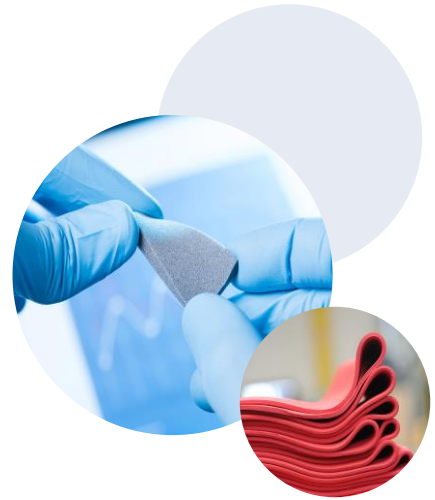


Published on January 28, 2022

Year-end report 2021



OCTOBER - DECEMBER 2021

- Sales increased by 20 percent and amounted to 4,085 MSEK (3,402).
- EBIT amounted to 537 MSEK (622).
- EBIT-margin amounted to 13.1 percent (18.3).
- Adjusted EBIT (excl. non-recurring items) increased by 1 percent to 628 MSEK (622).
- Adjusted EBIT-margin (excl. non-recurring items) amounted to 15.4 percent (18.3).
- Profit after tax amounted to 446 MSEK (456).
- Earnings per share amounted to 1.29 SEK (1.32).
- Operating cash flow amounted to 1,296 MSEK (1,023).
- Non-recurring items, before tax, amounted to an expense of 91 MSEK (0), mainly related to the insurance settlement after the fire in one of our production units in the USA earlier this year, but also includes a planned restructuring of our production in England.

JANUARY - DECEMBER 2021

- Sales increased by 19 percent and amounted to 16,005 MSEK (13,424).
- EBIT increased by 59 percent to 3,074 MSEK (1,935).
- EBIT-margin increased to 19.2 percent (14.4).
- Adjusted EBIT (excl. non-recurring items) increased by 36 percent to 2,737 MSEK (2,011).
- Adjusted EBIT-margin (excl. non-recurring items) increased to 17.1 percent (15.0).
- Profit after tax increased to 2,358 MSEK (1,409).
- Earnings per share increased by 67 percent to 6.85 SEK (4.09).
- Operating cash flow amounted to 2,731 MSEK (2,548).
- Non-recurring items, before tax, amounted to 337 MSEK (expense 76), mainly related to the insurance settlement after the fire in one of our production units in the USA earlier this year, but also includes a planned restructuring of our production in England.
- The Board of Directors propose an ordinary dividend of 3.00 SEK per share (2.30) for 2021, an increase by 30 percent compared to previous year, and an additional dividend of 3.00 SEK per share, which gives a proposed total dividend of 6.00 SEK per share.

”Strong sales growth in a continued challenging environment”

Georg Brunstam, President and CEO

ABOUT HEXPOL

HEXPOL is a world-leading polymers group with strong global positions in advanced polymer compounds (Compounding), gaskets for plate heat exchangers (Gaskets and Seals), and wheels made of polymer materials for truck and castor wheel applications (Wheels). Customers are primarily system suppliers to the global automotive and engineering industry, building and construction industry and within sectors as transportation, energy, oil/gas, consumer and cable industry and manufacturers of medical equipment, plate heat exchangers and forklifts. The Group is organized in two business areas, HEXPOL Compounding and HEXPOL Engineered Products. The HEXPOL Group's sales in 2021 amounted to 16,005 MSEK and the Group has approximately 4,800 employees in fourteen countries.

Strong sales growth in a continued challenging environment

We had a strong sales growth of 20 percent compared with the corresponding quarter last year, driven by good sales in all markets and product areas. This is despite many disturbances during the quarter in the form of production stoppages at automotive customers, global transport problems and raw material shortages. Adjusted EBIT amounted to 628 MSEK (622), which corresponds to a margin of 15.4 percent (18.3). Operating profit for the quarter amounted to 537 MSEK (622) which includes non-recurring items of 91 MSEK, mainly related to the fire in one of our production unit in the USA earlier this year but also planned restructuring in England.

Disruptions were many and strong in terms of demand from customers and deliveries in the quarter. The vehicle manufacturers' frequent stop and start of production due to component shortages had a clear negative impact on those of our customers who deliver to the automotive industry. In addition to this, several customers extended their production stops during the Christmas holidays driven by component shortages. We ourselves also experienced disruptions in the supply chain related to raw material where both the transport problems and raw material shortages had a negative impact. In addition to the challenges of uneven demand and supply issues, we have seen continued price increases for raw materials and increased energy costs. The need to constant adapt production to rapidly changing demand from customers in combination with non-optimized recipes due to raw material shortages and price increases for raw materials and energy has affected our gross margin negatively during the quarter. As part of increasing our efficiency, we announced a planned restructuring of our production in England during the quarter.

Despite the challenges, we once again experience that our strong customer focus combined with our ability to offer fast and stable deliveries to our customers are appreciated when the uncertainty is so high around the world. Our large geographical coverage with manufacturing close to our customers is a clear competitive advantage. 2121 as a whole was a very good year for the HEXPOL Group with record sales and record profit, our best year so far.

We continue our work on sustainability, not least with reducing our carbon footprint in order to achieve our goal of a reduction by 75 percent to 2025. We are also launching new compounds with bio based and recycled materials and are actively working to ensure that acquired companies have the same high sustainability focus like the other companies within HEXPOL.

The major challenges that currently exist with the automotive industry's frequent production stoppages as well as global transport and raw material problems, together with a sharp increase in absence due to the spread of infection and rules around quarantine creates further uncertainty. However, we believe that our strong customer focus in combination with our geographical closeness to our customers give us opportunities to further build our market position. We are flexible and ready to meet the expected increase in vehicle production. The strong business model in combination with a clear M&A agenda and strong financial position give us good conditions for continued growth and acquisitions.



Georg Brunstam
President and CEO

Sales

4,085 MSEK (3,402)

Adjusted EBIT

628 MSEK (622)

Group Summary

Key figures MSEK	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Sales	4 085	3 402	16 005	13 424
EBITA, adjusted	651	641	2 812	2 088
EBITA-margin, adjusted, %	15,9	18,8	17,6	15,6
EBITA	560	641	3 149	2 012
EBITA-margin, %	13,7	18,8	19,7	15,0
EBIT, adjusted	628	622	2 737	2 011
EBIT-margin, adjusted, %	15,4	18,3	17,1	15,0
EBIT	537	622	3 074	1 935
EBIT-margin, %	13,1	18,3	19,2	14,4
Profit before tax	523	592	3 031	1 855
Profit after tax	446	456	2 358	1 409
Earnings per share, adjusted, SEK	1,48	1,32	6,09	4,26
Earnings per share after dilution, SEK	1,29	1,32	6,85	4,09
Equity/assets ratio, %			65	61
Return on capital employed, % R12			22,8	14,3
Operating cash flow incl. paid insurance compensation	1 296	1 023	2 731	2 548



Group development

October - December 2021

Sales

Our sales increased strongly during the fourth quarter 2021 compared to the corresponding quarter previous year. The HEXPOL Group's sales increased during the quarter to 4,085 MSEK (3,402) including positive currency effects of 58 MSEK. Adjusted for these, the sales amounted to 4,027 MSEK. Apart from the positive currency effects, the sales were positively affected by organic growth of 12 percent and acquisitions (VICOM and Unica) with 6 percent.

The HEXPOL Compounding business area's sales increased by 20 percent during the quarter, compared to the corresponding quarter 2020. The sales increased to 3,791 MSEK (3,159) including positive currency effects of 55 MSEK. Adjusted for these, the sales amounted to 3,736 MSEK. Apart from the positive currency effects, the sales were positively affected by organic growth of 11 percent and acquisitions with 7 percent. We saw continued good underlying demand during the quarter, however, the outcome was negatively affected by the global disturbances regarding component- and raw material shortages as well as transport problems and production stoppage mainly at automotive customers. In addition to this, several customers extended their production stops during the Christmas holidays driven by component shortages.

During the quarter, we saw continued price increases for raw materials and also sharply increased energy costs.

The HEXPOL Engineered Products sales also increased during the quarter, and amounted to 294 MSEK (243), an increase by 21 percent.

From a geographical perspective the sales increased in Europe by 27 percent compared to the corresponding quarter previous year. The sales in America increased at the same time by 16 percent. Asia increased by 13 percent compared with the corresponding quarter previous year.

Earnings

Adjusted EBITA increased to 651 MSEK (641), which meant a corresponding EBITA margin of 15.9 percent (18.8).

The adjusted EBIT increased by 1 percent to 628 MSEK (622) despite negative currency effects of 19 MSEK. The corresponding operating margin amounted to 15.4 percent (18.3). The need to constant adapt production to rapidly changing demand from customers in combination with non-optimized recipes due to raw material shortages and price increases for raw materials and energy has affected our gross margin negatively during the quarter. In addition, as previously communicated, the acquired VICOM and Unica have been added, and both have a lower margin than other HEXPOL-companies. EBIT amounted to 537 MSEK (622).

Non-recurring items in the quarter, amounted to an expense of 91 MSEK (0), mainly related to the insurance settlement after the fire in one of our production units in the USA earlier this year, but also includes a planned restructuring of our production in England.

The Group's net financial items amounted to an expense of 14 MSEK (expense 30). Profit before tax amounted to 523 MSEK (592), profit after tax amounted to 446 MSEK (456) and earnings per share 1.29 SEK (1.32). Earnings per share, adjusted for non-recurring items, amounted to 1.48 SEK (1.32).

Sales
4,085 MSEK

Adjusted EBIT
628 MSEK

January - December 2021

Sales

Our sales increased by 20 percent during the period compared to the corresponding period previous year, despite negative currency effects. The HEXPOL Group's sales amounted to 16,005 MSEK (13,424) including negative currency effects of 814 MSEK. Adjusted for these, the sales amounted to 16,819 MSEK. Apart from negative currency effects, the sales were positively affected by organic sales increase of 21 percent and acquisitions (VICOM and Unica) with 4 percent. We saw continued good underlying demand during the period, however, the outcome was negatively affected by the global disturbances regarding component- and raw material shortages as well as transport problems and production stoppage mainly at automotive customers during the end of the period.

The HEXPOL Compounding business area's sales increased during the period compared to 2020. The sales amounted to 14,888 MSEK (12,446) including negative currency effects of 777 MSEK. Adjusted for these, the sales amounted to 15,665 MSEK. Apart from negative currency effects, the sales were positively affected by organic growth of 21 percent and acquisitions with 5 percent.

The HEXPOL Engineered Products sales increased during the period by 14 percent, compared to the corresponding period 2020, and amounted to 1,117 MSEK (978).

From a geographical perspective the sales increased in Europe by 30 percent compared to the corresponding period previous year. The sales in America increased at the same time by 12 percent, despite being strongly affected by negative currency effects. Asia increased by 19 percent compared with the corresponding period previous year.

Earnings

Adjusted EBITA increased to 2,812 MSEK (2,088), which meant a corresponding EBITA margin of 17.6 percent (15.6).

Despite negative currency effects of 155 MSEK, the adjusted EBIT increased by 36 percent to 2,737 MSEK (2,011), while the corresponding operating margin increased to 17.1 percent (15.0). The higher margin comes from good sales and volumes, combined with a lower cost base. EBIT amounted to 3,074 MSEK (1,935), an increase by 59 percent.

Non-recurring items during the period, amounted to 337 MSEK (expense 76), mainly related to the insurance settlement after the fire in one of our production units in the USA earlier this year, but also includes a planned restructuring of our production in England. Specification can be found in note 2.

The Group's net financial items amounted to an expense of 43 MSEK (expense 80). Profit before tax increased to 3,031 MSEK (1,855) while profit after tax increased to 2,358 MSEK (1,409) and earnings per share 6.85 SEK (4.09). Earnings per share, adjusted for non-recurring items, amounted to 6.09 SEK (4.26).

Sales
16,005 MSEK

Adjusted EBIT
2,737 MSEK

Financial overview

Equity/assets ratio

The equity/assets ratio continued strong 65 percent (61). The Group's total assets amounted to 17,963 MSEK (15,073). Net debt amounted to 899 MSEK (1,593) whereof 395 MSEK (359) relates to financial leasing liabilities according to IFRS 16, which gives a net debt/EBITDA of 0.25 (0.67).

The Group had the following major credit agreements with Nordic banks as per December 31:

- A credit agreement with a limit of 125 MUSD due in February 2022
- A credit agreement with a limit of 2,000 MSEK due in July 2022
- A credit agreement with a limit of 1,500 MSEK due in September 2023
- A credit agreement with a limit of 1,500 MSEK due in June 2024

The credit agreement due in February 2022 has, after December 31 2021, been replaced with a new credit agreement of similar scope.

Cash flow

The operating cash flow for the Group amounted to 1,296 MSEK (1,023) in the fourth quarter, while cash flow from operating activities amounted to 1,256 MSEK (895). Operating cash flow for the period January-December was 2,731 MSEK (2,548) while cash flow from operating activities amounted to 2,406 MSEK (2,376).

Investments, depreciation and amortisation

The Group's investments amounted to 114 MSEK (74) for the fourth quarter and refers mainly to regular maintenance investments. At the same time, depreciation, amortisation and impairment amounted to 106 MSEK (106) whereof 21 MSEK (17) refers to leased assets according to IFRS 16. The investments amounted to 304 MSEK (253) during the period January-December, while depreciation, amortisation and impairment amounted to 471 MSEK (440). Of these refers 82 MSEK (81) to leased assets according to IFRS 16 and 47 MSEK refers to write-downs related to the fire in Jonesborough during the first quarter 2021.

Tax expenses

The Group's tax expenses amounted to 77 MSEK (136) during the fourth quarter, which corresponds to a tax rate of 14.7 percent (23.0). Tax expenses for January-December amounted to 673 MSEK (446) which corresponds to a tax rate of 22.2 percent (24.0). Where off 84 MSEK refers to deferred tax related to the insurance compensation.

Profitability

The return on average capital employed, R12, amounted to 22.8 percent (14.3). The return on shareholders' equity, R12, amounted to 22.2 percent (13.9).

Parent Company

The Parent Company's profit after tax for the fourth quarter amounted to 1,224 MSEK (1,397). Profit after tax amounted to 1,366 MSEK (1,535) for the period January-December. Shareholders' equity amounted to 6,246 MSEK (5,672).

Net debt/EBITDA
0.25

HEXPOL Compounding

October - December 2021

The sales increased strongly during the fourth quarter, compared to the corresponding quarter previous year. The sales amounted to 3,791 MSEK (3,159) including positive currency effects of 55 MSEK. Adjusted for these, the sales amounted to 3,736 MSEK. Apart from positive currency effects, the sales were positively affected by organic growth of 11 percent and acquisitions with 7 percent. We saw continued good underlying demand during the quarter compared to previous quarter, however, the outcome was negatively affected by the global disturbances in component- and raw material shortages as well as transport problems and production stoppage mainly at automotive customers. In addition to this, several customers extended their production stops during the Christmas holidays driven by component shortages.

All regions and product areas showed sales increases compared to the corresponding quarter previous year.

During the quarter, we saw continued price increases for raw materials and also sharply increased energy costs.

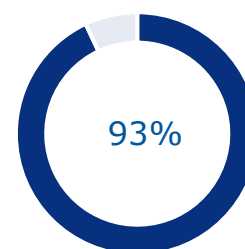
Adjusted EBIT, increased to 586 MSEK (580) and the corresponding operating margin amounted to 15.5 percent (18.4). The need to constant adapt production to rapidly changing demand from customers in combination with non-optimized recipes due to raw material shortages and price increases for raw materials and energy has affected our gross margin negatively during the quarter. In addition, as previously communicated, the acquired VICOM and Unica have been added, that both have a lower margin than other HEXPOL-companies.

January – December 2021

The sales for HEXPOL Compounding increased by 20 percent to 14,888 MSEK (12,446). At the same time, the adjusted EBIT amounted to 2,541 MSEK (1,864) which corresponds to an adjusted operating margin of 17.1 percent (15.0).

Share of the Group's sales

January - December 2021



About HEXPOL Compounding

The business area is one of the world's leading suppliers in development and manufacturing of advanced, high-quality polymer compounds for demanding applications and demanding end users. Customers are manufacturers of polymer products and components who impose rigorous demands on performance and global delivery capacity. The market is global and the largest end-customer segments are the automotive and engineering industries, followed by the building and construction sector. Other key segments are transportation sector, energy, oil and gas sector, consumer sector, cable industries and manufacturers of medical equipment.

HEXPOL Compounding

MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2021	2020	2021	2020
Sales	3 791	3 159	14 888	12 446
EBIT, adjusted	586	580	2 541	1 864
EBIT-margin, adjusted, %	15,5	18,4	17,1	15,0
EBIT	495	580	2 878	1 791

HEXPOL Engineered Products October – December 2021

The sales increased by 21 percent compared with the same quarter previous year and amounted to 294 MSEK (243). The increase include positive currency effects of 3 MSEK. Adjusted for these the sales amounted to 291 MSEK. EBIT amounted to 42 MSEK (42) and the corresponding operating margin amounted to 14.3 percent (17.3).

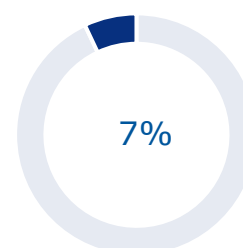
All product areas, Gaskets and Seals and Wheels increased their sales substantially compared to the corresponding quarter previous year. Not least Wheels had a good development both in sales and in terms of earnings.

January – December 2021

The sales for HEXPOL Engineered Products increased by 14 percent to 1,117 MSEK (978). Not least, the product area Wheels developed well during the year. At the same time the adjusted EBIT amounted to 196 MSEK (147) which corresponds to an adjusted operating margin of 17.5 percent (15.0).

Share of the Group's sales

January - December 2021



About HEXPOL Engineered Products

The business area has operations in a number of niche areas with strong global positions in gaskets for plate heat exchangers (Gaskets and Seals) and wheels of polymer materials for forklifts and material handling (Wheels). The market for gaskets and wheels is global. Gaskets customers include manufacturers of plate heat exchangers and wheel customers are manufacturers of forklifts and castor wheels.

HEXPOL Engineered Products

MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2021	2020	2021	2020
Sales	294	243	1 117	978
EBIT, adjusted	42	42	196	147
EBIT-margin, adjusted, %	14,3	17,3	17,5	15,0
EBIT	42	42	196	144

After the end of the period

Significant events

No significant events after the end of the period have been reported.

Other information

Risk factors

The Group's and Parent Company's business risks, risk management and management of financial risks are described in detail in the 2020 Annual Report. The Covid-19 pandemic outbreaks continue to have a major impact on the world and HEXPOL. At present, it is very difficult to estimate or quantify the risks related to this, but it is likely that the negative effect will continue to affect, both sales and earnings. The Board and management follows the development closely.

Accounting policies

This year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company's financial statements have been prepared in compliance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting for Legal Entities. The accounting and measurement policies as well as the assessment bases, applied in the 2020 Annual Report have also been applied in this year-end report. No new or revised IFRS that came into force 2021 have had any significant impact on the Group's financial reports.

Alternative Performance Measures (APMs)

ESMA (European Securities and Markets Authority) guidelines on alternative performance measures are effective from 2016. HEXPOL presents financial definitions and reconciliations of alternative performance measures in this report. HEXPOL presents alternative performance measures as these provide valuable additional information to investors and the company's management as they allow evaluation of the company's performance.

Personnel

The number of employees at the end of the period was 4,771 (4,550). The increase, compared to the corresponding period previous year, is explained by the acquisitions of VICOM, acquired in March 2021, and Unica, acquired in July 2021.

Number of
employees
4,771

Ownership structure

HEXPOL AB (publ.) with Corporate Registration Number 556108-9631 is the Parent Company of the HEXPOL Group. HEXPOL's Class B shares are listed on Nasdaq Stockholm, Large Cap. HEXPOL AB had approximately 11,600 shareholders on December 31, 2021. The largest shareholder is Melker Schörling AB with 25 percent of the capital and 46 percent of the voting rights. The twenty largest shareholders own 72 percent of the capital and 80 percent of the voting rights.

Invitation to presentation of the report

A presentation of this report will be held through a webcasted conference call on January 28, 2022 at 02:00 p.m. CET. The presentation, as well as information concerning participations, is available at www.hexpol.com.

Annual General Meeting, April 28 2022

The Annual General Meeting will be held on April 28, 2022 in Malmö, Sweden. We will come back in the notice or alternatively on the website about how the AGM will be accomplished with respect to Covid-19. The Annual Report for 2021 will be available on HEXPOL's website and at the head office no later than April 7, 2022. Shareholders who wish to participate in the AGM must be registered in the shareholder's register maintained by Euroclear Sweden AB no later than April 20, 2022 and notify their intention to participate no later than April 22, 2022. Shareholders whose shares are registered with a trustee must temporarily register the shares in their own name no later than April 20, 2022 to be entitled to participate in the AGM.



Financial calendar

HEXPOL AB publish financial information on the following dates:

- Interim report January-March 2022 April 28, 2022
- Annual General Meeting 2022 April 28, 2022
- Half-year report January-June 2022 July 15, 2022
- Interim report January-September 2022 October 21, 2022

Financial information is also available in Swedish and English on HEXPOL AB's website – www.hexpol.com.

This year-end report for 2021 has not been audited by HEXPOL AB's auditors.

Malmö, Sweden January 28, 2022

HEXPOL AB (publ.)

Georg Brunstam
President and CEO

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Tel: +46 40-25 46 60
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This report may contain forward-looking statements. When used in this report, words such as “anticipate”, “believe”, “estimate”, “expect”, “plan” and “project” are intended to identify forward-looking statements. Such statements could encompass risks and uncertainties pertaining to product demand, market acceptance, effects of economic conditions, impact of competitive products and pricing, foreign currency exchange rates and other risks. These forward-looking statements reflect the views of HEXPOL's management as of the date made with respect to future events but are subject to risks and uncertainties. While all of these forward-looking statements are based on estimates and assumptions made by HEXPOL's management and are believed to be reasonable, they are inherently uncertain and difficult to predict. Actual results and experience could differ materially from the forward-looking statements. HEXPOL disclaims any intention or obligation to update these forward-looking statements.

This information is information that HEXPOL AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 01:00 p.m. CET on January 28, 2022. This report has been prepared both in Swedish and English. In case of any divergence in the content of the two versions, the Swedish version shall have precedence.

Summary financial information

Condensed consolidated income statement

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Sales	4 085	3 402	16 005	13 424
Cost of goods sold	-3 263	-2 579	-12 532	-10 496
Gross profit	822	823	3 473	2 928
Selling and administrative cost, etc.	-224	-201	-797	-993
Other income/insurance compensation and related costs Note 2	-61	-	398	-
Operating profit	537	622	3 074	1 935
Financial income and expenses	-14	-30	-43	-80
Profit before tax	523	592	3 031	1 855
Tax	-77	-136	-673	-446
Profit after tax	446	456	2 358	1 409
- of which, attributable to Parent Company shareholders	446	456	2 358	1 409
Earnings per share before dilution, SEK	1,29	1,32	6,85	4,09
Earnings per share after dilution, SEK	1,29	1,32	6,85	4,09
Shareholders' equity per share, SEK			33,82	26,53
Average number of shares, 000s	344 437	344 201	344 437	344 201
Depreciation, amortisation and impairment	-106	-106	-471	-440

Condensed statement of comprehensive income

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Profit after tax	446	456	2 358	1 409
Items that will not be reclassified to the income statement				
Remeasurements of defined benefit pension plans	1	0	1	0
Items that may be reclassified to the income statement				
Translation differences	298	-871	950	-1 261
Comprehensive income	745	-415	3 309	148
- of which, attributable to Parent Company's shareholders	745	-415	3 309	148

Condensed consolidated balance sheet

MSEK	Dec 31 2021	Dec 31 2020
Intangible fixed assets	9 724	8 502
Tangible fixed assets	2 430	2 261
Financial fixed assets	3	3
Deferred tax asset	79	51
Total fixed assets	12 236	10 817
Inventories	1 739	1 094
Accounts receivable	2 401	1 744
Other receivables	212	179
Prepaid expenses and accrued income	55	39
Cash and cash equivalents	1 320	1 200
Total current assets	5 727	4 256
Total assets	17 963	15 073
Equity attributable to Parent Company's shareholders	11 650	9 133
Total shareholders' equity	11 650	9 133
Interest-bearing liabilities	2 126	2 699
Other liabilities	58	38
Provision for deferred tax	602	521
Provision for pensions	66	64
Total non-current liabilities	2 852	3 322
Interest-bearing liabilities	96	97
Accounts payable	2 431	1 796
Other liabilities	334	221
Accrued expenses, prepaid income, provisions	600	504
Total current liabilities	3 461	2 618
Total shareholders' equity and liabilities	17 963	15 073

Condensed consolidated changes in shareholders' equity

MSEK	Dec 31, 2021		Dec 31, 2020	
	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity
Opening equity	9 133	9 133	9 756	9 756
New share issue in progress	-	-	21	21
Comprehensive income	3 309	3 309	148	148
Dividend	-792	-792	-792	-792
Closing equity	11 650	11 650	9 133	9 133

Changes in number of shares

	Total number of Class A shares	Total number of Class B shares	Total number of shares
Number of shares at January 1	14 765 620	329 435 660	344 201 280
Rights issue	-	235 566	235 566
Number of shares at the end of the period	14 765 620	329 671 226	344 436 846

The Annual General Meeting in April 2016, resolved to implement an incentive program (2016/2020) for the senior executives and key employees through a directed issue of maximum 2,100,000 subscription warrants. During 2016, 1,408,000 subscription warrants were subscribed for by 39 senior executives and key employees. The issue rate was SEK 9 per subscription warrant and every warrant gives the right to subscribe for 1.01 new shares at subscription rate SEK 88.70, adjusted for special dividend in May 2017 according to the warrant terms. During 2017, 225,000 subscription warrants was subscribed for by 1 senior executive, where the issue rate was SEK 9 per subscription warrant and every warrant gives the right to subscribe for 1.00 new share at subscription rate SEK 88.70. The warrants gave the right to subscribe for shares during the period June 1, 2019 – December 31, 2020, the program is now completed. Subscription of 235 566 new shares was made in December 2020 within the framework of incentive program 2016/2020. These new shares are reported as new share issue in progress per December 31, 2020.

Condensed consolidated cash-flow statement

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operating activities before changes in working capital	489	526	2 916	1 961
Changes in working capital	223	369	-510	415
Changes in working capital - paid insurance compensation Note 2	544	-	-	-
Cash flow from operating activities	1 256	895	2 406	2 376
Acquisitions Note 3	22	-	-558	-412
Cash flow from other investing activities	-114	-74	-304	-253
Cash flow from investing activities	-92	-74	-862	-665
Dividend	-	-792	-792	-792
Other contributed capital	-	21	-	21
Cash flow from other financing activities	-984	117	-574	-1 207
Cash flow from financing activities	-984	-654	-1 366	-1 978
Change in cash and cash equivalents	180	167	178	-267
Cash and cash equivalents at January 1	1 077	1 159	1 200	1 624
Exchange-rate differences in cash and cash equivalents	63	-126	-58	-157
Cash and cash equivalents at the end of the period	1 320	1 200	1 320	1 200

Operating cash flow, Group

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating profit	537	622	3 074	1 935
Other non cash adjustment	-	-	-	11
Depreciation/amortisation/impairment	106	106	471	440
Change in working capital	223	369	-510	415
Changes in working capital - paid insurance compensation	544	-	-	-
Sale of fixed assets	0	0	0	0
Investments	-114	-74	-304	-253
Operating Cash flow incl adjustment for paid insurance compensation	1 296	1 023	2 731	2 548
Operating Cash flow excl adjustment for paid insurance compensation	752	1 023	2 731	2 548

Other key figures, Group

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Profit margin before tax, %	12,8	17,4	18,9	13,8
Return on shareholders' equity, % R12			22,2	13,9
Interest-coverage ratio, multiple			71	34
Net debt, MSEK			-899	-1 593
Sales growth adjusted for currency effects, %	18	-3	25	-11
Sales growth adjusted for currency effects and acquisitions, %	12	-3	21	-17
Cash flow per share, SEK	3,65	2,60	6,99	6,90
Cash flow per share before change in working capital, SEK	1,42	1,53	8,47	5,70

Condensed income statement, Parent Company

MSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Sales	23	14	58	57
Administrative costs, etc.	-21	-34	-95	-97
Operating loss	2	-20	-37	-40
Financial income and expenses	1 254	1 449	1 428	1 598
Profit after financial items	1 256	1 429	1 391	1 558
Untaxed reserves	-	0	-	0
Profit before tax	1 256	1 429	1 391	1 558
Tax	-32	-32	-25	-23
Profit after tax	1 224	1 397	1 366	1 535

Condensed balance sheet, Parent company

MSEK	Dec 31 2021	Dec 31 2020
Fixed assets	10 000	9 286
Current assets	2 519	2 744
Total assets	12 519	12 030
Restricted shareholders' equity		
Share capital	69	69
New share issue in progress	-	0
Total restricted shareholders' equity	69	69
Non-restricted shareholders' equity		
Share premium reserve	619	619
Accumulated earnings	4 192	3 449
Profit after tax	1 366	1 535
Total non-restricted shareholders' equity	6 177	5 603
Total shareholders' equity	6 246	5 672
Untaxed reserves	-	0
Non-current liabilities	1 825	2 410
Current liabilities	4 448	3 948
Total shareholders' equity and liabilities	12 519	12 030

Notes to the financial reports

Note 1 Financial instrument per category and measurement level

Dec 31, 2021	Financial assets/liabilities measured at:			Total
	Amortized costs	Fair value through profit or loss	Measur. level	
MSEK				
Assets in the balance sheet				
Non-current financial assets	3	-		3
Accounts receivable	2 401	-		2 401
Cash and cash equivalents	1 320	-		1 320
Total	3 724	-		3 724
Liabilities in the balance sheet				
Interest-bearing non-current liabilities	1 826	-		1 826
Interest-bearing non-current lease liabilities	300	-		300
Interest-bearing current liabilities	1	-		1
Interest-bearing current lease liabilities	95	-		95
Accounts payable	2 431	-		2 431
Other liabilities	334	-		334
Accrued expenses, prepaid income, provisions	600	-		600
Total	5 587	-		5 587

Dec 31, 2020	Financial assets/liabilities measured at:			Total
	Amortized costs	Fair value through profit or loss	Measur. level	
MSEK				
Assets in the balance sheet				
Non-current financial assets	3	-		3
Accounts receivable	1 744	-		1 744
Cash and cash equivalents	1 200	-		1 200
Total	2 947	-		2 947
Liabilities in the balance sheet				
Interest-bearing non-current liabilities	2 428	-		2 428
Interest-bearing non-current lease liabilities	271	-		271
Interest-bearing current liabilities	9	-		9
Interest-bearing current lease liabilities	88	-		88
Accounts payable	1 796	-		1 796
Other liabilities	221	-		221
Accrued expenses, prepaid income, provisions	504	-		504
Total	5 317	-		5 317

Note 2 Non-recurring items in the income statement

MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2021	2020	2021	2020
Costs of goods sold	-	-	-31	-20
Selling and administrative costs, etc.	-	-	-	-56
Other operating income	-	-	628	-
Other operating expense	-91	-	-260	-
Profit before tax	-91	-	337	-76
Tax	28	-	-78	17
Profit after tax	-63	-	259	-59

The cost in the period Jan-Dec 2021, is mainly attributable to the fire that broke out January 7, 2021, in Jonesborough, TN, USA. The income in the same period is the insurance compensation for the fire, paid in October. In addition to the cost of the fire, there are for example, costs for planned restructuring of the English operations. The costs in 2020 relates to restructuring costs.

Note 3 Acquisitions

Acquisition within Compounding 2021

HEXPOL Group acquired 100 percent of Vicom 2002 S.L. in March, a Spanish Polymer Compounder active in the interesting and growing product segment “wire and cable”. The acquisition price amounted to approximately 26,3 MEUR on a cash and debt free basis.

Below are details of net assets acquired and goodwill for the above acquisition:

MSEK	
Purchase consideration	267
Fair value of acquired net assets	73
Goodwill	194

Goodwill is attributable to the strategic importance of the acquisition in terms of the increased breadth it adds to the HEXPOL Group’s existing product offering. Through the acquisition, we strengthen our position in Southern Europe in a segment favored by the global electrification trend. The company has high competence and capacity and fits well into our current business structure. The fair value of the acquired net assets includes 1 MSEK for the estimated value of acquired intangible assets.

The following assets and liabilities were included in the acquisition:

MSEK	
Cash and cash equivalents	26
Accounts receivable	73
Current assets	27
Tangible assets	45
Right-of-use assets	30
Intangible assets	1
Non-current liabilities	-23
Non-current lease liabilities	-30
Accounts payables	-65
Current liabilities	-11
Acquired net assets	73
Goodwill	194
Purchase considerations	267
Cash and cash equivalents in acquired operations	26
Change in Group's cash and cash equivalents	241

Transaction costs for the above acquisition amounted to 1 MSEK and has been reported in the operating profit.

Acquisition within Compounding 2021

In addition to the acquisition of VICOM 2002 S.L., HEXPOL Group acquired 100 percent of Unión de Industrias C.A., S.A. (Unica) from Espiga Capital, a Spanish based Private Equity firm on July 7. Unica is a significant player in Rubber Compounds in Spain, supplying several demanding customers in the automotive, construction and agriculture sectors. The acquisition price amounted to 41 MEUR on a cash and debt free basis which is funded by a combination of cash and existing bank facilities. The purchase price allocation is preliminary as some information is outstanding and the business was consolidated as per July 2021.

Below are details of net assets acquired and goodwill for the above acquisition:

MSEK	
Purchase consideration	417
Fair value of acquired net assets	8
Goodwill	409

Goodwill is attributable to the strategic importance of the acquisition in terms of the increased breadth it adds to the HEXPOL Group's existing product offering. Through the acquisition, we strengthen our position in Rubber Compounds for demanding customers in Spain and other EU countries. Unica is a perfect complement to our existing operations in Spain, mainly active in other sectors. The fair value of the acquired net assets includes 3 MSEK for the estimated value of acquired intangible assets.

The following assets and liabilities were included in the acquisition:

MSEK	
Cash and cash equivalents	100
Accounts receivable	123
Current assets	38
Tangible assets	42
Intangible assets	3
Deferred tax liabilities	-2
Non-current liabilities	-134
Accounts payables	-105
Current liabilities	-57
Acquired net assets	8
Goodwill	409
Purchase considerations	417
Cash and cash equivalents in acquired operations	100
Change in Group's cash and cash equivalents	317

Transaction costs for the above acquisition amounted to 2,5 MSEK and has been reported in the operating profit.

Segment reporting and distribution of revenues

Quarterly data, Group

Sales per business area

MSEK	2021					Full Year	2020				Full Year
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4		
HEXPOL Compounding	3 548	3 723	3 826	3 791	14 888	3 906	2 290	3 091	3 159	12 446	
HEXPOL Engineered Products	262	279	282	294	1 117	262	236	237	243	978	
Group total	3 810	4 002	4 108	4 085	16 005	4 168	2 526	3 328	3 402	13 424	

Sales per geographic region

MSEK	2021					Full Year	2020				Full Year
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4		
Europe	1 480	1 666	1 617	1 571	6 334	1 464	983	1 178	1 233	4 858	
Americas	2 141	2 128	2 267	2 275	8 811	2 548	1 382	1 958	1 958	7 846	
Asia	189	208	224	239	860	156	161	192	211	720	
Group total	3 810	4 002	4 108	4 085	16 005	4 168	2 526	3 328	3 402	13 424	

Sales per geographic region HEXPOL Compounding

MSEK	2021					Full Year	2020				Full Year
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4		
Europe	1 351	1 525	1 485	1 427	5 788	1 334	866	1 068	1 115	4 383	
Americas	2 067	2 056	2 188	2 196	8 507	2 466	1 321	1 893	1 892	7 572	
Asia	130	142	153	168	593	106	103	130	152	491	
Group total	3 548	3 723	3 826	3 791	14 888	3 906	2 290	3 091	3 159	12 446	

Sales per geographic region HEXPOL Engineered Products

MSEK	2021					Full Year	2020				Full Year
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4		
Europe	129	141	132	144	546	130	117	110	118	475	
Americas	74	72	79	79	304	82	61	65	66	274	
Asia	59	66	71	71	267	50	58	62	59	229	
Group total	262	279	282	294	1 117	262	236	237	243	978	

EBIT per business area

MSEK	2021					Full Year *	2020				Full Year **
	Q1	Q2	Q3*	Q4*	Q1*		Q2**	Q3**	Q4**		
HEXPOL Compounding	658	679	618	586	2 541	554	178	552	580	1 864	
HEXPOL Engineered Products	46	49	59	42	196	33	31	41	42	147	
Group total	704	728	677	628	2 737	587	209	593	622	2 011	

EBIT-margin per business area

%	2021					Full Year *	2020				Full Year **
	Q1	Q2	Q3*	Q4*	Q1*		Q2**	Q3**	Q4**		
HEXPOL Compounding	18,5	18,2	16,2	15,5	17,1	14,2	7,8	17,9	18,4	15,0	
HEXPOL Engineered Products	17,6	17,6	20,9	14,3	17,5	12,6	13,1	17,3	17,3	15,0	
Group total	18,5	18,2	16,5	15,4	17,1	14,1	8,3	17,8	18,3	15,0	

*Adjusted EBIT for HEXPOL Compounding

**Adjusted EBIT

Reconciliation alternative performance measures

Sales

MSEK	2021					2020					2019				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
Sales	3 810	4 002	4 108	4 085	16 005	4 168	2 526	3 328	3 402	13 424	3 805	3 685	4 244	3 774	15 508
Currency effects	-412	-405	-55	58	-814	138	12	-202	-276	-328	298	198	163	152	811
Sales excluding currency effects	4 222	4 407	4 163	4 027	16 819	4 030	2 514	3 530	3 678	13 752	3 507	3 487	4 081	3 622	14 697
Acquisitions	33	109	210	217	569	580	279	-	-	859	380	356	911	530	2 177
Sales excluding currency effects and acquisitions	4 189	4 298	3 953	3 810	16 250	3 450	2 235	3 530	3 678	12 893	3 127	3 131	3 170	3 092	12 520

Sales growth

%	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2021	2020	2021	2020
Sales growth excluding currency effects	18	-3	25	-11
Sales growth excluding currency effects and acquisitions	12	-3	21	-17

EBITA, adjusted, %

MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2021	2020	2021	2020
Sales	4 085	3 402	16 005	13 424
Operating profit	537	622	3 074	1 935
Non-recurring items	91	-	-337	76
Amortisation and impairment of intangible assets	23	19	75	77
Total EBITA, adjusted	651	641	2 812	2 088
EBITA, adjusted, %	15,9	18,8	17,6	15,6

EBITA, %

MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2021	2020	2021	2020
Sales	4 085	3 402	16 005	13 424
Operating profit	537	622	3 074	1 935
Amortisation and impairment of intangible assets	23	19	75	77
Total EBITA	560	641	3 149	2 012
EBITA%	13,7	18,8	19,7	15,0

Capital employed

MSEK	2021				2020				2019			
	Mar 31	Jun 30	Sep 30	31 Dec	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Total assets	16 524	16 381	18 200	17 963	19 088	16 131	16 185	15 073	15 422	15 720	18 579	17 425
Provision for deferred tax	-544	-531	-662	-602	-584	-543	-518	-521	-549	-499	-539	-580
Accounts payable	-2 201	-2 320	-2 432	-2 431	-2 300	-1 257	-1 689	-1 796	-1 990	-1 908	-2 238	-1 953
Other liabilities	-316	-293	-302	-334	-658	-604	-284	-221	-253	-254	-279	-598
Accrued expenses, prepaid income, provisions	-494	-474	-570	-600	-543	-542	-586	-504	-327	-339	-464	-439
Total Group	12 969	12 763	14 234	13 996	15 003	13 185	13 108	12 031	12 303	12 720	15 059	13 855

Return on capital employed, R12

MSEK	Dec 31 2021	Dec 31 2020
Average capital employed	13 491	13 332
Profit before tax	3 031	1 855
Interest expense	43	56
Total	3 074	1 911
Return on capital employed, %	22,8	14,3

Interest-coverage ratio, multiple

MSEK	Jan-Dec 2021	Jan-Dec 2020
Profit before tax	3 031	1 855
Interest expense	43	56
Total	3 074	1 911
Interest-coverage ratio, multiple	71	34

Shareholders' equity

MSEK	2021				2020				2019			
	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Shareholders' equity	10 230	9 782	10 905	11 650	10 924	10 162	10 319	9 133	9 387	9 068	9 926	9 756

Return on equity, R12

MSEK	Dec 31 2021	Dec 31 2020
Average shareholders' equity	10 642	10 135
Profit after tax	2 358	1 409
Return on equity, %	22,2	13,9

Net debt

MSEK	Dec 31 2021	Dec 31 2020
Financial assets	3	3
Cash and cash equivalents	1 320	1 200
Non-current interest-bearing liabilities	-2 126	-2 699
Current interest-bearing liabilities	-96	-97
Net debt	-899	-1 593

Net debt/EBITDA

MSEK	Dec 31 2021	Dec 31 2020
Net debt	-899	-1 593
EBITDA, R12	3 545	2 375
Net debt/EBITDA, multiple	-0,25	-0,67

Equity/assets ratio

MSEK	Dec 31 2021	Dec 31 2020
Shareholders' equity	11 650	9 133
Total assets	17 963	15 073
Equity/assets ratio, %	65	61

Financial definitions

Average capital employed	Average of the last four quarters capital employed.
Average shareholders' equity	Average of the last four quarters shareholders' equity.
Capital employed	Total assets less deferred tax liabilities, accounts payable, other liabilities and accrued expenses, prepaid income and provisions.
Cash flow	Cash flow from operating activities.
Cash flow per share	Cash flow from operating activities in relation to the average number of shares outstanding.
Cash flow per share before changes in working capital	Cash flow from operating activities before changes in working capital in relation to the average number of shares outstanding.
Earnings per share	Profit after tax, in relation to the average number of shares outstanding.
Earnings per share after dilution	Profit after tax, in relation to the average number of shares outstanding adjusted for the dilution effect of warrants.
Earnings per share excl. adjusted	Profit after tax excluding non-recurring items, in relation to the average number of shares outstanding.
EBIT	Operating profit.
EBITA	Operating profit, excluding amortisation and impairment of intangible assets.
EBITA margin, %	Operating profit, excluding amortisation and impairment of intangible assets in relation to sales.
EBITA, adjusted	Operating profit excluding non-recurring items and amortisation and impairment of intangible assets.
EBITA margin, adjusted, %	Operating profit excluding non-recurring items and amortisation and impairment of intangible assets in relation to sales.
EBITDA	Operating profit excluding depreciation, amortisation and impairment of tangible and intangible assets.
Equity/assets ratio	Shareholders' equity in relation to total assets.
Interest-coverage ratio	Profit before tax plus interest expenses in relation to interest expenses.
Net debt/EBITDA	Non-current and current interest-bearing liabilities less cash and cash equivalents in relation to operating profit excluding depreciation, amortisation and impairment of tangible and intangible assets.
Net debt, net cash	Non-current and current interest-bearing liabilities less cash and cash equivalents.
Non-recurring items	Refers to integration- and restructuring costs and other material non-recurring items.
Operating cash flow	Operating profit excluding depreciation, amortisation and impairment of tangible and intangible assets, less investments incl. new leasing agreements and plus sales of tangible and intangible assets, and after changes in working capital.
Operating margin, %	Operating profit in relation to the sales.
Operating margin, adjusted, %	Operating profit excluding non-recurring items, in relation to the sales.
Other investing activities	Investments and sales of intangible and tangible assets.
Operating profit, adjusted	Operating profit excluding non-recurring items.
Profit margin before tax	Profit before tax in relation to the sales.
Return on capital employed, R12	Twelve months profit before tax plus twelve months interest expenses in relation to average capital employed.
Return on equity, R12	Twelve months profit after tax in relation to average shareholders' equity.
R12	Rolling twelve months average.
Sales growth excluding currency effects	Sales excluding currency effects compared to the sales for the corresponding year-earlier period.
Sales growth excluding currency effects and acquisitions	Sales excluding currency effects and acquisitions compared to the sales for the corresponding year-earlier period.
Shareholders' equity per share	Shareholders' equity in relation to the number of shares outstanding at the end of the period.