinkers to the nylon market under the NEXAMITE™ brand name. Nexam's products are primarily designed to increase the nylon material's resistance to chemicals and temperatures as well as contribute to improving its mechanical properties.

Reasons why customers use Nexam products

Lower weight (plastic as a replacement for metals), longer service life and higher performance for plastic components, lower costs and more effective processing.

Customers and projects:

More than ten, among others, BASF (the world's largest chemical company), which Nexam entered into an exclusive multi-year contract with concerning the commercialisation of crosslinkable PA66. Other customers are subject to nondisclosure agreements, and so cannot presently be disclosed.

How projects are conducted and financed

Nexam's various development projects are financed by Nexam itself, by development grants from VINNOVA and by customers that evaluate the technology for the purpose of creating new material qualities. Nexam's products are designed to be suitable for several different nylon qualities and we are planning to be able to cover basically all types of nylon plastics.

Operations during the Quarter

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

- A leading US-based materials supplier for the aerospace industry informs Nexam that they are going to qualify Nexam's PEPA for an aircraft project lasting several years
- Nexam St Andrews decided to selectively accept external contract manufacturing orders. The first order has a value of SEK 900 thousand and is for delivery in August–September
- Nexam has intensified its collaboration with some major contract manufacturers in Europe in preparation for expected future production of multi-tonne volumes of Nexam's products
- More positive results have been achieved in continuing tests together with an external partner with respect to crosslinking PET. The work is being driven forward with high priority by both partners with the goal of bringing the material's properties to new levels, which would enable end products that weigh less and cost less

- The Nylon 66 project with BASF is progressing. Analysis and evaluation as well as optimization of formulas and curing are under way in active collaboration with the customer
- The HICTAC Project, which aims to develop new high-temperature composites for aircraft engines, has continued during the quarter. This project is a sub-project as part of major development work within the scope of the EU's FP7/Clean Sky research programme and is coordinated by SICOMP with Rolls-Royce as the end customer
- 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 European Patent Office (EPO) announced that Nexam's patent application concerning the Company's crosslinking technology for polycarbonates 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
- Two of Nexam's customers working with the plastic PEEK announce positive results

The level of activity of Nexam's Scottish factory has been high, and several external manufacturing orders have been accepted during the end of the quarter. The reason was to make better use of the factory's capacity when it is not being used to produce Nexam products

In addition to sales of product test volumes during the quarter, new potential customers are continuing to request and receive samples of Nexam products.

The new plastics processing laboratory, including the micro compounder, has been brought into service, which now makes accelerated development work for potential thermoplastics customers possible.

Nexam continued with its established IPR strategy during the quarter. Nexam is in a conflict with an American company that wants Nexam to limit its use of the Nexam trademark in product sales. Nexam currently uses the NEXIMID and NEXAMITE trademarks when selling its products. Nexam expects to be able to retain the trade name Nexam Chemical and be able to use Nexam as a brand name for selling its services, but otherwise only use NEXIMID and NEXAMITE. The conflict is not expected to have a material effect on Nexam.



Financial Position

Turnover and Profit/Loss

Net turnover for the period came in at SEK 299 thousand (72 thousand), of which about half were sales of test volumes of commercial NEXIMID products. Other turnover came from sales of development products (NEXIMID and NEXAMITE products) to potential customers in Asia, Europe and the US as well as sales of fine chemicals from Nexam St. Andrews to external customers.

The Group's revenue during the quarter amounted to SEK 1,125 thousand (677 thousand), of which revenue from grants totalled SEK 826 thousand (605 thousand).

Personnel expenses during the quarter totalled SEK -3,360 thousand (-2,166 thousand). This increase is driven by increased staffing in both Sweden and Scotland in comparison to the same period last year. This is an effect of the build-up of the plastics processing laboratory in Lund and the increased rate of production in Scotland. Other operating costs totalled SEK -3,651 thousand (-2,679 thousand). The increase in the quarter's operating costs is largely driven by costs related to the listing on the stock exchange and they in large part consist of purchased services. Furthermore, costs for patent applications and nationalisations of patents led to an increase in the costs for intellectual property rights of approximately SEK 200 thousand in comparison to the past quarter as well as just over SEK 400 thousand in comparison to the second quarter of last year. The profit/loss before tax for the quarter came in at SEK -5,571 thousand (-4,437 thousand).

Personnel and organisation

The Company has increased the number of employees in Sweden from 11 in Q2 last year to 13 in Q2 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 at Nexam St. Andrews increased from three in Q2 2012 to five in Q2 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

Investments during the period consisted to a great degree of the first increased lease fees of nearly SEK one million for the three new leases (compounding machine, injection-mould and micro compounding machine) which Nexam acquired for the plastics lab. Nexam also redeemed a rheometer from a previous lease agreement and balanced costs for intellectual property rights concerning polyolefins equal to just over SEK 300 thousand. Minor investments were also made in Scotland.

Cash flow

The cash flow during the period amounted to SEK -9,541 thousand (-5,328 thousand), with one-time items from investing activities making up about SEK 1,300 thousand. Operating costs also contains some items of a non-time nature, primarily attributable to start-up costs in conjunction with the listing equal to approximately SEK 300 thousand. The net cash flow from operating activities during the period was SEK -8,110 thousand (-4,023 thousand), of which the change in working capital was -3,503 thousand (-64 thousand), driven primarily by the increased inventory and decreased liabilities.

Liquidity and financing

As of the closing date on the last day of June 2013, cash and cash equivalents totalled SEK 46,457 thousand (17,430 thousand). Non-current liabilities consist of interest-bearing loans from the Bank of Scotland for the operations of Nexam St. Andrews Ltd.

Balance sheet

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

Financial statements

Consolidated accounts					
(SEK thousand)	Apr–Jun 2013	Apr–Jun 2012	Acc. Jan–Jun 2013	Acc. Jan–Jun 2012	Full year 2012
Operating income	1,125	677	1,964	1,095	3,119
Change in stocks	1,956	0	1,626	0	1,481
Cost of goods sold	-1,029	-24	-1,645	-36	-2,710
Gross profit/loss	2,052	653	1,945	1,059	1,890
Personnel expenses	-3,360	-2,166	-6,125	-4,234	-8,440
Other operating expenses	-3,651	-2,679	-6,818	-4,841	-9,216
Depreciation, amortisation and impairment	-577	-387	-1,001	-760	-1,881
Operating profit/loss	-5,536	-4,579	-11,999	-8,776	-17,647
Net financial income/expense	-35	142	-59	86	43
Profit/loss after financial items	-5,571	-4,437	-12,058	-8,690	-17,604
Tax on net profit/loss for the year	0	0	0	0	0
Profit/loss for the period	-5,571	-4,437	-12,058	-8,690	-17,604

Consolidated balance sheet			
(SEK thousand)	30/06/2013	30/06/2012	31/12/2012
Assets			
Fixed assets			
Intangible fixed assets	3,309	2,821	2,952
Tangible fixed assets	12,373	8,391	8,180
Financial assets	30	40	5
Total fixed assets	15,712	11,252	11,137
Current assets			
Stocks	3,242	808	1,877
Other current assets	1,365	1,400	1,311
Cash and bank balances	46,457	17,430	7,265
Total current assets	51,064	19,638	10,453
Total assets	66,776	30,890	21,590
Equity and liabilities			
Equity	57,473	24,624	15,676
Liabilities			
Non-current liabilities	1,874	3,639	2,182
Current liabilities	7,429	2,627	3,732
Total liabilities	9,303	6,266	5,914
Total equity and liabilities	66,776	30,890	21,590

Statement of changes in equity

(SEK thousand)	Apr–Jun 2013	Apr–Jun 2012	Acc. Jan–Jun 2013	Acc. Jan–Jun 2012	Full year 2012
Equity at the start of the period	62,842	28,994	15,676	33,268	33,274
New share issues and subscription rights	-30	0	53,820	0	58
Non-cash issue	0	0	13,737	0	0
Cost of non-cash issue	0	0	-13,687	0	0
Profit/loss for the period	-5,571	-4,437	-12,058	-8,690	-17,604
Translation difference	232	67	-15	46	-51
Equity at the end of the period	57,473	24,624	57,473	24,624	15,676

Consolidated cash flow statement

(SEK thousand)	Apr–Jun 2013	Apr–Jun 2012	Acc. Jan–Jun 2013	Acc. Jan–Jun 2012	Full year 2012
Net cash flow from operating activities before changes in working capital	-4,607	-3,959	-10,907	-7,930	-15,647
Changes in working capital	-3,503	-64	-1,982	-78	31
Net cash flow from operating activities	-8,110	-4,023	-12,889	-8,008	-15,616
Net cash flow from investing activities	-1,525	-1,417	-1,463	-6,402	-7,121
Net cash flow from financing activities	94	112	53,560	2,243	459
Cash flow for the period	-9,541	-5,328	39,208	-12,167	-22,278
Cash and cash equivalents at the start of the period	56,038	22,691	7,265	29,556	29,556
Translation difference	-40	67	-16	41	-13
Cash and cash equivalents at the end of the period	46,457	17,430	46,457	17,430	7,265

Parent company income statement

(SEK thousand)	Apr–Jun 2013	Acc. Jan–Jun 2013
Operating income	1,840	1,840
Gross profit/loss	1,840	1,840
Personnel expenses	-743	-743
Other operating expenses	-884	-884
Operating profit/loss	213	213
Net financial income/expense	0	0
Profit/loss after financial items	213	213
Tax on net profit/loss for the year	0	0
Net profit/loss for the year	213	213

Parent company balance sheet

(SEK thousand)	30/06/2013
Assets	
Fixed assets	
Financial assets	243,990
Total fixed assets	243,990
Current assets	
Other current receivables	1,047
Cash and bank balances	555
Total current assets	1,602
Total assets	245,591
Equity and liabilities	
Total equity	244,253 *
Liabilities	
Current liabilities	1,338
Total liabilities	1,338
Total equity and liabilities	245,591
Parent company equity *)	
Cash, new share issue	50
Non-cash issue	243,990
January/June profit/loss	213
	244,253

Lund, 19 August 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.

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.

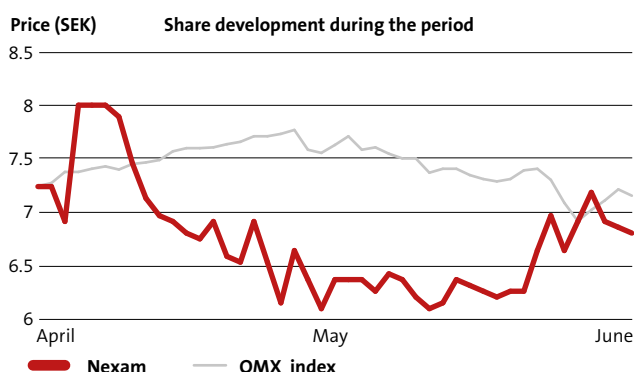
The shares of Nexam Chemical Holding AB were listed on NASDAQ OMX First North in Stockholm on 23 April 2013. A diagram is presented below which depicts the performance of the turnover and price of the shares between 23 April and 28 June 2013. Nearly 7.5 million shares have been turned over during the period, which is equivalent to 15% of the total number of outstanding shares. The average price during the period was SEK 7.21 per share.

A breakdown of changes in share capital and a list of owners as of 28 June can be found below. For more information, please refer to

the company description that can be found on Nexam's website.

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

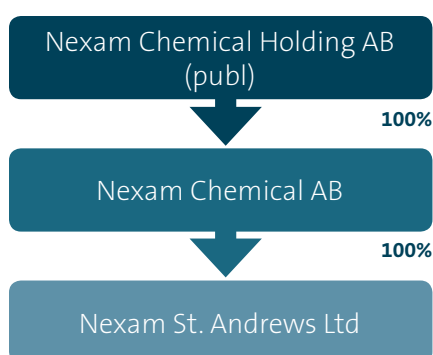
Shareholders	Shares	Percent
UBS AG on behalf of client	4,172,762	8.6%
Lennart Holm, via company	2,591,596	5.3%
Nordea Luxemburg on behalf of client	2,528,400	5.2%
Per Palmqvist Morin, private, via company and family	2,070,569	4.2%
Jan-Erik Rosenberg, private and via company	2,048,866	4.2%
Richard Tooby, private and via company	2,004,266	4.1%
Daniel Röme, via company	2,000,237	4.1%
Torbjörn Lindgren, via company and private	1,963,962	4.0%
Michael Karlsson, private and via family	1,701,421	3.5%
Björn Parkander	912,517	1.9%
Other shareholders	26,785,404	54.9%
Total	48,780,000	100.0%



Nexam Holdings AB's shares have been traded on NASDAQ OMX First North since 23 April 2013. The ticker symbol is NEXAM and the ISIN-code is SE0005101003. For more information, please visit nexam.se

Group Structure and Additional Information

Nexam Chemical Holding AB is a Swedish public limited liability company (publikt aktiefbolag) and its corporate ID no. is 556919-9432. The group of companies consists of Nexam Chemical Holding AB, the wholly-owned subsidiary Nexam Chemical AB (corp. ID no. 556784-6711) 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 2012. The transition to K3 caused certain changes to the income statement. The parent company has not applied some voluntary

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

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).

The average number of shares has been calculated using 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's website and the annual report for 2012 for information about the Company's risks and uncertainties.

Estimates and Judgements

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

Estimates and judgements are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations about future events that can be

reasonably expected under prevailing conditions. The actual outcome may differ from the judgements made. The areas where estimates and assumptions could lead to a significant risk of adjustments to the figures reported for profit/loss and financial position in future reporting periods are primarily judgements about market conditions and thus the value of the Group's fixed assets.

Financial calendar

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
	March	Annual general meeting	May 2014

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