Published on April 28, 2021

Interim report

January-March2021

JANUARY - MARCH 2021

- Sales amounted to 3,810 MSEK (4,168).
- Operating profit increased by 31 percent to 704 MSEK (537).
- Operating margin increased to 18.5 percent (12.9).
- Adjusted operating profit (excl. non-recurring items) increased by 20 percent to 704 MSEK (587).
- Adjusted operating margin (excl. non-recurring items) increased to 18.5 percent (14.1).
- Profit after tax increased to 534 MSEK (405).
- Earnings per share increased by 31 percent to 1.55 SEK (1.18). Adjusted earnings per share (excl. non-recurring items) increased by 20 percent to 1.55 SEK (1.29).
- Operating cash flow amounted to 433 MSEK (527).
- Non-recurring items, before tax, amounted to net 0 MSEK (50).

”Strong sales and reduced cost base gave our best quarterly result ever”

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 2020 amounted to 13,424 MSEK and the Group has approximately 4,600 employees in fourteen countries.

Strong sales and reduced cost base gave our best quarterly result ever

Our volumes and our sales continue to increase compared with both previous quarter and to the first quarter 2020. We saw a strong organic volume growth and increased organic sales in the first quarter 2021 compared to the corresponding quarter 2020, which was a strong quarter. The combination of strong sales and volumes as well as a lower costs base, gave again, our best quarterly result ever. Operating profit for the quarter increased by 20 percent from previous years adjusted EBIT of 587 MSEK to 704 MSEK, which corresponds to a margin of 18.5 percent (14.1).

Even if the Covid -19 pandemic continues to have a negative impact on demand, we saw a continued clear improvement in our sales during the quarter, compared to previous quarter. We also saw a recovery in most of the customer segments during the quarter. We 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 high around the world. Our large geographical coverage with plants close to our customers is a clear competitive advantage.

However, the uncertainty remains high. We saw major disruptions in the supply chain to our customers during the quarter with regard to, for example, the lack of semiconductors. During the quarter, we ourselves also experienced major disruptions in the supply chain affected by global transport- and raw material problems. Our experienced and flexible employees handled these challenges in a very good way with high customer focus.

During the quarter we held our digital capital market day. It was a well-attended day, where the focus was on our strategy, business model and sustainability. In the strategy area we presented our continued ambition for M&A. Fully in line with those plans, two acquisitions have since then been completed, VICOM with focus on the growing segment “wire and cable” driven by the electrification and Unica which strengthens our position in Southern Europe. As regards the latter acquisition, we await regulatory authorities normal approval before the transaction can be completed. In sustainability, we went through our increased ambition in terms of activities and not least our goal of reducing CO_2 emissions with 75 percent to 2025. We also made a deep dive into our significant American business. Several of our senior leaders participated as presenters during the day.

The Covid-19 pandemic with restrictions and shutdowns combined with disruptions in the global supply chains mean that the uncertainty remains. 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. In addition, we have reduced our cost base and increased our internal efficiency, which has strengthened our profitability. 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

EBIT
704 MSEK (587)

EBIT margin
18.5% (14.1)

Group Summary

Key figures MSEK	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20- Mar 21
Sales	3 810	4 168	13 424	13 066
EBITA, adjusted	721	607	2 088	2 202
EBITA margin, adjusted, %	18,9	14,6	15,6	16,9
EBITA	721	557	2 012	2 176
EBITA margin, %	18,9	13,4	15,0	16,7
Operating profit, EBIT, adjusted	704	587	2 011	2 128
Operating margin, EBIT, adjusted, %	18,5	14,1	15,0	16,3
Operating profit, EBIT	704	537	1 935	2 102
Operating margin, EBIT %	18,5	12,9	14,4	16,1
Profit before tax	702	535	1 855	2 022
Profit after tax	534	405	1 409	1 538
Earnings per share, adjusted, SEK	1,55	1,29	4,26	4,52
Earnings per share after dilution, SEK	1,55	1,18	4,09	4,46
Equity/assets ratio, %	62	57	61	
Return on capital employed, % R12	16,2	14,3	14,3	
Operating cash flow	433	527	2 548	2 454

Group development

First quarter 2021

Sales

We continued to increase our organic sales volumes during the first quarter 2021, both compared to previous quarters 2020 and compared to the corresponding quarter previous year. The HEXPOL Group's sales amounted to 3,810 MSEK (4,168) including negative currency effect of 412 MSEK or 11 percent, during the quarter. Adjusted for these, the sales amounted to 4,222 MSEK. In addition to the negative currency effects, the sales were positive affected by acquisition (VICOM) with 1 percent while the organic sales increased by 1 percent.

The HEXPOL Compounding business area's sales volumes increased during the quarter, both compared to previous quarters and compared to the corresponding quarter 2020. The sales amounted to 3,548 MSEK (3,906) including negative currency effects of 392 MSEK or 11 percent. Adjusted for these, the sales amounted to 3,940 MSEK. In addition to the negative currency effects, the sales were positively affected by acquisition with 1 percent and organic growth with 1 percent. We saw a continued improvement in demand during the quarter compared to previous quarters. Particularly, we saw clearly increased volumes to the automotive industry but also to most other customer segments.

We saw increasing raw material prices during the quarter compared to previous quarters.

The HEXPOL Engineered Products sales, during the quarter, were in line with the corresponding quarter 2020 and amounted to 262 MSEK (262).

From a geographical perspective the sales increased in Asia by 21 percent compared to the corresponding quarter previous year. The sales in America decreased at the same time by 16 percent, mainly affected by negative currency effects. The sales in Europe were in line with the corresponding quarter previous year.

Sales
3,810 MSEK

Earnings

Operating profit before amortization of intangible assets and excluding non-recurring items, increased to 721 MSEK (607), which meant a corresponding EBITA margin of 18.9 percent (14.6).

Despite negative currency effects of 72 MSEK, the adjusted operating profit increased by 20 percent to 704 MSEK (587), while the corresponding operating margin increased to 18.5 percent (14.1). The higher margin comes from good sales and volumes, combined with a lower cost base. Operating profit amounted to 704 MSEK (537), an increase by 31 percent.

Non-recurring items in the quarter, amounted to net 0 MSEK (50). However, write-downs related to the fire in Jonesborough are included in this quarter by in total 84 MSEK which is compensated by insurance income with the same amount. Specification can be found in note 2.

The Group's net financial items amounted to an expense of 2 MSEK (expense 2). Profit before tax increased to 702 MSEK (535) while profit after tax increased to 534 MSEK (405) and earnings per share 1.55 SEK (1.18). Earnings per share, adjusted for non-recurring tems, amounted to 1.55 SEK (1.29).

EBIT
704 MSEK

Financial overview

Equity/assets ratio

The equity/assets ratio continued strong and increased to 62 percent (57). The Group's total assets amounted to 16,524 MSEK (19,088). Net debt amounted to 1,496 MSEK (1,876) whereof 422 MSEK (459) relates to financial leasing liabilities according to IFRS 16, which gives a net debt/EBITDA of 0.58 (0.76).

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

- A credit agreement with a limit of 1,500 MSEK due in August 2021
- 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

Net debt/EBITDA
0.58

Cash flow

The operating cash flow for the Group amounted to 433 MSEK (527). Cash flow from operating activities amounted to 416 MSEK (528).

Investments, depreciation and amortisation

The Group's investments amounted to 52 MSEK (71) for the quarter and refers mainly to regular maintenance investments. At the same time, depreciation, amortisation and impairment amounted to 164 MSEK (135) whereof 47 MSEK refers to write-downs related to the fire in Jonesborough and 20 MSEK (23) refers to leased assets according to IFRS 16.

Tax expenses

The Group's tax expenses amounted to 168 MSEK (130) during the quarter, which corresponds to a tax rate of 23.9 percent (24.3).

Profitability

The return on average capital employed, R12, amounted to 16.2 percent (14.3). The return on shareholders' equity, R12, amounted to 15.4 percent (15.2).

Parent Company

The Parent Company's profit after tax for the quarter amounted to 1 MSEK (negative 37). Shareholders' equity increased to 5,673 MSEK (4,870).

HEXPOL Compounding

First quarter 2021

The sales volumes increased during the quarter, both compared to previous quarters and compared to the corresponding quarter previous year. The sales amounted to 3,548 MSEK (3,906) including negative currency effects of 392 MSEK or 11 percent. Adjusted for these, the sales amounted to 3,940 MSEK. In addition to the negative currency effects, the sales were positively affected by acquisition with 1 percent and organic growth with 1 percent. The pandemic has a continued general negative effect on demand compared to previous year. However, most customer segments show a good recovery, not least the automotive industry, building and construction and general industry. Compared to the previous quarter, most all customer segment show continued improvements.

We saw increasing raw material prices during the period compared to previous quarters.

Adjusted operating profit, increased to 658 MSEK (554) and the corresponding operating margin increased to 18.5 percent (14.2). The higher margin was mainly an effect of our work to reduce both direct and indirect costs during the quarter.

HEXPOL Compounding Americas sales decreased slightly in local currency during the quarter compared to previous year, still affected by the pandemic. However, the business area saw sales increases to most of the customer segments during the quarter in comparison with previous quarter.

The sales for HEXPOL Compounding Europe increased slightly, compared to the corresponding quarter previous year, mainly to customers within building and construction and “wire and cable”.

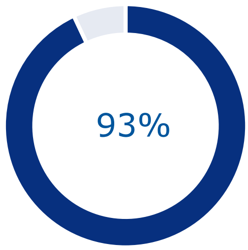
HEXPOL Compounding Asia’s sales increased substantially compared to the corresponding quarter previous year, affected by, among other things, increased sales to automotive.

HEXPOL Thermoplastic Compounding showed higher sales affected by higher volumes to automotive customers compared to the corresponding quarter previous year.

HEXPOL TPE Compounding showed also a higher sales compared to the same quarter previous year.

Share of the Group’s sales

January - March 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	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20-Mar 21
Sales	3 548	3 906	12 446	12 088
Operating profit, adjusted	658	554	1 864	1 968
Operating margin, adjusted, %	18,5	14,2	15,0	16,3
Operating profit, EBIT	658	504	1 791	1 945

HEXPOL Engineered Products

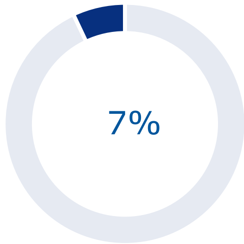
First quarter 2021

The sales were unchanged compared to the corresponding period previous year and amounted to 262 MSEK (262). This despite the demand, here too, were negatively affected by the Covid-19, although to a lesser extent compared with HEXPOL Compounding. We saw continued strong sales in Asia during the quarter. Operating profit increased to 46 MSEK (33) and the corresponding operating margin increased to 17.6 percent (12.6) driven by good sales combined with a lower cost base.

The product area Gaskets showed slightly lower sales compared to the same period previous year, while product areas Seals and Wheels increased their sales slightly.

Share of the Group's sales

January - March 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	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20-Mar 21
Sales	262	262	978	978
Operating profit, adjusted	46	33	147	160
Operating margin, adjusted, %	17,6	12,6	15,0	16,4
Operating profit, EBIT	46	33	144	157

After the end of the period

Acquisition

HEXPOL has April 12 signed an agreement to acquire 100 percent of Unión de Industrias C.A., S.A. (Unica) from Espiga Capital, a Spanish based Private Equity firm. Unica is a significant player in Rubber Compounds in Spain, supplying several demanding customers in the automotive, construction and agriculture sectors. Unica's turnover during 2020 amounted to 40 MEUR with a profitability below HEXPOL Group. Unica operates one advanced compounding facility in Corea, Navarra, Spain with some 80 employees. The acquisition price amounts to approximately 48 MEUR on a cash and debt free basis which is funded by a combination of cash and existing bank facilities. The transaction will close after regulatory approval, which is estimated to the second quarter of 2021.

Other information

Fire in Jonesborough, TN, USA

As previously communicated, a fire broke out January 7, 2021 in our facility in Jonesborough, TN, USA. The production plant sustained major damages and the production was moved to other units nearby. We have so far written down the value of damaged assets with 84 MSEK, which is compensated by an initial insurance income with the corresponding amount. Investigation and handling of the case continues but we do not expect any negative EBIT effects.

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 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 contiue to affect, both sales and earnings. The Board and management follows the development closely.

Accounting policies

This interim 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 interim 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 4,580 (5,008). The decrease, compared to the corresponding period previous year, is explained by the adjustments of the organization related to lower volumes affected by Covid-19.

Number of employees
4,580

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 nearly 12,000 shareholders on March 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 70 percent of the capital and 78 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 April 28 at 01:00 p.m. CET. The presentation, as well as information concerning participations, is available at www.hexpol.com.

HEXPOL®

Financial calender

HEXPOL AB publish financial information on the following dates:

- Annual General Meeting 2021 April 28, 2021
- Half-year report January – June 2021 July 16, 2021
- Interim report January – September 2021 October 22, 2021

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

This interim report January-March 2021 has not been audited by HEXPOL AB's auditors.

Malmö, Sweden April 28, 2021

HEXPOL AB (publ.)

Georg Brunstam

President and CEO

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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 12:00 a.m. CET on April 28, 2021. 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	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20-Mar 21
Sales	3 810	4 168	13 424	13 066
Cost of goods sold	-2 901	-3 278	-10 496	-10 119
Gross profit	**909**	**890**	**2 928**	**2 947**
Selling and administrative cost, etc.	-205	-353	-993	-845
Operating profit	**704**	**537**	**1 935**	**2 102**
Financial income and expenses	-2	-2	-80	-80
Profit before tax	**702**	**535**	**1 855**	**2 022**
Tax	-168	-130	-446	-484
Profit after tax	**534**	**405**	**1 409**	**1 538**
- of which, attributable to Parent Company shareholders	534	405	1 409	1 538
Earnings per share before dilution, SEK	1,55	1,18	4,09	4,46
Earnings per share after dilution, SEK	1,55	1,18	4,09	4,46
Earnings per share, adjusted, SEK	1,55	1,29	4,26	4,52
Shareholders' equity per share, SEK	29,70	31,74	26,53	
Average number of shares, 000s	344 437	344 201	344 201	344 437
Depreciation, amortisation and impairment	-164	-135	-440	-469

Condensed statement of comprehensive income

MSEK	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20-Mar 21
Profit after tax	534	405	1 409	1 538
Items that will not be reclassified to the income statement				
Remeasurements of defined benefit pension plans	-	-	0	0
Income tax relating to items that will not be reclassified to the income statement	-	-	-	-
Items that may be reclassified to the income statement				
Cash-flow hedges	-	-	-	-
Hedge of net investment	-	-	-	-
Income tax relating to items that may be reclassified to the income statement	-	-	-	-
Translation differences	563	763	-1 261	-1 461
Comprehensive income	**1 097**	**1 168**	**148**	**77**
- of which, attributable to Parent Company's shareholders	1 097	1 168	148	77

Condensed consolidated balance sheet

MSEK	Mar 31 2021	Mar 31 2020	Dec 31 2020
Intangible fixed assets	9 086	10 011	8 502
Tangible fixed assets	2 370	2 744	2 261
Financial fixed assets	3	3	3
Deferred tax asset	56	47	51
Total fixed assets	**11 515**	**12 805**	**10 817**
Inventories	1 280	1 451	1 094
Accounts receivable	2 396	2 489	1 744
Other receivables	189	207	179
Prepaid expenses and accrued income	59	54	39
Cash and cash equivalents	1 085	2 082	1 200
Total current assets	**5 009**	**6 283**	**4 256**
Total assets	**16 524**	**19 088**	**15 073**
Equity attributable to Parent Company's shareholders	10 230	10 924	9 133
Total shareholders' equity	**10 230**	**10 924**	**9 133**
Interest-bearing liabilities	2 080	1 494	2 699
Other liabilities	89	46	38
Provision for deferred tax	544	584	521
Provision for pensions	66	72	64
Total non-current liabilities	**2 779**	**2 196**	**3 322**
Interest-bearing liabilities	504	2 467	97
Accounts payable	2 201	2 300	1 796
Other liabilities	316	658	221
Accrued expenses, prepaid income, provisions	494	543	504
Total current liabilities	**3 515**	**5 968**	**2 618**
Total shareholders' equity and liabilities	**16 524**	**19 088**	**15 073**

Condensed consolidated changes in shareholders' equity

	Mar 31, 2021		Mar 31, 2020		Dec 31, 2020	
MSEK	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity
Opening equity	**9 133**	**9 133**	**9 756**	**9 756**	**9 756**	**9 756**
New share issue in progress	-	-	-	-	21	21
Comprehensive income	1 097	1 097	1 168	1 168	148	148
Dividend	-	-	-	-	-792	-792
Closing equity	**10 230**	**10 230**	**10 924**	**10 924**	**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		Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20-Mar 21
Cash flow from operating activities before changes in working capital		799	602	1 961	2 158
Changes in working capital		-383	-74	415	106
Cash flow from operating activities		**416**	**528**	**2 376**	**2 264**
Acquisitions	Note 3	-260	-	-412	-672
Cash flow from other investing activities		-52	-71	-253	-234
Cash flow from investing activities		**-312**	**-71**	**-665**	**-906**
Dividend		-	-	-792	- 792
Other contributed capital		-	-	21	21
Cash flow from other financing activities		-212	-45	-1 207	-1 374
Cash flow from financing activities		**-212**	**-45**	**-1 978**	**-2 145**
Change in cash and cash equivalents		**-108**	**412**	**-267**	**-787**
Cash and cash equivalents at January 1		1 200	1 624	1 624	2 082
Exchange-rate differences in cash and cash equivalents		-7	46	-157	-210
Cash and cash equivalents at the end of the period		**1 085**	**2 082**	**1 200**	**1 085**

Operating cash flow, Group

MSEK	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20-Mar 21
Operating profit	704	537	1 935	2 102
Other non cash adjustment	-	-	11	11
Depreciation/amortisation/impairment	164	135	440	469
Change in working capital	-383	-74	415	106
Sale of fixed assets	0	0	0	0
Investments	-52	-71	-253	-234
Operating Cash flow	**433**	**527**	**2 548**	**2 454**

Other key figures, Group

	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20-Mar 21
Profit margin before tax, %	18,4	12,8	13,8	15,5
Return on shareholders' equity, % R12	15,4	15,2	13,9	
Interest-coverage ratio, multiple	65	31	34	42
Net debt, MSEK	-1 496	-1 876	-1 593	
Sales growth adjusted for currency effects, %	1	6	-11	
Sales growth adjusted for currency effects and acquisitions, %	1	-9	-17	
Cash flow per share, SEK	1,21	1,53	6,90	6,58
Cash flow per share before change in working capital, SEK	2,32	1,75	5,70	6,27

Condensed income statement, Parent Company

MSEK	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20-Mar 21
Sales	12	15	57	54
Administrative costs, etc.	-23	-51	-97	-69
Operating loss	**-11**	**-36**	**-40**	**-15**
Financial income and expenses	10	-2	1 598	1 610
Profit after financial items	**-1**	**-38**	**1 558**	**1 595**
Untaxed reserves	0	0	0	0
Profit before tax	**-1**	**-38**	**1 558**	**1 595**
Tax	2	1	-23	-22
Profit after tax	**1**	**-37**	**1 535**	**1 573**

Condensed balance sheet, Parent company

MSEK	Mar 31 2021	Mar 31 2020	Full Year 2020
Fixed assets	9 547	9 028	9 286
Current assets	2 268	3 362	2 744
Total assets	**11 815**	**12 390**	**12 030**
Restricted shareholders' equity			
Share capital	69	69	69
New share issue in progress	-	-	0
Total restricted shareholders' equity	**69**	**69**	**69**
Non-restricted shareholders' equity			
Share premiun reserve	619	598	619
Accumulated earnings	4 984	4 240	3 449
Profit after tax	1	-37	1 535
Total non-restricted shareholders' equity	**5 604**	**4 801**	**5 603**
Total shareholders' equity	**5 673**	**4 870**	**5 672**
Untaxed reserves	0	0	0
Non-current liabilities	1 760	1 120	2 410
Current liabilities	4 382	6 400	3 948
Total shareholders' equity and liabilities	**11 815**	**12 390**	**12 030**

Notes to the financial reports

Note 1 Financial instrument per category and measurement level

Mar 31, 2021	Financial assets/liabilities measured at:			
MSEK	Amortized costs	Fair value through profit or loss	Measurem. level	Total
Assets in the balance sheet				
Non-current financial assets	3	-		3
Accounts receivable	2 396	-		2 396
Cash and cash equivalents	1 085	-		1 085
Total	**3 484**	**-**		**3 484**
Liabilities in the balance sheet				
Interest-bearing non-current liabilities	1 761	-		1 761
Interest-bearing non-current lease liabilities	319	-		319
Interest-bearing current liabilities	401	-		401
Interest-bearing current lease liabilities	103	-		103
Accounts payable	2 201	-		2 201
Other liabilites	316	-		316
Accrued expenses, prepaid income, provisions	494	-		494
Total	**5 595**	**-**		**5 595**

Mar 31, 2020	Financial assets/liabilities measured at:			
MSEK	Amortized costs	Fair value through profit or loss	Measurem. level	Total
Assets in the balance sheet				
Derivative financial instrument	-	0	2	0
Non-current financial assets	3	-		3
Accounts receivable	2 489	-		2 489
Cash and cash equivalents	2 082	-		2 082
Total	**4 574**	**0**		**4 574**
Liabilities in the balance sheet				
Interest-bearing non-current liabilities	1 141	-		1 141
Interest-bearing non-current lease liabilities	353	-		353
Interest-bearing current liabilities	2 361	-		2 361
Interest-bearing current lease liabilities	106	-		106
Accounts payable	2 300	-		2 300
Other liabilites	260	-		260
Liabilities to minority shareholders	-	398	3	398
Accrued expenses, prepaid income, provisions	543	-		543
Total	**7 064**	**398**		**7 462**

Derivatives consist of currency forward contracts and are used for hedging purposes and are measured at the level 2. Fair value are consistent in all material respects with the accounting value in the balance sheet.

Note 2 Non-recurring items in the income statement

MSEK	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020
Costs of goods sold	-	-2	-20
Selling and administrative costs, etc.	-	-48	-56
Other operating income	84	-	-
Other operating expense	-84	-	-
Profit before tax	**0**	**-50**	**-76**
Tax	-	11	17
Profit afer tax	**0**	**-39**	**-59**

The cost in the period January-March 2021, is attributable to the fire that broke out January 7, 2021, in Jonesborough, TN, USA. The income in the same period is the initial insurance compensation for the fire. The costs in 2020 relate 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 27,5 MEUR on a cash and debt free basis. The purchase price allocation is preliminary since some information is outstanding and the business is consolidated from March 2021.

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

MSEK	
Puchase consideration	286
Fair value of acquired net assets	103
Goodwill	**183**

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	70
Current assets	31
Tangible assets	74
Intagible assets	1
Non-current liabilities	-23
Accounts payables	-65
Current liabilities	-11
Acquired net assets	**103**
Goodwill	183
Purchase considerations	286
Cash and cash equivalents in acquired operations	26
Change in Group's cash and cash equivalents	**260**

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

Segment reporting and distribution of revenues

Sales per business area

MSEK	2021 Q1	2020 Q1	2020 Q2	2020 Q3	2020 Q4	Full Year	Apr 20-Mar 21	2019 Q1	2019 Q2	2019 Q3	2019 Q4	Full Year
HEXPOL Compounding	3 548	3 906	2 290	3 091	3 159	12 446	12 088	3 539	3 418	3 984	3 524	14 465
HEXPOL Engineered Products	262	262	236	237	243	978	978	266	267	260	250	1 043
Group total	**3 810**	**4 168**	**2 526**	**3 328**	**3 402**	**13 424**	**13 066**	**3 805**	**3 685**	**4 244**	**3 774**	**15 508**

Sales per geographic region

MSEK	2021 Q1	2020 Q1	2020 Q2	2020 Q3	2020 Q4	Full Year	Apr 20-Mar 21	2019 Q1	2019 Q2	2019 Q3	2019 Q4	Full Year
Europe	1 480	1 464	983	1 178	1 233	4 858	4 874	1 519	1 439	1 360	1 301	5 619
Americas	2 141	2 548	1 382	1 958	1 958	7 846	7 439	2 127	2 066	2 697	2 293	9 183
Asia	189	156	161	192	211	720	753	159	180	187	180	706
Group total	**3 810**	**4 168**	**2 526**	**3 328**	**3 402**	**13 424**	**13 066**	**3 805**	**3 685**	**4 244**	**3 774**	**15 508**

Sales per geographic region HEXPOL Compounding

MSEK	2021 Q1	2020 Q1	2020 Q2	2020 Q3	2020 Q4	Full Year	Apr 20-Mar 21	2019 Q1	2019 Q2	2019 Q3	2019 Q4	Full Year
Europe	1 351	1 334	866	1 068	1 115	4 383	4 400	1 380	1 298	1 228	1 174	5 080
Americas	2 067	2 466	1 321	1 893	1 892	7 572	7 173	2 053	1 999	2 630	2 225	8 907
Asia	130	106	103	130	152	491	515	106	121	126	125	478
Group total	**3 548**	**3 906**	**2 290**	**3 091**	**3 159**	**12 446**	**12 088**	**3 539**	**3 418**	**3 984**	**3 524**	**14 465**

Sales per geographic region HEXPOL Engineered Products

MSEK	2021 Q1	2020 Q1	2020 Q2	2020 Q3	2020 Q4	Full Year	Apr 20-Mar 21	2019 Q1	2019 Q2	2019 Q3	2019 Q4	Full Year
Europe	129	130	117	110	118	475	474	139	141	132	127	539
Americas	74	82	61	65	66	274	266	74	67	67	68	276
Asia	59	50	58	62	59	229	238	53	59	61	55	228
Group total	**262**	**262**	**236**	**237**	**243**	**978**	**978**	**266**	**267**	**260**	**250**	**1 043**

Operating profit per business area

MSEK	2021 Q1	2020 Q1*	2020 Q2**	2020 Q3**	2020 Q4**	Full Year**	Apr 20-Mar 21**	2019 Q1	2019 Q2	2019 Q3*	2019 Q4*	Full Year*
HEXPOL Compounding	658	554	178	552	580	1 864	1 968	553	516	547	493	2 109
HEXPOL Engineered Products	46	33	31	41	42	147	160	33	35	36	29	133
Group total	**704**	**587**	**209**	**593**	**622**	**2 011**	**2 128**	**586**	**551**	**583**	**522**	**2 242**

Operating margin per business area

%	2021 Q1	2020 Q1*	2020 Q2**	2020 Q3**	2020 Q4**	Full Year**	Apr 20-Mar 21**	2019 Q1	2019 Q2	2019 Q3*	2019 Q4*	Full Year*
HEXPOL Compounding	18,5	14,2	7,8	17,9	18,4	15,0	16,3	15,6	15,1	13,7	14,0	14,6
HEXPOL Engineered Products	17,6	12,6	13,1	17,3	17,3	15,0	16,4	12,4	13,1	13,8	11,6	12,8
Group total	**18,5**	**14,1**	**8,3**	**17,8**	**18,3**	**15,0**	**16,3**	**15,4**	**15,0**	**13,7**	**13,8**	**14,5**

*Adjusted operating profit for HEXPOL Compounding

**Adjusted operating profit

Reconciliation alternative performance measures

Sales

MSEK	2021 Q1	2020 Q1	Q2	Q3	Q4	Full Year	2019 Q1	Q2	Q3	Q4	Full Year
Sales	3 810	4 168	2 526	3 328	3 402	13 424	3 805	3 685	4 244	3 774	15 508
Currency effects	-412	138	12	-202	-276	-328	298	198	163	152	811
Sales excluding currency effects	**4 222**	**4 030**	**2 514**	**3 530**	**3 678**	**13 752**	**3 507**	**3 487**	**4 081**	**3 622**	**14 697**
Acquisitions	33	580	279	-	-	859	380	356	911	530	2 177
Sales excluding currency effects and acquisitions	**4 189**	**3 450**	**2 235**	**3 530**	**3 678**	**12 893**	**3 127**	**3 131**	**3 170**	**3 092**	**12 520**

Sales growth

%	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020
Sales growth excluding currency effects	1	6	-11
Sales growth excluding currency effects and acquisitions	1	-9	-17

EBITA, adjusted, %

MSEK	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20-Mar 21
Sales	3 810	4 168	13 424	13 066
Operating profit	704	537	1 935	2 102
Non-recurring items	-	50	76	26
Amortisation and impairment of intangible assets	17	20	77	74
Total EBITA	**721**	**607**	**2 088**	**2 202**
EBITA%	**18,9**	**14,6**	**15,6**	**16,9**

EBITA, %

MSEK	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20-Mar 21
Sales	3 810	4 168	13 424	13 066
Operating profit	704	537	1 935	2 102
Amortisation and impairment of intangible assets	17	20	77	74
Total EBITA	**721**	**557**	**2 012**	**2 176**
EBITA%	**18,9**	**13,4**	**15,0**	**16,7**

Capital employed

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

Return on capital employed, R12

MSEK	Mar 31 2021	Mar 31 2020	Full Year 2020
Average capital employed	12 823	14 159	13 332
Profit before tax	2 022	1 961	1 855
Interest expense	49	61	56
Total	**2 071**	**2 022**	**1 911**
Return on capital employed, %	**16,2**	**14,3**	**14,3**

Interest-coverage ratio, multiple

MSEK	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020	Apr 20-Mar 21
Profit before tax	702	535	1 855	2 022
Interest expense	11	18	56	49
Total	**713**	**553**	**1 911**	**2 071**
Interest-coverage ratio, multiple	**65**	**31**	**34**	**42**

Shareholders' equity

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

Return on equity, R12

MSEK	Mar 31 2021	Mar 31 2020	Full Year 2020
Average shareholders' equity	9 961	9 919	10 135
Profit after tax	1 538	1 509	1 409
Return on equity, %	**15,4**	**15,2**	**13,9**

Net debt

MSEK	Mar 31 2021	Mar 31 2020	Full Year 2020
Financial assets	3	3	3
Cash and cash equivalents	1 085	2 082	1 200
Non-current interest-bearing liabilities	-2 080	-1 494	-2 699
Current interest-bearing liabilities	-504	-2 467	-97
Net debt	**-1 496**	**-1 876**	**-1 593**

Net debt/EBITDA

MSEK	Mar 31 2021	Mar 31 2020	Full Year 2020
Net debt	-1 496	-1 876	-1 593
EBITDA, R12	2 571	2 472	2 375
Net debt/EBITDA, multiple	**-0,58**	**-0,76**	**-0,67**

Equity/assets ratio

MSEK	Mar 31 2021	Mar 31 2020	Full Year 2020
Shareholders' equity	10 230	10 924	9 133
Total assets	16 524	19 088	15 073
Equity/assets ratio, %	**62**	**57**	**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.
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.