This is a non-official translation of the Swedish original wording. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.

PROPOSAL OF THE BOARD OF DIRECTORS ON DIVIDEND AND STATEMENT PURSUANT TO CHAPTER 18, SECTION 4 OF THE SWEDISH COMPANIES ACT

Proposal on dividend
Prior to the Annual General Meeting on 28 April 2020, the Board of Directors of HEXPOL AB (publ) decided to withdraw the dividend proposal for the financial year 2019 due to the uncertainty in global demand caused by the Covid-19 pandemic and, if the circumstances so permit, to convene an Extraordinary General Meeting in the autumn 2020 to resolve on a dividend. The Board of Directors has decided to propose the Extraordinary General Meeting on 20 November 2020 to resolve on a dividend of SEK 2.30 per share. As record date for the dividend, the Board of Directors proposes 24 November 2020. If the general meeting so resolves, the dividend is expected to be distributed by Euroclear Sweden AB on 27 November 2020.

Statement by the Board of Directors pursuant to Chapter 18, Section 4 of the Swedish Companies Act
The Board of Directors has proposed that the General Meeting resolves on a dividend of SEK 2.30 per share. Thus, the dividend amounts to TSEK 791,663[1] in total. The Board of Directors hereby makes the following statement regarding the proposed dividend in accordance with Chapter 18, Section 4 of the Swedish Companies Act (2005:551), which constitutes the assessment of the Board of Directors of whether the proposed dividend is justifiable with regard to what is stated in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act.

The company's and the group's financial position as of 31 December 2019 is set out in the annual report for the financial year 2019. As of 31 December 2019, the non-restricted equity of the company amounted to TSEK 4,838,706. The Annual General Meeting held on 28 April 2020 resolved that the amount at the disposal of the general meeting of TSEK 4,838,706 should be carried forward. Thus, the amount available under Chapter 17, Section 3, first paragraph of the Swedish Companies Act amounts to TSEK 4,838,706. Provided that the general meeting resolves in accordance with the Board of Directors' proposal for dividend, TSEK 4,047,043 of the company's non-restricted equity will remain. The Board of Directors has determined that the restricted equity of the company will not be impaired by the distribution of the proposed dividend.

In addition, the Board of Directors considers that the proposed dividend to the shareholders is justifiable considering the factors stated in Chapter 17, Section 3 second and third paragraphs of the Swedish Companies Act, i.e. the requirements on the amount of the shareholders' equity taking into account the nature, scope and risks of the business within the group, as well as the parent company's and the group's consolidation needs, liquidity and position in general.

In this connection, the Board of Directors would like to state the following:

According to the assessment of the Board of Directors, the shareholders' equity of the company and the group will, after distribution of the dividend, be sufficient in proportion to the nature, scope and risks of the business. The Board of Directors has in this connection taken into consideration factors such as the historic development of the company and the group, the development according to budget and the state of the market.

The Board of Directors has made a comprehensive judgment of the financial position of the company and the group as well as the ability of the company and the group to fulfill short- and long-term obligations. The proposed dividend constitutes in total approximately 16 per cent of the shareholders' equity of the company and approximately 8 per cent of the shareholders' equity of the group.

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[1] Calculated based on the number of outstanding shares as per 30 September 2020.

After the dividend distribution, the company's and the group's equity/assets ratio will amount to approximately 36 per cent and 59 per cent, respectively. Accordingly, the equity/assets ratio of the company and the group is satisfactory in view of the group's line of business. In this connection, the Board of Directors has taken into consideration the assessed effect on both the shareholders' equity of the parent company and of the group of the proposed dividend. The Board of Directors is of the opinion that the company and the group will be able to assume future business risks and also cope with prospective losses. The dividend will not have a negative impact on the company's and the group's ability to make further investments justified from a business perspective according to the plans of the Board of Directors.

The proposed dividend will not affect the company's and the group's ability to fulfill their payment obligations. The company and the group have sufficient access to short-term as well as long-term credit facilities. The credits may be utilized at short notice and, accordingly, the Board of Directors considers that the company and the group are well prepared to handle any changes in liquidity as well as unexpected events.

In addition to what is stated above, the Board of Directors has considered other known circumstances that may be of importance to the economic position of the company and the group. The Board of Directors has not noted any circumstances that would suggest that the proposed dividend is not justifiable.

The shareholders' equity would have been insignificantly affected if financial instruments that have been valued according to Chapter 4, Section 14 a of the Swedish Annual Accounts Act instead would have been valued according to the lower-of-cost-or-market principle.

The events of significance which have occurred after the annual report was submitted with information on value transfers that have been resolved during the same period and on changes in the company's restricted shareholders' equity after the balance sheet date are stated in the statement by the Board of Directors pursuant to Chapter 18, Section 6 of the Swedish Companies Act which is attached to the proposal of the Board of Directors.

Malmö in October 2020

HEXPOL AB (publ)

The Board of Directors