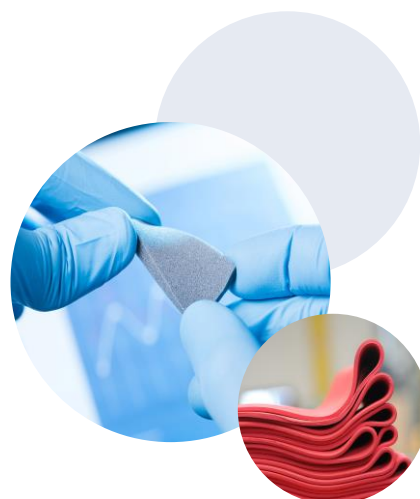


Published on July 15, 2022

Half-year report

January – June 2022



APRIL – JUNE 2022

- Sales increased by 41 percent and amounted to 5,654 MSEK (4,002).
- EBIT increased by 15 percent to 836 MSEK (728).
- EBIT-margin amounted to 14.8 percent (18.2).
- Profit after tax increased by 20 percent to 644 MSEK (537).
- Earnings per share increased by 20 percent to 1.87 SEK (1.56).
- Operating cash flow amounted to 642 MSEK (590).

JANUARY – JUNE 2022

- Sales increased by 39 percent and amounted to 10,827 MSEK (7,812).
- EBIT increased by 13 percent to 1,611 MSEK (1,432).
- EBIT-margin amounted to 14.9 percent (18.3).
- Profit after tax increased by 16 percent to 1,244 MSEK (1,071).
- Earnings per share increased by 16 percent to 3.61 SEK (3.11).
- Operating cash flow amounted to 745 MSEK (1,023).

”Strong growth and further strengthened result – acquisition in recycled materials”

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 tractor wheel applications (Wheels). Customers are primarily system suppliers to the global automotive and engineering industry, building and construction industry and within sectors as transportation, energy, oil/gas, consumer and cable industry and manufacturers of medical equipment, plate heat exchangers and forklifts. The Group is organized in two business areas, HEXPOL Compounding and HEXPOL Engineered Products. The HEXPOL Group's sales in 2021 amounted to 16,005 MSEK and the Group has approximately 5,100 employees in fourteen countries.

Strong growth and further strengthened result – acquisition in recycled materials

We continued to handle the challenges in the supply chain with raw material shortages, transport problems, and increased prices on both raw materials and energy costs. Once again, we delivered a very strong quarter. EBIT amounted to 836 MSEK, our best result ever, which corresponds to an increase of 8 percent compared with the previous quarter and with 15 percent compared to the corresponding quarter previous year. We had a strong sales growth of 41 percent compared with the corresponding quarter last year, with good sales in all markets and all product areas. Americas showed particularly strong development while sales to automotive-related customers remained pending. Included in the positive sales development are effects from acquisitions, positive currency effects and increased sales prices.

The vehicle manufacturers' frequent stop and start of production due to component shortages had a clear negative impact on those of our customers who deliver to the automotive industry. We ourselves experienced again disruptions in the supply chain related to raw material where both the transport problems and raw material shortages had a negative impact. In addition to the challenges of uneven demand and supply issues, we have seen continued price increases for raw materials, albeit at a slower pace than before, as well as increased energy costs. The need to constantly adapt production to rapidly changing demand from customers in combination with non-optimized recipes due to raw material shortages and price increases for raw materials and energy has affected our gross margin negatively during the quarter.

Strong implementation of our solid business model with high customer focus combined with our ability to offer fast and stable deliveries, and the implementation of price adjustments are the key to our strong results. This together with our large geographical coverage with manufacturing close to our customers increases our delivery capacity.

We continue our M&A strategy and the most recently acquired company, almaak international GmbH, based in Germany, is consolidated into HEXPOL as of April 1, 2022. The company is a specialist in high quality recycled engineered polymer compounds and is active in the product segment thermoplastic compounding. With its expertise in recycled compounds they fit very well into our sustainability development.

We continue our work on sustainability, not least with reducing our carbon footprint in order to achieve our goal of a reduction by 75 percent to 2025. During 2021 we reduced our carbon footprint by 20 percent so we are well on our way to achieving our goal. We are also launching new compounds with bio based and recycled materials and are actively working to ensure that acquired companies have at least the same high sustainability focus as the other companies within HEXPOL.

Russia's invasion of Ukraine and the horrible situation it poses to so many people also creates further uncertainty in the world, not least major disturbances in the supply chains. However, we believe that our strong customer focus in combination with our geographical closeness to our customers give us opportunities to deal with the disruptions and further strengthen our market position. We are flexible and ready to meet the expected increase in vehicle production. The strong business model in combination with a clear M&A agenda and strong financial position give us good conditions for continued growth and acquisitions.

Sales
5,654 MSEK (4,002)
+41%

EBIT
836 MSEK (728)
+15%



Georg Brunstam
President and CEO

Group Summary

Key figures MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21- Jun 22
Sales	5 654	4 002	10 827	7 812	16 005	19 020
EBITA, adjusted	859	745	1 656	1 466	2 812	3 002
EBITA-margin, adjusted, %	15,2	18,6	15,3	18,8	17,6	15,8
EBITA	859	745	1 656	1 466	3 149	3 339
EBITA-margin, %	15,2	18,6	15,3	18,8	19,7	17,6
EBIT, adjusted	836	728	1 611	1 432	2 737	2 916
EBIT-margin, adjusted, %	14,8	18,2	14,9	18,3	17,1	15,3
EBIT	836	728	1 611	1 432	3 074	3 253
EBIT-margin, %	14,8	18,2	14,9	18,3	19,2	17,1
Profit before tax	834	708	1 615	1 410	3 031	3 236
Profit after tax	644	537	1 244	1 071	2 358	2 531
Earnings per share, adjusted, SEK	1,87	1,56	3,61	3,11	6,09	6,59
Earnings per share after dilution, SEK	1,87	1,56	3,61	3,11	6,85	7,35
Equity/assets ratio, %			54	60	65	
Return on capital employed, % R12			21,6	20,5	22,8	
Operating cash flow	642	590	745	1 023	2 731	2 453



Group development

April - June 2022

Sales

We saw strong sales growth during the second quarter 2022 compared to both the previous quarter and compared to the corresponding quarter previous year. The HEXPOL Group's sales amounted to 5,654 MSEK (4,002) during the quarter, including positive currency effects of 516 MSEK. Apart from the positive currency effects, the sales were positively affected by organic growth of 18 percent and acquisitions (Unica and almaak) with 10 percent.

The HEXPOL Compounding business area's sales increased by 42 percent during the quarter, compared to the corresponding quarter 2021. The sales amounted to 5,291 MSEK (3,723) including positive currency effects of 488 MSEK. Adjusted for these, the sales amounted to 4,803 MSEK. Apart from the positive currency effects, the sales were positively affected by organic growth of 18 percent and acquisitions with 11 percent. We saw continued good underlying demand during the quarter, however, the outcome was negatively affected by the global disturbances regarding component- and raw material shortages as well as transport problems and frequent production stoppage mainly at automotive customers.

During the quarter, we saw continued price increases of raw materials and also continued high energy costs.

The HEXPOL Engineered Products sales also increased during the quarter, and amounted to 363 MSEK (279), an increase by 30 percent.

From a geographical perspective the sales increased in Europe by 41 percent compared to the corresponding quarter previous year. The sales in America increased at the same time by 44 percent and in Asia by 22 percent compared with the corresponding quarter previous year.

Earnings

EBITA increased to 859 MSEK (745), which meant a corresponding EBITA margin of 15.2 percent (18.6).

EBIT increased by 15 percent to 836 MSEK (728) including positive currency effects of 84 MSEK. The corresponding operating margin amounted to 14.8 percent (18.2). The continued need to constant adapt production to rapidly changing demand from customers in combination with non-optimized recipes due to raw material shortages and price increases for raw materials and energy continue to affect our gross margin negatively also during this quarter. In addition, as previously communicated, the acquired companies Unica and almaak both have a lower margin than the HEXPOL Group.

The Group's net financial items amounted to an expense 2 MSEK (expense 20). Profit before tax increased to 834 MSEK (708), profit after tax increased to 644 MSEK (537) and earnings per share 1.87 SEK (1.56).

Sales
5,654 MSEK

EBIT
836 MSEK

January - June 2022

Sales

Our organic sales increased during the first half-year 2022 compared to the corresponding period previous year. The HEXPOL Group's sales amounted to 10,827 MSEK (7,812) during the first half-year, including positive currency effects of 879 MSEK. Apart from the positive currency effects, the sales were positively affected by organic sales growth of 19 percent and acquisitions (VICOM, Unica and almaak) with 8 percent.

The HEXPOL Compounding business area's sales increased by 39 percent during the first half-year, compared to the corresponding period 2021. The sales amounted to 10,132 MSEK (7,271) including positive currency effects of 830 MSEK. Adjusted for these, the sales amounted to 9,302 MSEK. Apart from the positive currency effects, the sales were positively affected by organic growth of 19 percent and acquisitions with 9 percent. We saw good underlying demand during the period, however, the outcome was negatively affected by the global disturbances regarding component- and raw material shortages as well as transport problems and frequent production stoppage mainly at automotive customers.

During the period, we also saw continued price increases of raw materials and also continued high energy costs.

The HEXPOL Engineered Products sales also increased during the period compared to the corresponding period 2021, and amounted to 695 MSEK (541), an increase by 28 percent.

From a geographical perspective the sales increased in Europe by 42 percent compared to the corresponding period previous year. The sales in America increased at the same time by 38 percent and in Asia by 24 percent compared with the corresponding period previous year.

Earnings

EBITA increased to 1,656 MSEK (1,466), which meant a corresponding EBITA margin of 15.3 percent (18.8).

EBIT increased by 13 percent to 1,611 MSEK (1,432) including positive currency effects of 128 MSEK. The corresponding operating margin amounted to 14.9 percent (18.3). The need to constant adapt production to rapidly changing demand from customers in combination with non-optimized recipes due to raw material shortages and price increases for raw materials and energy has affected our gross margin negatively during the period. In addition, as previously communicated, the acquired VICOM, Unica and almaak have a lower margin than the HEXPOL Group.

The Group's net financial items amounted to 4 MSEK (expense 22). Profit before tax increased to 1,615 MSEK (1,410), profit after tax increased to 1,244 MSEK (1,071) and earnings per share 3.61 SEK (3.11).

Sales

10,827 MSEK

EBIT

1,611 MSEK

Financial overview

Equity/assets ratio

The equity/assets ratio continued strong 54 percent (60). The Group's total assets amounted to 22,400 MSEK (16,381). Net debt amounted to 3,291 MSEK (1,947) whereof 402 MSEK (395) relates to financial leasing liabilities according to IFRS 16, which gives a net debt/EBITDA of 0.89 (0.63). The increase in net debt/EBITDA is temporarily affected by the decided extra dividend and the acquisition of almaak international GmbH during the quarter.

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

- A credit agreement with a limit of 2,000 MSEK due in July 2023
- A credit agreement with a limit of 1,500 MSEK due in September 2023
- A credit agreement with a limit of 1,500 MSEK due in June 2025
- A credit agreement with a limit of 1 100 MSEK due in February 2025

The Group use commercial papers as part of the company's financing and as of June 30 they amounted to 1 500 MSEK. In accordance with IAS1, outstanding volumes are reported in the balance sheet as current liabilities, but since HEXPOL's bilateral credit agreements also function as back-up facilities for outstanding commercial papers, they are of a non-current nature.

Cash flow

The operating cash flow for the Group amounted to 642 MSEK (590) in the quarter, while cash flow from operating activities amounted to 487 MSEK (398). Operating cash flow for the first half-year was 745 MSEK (1,023), while cash flow from operating activities was 609 MSEK (814).

Investments, depreciation and amortisation

The Group's investments amounted to 182 MSEK (52) for the quarter. Of these, 64 MSEK is attributable to the acquisition of almaak where the previously leased assets have been acquired. Other investments refers to increased capacity in the TPE compounding facility in Åmål to meet increased demand in medical equipment and regular maintenance investments. At the same time, depreciation, amortisation and impairment amounted to 123 MSEK (78) whereof 21 MSEK (20) refers to leased assets according to IFRS 16. The investments amounted to 274 MSEK (104) during the first half-year, while depreciation, amortization and impairment amounted to 229 MSEK (242). Of these refers 42 MSEK (40) to leased assets according to IFRS 16.

Tax expenses

The Group's tax expenses amounted to 190 MSEK (171) during the second quarter, which corresponds to a tax rate of 22.8 percent (24.2). Tax expenses for the first half-year amounted to 371 MSEK (339), which corresponds to a tax rate of 23.0 percent (24.0).

Net debt/EBITDA
0.89

Profitability

The return on average capital employed, R12, amounted to 21.6 percent (20.5).
The return on shareholders' equity, R12, amounted to 21.5 percent (19.8).

Parent Company

The Parent Company's profit after tax for the quarter amounted to 182 MSEK (152). Profit after tax for the first half-year amounted to 173 MSEK (153).
Shareholders' equity amounted to 4,353 MSEK (5,033).

HEXPOL Compounding

April - June 2022

The sales increased strongly during the second quarter, compared to the corresponding quarter previous year. The sales amounted to 5,291 MSEK (3,723) including positive currency effects of 488 MSEK. Adjusted for these, the sales amounted to 4,803 MSEK. Apart from positive currency effects, the sales were positively affected by organic growth of 18 percent and acquisitions with 11 percent. We saw continued good underlying demand during the quarter, however, the outcome was still negatively affected by the global disturbances in component- and raw material shortages as well as transport problems and frequent production stoppage mainly at automotive customers.

All regions and product areas showed sales increases compared to the corresponding quarter previous year although Americas and HP Compounding in particular showed strong development.

During the quarter, we saw continued price increases of raw materials and also continued high energy costs.

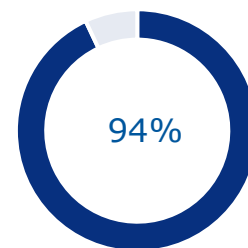
EBIT increased to 759 MSEK (679) and the corresponding operating margin amounted to 14.3 percent (18.2). The need to constant adapt production to rapidly changing demand from customers in combination with non-optimized recipes due to raw material shortages and price increases for raw materials and energy has affected our gross margin negatively during the quarter. In addition, as previously communicated, the acquired Unica and almaak both have a lower margin than the HEXPOL Group.

January - June 2022

The sales for HEXPOL Compounding increased by 39 percent to 10,132 MSEK (7,271). At the same time, the operating profit amounted to 1,480 MSEK (1,337) which corresponds to an operating margin of 14.6 percent (18.4).

Share of the Group's sales

January - June 2022



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 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21- Jun 22
Sales	5 291	3 723	10 132	7 271	14 888	17 749
EBIT, adjusted	759	679	1 480	1 337	2 541	2 684
EBIT-margin, adjusted, %	14,3	18,2	14,6	18,4	17,1	15,1
EBIT	759	679	1 480	1 337	2 878	3 021

HEXPOL Engineered Products

April – June 2022

The sales increased by 30 percent compared with the same quarter previous year and amounted to 363 MSEK (279). The increase include positive currency effects of 28 MSEK. Adjusted for these the sales amounted to 335 MSEK. EBIT amounted to 77 MSEK (49) and the corresponding operating margin amounted to 21.2 percent (17.6).

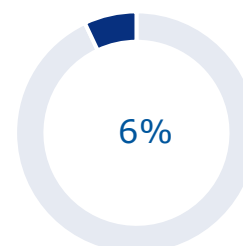
All product areas increased their sales compared to the corresponding quarter previous year but where especially Wheels showed a strong development.

January - June 2022

The sales for HEXPOL Engineered products increased by 28 percent to 695 MSEK (541). At the same time, the operating profit amounted to 131 MSEK (95) which corresponds to an operating margin of 18.8 percent (17.6).

Share of the Group's sales

January - June 2022



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 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21- Jun 22
Sales	363	279	695	541	1 117	1 271
EBIT	77	49	131	95	196	232
EBIT-margin, %	21,2	17,6	18,8	17,6	17,5	18,3

After the end of the period

Significant events

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

Other information

Risk factors

The Group's and Parent Company's business risks, risk management and management of financial risks are described in detail in the 2021 Annual Report. The Covid-19 pandemic outbreaks continue to have a major impact on the world and HEXPOL. In addition to this, Russia's invasion of Ukraine causes further uncertainty for large parts of the world. 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 2021 Annual Report have also been applied in this half-year report. No new or revised IFRS that came into force 2022 have had any significant impact on the Group's financial reports.

Liabilities for put options are recognized as a financial liability measured at fair value with changes in value in profit or loss, and are valued in accordance with Level 3.

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 5,109 (4,609). The increase, compared to the corresponding period previous year, is mainly explained by the acquisition of Unica, acquired in July 2021 and the acquisition of almaak which happened in April 2022.

Number of
employees
5,109

Ownership structure

HEXPOL AB (publ.) with Corporate Registration Number 556108-9631 is the Parent Company of the HEXPOL Group. HEXPOL's Class B shares are listed on Nasdaq Stockholm, Large Cap. HEXPOL AB had approximately 12,600 shareholders on June 30, 2022. 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 71 percent of the capital and 79 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 15, 2022 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 2022 October 21, 2022

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

This half-year report January – June 2022 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 15, 2022

HEXPOL AB (publ.)

Georg Brunstam
President and CEO

Alf Göransson
Chairman of the Board

Malin Persson

Jan-Anders E. Månsson

Kerstin Lindell

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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 15, 2022. This report has been prepared both in Swedish and English. In case of any divergence in the content of the two versions, the Swedish version shall have precedence.

Summary financial information

Condensed consolidated income statement

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21- Jun 22
Sales	5 654	4 002	10 827	7 812	16 005	19 020
Cost of goods sold	-4 537	-3 088	-8 705	-5 989	-12 532	-15 248
Gross profit	1 117	914	2 122	1 823	3 473	3 772
Selling and administrative cost, etc.	-281	-186	-511	-391	-797	-917
Other income/insurance compensation and related costs Note 2	-	-	-	-	398	398
Operating profit	836	728	1 611	1 432	3 074	3 253
Financial income and expenses	-2	-20	4	-22	-43	-17
Profit before tax	834	708	1 615	1 410	3 031	3 236
Tax	-190	-171	-371	-339	-673	-705
Profit after tax	644	537	1 244	1 071	2 358	2 531
- of which, attributable to Parent Company shareholders	644	537	1 244	1 071	2 358	2 531
Earnings per share before dilution, SEK	1,87	1,56	3,61	3,11	6,85	7,35
Earnings per share after dilution, SEK	1,87	1,56	3,61	3,11	6,85	7,35
Shareholders' equity per share, SEK			35,04	28,40	33,82	
Average number of shares, 000s	344 437	344 437	344 437	344 437	344 437	344 437
Depreciation, amortisation and impairment	-123	-78	-229	-242	-471	-458

Condensed statement of comprehensive income

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21- Jun 22
Profit after tax	644	537	1 244	1 071	2 358	2 531
Items that will not be reclassified to the income statement						
Remeasurements of defined benefit pension plans	-	-	-	-	1	1
Items that may be reclassified to the income statement						
Translation differences	1 043	-193	1 242	370	950	1 822
Comprehensive income	1 687	344	2 486	1 441	3 309	4 354
- of which, attributable to Parent Company's shareholders	1 687	344	2 486	1 441	3 309	4 354

Condensed consolidated balance sheet

MSEK	Jun 30 2022	Jun 30 2021	Dec 31 2021
Intangible fixed assets	11 162	8 921	9 724
Tangible fixed assets	2 959	2 318	2 430
Financial fixed assets	3	3	3
Deferred tax asset	105	54	79
Total fixed assets	14 229	11 296	12 236
Inventories	2 648	1 437	1 739
Accounts receivable	3 603	2 482	2 401
Other receivables	273	212	212
Prepaid expenses and accrued income	97	68	55
Cash and cash equivalents	1 550	886	1 320
Total current assets	8 171	5 085	5 727
Total assets	22 400	16 381	17 963
Equity attributable to Parent Company's shareholders	12 069	9 782	11 650
Total shareholders' equity	12 069	9 782	11 650
Interest-bearing liabilities	3 240	2 739	301
Other liabilities	290	81	58
Provision for deferred tax	665	531	602
Provision for pensions	67	64	66
Total non-current liabilities	4 262	3 415	1 027
Interest-bearing liabilities	1 604	97	1 921
Accounts payable	3 479	2 320	2 431
Other liabilities	335	293	334
Accrued expenses, prepaid income, provisions	651	474	600
Total current liabilities	6 069	3 184	5 286
Total shareholders' equity and liabilities	22 400	16 381	17 963

Condensed consolidated changes in shareholders' equity

MSEK	Jun 30, 2022		Jun 30, 2021		Dec 31, 2021	
	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity
Opening equity	11 650	11 650	9 133	9 133	9 133	9 133
Comprehensive income	2 486	2 486	1 441	1 441	3 309	3 309
Dividend	-2 067	-2 067	-792	-792	-792	-792
Closing equity	12 069	12 069	9 782	9 782	11 650	11 650

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	329 671 226	344 436 846
Number of shares at the end of the period	14 765 620	329 671 226	344 436 846

Condensed consolidated cash-flow statement

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21- Jun 22
Cash flow from operating activities before changes in working capital	622	562	1 430	1 361	2 916	2 985
Changes in working capital	-135	-164	-821	-547	-510	-784
Cash flow from operating activities	487	398	609	814	2 406	2 201
Acquisitions	Note 3	-371	-	-371	-260	-669
Cash flow from other investing activities	-182	-52	-274	-104	-304	-474
Cash flow from investing activities	-553	-52	-645	-364	-862	-1 143
Dividend	-2 067	-792	-2 067	-792	-792	-2 067
Cash flow from other financing activities	2 179	252	2 622	40	-574	2 008
Cash flow from financing activities	112	-540	555	-752	-1 366	-59
Change in cash and cash equivalents	46	-194	519	-302	178	999
Cash and cash equivalents at January 1	1 797	1 085	1 320	1 200	1 200	886
Exchange-rate differences in cash and cash equivalents	-293	-5	-289	-12	-58	-335
Cash and cash equivalents at the end of the period	1 550	886	1 550	886	1 320	1 550

Operating cash flow, Group

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21- Jun 22
Operating profit	836	728	1 611	1 432	3 074	3 253
Depreciation/amortisation/impairment	123	78	229	242	471	458
Change in working capital	-135	-164	-821	-547	-510	-784
Sale of fixed assets	0	0	0	0	0	0
Investments	-182	-52	-274	-104	-304	-474
Operating Cash flow	642	590	745	1 023	2 731	2 453

Other key figures, Group

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21- Jun 22
Profit margin before tax, %	14,8	17,7	14,9	18,0	18,9	17,0
Return on shareholders' equity, % R12			21,5	19,8	22,2	
Interest-coverage ratio, multiple			53	65	71	63
Net debt, MSEK			-3 291	-1 947	-899	
Sales growth adjusted for currency effects, %	28	74	27	29	25	
Sales growth adjusted for currency effects and acquisitions, %	18	70	19	27	21	
Cash flow per share, SEK	1,41	1,16	1,77	2,36	6,99	6,40
Cash flow per share before change in working capital, SEK	1,81	1,63	4,15	3,95	8,47	8,67

Condensed income statement, Parent Company

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21- Jun 22
Sales	17	11	33	23	58	68
Administrative costs, etc.	-31	-28	-56	-51	-95	-100
Operating loss	-14	-17	-23	-28	-37	-32
Financial income and expenses	193	166	192	176	1 428	1 444
Profit after financial items	179	149	169	148	1 391	1 412
Untaxed reserves	-	0	-	0	-	0
Profit before tax	179	149	169	148	1 391	1 412
Tax	3	3	4	5	-25	-26
Profit after tax	182	152	173	153	1 366	1 386

Condensed balance sheet, Parent company

MSEK	Jun 30 2022	Jun 30 2021	Dec 31 2021
Fixed assets	10 619	9 533	10 000
Current assets	2 854	1 961	2 519
Total assets	13 473	11 494	12 519
Restricted shareholders' equity			
Share capital	69	69	69
Total restricted shareholders' equity	69	69	69
Non-restricted shareholders' equity			
Share premium reserve	619	619	619
Accumulated earnings	3 492	4 192	4 192
Profit after tax	173	153	1 366
Total non-restricted shareholders' equity	4 284	4 964	6 177
Total shareholders' equity	4 353	5 033	6 246
Untaxed reserves	-	0	-
Non-current liabilities	2 940	2 440	-
Current liabilities	6 180	4 021	6 273
Total shareholders' equity and liabilities	13 473	11 494	12 519

Notes to the financial reports

Note 1 Financial instrument per category and measurement level

Jun 30, 2022		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	3 603	-		3 603
Cash and cash equivalents	1 550	-		1 550
Total	5 156	-		5 156
Liabilities in the balance sheet				
Interest-bearing non-current liabilities	2 941	-		2 941
Interest-bearing non-current lease liabilities	299	-		299
Liabilities to minority shareholders		220	3	220
Interest-bearing current liabilities	1 501	-		1 501
Interest-bearing current lease liabilities	103	-		103
Accounts payable	3 479	-		3 479
Other liabilities	335	-		335
Accrued expenses, prepaid income, provisions	651	-		651
Total	9 309	220		9 529

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

Note 2 Non-recurring items in the income statement

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021
Costs of goods sold	-	-	-	-	-31
Selling and administrative costs, etc.	-	-	-	-	-
Other operating income	-	-	-	84	628
Other operating expense	-	-	-	-84	-260
Profit before tax	-	-	-	0	337
Tax	-	-	-	-	-78
Profit after tax	-	-	-	0	259

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

Note 3 Acquisition

Acquisition within TP Compounding 2022

HEXPOL has in April completed the acquisition of 70 percent of the shares in almaak international GmbH, a specialist in high quality recycled engineered compounds. almaaks turnover in 2021 amounted to 75 MEUR with a profitability level just below the HEXPOL Group. almaak operates two sites in Germany with some 190 employees. The main end user segment is the European automotive industry where the interest for recycled compounds is high. The acquisition price amounts to approximately 70 MEUR on a cash and debt free basis and is funded by a combination of cash and existing bank facilities. Pursuant to the agreement, HEXPOL has an option to acquire the remaining shares (from 2025 and thereafter annually during the period January 1 – March 31), and the sellers have the option to sell their remaining shares to HEXPOL (from 2025 and thereafter annually during the period January 1 – March 31). The business has been consolidated from April 1. 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	722
Fair value of acquired net assets	158
Goodwill	564

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 Europe, and give us a very good opportunity to continue our successful business strategy and philosophy around sustainability in connection with engineering compounds. The fair value of the acquired net assets includes 10 MSEK for the estimated value of acquired intangible assets.

The following assets and liabilities were included in the acquisition:

MSEK	Balance sheet at the time of acquisition	Adjustment to fair value	Fair value
Cash and cash equivalents	131	-	131
Accounts receivable	13	-	13
Current assets	271	-	271
Tangible assets	237	-	237
Intangible assets	10	-	10
Deferred tax liabilities	-13	-	-13
Non-current liabilities, liability to minority shareholders	-1	-	-1
Accounts payables	-67	-	-67
Current liabilities	-423	-	-423
Acquired net assets	158	-	158
Purchase considerations			722
Liabilities to minority shareholders			-220
Cash and cash equivalents in acquired operations			131
Change in Group's cash and cash equivalents			371

Transaction costs for the above acquisition amounted to 7 MSEK and has been reported in the operating profit.

Segment reporting and distribution of revenues

Sales per business area

MSEK	2022		2021				Full Year	Jul 21-Jun 22	2020				Full Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
HEXPOL Compounding	4 841	5 291	3 548	3 723	3 826	3 791	14 888	17 749	3 906	2 290	3 091	3 159	12 446
HEXPOL Engineered Products	332	363	262	279	282	294	1 117	1 271	262	236	237	243	978
Group total	5 173	5 654	3 810	4 002	4 108	4 085	16 005	19 020	4 168	2 526	3 328	3 402	13 424

Sales per geographic region

MSEK	2022		2021				Full Year	Jul 21-Jun 22	2020				Full Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
Europe	2 118	2 341	1 480	1 666	1 617	1 571	6 334	7 647	1 464	983	1 178	1 233	4 858
Americas	2 815	3 059	2 141	2 128	2 267	2 275	8 811	10 416	2 548	1 382	1 958	1 958	7 846
Asia	240	254	189	208	224	239	860	957	156	161	192	211	720
Group total	5 173	5 654	3 810	4 002	4 108	4 085	16 005	19 020	4 168	2 526	3 328	3 402	13 424

Sales per geographic region HEXPOL Compounding

MSEK	2022		2021				Full Year	Jul 21-Jun 22	2020				Full Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
Europe	1 963	2 168	1 351	1 525	1 485	1 427	5 788	7 043	1 334	866	1 068	1 115	4 383
Americas	2 715	2 950	2 067	2 056	2 188	2 196	8 507	10 049	2 466	1 321	1 893	1 892	7 572
Asia	163	173	130	142	153	168	593	657	106	103	130	152	491
Group total	4 841	5 291	3 548	3 723	3 826	3 791	14 888	17 749	3 906	2 290	3 091	3 159	12 446

Sales per geographic region HEXPOL Engineered Products

MSEK	2022		2021				Full Year	Jul 21-Jun 22	2020				Full Year
	Q1	Q2	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4	
Europe	155	173	129	141	132	144	546	604	130	117	110	118	475
Americas	100	109	74	72	79	79	304	367	82	61	65	66	274
Asia	77	81	59	66	71	71	267	300	50	58	62	59	229
Group total	332	363	262	279	282	294	1 117	1 271	262	236	237	243	978

EBIT per business area

MSEK	2022		2021				Full Year	Jul 21-Jun 22	2020				Full Year
	Q1	Q2	Q1	Q2	Q3*	Q4*			Q1*	Q2**	Q3**	Q4**	
HEXPOL Compounding	721	759	658	679	618	586	2 541	2 684	554	178	552	580	1 864
HEXPOL Engineered Products	54	77	46	49	59	42	196	232	33	31	41	42	147
Group total	775	836	704	728	677	628	2 737	2 916	587	209	593	622	2 011

EBIT-margin per business area

%	2022		2021				Full Year	Jul 21-Jun 22	2020				Full Year
	Q1	Q2	Q1	Q2	Q3*	Q4*			Q1*	Q2**	Q3**	Q4**	
HEXPOL Compounding	14,9	14,3	18,5	18,2	16,2	15,5	17,1	15,1	14,2	7,8	17,9	18,4	15,0
HEXPOL Engineered Products	16,3	21,2	17,6	17,6	20,9	14,3	17,5	18,3	12,6	13,1	17,3	17,3	15,0
Group total	15,0	14,8	18,5	18,2	16,5	15,4	17,1	15,3	14,1	8,3	17,8	18,3	15,0

*Adjusted EBIT for HEXPOL Compounding

**Adjusted EBIT

Reconciliation alternative performance measures

Sales

MSEK	2022		2021		2020		Full	2020		2020		Full
	Q1	Q2	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Sales	5 173	5 654	3 810	4 002	4 108	4 085	16 005	4 168	2 526	3 328	3 402	13 424
Currency effects	363	516	-412	-405	-55	58	-814	138	12	-202	-276	-328
Sales excluding currency effects	4 810	5 138	4 222	4 407	4 163	4 027	16 819	4 030	2 514	3 530	3 678	13 752
Acquisitions	242	400	33	109	210	217	569	580	279	-	-	859
Sales excluding currency effects and acquisitions	4 568	4 738	4 189	4 298	3 953	3 810	16 250	3 450	2 235	3 530	3 678	12 893

Sales growth

%	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021
Sales growth excluding currency effects	28	74	27	29	25
Sales growth excluding currency effects and acquisitions	18	70	19	27	21

EBITA, adjusted, %

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21-Jun 22
Sales	5 654	4 002	10 827	7 812	16 005	19 020
Operating profit	836	728	1 611	1 432	3 074	3 253
Non-recurring items	-	-	-	-	-337	-337
Amortisation and impairment of intangible assets	23	17	45	34	75	86
Total EBITA, adjusted	859	745	1 656	1 466	2 812	3 002
EBITA, adjusted, %	15,2	18,6	15,3	18,8	17,6	15,8

EBITA, %

MSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21-Jun 22
Sales	5 654	4 002	10 827	7 812	16 005	19 020
Operating profit	836	728	1 611	1 432	3 074	3 253
Amortisation and impairment of intangible assets	23	17	45	34	75	86
Total EBITA	859	745	1 656	1 466	3 149	3 339
EBITA%	15,2	18,6	15,3	18,8	19,7	17,6

Capital employed

MSEK	2022		2021				2020			
	Mar 31	Jun 30	Mar 31	Jun 30	Sep 30	31 Dec	Mar 31	Jun 30	Sep 30	Dec 31
Total assets	19 941	22 400	16 524	16 381	18 200	17 963	19 088	16 131	16 185	15 073
Provision for deferred tax	-612	-665	-544	-531	-662	-602	-584	-543	-518	-521
Accounts payable	-3 073	-3 479	-2 201	-2 320	-2 432	-2 431	-2 300	-1 257	-1 689	-1 796
Other liabilities	-457	-335	-316	-293	-302	-334	-658	-604	-284	-221
Accrued expenses, prepaid income, provisions	-546	-651	-494	-474	-570	-600	-543	-542	-586	-504
Total Group	15 253	17 270	12 969	12 763	14 234	13 996	15 003	13 185	13 108	12 031

Return on capital employed, R12

MSEK	Jun 30 2022	Jun 30 2021	Full Year 2021
Average capital employed	15 188	12 718	13 491
Profit before tax	3 236	2 563	3 031
Interest expense	52	45	43
Total	3 288	2 608	3 074
Return on capital employed, %	21,6	20,5	22,8

Interest-coverage ratio, multiple

MSEK	Jan-Jun 2022	Jan-Jun 2021	Full Year 2021	Jul 21- Jun 22
Profit before tax	1 615	1 410	3 031	3 236
Interest expense	31	22	43	52
Total	1 646	1 432	3 074	3 288
Interest-coverage ratio, multiple	53	65	71	63

Shareholders' equity

	2022		2021				2020			
MSEK	Mar 31	Jun 30	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Shareholders' equity	12 449	12 069	10 230	9 782	10 905	11 650	10 924	10 162	10 319	9 133

Return on equity, R12

MSEK	Jun 30 2022	Jun 30 2021	Full Year 2021
Average shareholders' equity	11 768	9 866	10 642
Profit after tax	2 531	1 953	2 358
Return on equity, %	21,5	19,8	22,2

Net debt

MSEK	Jun 30 2022	Jun 30 2021	Full Year 2021
Financial assets	3	3	3
Cash and cash equivalents	1 550	886	1 320
Non-current interest-bearing liabilities	-3 240	-2 739	-301
Current interest-bearing liabilities	-1 604	-97	-1 921
Net debt	-3 291	-1 947	-899

Net debt/EBITDA

MSEK	Jun 30 2022	Jun 30 2021	Full Year 2021
Net debt	-3 291	-1 947	-899
EBITDA, R12	3 711	3 101	3 545
Net debt/EBITDA, multiple	-0,89	-0,63	-0,25

Equity/assets ratio

MSEK	Jun 30 2022	Jun 30 2021	Full Year 2021
Shareholders' equity	12 069	9 782	11 650
Total assets	22 400	16 381	17 963
Equity/assets ratio, %	54	60	65

Financial definitions

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