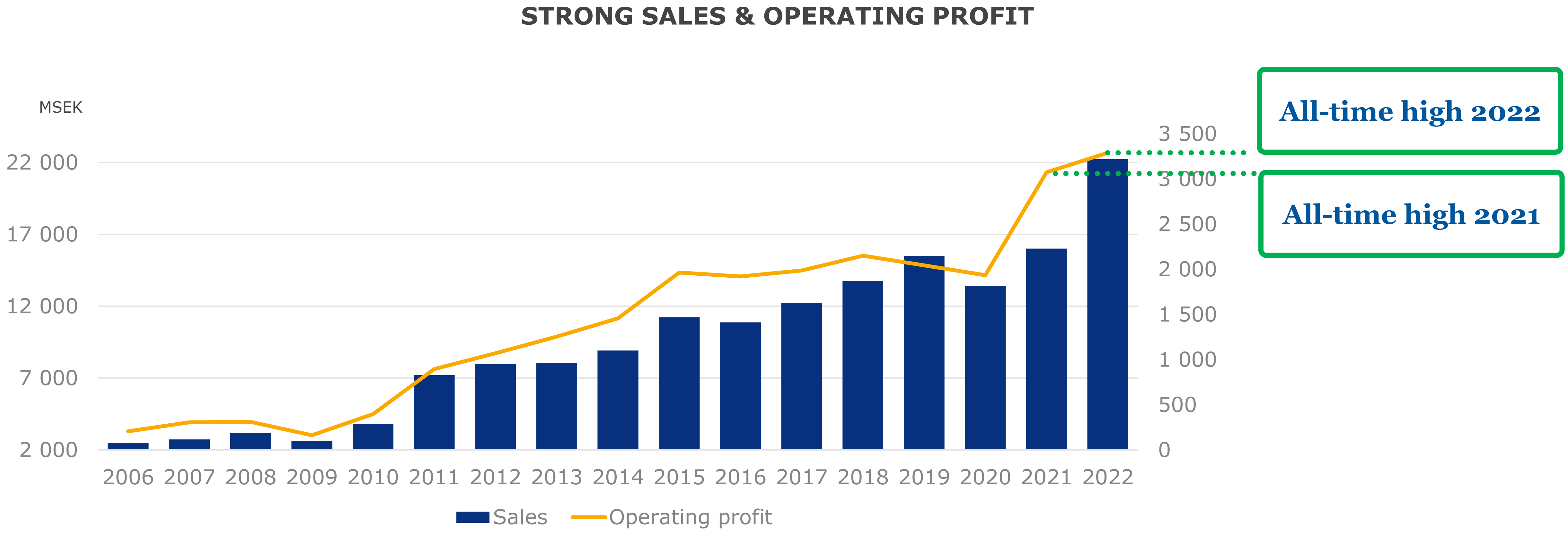
A Material Difference

Annual General Meeting 2023

Georg Brunstam
President & CEO
2023-04-28

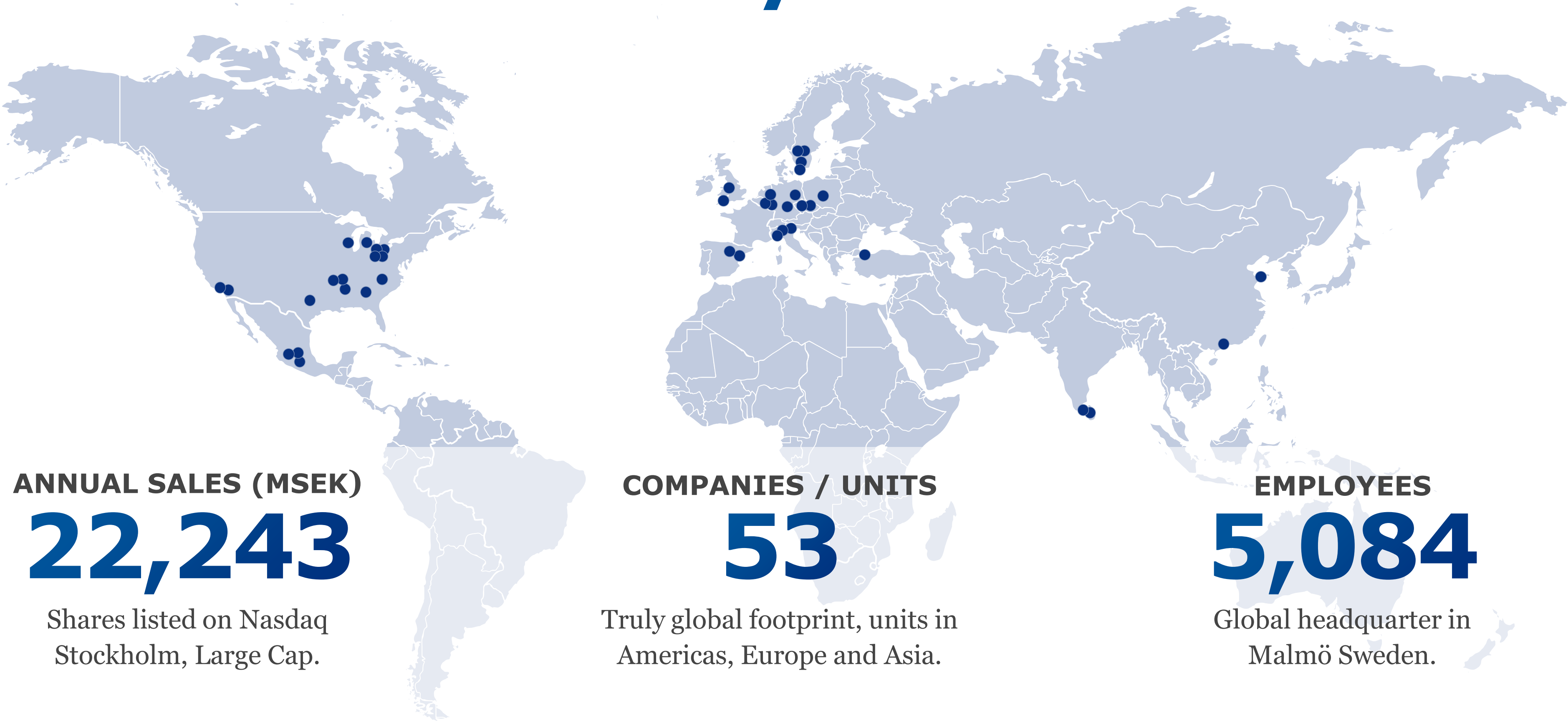
HEXPOL®

2022. HEXPOLs Best Year, With Strong Growth – Despite Significant External Challenges



HEXPOL®

Strong Global Position In Advanced Polymer Solutions



ANNUAL SALES (MSEK)

22,243

Shares listed on Nasdaq Stockholm, Large Cap.

COMPANIES / UNITS

53

Truly global footprint, units in Americas, Europe and Asia.

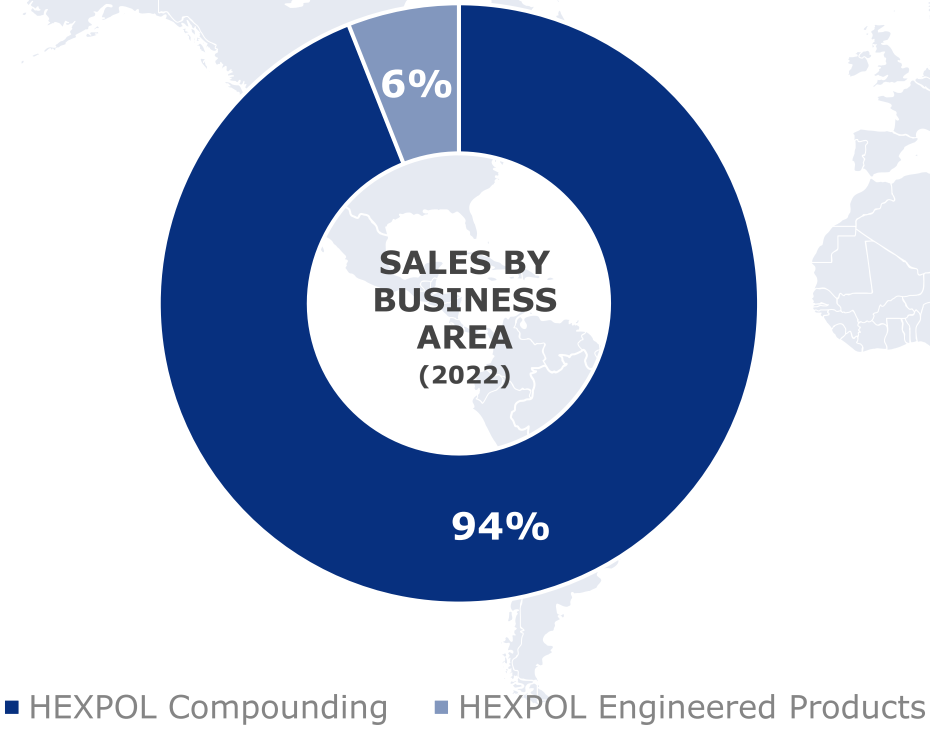
EMPLOYEES

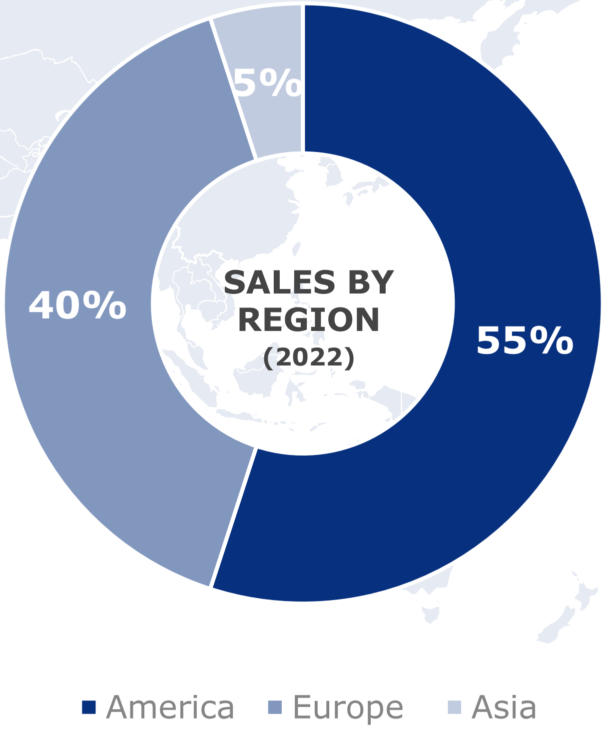
5,084

Global headquarter in Malmö Sweden.

All numbers at end of 2022

We Help Customers Worldwide To Secure Critical Applications





Strong Growth During 2022

Global
39%
growth

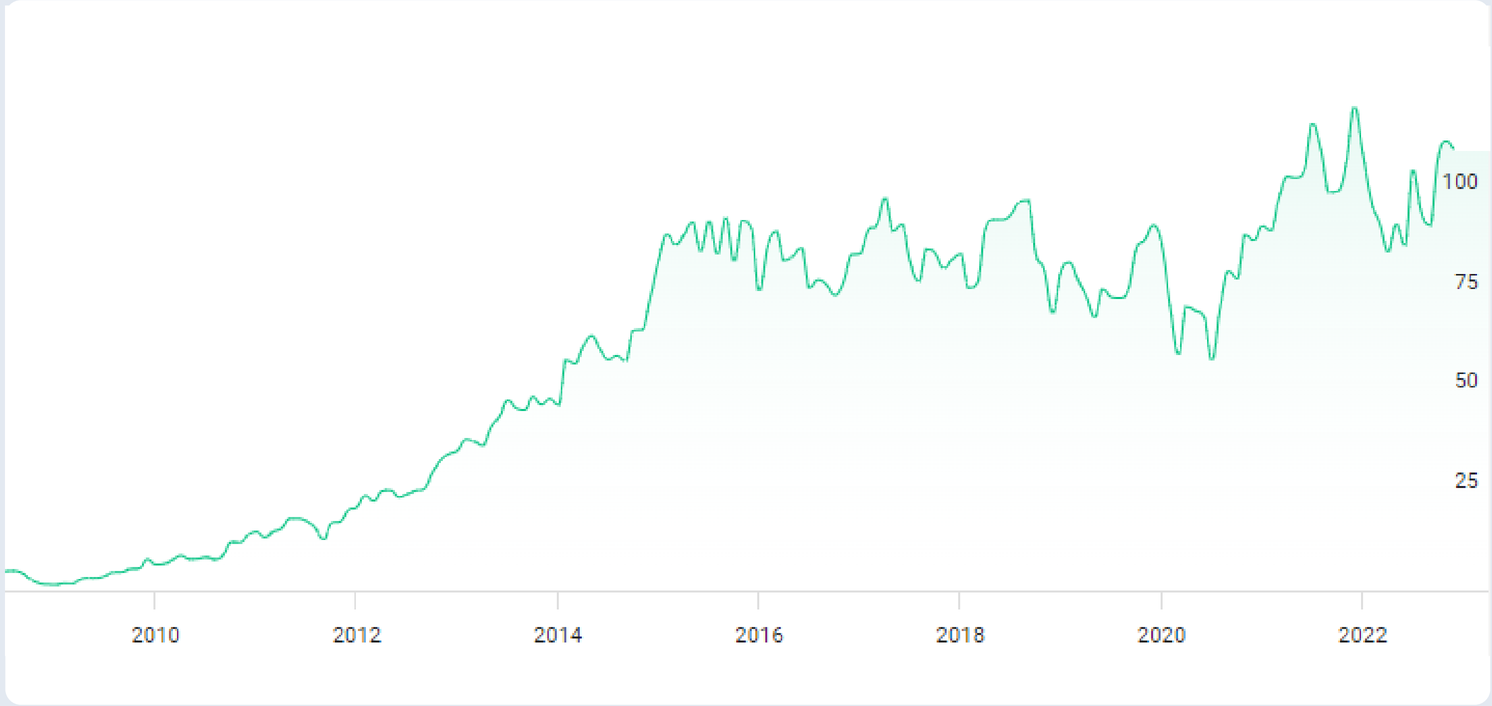
America growth **39%**
% total sales 55%

Europe growth **40%**
% total sales 40%

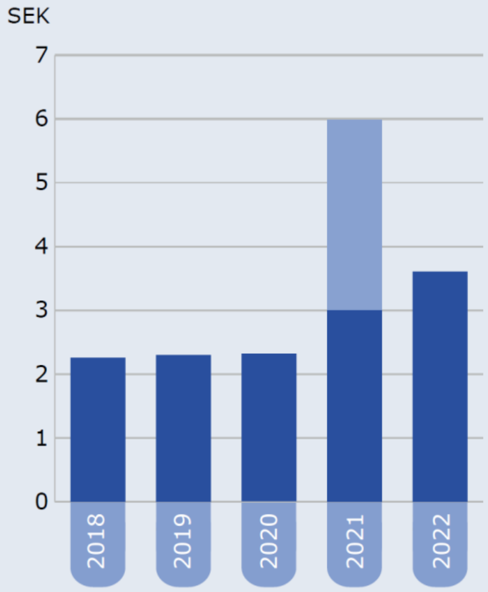
Asia growth **28%**
% total sales 5%

HEXPOL Share

Share price: 9 June 2008 –> 31 Dec 2022



Proposed dividend



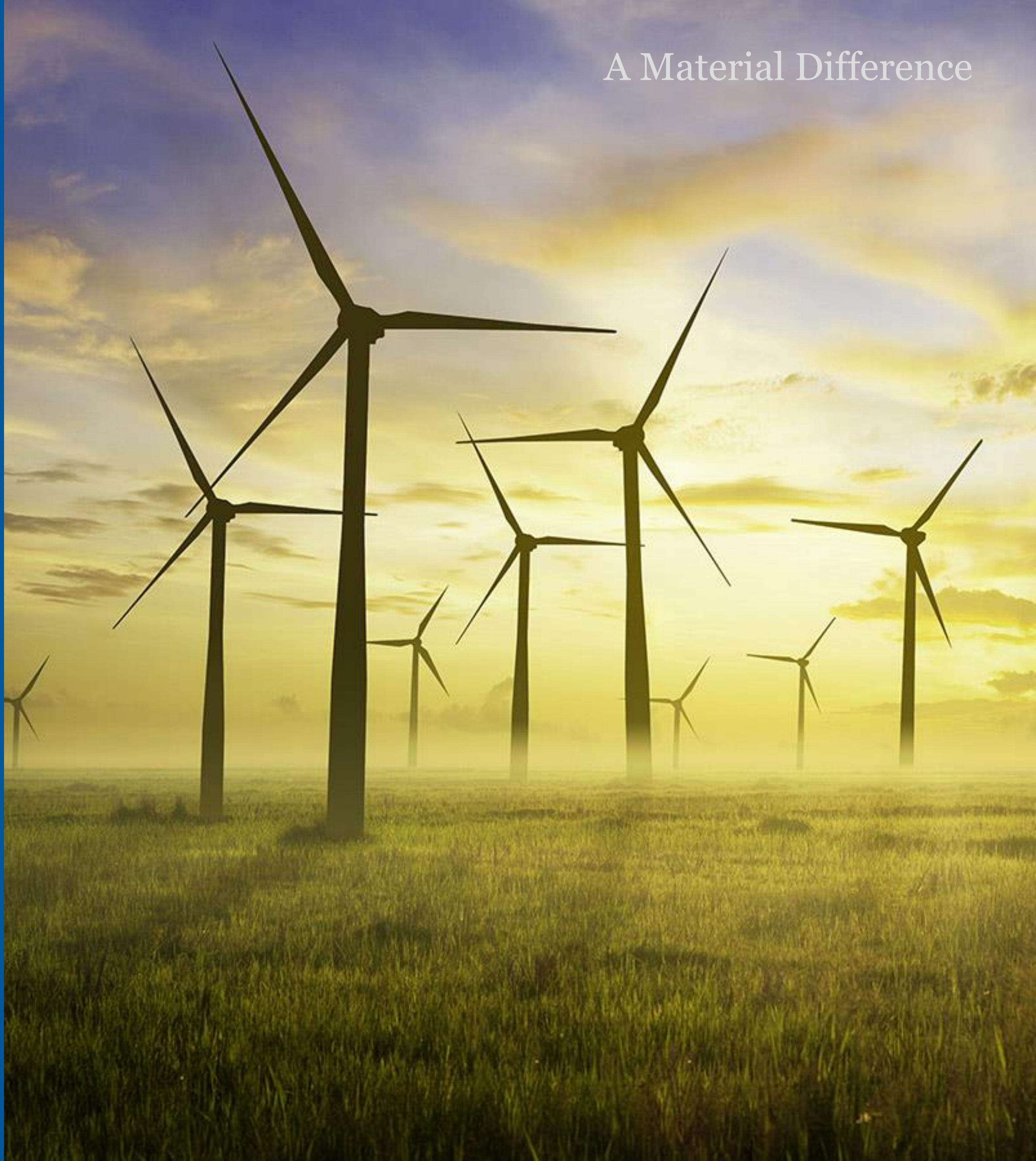
After a strong year, HEXPOL's financial position is good and the board proposes a dividend for 2022 of SEK 3.60 (3.00) per share, an increase of 20 percent.

Our Mission

We engineer high-quality polymer solutions which improve customer applications, everyday, everywhere

Our Vision

The preferred solutions provider for sustainable polymer applications



Our Purpose

We Create
A Material Difference

HEXPOL®

A Material Difference

Strong Business Culture

Our Core Values Enables A HEXPOL Mindset

We Are Close To You

Our global footprint with agile development focused units will ensure that you always have the best local support for your needs.

We Are Committed

We know our markets, customers and their end products. This ensures that you can grow with us globally in any segment regardless application.

We Are Entrepreneurial

A decentralized structure with local experts and close customer contact give you the benefit of speed and creativity combined with the efficiency in a larger structure.

We Make You Sustainable

We take sustainability seriously and challenge our businesses to be best in class when it comes to corporate citizenship and to minimize the climate impact.

We Are True Specialists

HEXPOL values technical skills and deep applications knowledge over everything else. This enables us to exceed your expectations and make your products better.

Decentralized And Strongly Coordinated

Entrepreneurial and empowered units… with global muscles

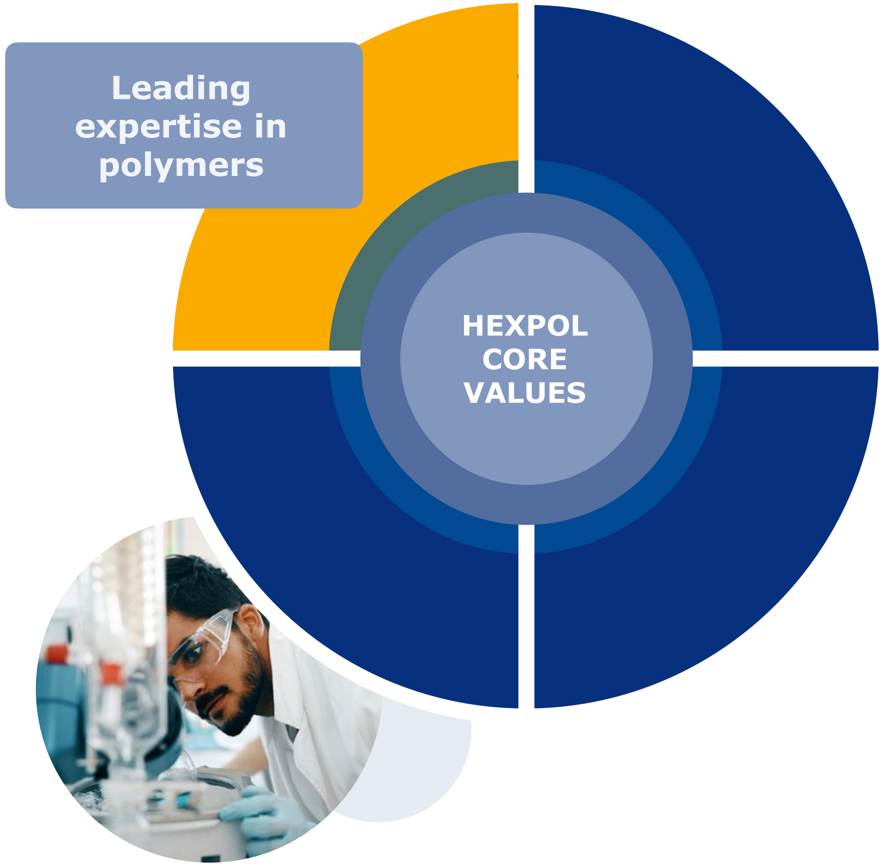
- With a strong coordination on commercial strategy, procurement, technology, finance, IT and M&A
- Guidelines, best practices, technology centers and virtual teams optimize business performance

Strong Business Model Drives Profitable Growth

Strong Business Model Drives Profitable Growth

Leading expertise in polymers

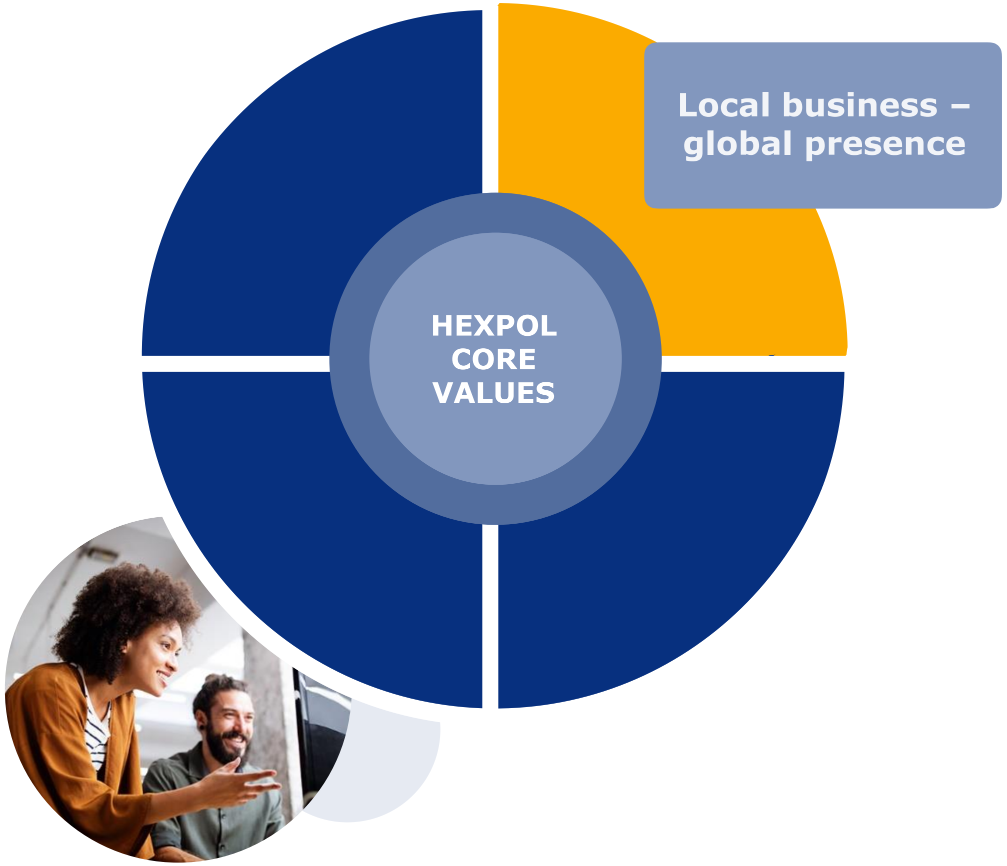
- HEXPOL develops together with customers and OEMs specific solutions - customer development is our focus.
- HEXPOL have more than 100 very qualified and experienced chemists and application engineers.



Strong Business Model Drives Profitable Growth

Local business – global presence

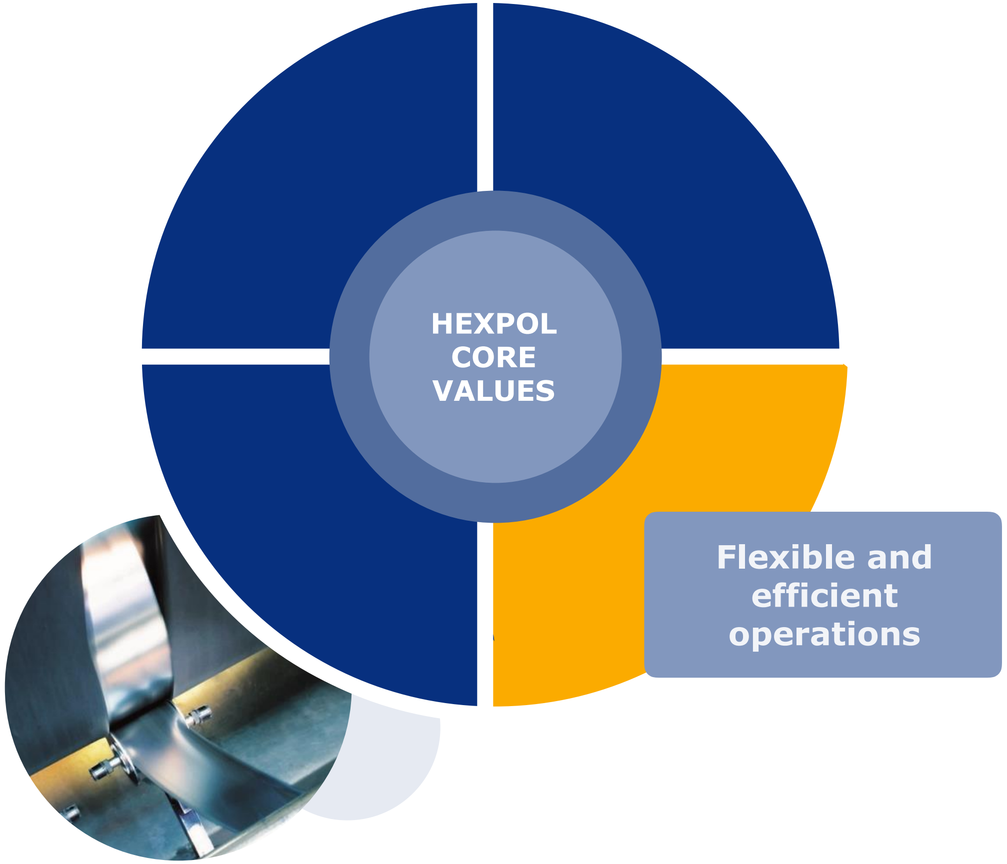
- HEXPOL has a true global footprint with production, sales and development close to our customers.
- HEXPOL can deliver within short distance to customer eliminating the problem with limited shelf-life.
- Shorter supply chains are a huge advantage in times of major transport problems and trade & tariff barriers.



Strong Business Model Drives Profitable Growth

Flexible and efficient operations

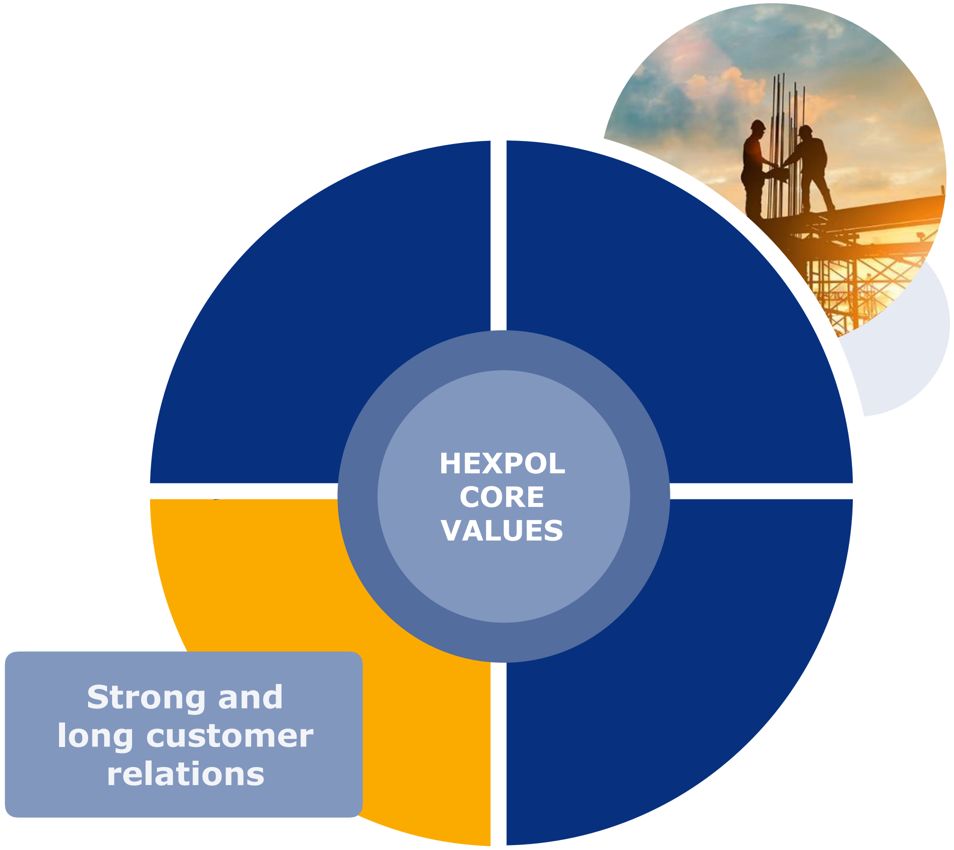
- Products are made to customer orders with legal order call offs from customer forecast. This is giving flexibility and the very low working capital is helping profitability.
- The well invested business is batch oriented and benchmarked to lowest possible change over times (start and stop).



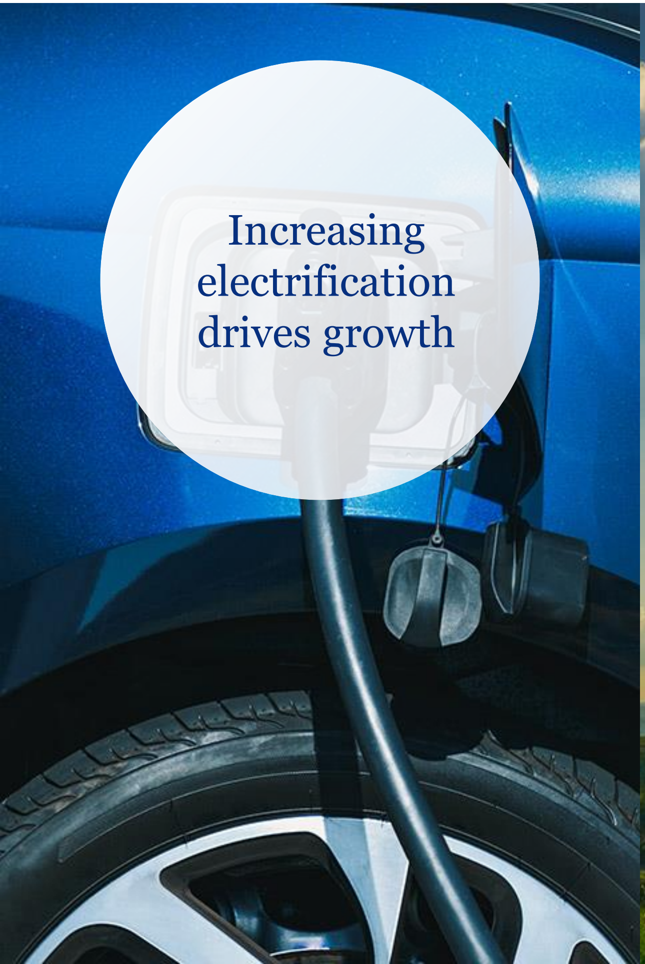
Strong Business Model Drives Profitable Growth

Strong and long customer relations

- HEXPOL owns the recipe in most cases.
- Products are subject to approvals after long, expensive and comprehensive testing with customers and OEM and is then very often specified by OEM.
- Many of our customers have been with us 20+ years.

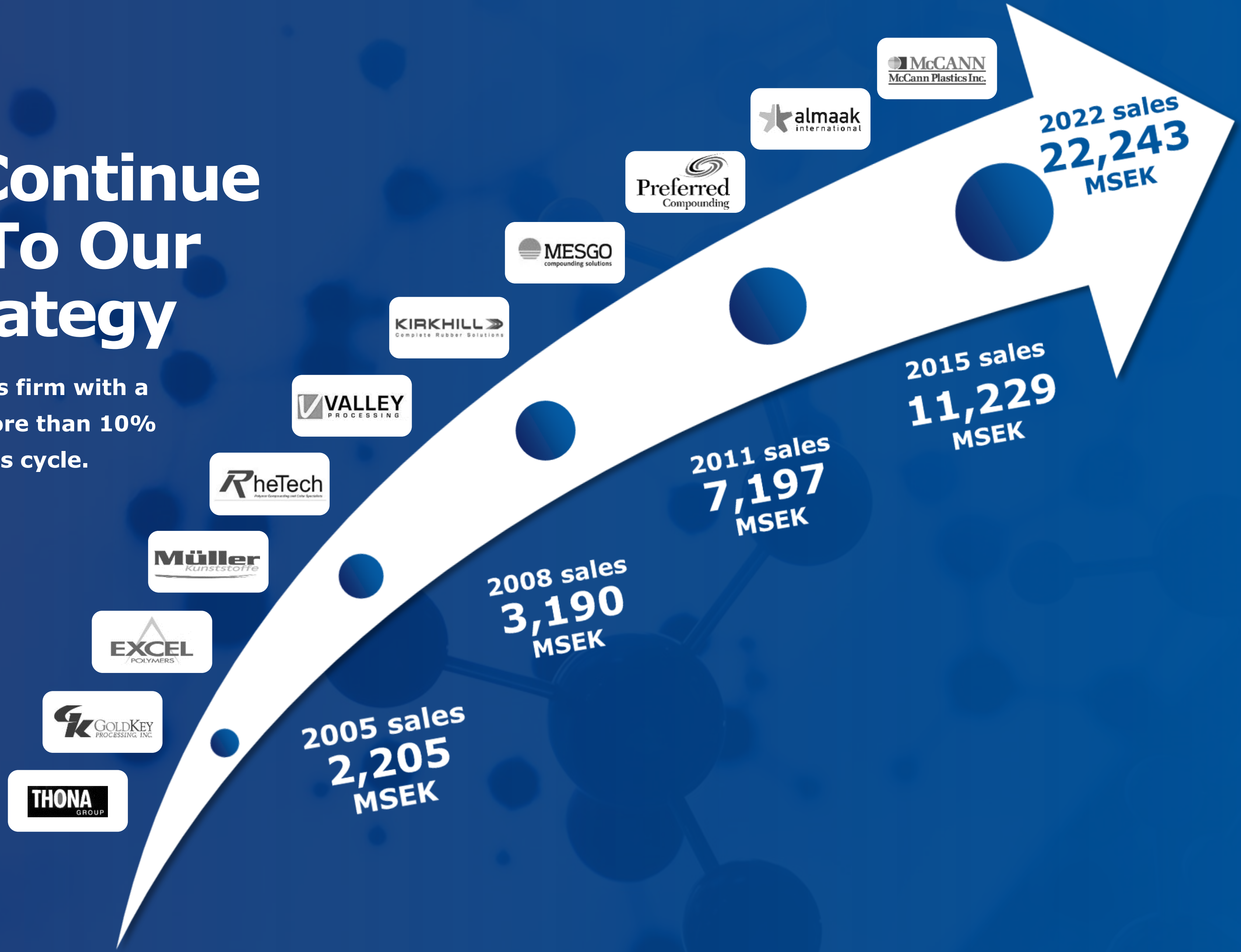


Growth Oriented Mindset Supported By Macro Trends



Acquisitions Continue To Be Vital To Our Growth Strategy

The growth strategy remains firm with a target for sales growth of more than 10% per year over a business cycle.



A Fragmented Landscape With Several Acquisition Opportunities

GEOGRAPHICAL EXPANSION

- Rubber Compounding
- Thermoplastic Elastomers
- Thermoplastics
- High Performance Compounds
- Emerging markets

MARKET CONSOLIDATION

- Rubber Compounding
  - Geographical gaps
  - New competences
- Polyurethane Wheels
  - Europe
  - Americas

TECHNOLOGY & MATERIALS

- New Materials
- New Segments
- New Technology
- Alternative Distribution Channels

2021: Acquisitions In Line With Strategy

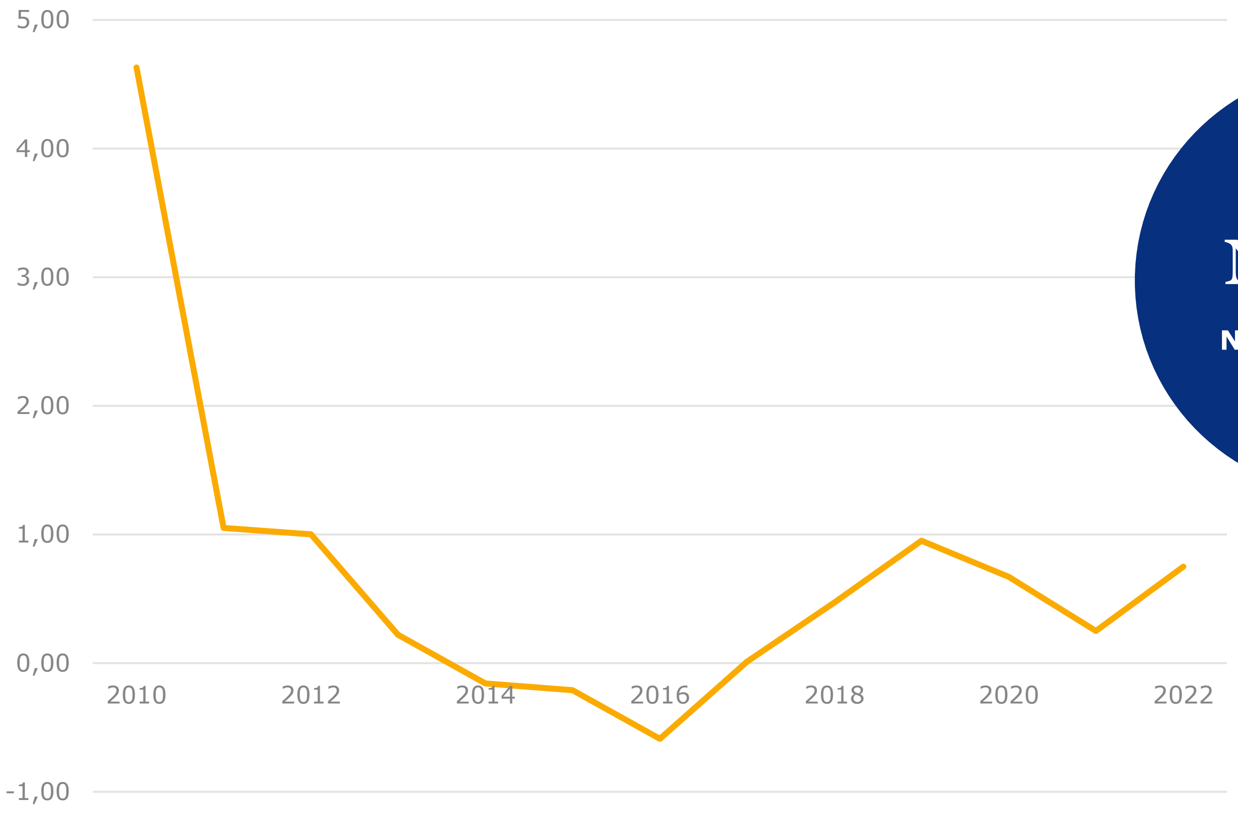
- VICOM strengthened our offer in wire & cable and environmental technology.
- Unica acquisition strengthened our short supply chain, which is business critical for customers. Furthermore, we strengthened our offer to e.g. the automotive, construction and construction industry in southern Europe.

2022: Acquisitions In Line With Strategy

- almaak is a niche player in advanced and high-quality recycled polymer compounds and has operations at two locations in Germany.
- McCann Plastics is focused thermoplastic compounds and has operations at two locations in Ohio, USA.

Strong Balance Sheet

Strong financial position supports further profitable growth including acquisitions



Low Net Debt

Net Debt/EBITDA Ratio is 0,75

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Sustainability Creates Opportunities

Driving Sustainability With Ambitious Targets

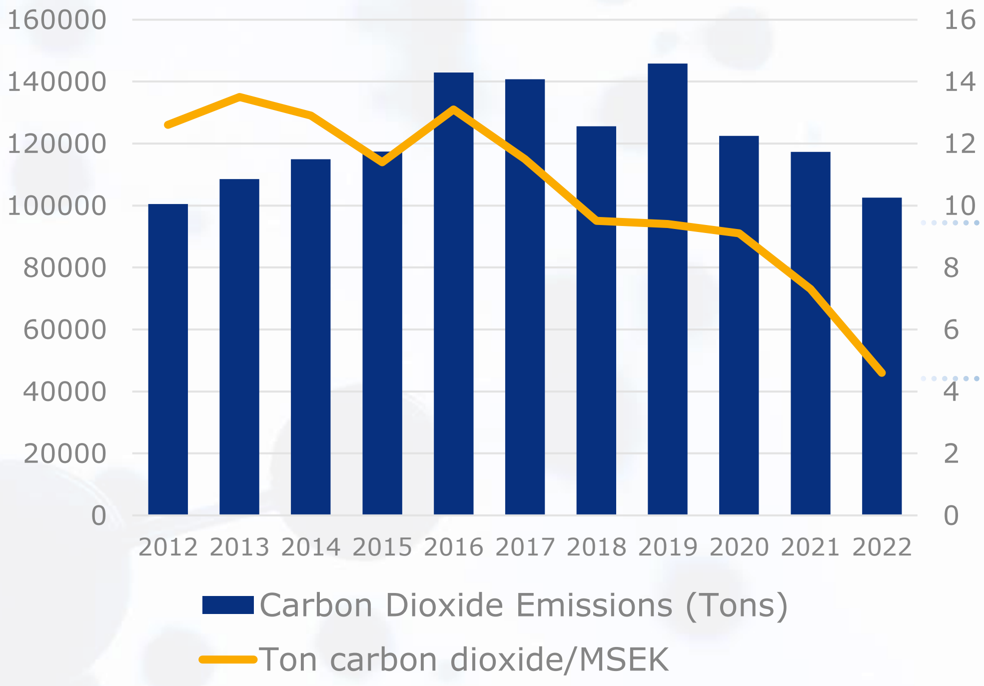
We will further reduce the carbon footprint of our energy use

- 75% reduction of CO_2 emissions by 2025.
  Compared with the average for 2018-2019 (scope 1 and 2 in accordance with GHG Protocol).
- Increase the purchase of fossil-free energy.
- Increase the energy-efficiency.
- Reduce the use of fossil fuels.
- Continue with installation of solar panels.

We will further develop our portfolio of ”green products”

- Increase the use of bio-based and recycled raw materials.
- Strategic and close collaboration with key suppliers on materials, processes and reporting.
- Implementation of circular materials into selected products.
- Provide information about the carbon footprint of our products.

75% Reduction Of CO_2 Emissions By 2025



CO_2 decrease

-49%

since base year*

* Compared with the average for 2018-2019

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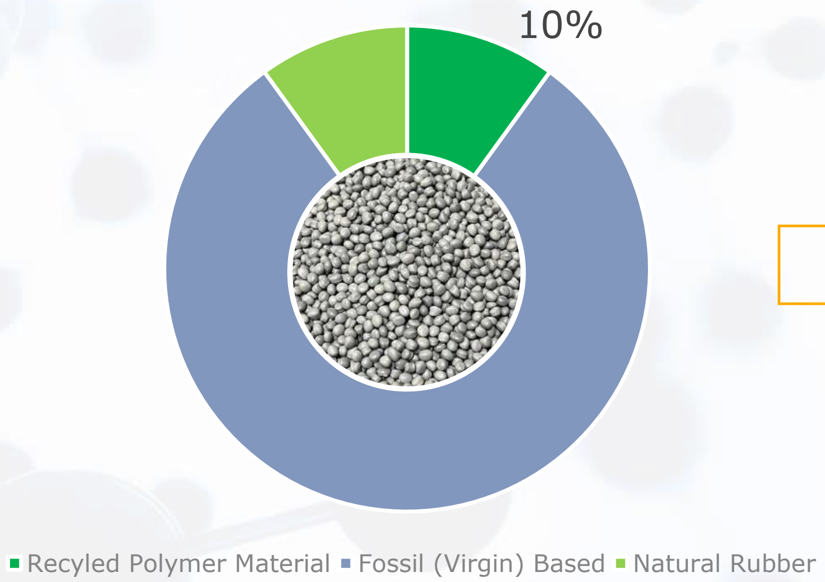
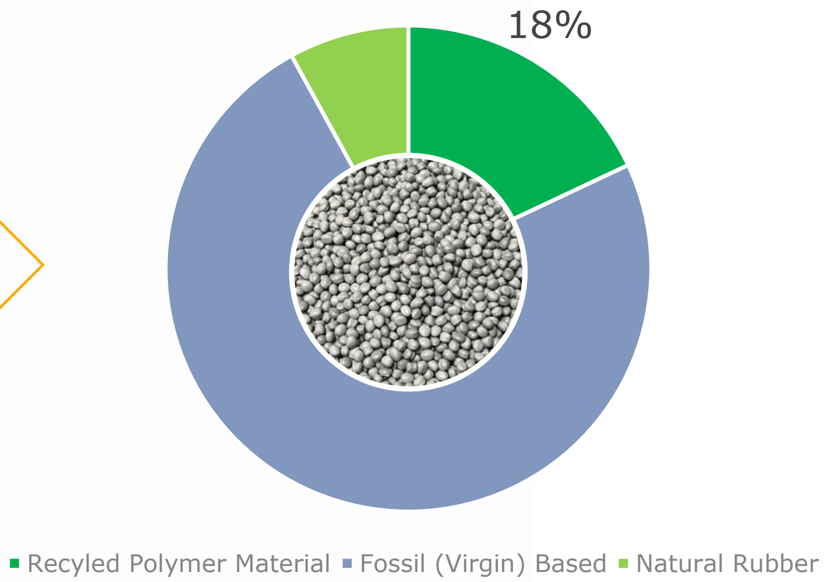
Strong Increase Of Recycled Polymer Raw Material

2021

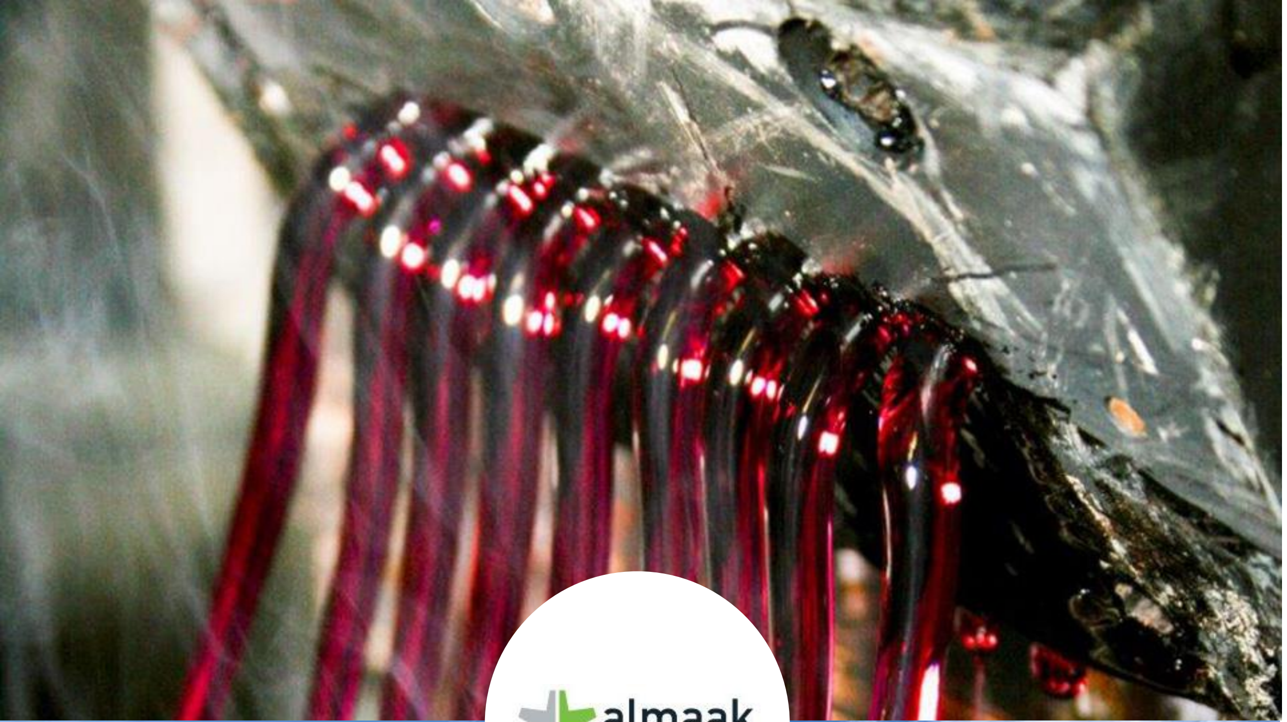


+80%

ROLLING 12 MONTHS *



* Decrease of fossil (virgin) based raw material



almaak Acquisition

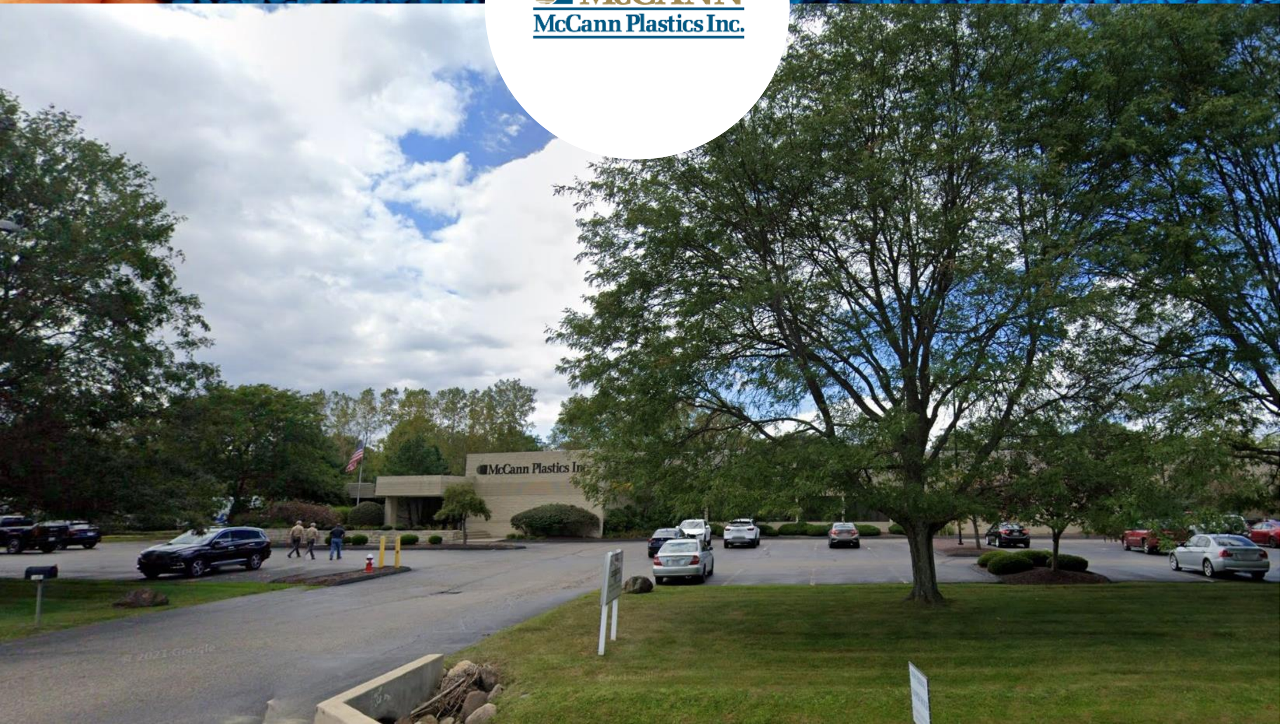
Frontrunner in the European thermoplastic market with a specialization in advanced recycled engineered compounds. almaak has high competence and is geared towards automotive.

Strategic rationale

- Geographic and market share growth within European thermoplastic compounding.
- Product and capacity expansion in "greener materials", engineered polymers with high level of recycled materials.
- High technical competence and state of the art manufacturing facility with open capacity.

Turnover: 75 M EUR.
Location: Two sites in Germany, approx. 190 employees.
Markets served: Mainly the automotive industry where the interest for recycled compounds is high.
Products offered: Six product families with unique functionalities.

McCANN
McCann Plastics Inc.



McCann Plastics Acquisition

A US based thermoplastics compounder with a strong position and high competence in niche thermoplastic compounds, with special focus on roto molding applications.

Strategic rationale

- Complement current Thermoplastics operations in the US and strengthens market position as well as widens customer offer.
- Technology and materials additions, including expertise for roto molding applications.
- Open capacity enable the company’s further growth.

Turnover: 72 MUSD.
Location: Two sites in Ohio, USA with some 100 employees in total.
Markets served: Main segments are general industry, agriculture and the fast growth segment of specialized cooling boxes.

Climate-Smart Products Create Business Opportunities

Dryflex® Circular

Recycled Raw Materials

- Recycled Thermoplastics and Thermoplastic Elastomers (post-consumer and post-industrial waste materials).
- Raw materials obtained from scrapped tires (mainly carbon black).

RHEVISION®

Lifocork®

Dryflex® Green

Bio-based Raw Materials

- Polymers produced from fossil-free feedstock (sugar cane).
- Bio-based fillers and reinforcement (rice shells, cork, wood-fiber, coconuts).

HEXPOL®

The Polestar 0 project is Polestar’s moon-shot goal of creating the first truly climate-neutral car by 2030 without offsetting.

The project will work to identify and eliminate all greenhouse gas emissions from the extraction of raw materials to when the car is delivered to the customer, as well as the end-of-life handling.

A project of this ambition requires partners at the cutting-edge of their industries and which are fully engaged in our bold vision. That's why I'm looking forward to HEXPOL TPE becoming a crucial part of our team as we find solutions for developing an entirely climate-neutral supply chain. HEXPOL TPE's expertise in thermoplastic elastomer (TPE) and soft polymer compounds will be invaluable in our mission and will play an integral role in pioneering new and innovative technologies to achieve what has so far been impossible

– Hans Pehrson, leader of the Polestar 0 Project

Q1 2023 Report

HEXPOL®

Continued Growth and Strong Margin – Our Best Quarter To Date

Best Quarter Ever – So Far

- Good sales in all regions and product segments
- Automotive sales improved
- Continued execution of our strong business model where price management is crucial
- Good product and price mix
- Record quarterly EBIT at 946 MSEK (775) and sequential margin improvement from Q4'2022

Continued uncertainty

- Sales to automotive segments show improvement but still varied development
- Good development in Americas while high uncertainty in Europe, with lower sales to e.g. Building & Construction
- Availability of raw material improving
- Main raw materials in Compounding see sequentially lower prices but specialized raw material still increasing

Sustainability focus with connected M&A agenda

- Recycling makes up some 18% of polymer raw materials
- Science Based Targets commitment letter accepted
- McCann, an American specialist in thermoplastic compounding, consolidated from 1 December

Continued Growth and Strong Margin – Our Best Quarter To Date

HEXPOL Compounding

- Good sales in all regions and product areas
- Sales to automotive segments show improvement but still varied development across markets
- Good development in Americas while high uncertainty in Europe, with lower sales to e.g. Building & Construction
- Improvements in supply chain
- Main raw materials in Compounding see sequentially lower prices but specialized raw material still increasing
- Good product- and price mix
- Strong EBIT and improved margin

HEXPOL Engineered Products

- Sales well above last year, good development in Asia
- Strong EBIT

M&A

- High focus and increased activity level
- The acquisitions done during the last two years are now integrated, both organizationally and geographically. Recently acquired McCann still in progress.

Capital Markets Day

- Well attended venue in Åmål at HEXPOL TPE showing the new medical line investment
- Focus on business model, pricing power and sustainability
- Deep dive into HEXPOL Compounding Americas (Gary Moore from the US attended) and Sustainability

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Q1 Financial Overview

Record high quarterly result

Key figures MSEK	Q1'23	Q1'22
Sales	5,990	5,173
EBITA	975	797
EBITA Margin, %	16.3	15.4
Operating Profit	946	775
Operating Margin, %	15.8	15.0
Profit after tax	668	600
Adjusted Earnings per share, SEK	1.94	1.74
Earnings per share after dilution, SEK	1.94	1.74
Equity/assets ratio, %	60	62
Return on capital employed, % R12	19.0	22.4
Operating cash flow	593	103

Highlights

- High sales of 5 990 MSEK, an increase of 16% compared to Q1’22
- Operating Profit of 946 MSEK, an increase of 22% compared to Operating Profit in Q1’22
- Operating Margin of 15,8%
- Strong Equity/Asset ratio of 60%
- High return on capital employed at 19,0%
- Solid cash flow of 593 MSEK

Q1 Net Debt

Strong financial position

MSEK	31-mar 2023	31-dec 2022
Cash at hand	1,449	1,541
Used credit facilities	-3,918	-4,386
Net debt	-2,469	-2,845
Net debt/EBITDA*	0.62	0.75

* EBITDA is R12 months

Highlights

- Strong cash position

HEXPOL®

Fast Growing With Strong Margins

- Continued strong focus on customer needs and customer-oriented solutions.
- Strong financials enable us to continue our acquisition orientation.
- Benefit from the global drivers and our advantageous position in the market.
- Utilize our "Glocal" position and continue to serve our customers with short supply lines (shorter distance and avoiding barriers).
- Continue our pro-active and transparent sustainability work and strive to reach our ambitious targets, e.g. 75% reduction of CO_2 emissions by 2025 and further develop our "green" product portfolio.

HEXPOL®

Thank you

Finally, we would like to extend our sincere thanks to all shareholders for your trust and positive partnership during the year.

We would also like to thank all dedicated employees around the world that have reliably continued to deliver quality despite all challenges.

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A Material Difference

www.HEXPOL.com

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