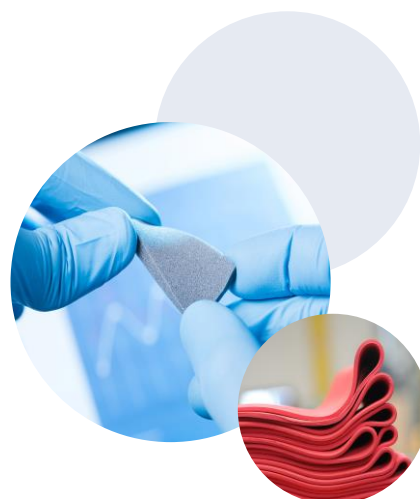


Published on July 16, 2021

Half-year report

January-June 2021



APRIL - JUNE 2021

- Sales increased by 58 percent and amounted to 4,002 MSEK (2,526).
- Operating profit increased by 298 percent to 728 MSEK (183).
- Operating margin increased to 18.2 percent (7.2).
- Adjusted operating profit (excl. non-recurring items) increased by 248 percent to 728 MSEK (209).
- Adjusted operating margin (excl. non-recurring items) increased to 18.2 percent (8.3).
- Profit after tax increased to 537 MSEK (122).
- Earnings per share increased by 346 percent to 1.56 SEK (0.35). Adjusted earnings per share (excl. non-recurring items) increased by 280 percent to 1.56 SEK (0.41).
- Operating cash flow increased to 590 MSEK (225).
- Non-recurring items, before tax, amounted to 0 MSEK (26).

JANUARY - JUNE 2021

- Sales increased by 17 percent and amounted to 7,812 MSEK (6,694).
- Operating profit increased by 99 percent to 1,432 MSEK (720).
- Operating margin increased to 18.3 percent (10.8).
- Adjusted operating profit (excl. non-recurring items) increased by 80 percent to 1,432 MSEK (796).
- Adjusted operating margin (excl. non-recurring items) increased to 18.3 percent (11.9).
- Profit after tax increased to 1,071 MSEK (527).
- Earnings per share increased by 103 percent to 3.11 SEK (1.53). Adjusted earnings per share (excl. non-recurring items) increased by 83 percent to 3.11 SEK (1.70).
- Operating cash flow amounted to 1,023 MSEK (752).
- Non-recurring items, before tax, amounted to net 0 MSEK (76).

”Very high organic sales growth on a reduced cost base”

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.

Very high organic sales growth on a reduced cost base

We saw a very high organic sales growth of 70 percent compared with the corresponding quarter last year, driven by good sales on all markets and product areas. A large part of the increase is affected by previous year's major shutdowns related to Covid-19. The organic sales are also strong compared to the first quarter this year. The combination of strong sales and volumes as well as a lower cost base, gave yet again, our best quarterly result ever. Operating profit for the quarter increased by 248 percent from previous year's adjusted EBIT of 209 MSEK to 728 MSEK, which corresponds to a margin of 18.2 percent (8.3).

We 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 plants close to our customers is a clear competitive advantage.

However, the uncertainty still remains high. We again saw substantial disruptions in the supply chain to our customers during the quarter, especially when it comes to the lack of semiconductors but also other raw materials and global transport problems. During the quarter, we ourselves, also experienced substantial disruptions in the supply chain affected by global transport- and raw material problems. However, our experienced and competent employees handled these challenges in a very good way with high customer focus.

Fully in line with the acquisition strategy that was recently presented on our capital market day, two acquisitions have 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. VICOM is now integrated in HEXPOL while the Unica acquisition has just been completed. We are very happy to welcome these motivated, competent and experienced employees to HEXPOL.

The Covid-19 pandemic with restrictions and shutdowns and 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.

Sales

4,002 MSEK (2,526)

EBIT

728 MSEK (209)

EBIT margin

18.2% (8.3)



Georg Brunstam
President and CEO

Group Summary

Key figures MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Sales	4 002	2 526	7 812	6 694	13 424	14 542
EBITA, adjusted	745	229	1 466	836	2 088	2 718
EBITA margin, adjusted, %	18,6	9,1	18,8	12,5	15,6	18,7
EBITA	745	203	1 466	760	2 012	2 718
EBITA margin, %	18,6	8,0	18,8	11,4	15,0	18,7
Operating profit, EBIT, adjusted	728	209	1 432	796	2 011	2 647
Operating margin, EBIT, adjusted, %	18,2	8,3	18,3	11,9	15,0	18,2
Operating profit, EBIT	728	183	1 432	720	1 935	2 647
Operating margin, EBIT %	18,2	7,2	18,3	10,8	14,4	18,2
Profit before tax	708	167	1 410	702	1 855	2 563
Profit after tax	537	122	1 071	527	1 409	1 953
Earnings per share, adjusted, SEK	1,56	0,41	3,11	1,70	4,26	5,67
Earnings per share after dilution, SEK	1,56	0,35	3,11	1,53	4,09	5,67
Equity/assets ratio, %			60	63	61	
Return on capital employed, % R12			20,5	11,5	14,3	
Operating cash flow	590	225	1 023	752	2 548	2 819



Group development

April-June 2021

Sales

Our organic sales increased substantially during the second quarter 2021 compared to the corresponding quarter previous year. A large part of the increase is affected by previous year's major shutdowns related to Covid-19. The organic sales are also strong compared to the first quarter this year. The HEXPOL Group's sales amounted to 4,002 MSEK (2,526) including negative currency effects of 405 MSEK. Adjusted for these, the sales amounted to 4,407 MSEK. Apart from the negative currency effects, the sales were positively affected by organic growth of 70 percent and acquisition (VICOM) with 4 percent.

The HEXPOL Compounding business area's sales increased during the quarter, both compared to previous quarters and compared to the corresponding quarter 2020. The sales increased to 3,723 MSEK (2,290) including negative currency effects of 386 MSEK. Adjusted for these, the sales amounted to 4,109 MSEK. Apart from negative currency effects, the sales were positively affected by organic growth of 74 percent and acquisition with 5 percent. We saw continued good underlying demand during the quarter, compared to previous quarter. However, the outcome was negatively affected by the global disturbances regarding component- and raw material shortages as well as transport problems.

We saw continued increase of raw material prices during the quarter compared to previous quarters.

The HEXPOL Engineered Products sales also increased during the quarter, and amounted to 279 MSEK (236), an increase by 18 percent.

From a geographical perspective the sales increased in Europe by 69 percent compared to the corresponding quarter previous year. The sales in America increased at the same time by 54 percent, despite being strongly affected by negative currency effects. Asia increased by 29 percent compared with the corresponding quarter previous year.

Earnings

Operating profit before amortization of intangible assets and excluding non-recurring items, increased to 745 MSEK (229), which meant a corresponding EBITA margin of 18.6 percent (9.1).

Despite negative currency effects of 62 MSEK, the adjusted operating profit increased by 248 percent to 728 MSEK (209), while the corresponding operating margin increased to 18.2 percent (8.3). The higher margin comes from good sales and volumes, combined with a lower cost base. Operating profit amounted to 728 MSEK (183), an increase by 298 percent.

Non-recurring items in the quarter, amounted to 0 MSEK (26).

The Group's net financial items amounted to an expense of 20 MSEK (expense 16). Profit before tax increased to 708 MSEK (167) while profit after tax increased to 537 MSEK (122) and earnings per share 1.56 SEK (0.35). Earnings per share, adjusted for non-recurring items, amounted to 1.56 SEK (0.41).

Sales
4,002 MSEK

EBIT
728 MSEK

January-June 2021

Sales

Our organic sales increased during the first half-year 2021 compared to the corresponding period previous year. The HEXPOL Group's sales amounted to 7,812 MSEK (6,694) including negative currency effects of 817 MSEK. Adjusted for these, the sales amounted to 8,629 MSEK. Apart from negative currency effects, the sales were positively affected by organic sales growth of 27 percent and acquisition (VICOM) with 2 percent. We saw continued good underlying demand during the period, compared to previous period. However, the outcome was negatively affected by the global disturbances regarding component- and raw material shortages as well as transport problems.

The HEXPOL Compounding business area's sales increased during the first half-year compared to the corresponding period 2020. The sales amounted to 7,271 MSEK (6,196) including negative currency effects of 778 MSEK. Adjusted for these, the sales amounted to 8,049 MSEK. Apart from negative currency effects, the sales were positively affected by organic growth of 28 percent and acquisition with 2 percent.

The HEXPOL Engineered Products sales increased during the first half-year by 9 percent, compared to the corresponding period 2020, and amounted to 541 MSEK (498).

From a geographical perspective the sales increased in Europe by 29 percent compared to the corresponding period previous year. The sales in America increased at the same time by 9 percent, despite being strongly affected by negative currency effects. Asia increased by 25 percent compared with the corresponding period previous year.

Earnings

Operating profit before amortization of intangible assets and excluding non-recurring items, increased to 1,466 MSEK (836), which meant a corresponding EBITA margin of 18.8 percent (12.5).

Despite negative currency effects of 134 MSEK, the adjusted operating profit increased by 80 percent to 1,432 MSEK (796), while the corresponding operating margin increased to 18.3 percent (11.9). The higher margin comes from good sales and volumes, combined with a lower cost base. Operating profit amounted to 1,432 MSEK (720), an increase by 99 percent.

Non-recurring items during the first half-year, amounted to net 0 MSEK (76). However, write-downs related to the fire in Jonesborough during the first quarter are included 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 22 MSEK (expense 18). Profit before tax increased to 1,410 MSEK (702) while profit after tax increased to 1,071 MSEK (527) and earnings per share 3.11 SEK (1.53). Earnings per share, adjusted for non-recurring items, amounted to 3.11 SEK (1.70).

Sales
7,812 MSEK

EBIT
1,432 MSEK

Financial overview

Equity/assets ratio

The equity/assets ratio continued strong 60 percent (63). The Group's total assets amounted to 16,381 MSEK (16,131). Net debt amounted to 1,947 MSEK (1,778) whereof 395 MSEK (425) relates to financial leasing liabilities according to IFRS 16, which gives a net debt/EBITDA of 0.63 (0.85).

Net debt/EBITDA
0.63

The Group had the following major credit agreements with Nordic banks as per June 30:

- 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 August 2024

Cash flow

The operating cash flow for the Group amounted to 590 MSEK (225) in the second quarter, while cash flow from operating activities amounted to 398 MSEK (226). Operating cash flow for the first half-year was 1,023 MSEK (752) while cash flow from operating activities amounted to 814 MSEK (754).

Investments, depreciation and amortisation

The Group's investments amounted to 52 MSEK (64) for the second quarter and refers mainly to regular maintenance investments. At the same time, depreciation, amortisation and impairment amounted to 78 MSEK (93) whereof 20 MSEK (23) refers to leased assets according to IFRS 16. The investments amounted to 104 MSEK (135) during the first half-year, while depreciation, amortisation and impairment amounted to 242 MSEK (228). Of these refers 40 MSEK (46) 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 171 MSEK (45) during the second quarter, which corresponds to a tax rate of 24.2 percent (26.9). Tax expenses during the first half-year amounted to 339 MSEK (175) which corresponds to a tax rate of 24.0 percent (24.9).

Profitability

The return on average capital employed, R12, amounted to 20.5 percent (11.5). The return on shareholders' equity, R12, amounted to 19.8 percent (12.0).

Parent Company

The Parent Company's profit after tax for the second quarter amounted to 152 MSEK (179). Profit after tax amounted to 153 MSEK (142) for the first half-year. Shareholders' equity amounted to 5,033 MSEK (5,049).

HEXPOL Compounding

April - June 2021

The organic sales increased substantially during the second quarter 2021, compared to the corresponding quarter previous year. A large part of the increase is affected by previous year's major shutdowns related to Covid-19. The organic sales are also strong compared to the first quarter this year. The sales amounted to 3,723 MSEK (2,290) including negative currency effects of 386 MSEK. Adjusted for these, the sales amounted to 4,109 MSEK. Apart from negative currency effects, the sales were positively affected by organic growth of 74 percent and acquisition with 5 percent. We saw continued good underlying demand during the quarter, compared to previous quarters. However, the outcome was negatively affected by the global disturbances in component- and raw material shortages as well as transport problems.

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

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

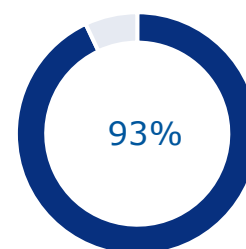
Adjusted operating profit, increased to 679 MSEK (178) and the corresponding operating margin increased to 18.2 percent (7.8). The higher margin was mainly affected by our continued work to reduce both direct and indirect costs during the quarter.

January - June 2021

The sales for HEXPOL Compounding increased by 17 percent to 7,271 MSEK (6,196). At the same time, the adjusted operating profit amounted to 1,337 MSEK (732) which corresponds to an adjusted operating margin of 18.4 percent (11.8).

Share of the Group's sales

January - June 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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Sales	3 723	2 290	7 271	6 196	12 446	13 521
Operating profit, adjusted	679	178	1 337	732	1 864	2 469
Operating margin, adjusted, %	18,2	7,8	18,4	11,8	15,0	18,3
Operating profit, EBIT	679	159	1 337	663	1 791	2 465

HEXPOL Engineered Products

April – June 2021

The sales increased by 18 percent compared with the same quarter previous year and amounted to 279 MSEK (236). The increase include negative currency effects of 19 MSEK. Adjusted for these the sales amounted to 298 MSEK. Operating profit increased to 49 MSEK (31) and the corresponding operating margin increased to 17.6 percent (13.1) driven by good sales combined with a lower cost base.

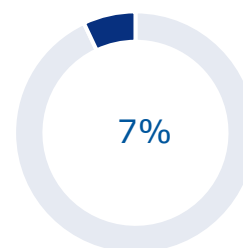
All product areas, Gaskets and Seals and Wheels increased their sales substantially compared to the corresponding quarter previous year.

January – June 2021

The sales for HEXPOL Engineered Products increased by 9 percent to 541 MSEK (498). At the same time the adjusted operating profit amounted to 95 MSEK (64) which corresponds to an adjusted operating margin of 17.6 percent (12.9).

Share of the Group's sales

January - June 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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Sales	279	236	541	498	978	1 021
Operating profit, adjusted	49	31	95	64	147	178
Operating margin, adjusted, %	17,6	13,1	17,6	12,9	15,0	17,4
Operating profit, EBIT	49	24	95	57	144	182

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 Coreia, 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 completion of the transaction was subject to regulatory approval, which has now taken place and Unica will be consolidated into HEXPOL per July 1, 2021.

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 half-year 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 half-year 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 4,609 (4,781), of which 24 have been added through acquisition of VICOM. 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
4,609

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 June 30, 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 69 percent of the capital and 77 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 July 16 at 02:00 p.m. CET. The presentation, as well as information concerning participations, is available at www.hexpol.com.



Financial calendar

HEXPOL AB publish financial information on the following dates:

- 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 half-year report January-June 2021 has not been audited by HEXPOL AB's auditors.

Board Assurance

The half-year report provides a fair view of the Parent Company's and the Group's operations, financial position and results. It also describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Malmö, Sweden July 16, 2021

HEXPOL AB (publ.)

Georg Brunstam
President and CEO

Alf Göransson
Chairman of the Board

Malin Persson

Jan-Anders E. Månsson

Kerstin Lindell

Gun Nilsson

Märtha Schörling Andreen

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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 and the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 01:00 p.m. CET on July 16, 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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Sales	4 002	2 526	7 812	6 694	13 424	14 542
Cost of goods sold	-3 088	-2 110	-5 989	-5 388	-10 496	-11 097
Gross profit	914	416	1 823	1 306	2 928	3 445
Selling and administrative cost, etc.	-186	-233	-391	-586	-993	-798
Operating profit	728	183	1 432	720	1 935	2 647
Financial income and expenses	-20	-16	-22	-18	-80	-84
Profit before tax	708	167	1 410	702	1 855	2 563
Tax	-171	-45	-339	-175	-446	-610
Profit after tax	537	122	1 071	527	1 409	1 953
- of which, attributable to Parent Company shareholders	537	122	1 071	527	1 409	1 953
Earnings per share before dilution, SEK	1,56	0,35	3,11	1,53	4,09	5,67
Earnings per share after dilution, SEK	1,56	0,35	3,11	1,53	4,09	5,67
Earnings per share, adjusted, SEK	1,56	0,41	3,11	1,70	4,26	5,67
Shareholders' equity per share, SEK			28,40	29,52	26,53	
Average number of shares, 000s	344 437	344 201	344 437	344 201	344 201	344 437
Depreciation, amortisation and impairment	-78	-93	-242	-228	-440	-454

Condensed statement of comprehensive income

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Profit after tax	537	122	1 071	527	1 409	1 953
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	-193	-884	370	-121	-1 261	-770
Comprehensive income	344	-762	1 441	406	148	1 183
- of which, attributable to Parent Company's shareholders	344	-762	1 441	406	148	1 183

Condensed consolidated balance sheet

MSEK	Jun 30 2021	Jun 30 2020	Dec 31 2020
Intangible fixed assets	8 921	9 354	8 502
Tangible fixed assets	2 318	2 543	2 261
Financial fixed assets	3	3	3
Deferred tax asset	54	42	51
Total fixed assets	11 296	11 942	10 817
Inventories	1 437	1 313	1 094
Accounts receivable	2 482	1 516	1 744
Other receivables	212	179	179
Prepaid expenses and accrued income	68	47	39
Cash and cash equivalents	886	1 134	1 200
Total current assets	5 085	4 189	4 256
Total assets	16 381	16 131	15 073
Equity attributable to Parent Company's shareholders	9 782	10 162	9 133
Total shareholders' equity	9 782	10 162	9 133
Interest-bearing liabilities	2 739	1 905	2 699
Other liabilities	81	39	38
Provision for deferred tax	531	543	521
Provision for pensions	64	69	64
Total non-current liabilities	3 415	2 556	3 322
Interest-bearing liabilities	97	1 010	97
Accounts payable	2 320	1 257	1 796
Other liabilities	293	604	221
Accrued expenses, prepaid income, provisions	474	542	504
Total current liabilities	3 184	3 413	2 618
Total shareholders' equity and liabilities	16 381	16 131	15 073

Condensed consolidated changes in shareholders' equity

MSEK	Jun 30, 2021		Jun 30, 2020		Dec 31, 2020	
	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	1 441	1 441	406	406	148	148
Dividend	-792	-792	-	-	-792	-792
Closing equity	9 782	9 782	10 162	10 162	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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Cash flow from operating activities before changes in working capital	562	213	1 361	815	1 961	2 507
Changes in working capital	-164	13	-547	-61	415	-71
Cash flow from operating activities	398	226	814	754	2 376	2 436
Acquisitions Note 3	-	-	-260	-	-412	-672
Cash flow from other investing activities	-52	-64	-104	-135	-253	-222
Cash flow from investing activities	-52	-64	-364	-135	-665	-894
Dividend	-792	-	-792	-	-792	-1 584
Other contributed capital	-	-	-	-	21	21
Cash flow from other financing activities	252	-1 044	40	-1 089	-1 207	-78
Cash flow from financing activities	-540	-1 044	-752	-1 089	-1 978	-1 641
Change in cash and cash equivalents	-194	-882	-302	-470	-267	-99
Cash and cash equivalents at January 1	1 085	2 082	1 200	1 624	1 624	1 134
Exchange-rate differences in cash and cash equivalents	-5	-66	-12	-20	-157	-149
Cash and cash equivalents at the end of the period	886	1 134	886	1 134	1 200	886

Operating cash flow, Group

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Operating profit	728	183	1 432	720	1 935	2 647
Other non cash adjustment	-	-	-	-	11	11
Depreciation/amortisation/impairment	78	93	242	228	440	454
Change in working capital	-164	13	-547	-61	415	-71
Sale of fixed assets	0	0	0	0	0	0
Investments	-52	-64	-104	-135	-253	-222
Operating Cash flow	590	225	1 023	752	2 548	2 819

Other key figures, Group

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Profit margin before tax, %	17,7	6,6	18,0	10,5	13,8	17,6
Return on shareholders' equity, % R12			19,8	12,0	13,9	
Interest-coverage ratio, multiple			65	22	34	58
Net debt, MSEK			-1 947	-1 778	-1 593	
Sales growth adjusted for currency effects, %	74	-32	29	-13	-11	
Sales growth adjusted for currency effects and acquisitions, %	70	-39	27	-24	-17	
Cash flow per share, SEK	1,16	0,66	2,36	2,19	6,90	7,07
Cash flow per share before change in working capital, SEK	1,63	0,62	3,95	2,37	5,70	7,28

Condensed income statement, Parent Company

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Sales	11	15	23	30	57	50
Administrative costs, etc.	-28	-25	-51	-45	-97	-103
Operating loss	-17	-10	-28	-15	-40	-53
Financial income and expenses	166	181	176	148	1 598	1 626
Profit after financial items	149	171	148	133	1 558	1 573
Untaxed reserves	-	-	-	-	0	0
Profit before tax	149	171	148	133	1 558	1 573
Tax	3	8	5	9	-23	-27
Profit after tax	152	179	153	142	1 535	1 546

Condensed balance sheet, Parent company

MSEK	Jun 30 2021	Jun 30 2020	Full Year 2020
Fixed assets	9 533	8 970	9 286
Current assets	1 961	2 379	2 744
Total assets	11 494	11 349	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 premium reserve	619	598	619
Accumulated earnings	4 192	4 240	3 449
Profit after tax	153	142	1 535
Total non-restricted shareholders' equity	4 964	4 980	5 603
Total shareholders' equity	5 033	5 049	5 672
Untaxed reserves	0	0	0
Non-current liabilities	2 440	1 560	2 410
Current liabilities	4 021	4 740	3 948
Total shareholders' equity and liabilities	11 494	11 349	12 030

Notes to the financial reports

Note 1 Financial instrument per category and measurement level

Jun 30, 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	2 482	-		2 482
Cash and cash equivalents	886	-		886
Total	3 371	-		3 371
Liabilities in the balance sheet				
Interest-bearing non-current liabilities	2 441	-		2 441
Interest-bearing non-current lease liabilities	298	-		298
Interest-bearing current liabilities	0	-		0
Interest-bearing current lease liabilities	97	-		97
Accounts payable	2 320	-		2 320
Other liabilities	293	-		293
Accrued expenses, prepaid income, provisions	474	-		474
Total	5 923	-		5 923

Jun 30, 2020		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	1 516	-		1 516
Cash and cash equivalents	1 134	-		1 134
Total	2 653	-		2 653
Liabilities in the balance sheet				
Derivative financial instrument	-	0	2	0
Interest-bearing non-current liabilities	1 580	-		1 580
Interest-bearing non-current lease liabilities	325	-		325
Interest-bearing current liabilities	910	-		910
Interest-bearing current lease liabilities	100	-		100
Accounts payable	1 257	-		1 257
Other liabilities	213	-		213
Liabilities to minority shareholders	-	391	3	391
Accrued expenses, prepaid income, provisions	542	-		542
Total	4 927	391		5 318

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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020
Costs of goods sold	-	-20	-	-22	-20
Selling and administrative costs, etc.	-	-6	-	-54	-56
Other operating income	-	-	84	-	-
Other operating expense	-	-	-84	-	-
Profit before tax	-	-26	0	-76	-76
Tax	-	6	-	17	17
Profit after tax	-	-20	0	-59	-59

The cost in the period Jan-Jun 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 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 27,5 MEUR on a cash and debt free basis. The purchase price allocation is preliminary since some information is outstanding.

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

MSEK	
Purchase 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
Intangible 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.

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. 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 completion of the transaction was subject to regulatory approval, which has now taken place and Unica will be consolidated into HEXPOL per July 1, 2021. Since the acquisition was completed July 7 and some information is outstanding, there is no purchase price allocation available.

Segment reporting and distribution of revenues

Sales per business area

MSEK	2021		2020				Full Year	Jul 20-Jun 21	2019				Full Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
HEXPOL Compounding	3 548	3 723	3 906	2 290	3 091	3 159	12 446	13 521	3 539	3 418	3 984	3 524	14 465
HEXPOL Engineered Products	262	279	262	236	237	243	978	1 021	266	267	260	250	1 043
Group total	3 810	4 002	4 168	2 526	3 328	3 402	13 424	14 542	3 805	3 685	4 244	3 774	15 508

Sales per geographic region

MSEK	2021		2020				Full Year	Jul 20-Jun 21	2019				Full Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
Europe	1 480	1 666	1 464	983	1 178	1 233	4 858	5 557	1 519	1 439	1 360	1 301	5 619
Americas	2 141	2 128	2 548	1 382	1 958	1 958	7 846	8 185	2 127	2 066	2 697	2 293	9 183
Asia	189	208	156	161	192	211	720	800	159	180	187	180	706
Group total	3 810	4 002	4 168	2 526	3 328	3 402	13 424	14 542	3 805	3 685	4 244	3 774	15 508

Sales per geographic region HEXPOL Compounding

MSEK	2021		2020				Full Year	Jul 20-Jun 21	2019				Full Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
Europe	1 351	1 525	1 334	866	1 068	1 115	4 383	5 059	1 380	1 298	1 228	1 174	5 080
Americas	2 067	2 056	2 466	1 321	1 893	1 892	7 572	7 908	2 053	1 999	2 630	2 225	8 907
Asia	130	142	106	103	130	152	491	554	106	121	126	125	478
Group total	3 548	3 723	3 906	2 290	3 091	3 159	12 446	13 521	3 539	3 418	3 984	3 524	14 465

Sales per geographic region HEXPOL Engineered Products

MSEK	2021		2020				Full Year	Jul 20-Jun 21	2019				Full Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
Europe	129	141	130	117	110	118	475	498	139	141	132	127	539
Americas	74	72	82	61	65	66	274	277	74	67	67	68	276
Asia	59	66	50	58	62	59	229	246	53	59	61	55	228
Group total	262	279	262	236	237	243	978	1 021	266	267	260	250	1 043

Operating profit per business area

MSEK	2021		2020				Full Year	Jul 20-Jun 21	2019				Full Year
	Q1	Q2	Q1*	Q2**	Q3**	Q4**			Q1	Q2	Q3*	Q4*	
HEXPOL Compounding	658	679	554	178	552	580	1 864	2 469	553	516	547	493	2 109
HEXPOL Engineered Products	46	49	33	31	41	42	147	178	33	35	36	29	133
Group total	704	728	587	209	593	622	2 011	2 647	586	551	583	522	2 242

Operating margin per business area

%	2021		2020				Full Year	Jul 20-Jun 21	2019				Full Year
	Q1	Q2	Q1*	Q2**	Q3**	Q4**			Q1	Q2	Q3*	Q4*	
HEXPOL Compounding	18,5	18,2	14,2	7,8	17,9	18,4	15,0	18,3	15,6	15,1	13,7	14,0	14,6
HEXPOL Engineered Products	17,6	17,6	12,6	13,1	17,3	17,3	15,0	17,4	12,4	13,1	13,8	11,6	12,8
Group total	18,5	18,2	14,1	8,3	17,8	18,3	15,0	18,2	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	Q2	Q1	2020 Q2	Q3	Q4	Full Year	Q1	2019 Q2	Q3	Q4	Full Year
Sales	3 810	4 002	4 168	2 526	3 328	3 402	13 424	3 805	3 685	4 244	3 774	15 508
Currency effects	-412	-405	138	12	-202	-276	-328	298	198	163	152	811
Sales excluding currency effects	4 222	4 407	4 030	2 514	3 530	3 678	13 752	3 507	3 487	4 081	3 622	14 697
Acquisitions	33	109	580	279	-	-	859	380	356	911	530	2 177
Sales excluding currency effects and acquisitions	4 189	4 298	3 450	2 235	3 530	3 678	12 893	3 127	3 131	3 170	3 092	12 520

Sales growth

%	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020
Sales growth excluding currency effects	74	-32	29	-13	-11
Sales growth excluding currency effects and acquisitions	70	-39	27	-24	-17

EBITA, adjusted, %

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Sales	4 002	2 526	7 812	6 694	13 424	14 542
Operating profit	728	183	1 432	720	1 935	2 647
Non-recurring items	-	26	-	76	76	-
Amortisation and impairment of intangible assets	17	20	34	40	77	71
Total EBITA	745	229	1 466	836	2 088	2 718
EBITA%	18,6	9,1	18,8	12,5	15,6	18,7

EBITA, %

MSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Sales	4 002	2 526	7 812	6 694	13 424	14 542
Operating profit	728	183	1 432	720	1 935	2 647
Amortisation and impairment of intangible assets	17	20	34	40	77	71
Total EBITA	745	203	1 466	760	2 012	2 718
EBITA%	18,6	8,0	18,8	11,4	15,0	18,7

Capital employed

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

Return on capital employed, R12

MSEK	Jun 30 2021	Jun 30 2020	Full Year 2020
Average capital employed	12 718	14 276	13 332
Profit before tax	2 563	1 580	1 855
Interest expense	45	64	56
Total	2 608	1 644	1 911
Return on capital employed, %	20,5	11,5	14,3

Interest-coverage ratio, multiple

MSEK	Jan-Jun 2021	Jan-Jun 2020	Full Year 2020	Jul 20- Jun 21
Profit before tax	1 410	702	1 855	2 563
Interest expense	22	33	56	45
Total	1 432	735	1 911	2 608
Interest-coverage ratio, multiple	65	22	34	58

Shareholders' equity

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

Return on equity, R12

MSEK	Jun 30 2021	Jun 30 2020	Full Year 2020
Average shareholders' equity	9 866	10 192	10 135
Profit after tax	1 953	1 218	1 409
Return on equity, %	19,8	12,0	13,9

Net debt

MSEK	Jun 30 2021	Jun 30 2020	Full Year 2020
Financial assets	3	3	3
Cash and cash equivalents	886	1 134	1 200
Non-current interest-bearing liabilities	-2 739	-1 905	-2 699
Current interest-bearing liabilities	-97	-1 010	-97
Net debt	-1 947	-1 778	-1 593

Net debt/EBITDA

MSEK	Jun 30 2021	Jun 30 2020	Full Year 2020
Net debt	-1 947	-1 778	-1 593
EBITDA, R12	3 101	2 097	2 375
Net debt/EBITDA, multiple	-0,63	-0,85	-0,67

Equity/assets ratio

MSEK	Jun 30 2021	Jun 30 2020	Full Year 2020
Shareholders' equity	9 782	10 162	9 133
Total assets	16 381	16 131	15 073
Equity/assets ratio, %	60	63	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.