



2025 Annual Report with Sustainability Report

We create a material difference

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Strong global position in advanced polymer solutions

HEXPOL is a world-leading Group with strong market positions in advanced polymer compounds. Our customers are found in sectors such as the automotive industry, general industry, wire & cable industry, construction & installation, and water management.

Our proven business model gives us a strong platform for continued value creation. Our strengths lie in global delivery capabilities combined with local entrepreneurship. Each geographical unit within HEXPOL offers excellent market knowledge, leading expertise and development capabilities in advanced polymer solutions.

The HEXPOL Group is organized in two business areas: HEXPOL Rubber Compounding och HEXPOL Engineered Products. In the fall of 2025, implementation of a third business area began: HEXPOL Thermoplastic Compounding, which will be reported as a separate segment in the first quarter of 2026.

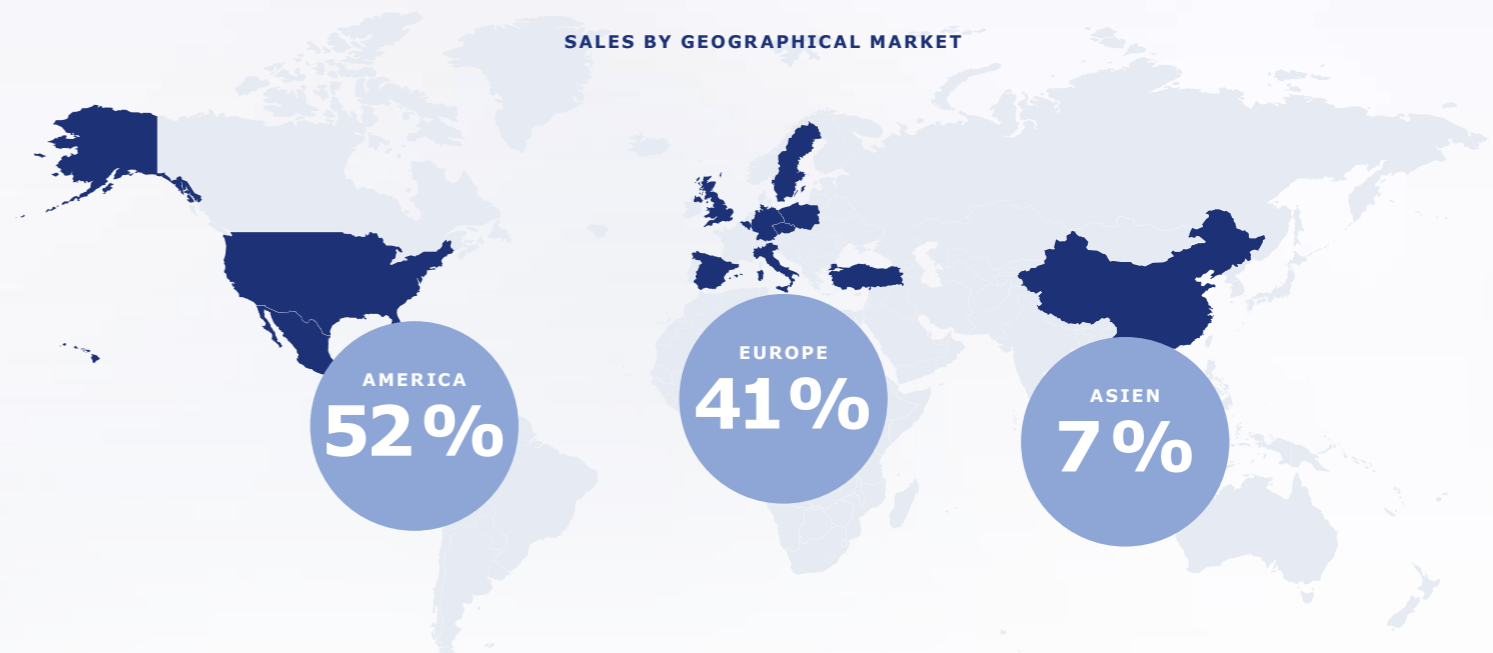
NET SALES
MSEK
19,324
2025

EBIT MARGIN
14.4%
2025

NUMBER OF
UNITS
52
2025

AVERAGE NUMBER
OF EMPLOYEES
4,958
2025

SALES BY GEOGRAPHICAL MARKET



HEXPOL AB is a public company. Reg. no. 556108-9631. Headquartered in Malmö, Sweden. This Annual Report is also available in Swedish.

The Annual Report is published in Swedish and English. The Swedish version is the original and has been audited by HEXPOL's auditor. All values are expressed in Swedish kronor (SEK), unless otherwise stated. Swedish kronor is abbreviated SEK, thousands of Swedish kronor as TSEK, and millions of Swedish kronor as MSEK. Figures in parentheses refer to the preceding year, 2024, unless otherwise stated.

This report contains forward-looking information based on HEXPOL management's current expectations. Although management believes that the expectations stated in such forward-looking information are reasonable, no guarantee can be given that these expectations will prove to be correct. Consequently, future outcomes can vary significantly compared to what is stated in the forward-looking information due, among other things, to changed conditions in terms of the economy, market and competition, changes in legal requirements and other policy measures, exchange rate fluctuations and other factors.

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Foundation laid for growth in the coming years

Global economic turmoil marked 2025 but HEXPOL took several major steps to increase our competitiveness and be ready when the market turns. An updated strategy, new financial targets and increased sustainability ambitions lay the foundations for an exciting future.

In recent years, we have seen a slowdown in demand, not least in the passenger car sector in the US, which has negatively affected our sales. We have also seen the effects of the global economic turmoil, although HEXPOL has only been marginally affected by current trade barriers. We have a decentralized structure, where the majority of our production is geographically close to our customers and therefore not directly affected by tariffs.

Alongside the current uncertainty, however, we see interesting developments in several sectors. The demand for AI-enabled data centers is growing rapidly, creating an opportunity for our offering to high-end cable producers. We also see that the green transition continues to create business opportunities in the energy sector, for example, in the form of applications for solar panels and wind turbines. For HEXPOL, it is now a matter of increasing engagement in those sectors that are growing, while implementing a number of initiatives to strengthen our competitiveness so we are prepared to face an improved underlying market situation.

Sales in 2025 amounted to MSEK 19,324 with an operating margin of 14.4 percent. The lower sales were mainly driven by currency effects, which had a negative impact 5 percent on sales. Adjusted for currency effects, sales were otherwise in line with the previous year.

From a geographical perspective the group sales in Asia increased by 1 percent compared to the previous year. In Europe, sales were at the same level as last year, while sales in the Americas fell by 10 percent.

Strategy for organic growth and acquisitions

In November, we presented an updated strategy for the next five years. HEXPOL has growth in its DNA, and now we are laying the foundation for a continuation of that journey.

One of our focal areas is to increase organic growth. We are skilled at making acquisitions, and this organic growth is proof that we are also able to manage and develop the companies we bring into HEXPOL. One of the main thrusts of our updated strategy is therefore increased activity for organic growth. In line with this, we are building our sales capacity to reach more customers, increase our presence in priority segments and deepen our understanding of customers' technical and business needs. We are also accelerating our research and development efforts to consolidate our leading position in advanced and sustainable material solutions. At the same time, we are intensifying our dialogue with customers who have their own compounding operations. Our ambition is to identify situations where we can take over all or part of their production, or support them in a structured way during production peaks. In this way, we unlock value both for our customers and for HEXPOL.

Growth in new markets

In line with HEXPOL's history, acquisitions will continue to be an important part of our growth model. The geopolitical situation means that some owners choose to wait to sell due to lower valuations, but our leading position, financial strength and industrial logic make us an attractive partner when opportunities arise.

During the year, we completed a strategically important acquisition of a majority stake in Turkish KABKOM, with an option on the remaining shares. KABKOM is a well-managed company with a strong product portfolio and good market presence in a geographically and industrially interesting region. The acquisition strengthens our position in cable applications and creates good conditions for synergies, both commercially and in terms of production.

A key part of the strategy for increased growth is that we are breaking out Thermoplastics and TPE into a separate business area. The market for thermoplastics is significantly larger than that for rubber, and we see an opportunity to make the same journey for HEXPOL Thermoplastic Compounding¹ as we have done with HEXPOL Rubber Compounding.

We are also looking to India, China and South-East Asia where the market potential is very large and growth relatively high. During the year, we carried out a comprehensive market analysis which now forms the basis of our expansion plan. At the same time, we continue to drive stable organic growth and are continuously evaluating acquisitions with a focus on Thermoplastic Compounding.

New financial targets

To clearly support our growth strategy, we have set new financial targets for the Group, which were communicated in November. Our goal is to achieve a compound annual growth rate of at least 10 percent for earnings per share over the next five years. We have historically been stable in terms of dividends and the goal is to distribute 40–60 percent of profits. Operationally, the EBIT margin should be 14–16 percent and revenues should grow by more than 10 percent annually including acquisitions. HEXPOL have a very strong balance sheet, with a net debt/EBITDA ratio below 1.0. We will now use this financial strength more actively. By setting a net debt/EBITDA target of a maximum of 2.5, significantly higher than it has been historically, we create room for an increased rate of acquisitions. It is a clear signal of our ambition to grow faster through well-chosen and value-creating acquisitions.

Good outcomes of the sustainability goals

We will also set new targets in the area of sustainability, which will be presented in the first half of 2026. As we evaluate today the targets that expired at the end of 2025, we see that we have done very well. Our target was to achieve a 75 percent reduction in CO₂ emissions by the end of 2025 compared to the 2018-2019 average (Scopes 1 & 2, market-based). The outcome at the end of the year was a reduction of 80 percent. For our product portfolio with more sustainable products, the development is basically unchanged compared to the previous year in terms of the share of recycled or renewable materials. However, work continues

"One of our focal areas is to increase organic growth. We are skilled at making acquisitions, and this organic growth is proof that we are also able to manage and develop the companies we bring into HEXPOL."

Klas Dahlberg, President and CEO

with our material suppliers and customers to develop more new solutions. HEXGREEN® is an example of such a solution, demonstrating that we are the market leader in sustainability in our industry. You can read about more examples on page 21.

During the year, we started reporting according to CSRD, which has entailed extensive work throughout the Group but in the long term will give us an even stronger framework for governance and monitoring. Our ambition is for sustainability data to be of the same high quality and reliability as our financial reporting.

In the first half of 2026, we will present new sustainability targets, with a higher level of ambition and clearly linked to our overall strategy.

An exciting year ahead

I am extremely proud of our employees around the world who embody the HEXPOL culture of entrepreneurship, innovation and customer value every day. I would like to thank you all for your great commitment during a year marked by the turmoil in our world.

I would also like to thank the Board of Directors and the shareholders for your great commitment to the company. Together, we are entering a new year with a clear strategic plan, new financial targets and a goal to further strengthen our market-leading position. I am convinced that 2026 will be a very exciting year for HEXPOL.

Malmö, March 2026

Klas Dahlberg, President and CEO



¹ In the fall of 2025, implementation of a third business area began: HEXPOL Thermoplastic Compounding, which will be reported as a separate segment in the first quarter of 2026.

Significant events in 2025

Financial performance

- HEXPOL Group sales in 2025 amounted to MSEK 19,324 (20,437). This year's acquisitions had a positive impact on sales of 4 percent, while currency effects reduced sales by 5 percent, and organic sales fell by 4 percent.
- EBIT amounted to MSEK 2,791 (3,172). The corresponding operating margin amounted to 14.4 percent (15.5). The EBIT margin was negatively impacted mainly by currency effects, the product mix.
- Operating cash flow amounted to MSEK 2,799 (3,012). Net debt amounted to MSEK 3,184 (2,235), of which MSEK 428 (484) relates to lease liabilities in accordance with IFRS 16, giving a net debt/EBITDA of 0.95 (0.59).

Sustainable development

- Thanks to determined work within the organization, the target of 75 percent relative reduction of CO₂ emissions (Scopes 1 & 2, market-based) was exceeded, to reach 80 percent in 2025.
- The development of new sustainability objectives and strategies is ongoing and will be finalized in the first half of 2026.

Acquisitions

- In the first half of April 2025, HEXPOL acquired the remaining 30 percent of almaak international GmbH.
- At the end of April 2025, the acquisition of 80 percent of the shares of KABKOM Kimya Sanayi ve Ticaret Anonim Şirketi, the largest independent cable compounder in Turkey, was completed. The company specializes in high-performance thermoplastic and thermoset cables for the fast-growing cable market. Read more about the acquisition on page 11.

Other significant events

- In September, Kenneth Bloom was appointed acting CEO of the HEXPOL Rubber Compounding Americas business unit. Kenneth has long and solid experience in HEXPOL and more than 20 years of experience in the polymer industry. In connection with this, former President of HEXPOL Rubber Compounding Americas Gary Moore left his employment with HEXPOL.
- At the Capital Markets Day in November, an updated strategy and new long-term financial and operational targets were presented to accelerate growth and value creation. Read more about financial targets on page 22 and about the strategy on pages 15–19.
- In the fall of 2025, implementation of a third business area began: HEXPOL Thermoplastic Compounding, which will be reported as a separate segment in the first quarter of 2026.



HEXPOL as an investment

The key to our success is the consistent execution of our business model, with a high level of customer focus, deep polymer expertise, and our ability to offer fast and stable deliveries. Together with our geographical coverage, this strengthens our position in the market.

Long-term value creation

Since its IPO, HEXPOL has continuously created shareholder value through strong profitability and stable return on equity. Over the past ten years, the company has distributed MSEK 12,072 to its shareholders. Our goal is to distribute 40–60 percent of profit after tax annually, while investing for continued growth and development.

Strong growth orientation

Our success is based on a proven strategy that combines organic growth and profitable acquisitions. Sales have increased from just under MSEK 500 in 2001 to MSEK 19,324 in 2025. This reflects a robust business model, high efficiency and strong cash flow. Such financial strength creates room for continued global expansion as part of long-term value creation.

Leading global positions

HEXPOL has a strong global presence with 52 production units in Europe, America and Asia. Our ambition is to be the market leader in selected technical and geographical segments.

HEXPOL operates in several growing industries such as automotive, engineering, wire & cable, water management, general industry, health and medical – all with an increasing need for advanced polymer solutions.

Innovation and customer value

HEXPOL develops advanced polymer solutions for applications with high demands on durability, performance and safety. Through close collaboration with customers' development teams and strong application knowledge, HEXPOL delivers solutions that strengthen customers' competitiveness and create long-term relationships. The technological complexity and high innovation value create clear barriers to entry for competitors.

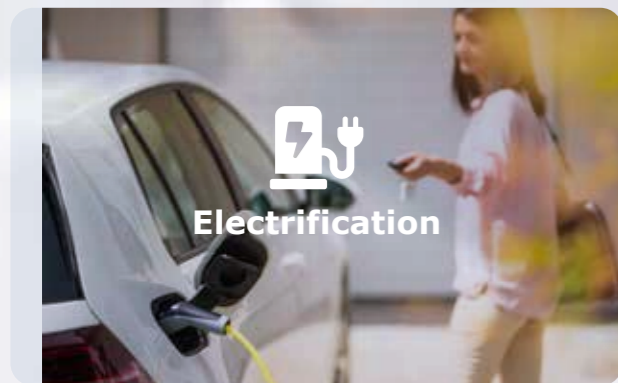
Sustainability as a driving force

Sustainability is an integral part of our strategy. The work focuses on reducing climate impact, increasing the share of renewable and recycled raw materials and developing circular material flows.

HEXPOL also contributes to socially sustainable development through investments in education, health and local community support. By combining profitable growth with responsibility, we contribute to a more sustainable and competitive society.

Global trends driving growth

HEXPOL is exposed to several long-term global trends that create stable demand for advanced polymer compounds. The Group's material solutions are used in applications that are critical to the functioning of society and contribute to energy efficiency, reduced carbon dioxide emissions, reduced vibration and noise, and extend the life of customers' products.



Electrification

Global electrification continues to increase as the transition from fossil fuels to renewable energy sources continues. This trend is particularly evident in the transport sector, but also extends to energy, industry, infrastructure and digital systems. Electrification brings increased demands on the performance, safety and durability of materials.

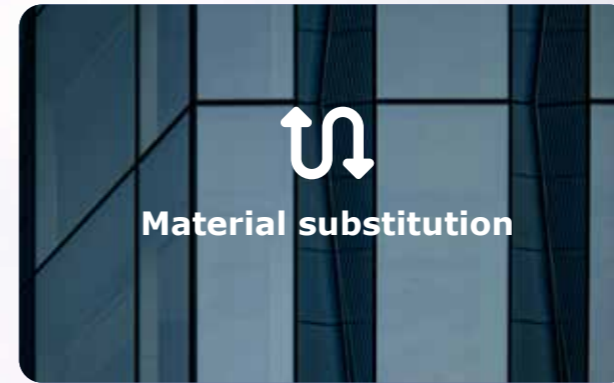
HEXPOL has a broad offering to the wire & cable industry and to manufacturers of electrical systems and components. Polymers and polymer compounds allow for lighter constructions, improved energy efficiency and cost-effective solutions compared to traditional materials. New vehicle platforms and electric architectures also create opportunities for material substitution, with polymer-based solutions increasingly replacing metal.



Urbanization and industrialization

Continued urbanization is driving investment in infrastructure, housing, energy and transport systems, and industrial automation. This increases the demand for materials with high reliability, long life and good performance, even in demanding environments.

HEXPOL's polymer solutions help reduce energy losses, dampen vibrations and noise, and increase reliability in applications used in urban and industrial environments. The adaptability of the materials allows for customized solutions that meet both technical requirements and local regulations.



Material substitution

A clear trend is increasing material substitution, with polymer compounds replacing metal in more and more applications. The drivers are lower weight, improved design freedom, cost efficiency and reduced climate impact over the product life cycle.

Polymer solutions can integrate multiple functions into the same component and help extend the lifetime of machinery, vehicles and medical devices. This strengthens customers' competitiveness and creates long-term business opportunities for HEXPOL.



Circularity and chemicals legislation

Increased demands for circularity, resource efficiency and reduced climate impact affect the entire value chain. At the same time, chemical legislation is being tightened globally, placing increased demands on materials knowledge, traceability and product development.

HEXPOL is continuously working to increase the share of renewable and recycled raw materials and to develop products with a reduced carbon footprint. The Group's production processes are flexible and adapted to a more circular business model. The rate of conversion is mainly influenced by customer demand and the availability of recycled materials.



Growing and ageing population

A growing global population combined with an increasing proportion of elderly people is driving structurally increased needs in health and medical technology. This trend is reinforced by increased health awareness and changing disease patterns.

HEXPOL's advanced polymer compounds are used in a wide range of applications in health and medical technology, where high demands are placed on quality, safety and regulatory compliance. Demand in this segment is expected to continue to grow over time.



Local presence and supply chains

A more uncertain world has increased the importance of short supply chains and local presence. With production in Europe, America and Asia, HEXPOL can offer high delivery reliability, short lead times and reduced climate impact from transportation, which is business-critical for the Group's customers.

Strong and decentralized corporate culture

HEXPOL is driven by a strong corporate culture based on trust, entrepreneurship and deep expertise. Our headquarters holds together central functions, but our most important activities take place in geographical proximity to our customers, at 52 sites on three continents.



Purpose, vision and mission statement

Our vision is to become the leading provider of solutions for sustainable polymer applications. We do this by fulfilling our mission to deliver high-quality polymer solutions that enhance our customers' applications. Every day. Everywhere.

We want to make a difference, through our products and through relations with our customers. Our purpose "We create a material difference" should be read both literally and figuratively. We deliver high-quality materials and solutions to customers, who should recognize us as a supplier that helps them improve.

Strong core and clear values

HEXPOL is a flat organization with short decision-making paths. While we want an overall corporate culture that holds the Group together, it is important that our geographic units are characterized by flexibility and entrepreneurial spirit so that our customers receive the best possible service. Our core values underpin everything we do and guide the way we work and the way we behave.

- We are committed – We know our markets, our customers and their end products. This ensures that our customers can grow with us globally, regardless of application.
- We are close to you – Our global footprint with agile and development-focused units safeguards our offering of the best local support for customer needs.
- We make you more sustainable – We take sustainability seriously and challenge our units to be best in class in terms of social responsibility and minimizing climate impact.
- We are entrepreneurs – A decentralized structure with local expertise and close customer contact offers advantages such as speed and creativity, together with efficiency and flexibility, in a larger structure.
- We are true specialists – Above all else, we value technical skills and in-depth application know-how. This enables us to surpass our customers' expectations by further improving the products.

Strong core values are the foundation of everything we do



HEXPOL strengthens its position in cable compounds through acquisition of KABKOM

In 2025, HEXPOL completed the acquisition of 80 percent of the shares of KABKOM Kimya Sanayi ve Ticaret Anonim Şirketi (KABKOM), Turkey's largest independent producer of cable compounds. The acquisition is a strategic step that further strengthens HEXPOL's position in the fast-growing global cable industry and broadens the Group's offering in high-performance polymer materials.

Founded in 2011, KABKOM has quickly established itself as a leader in advanced thermoplastic and thermoset compounds for the cable market, with a portfolio that includes halogen-free flame retardants and products in the crosslinking segment, which means that the material can withstand extreme heat, high pressure and mechanical stress in extremely demanding environments such as for industrial, energy and high-voltage cables.

The company has a modern and scalable production facility outside Izmir, the country's third largest city. KABKOM has approximately 70 employees and sales of just over MSEK 315 with profitability above the HEXPOL Group's level, which means that the acquisition contributes positively to HEXPOL's financial results.

The transaction was completed at a price of approximately MSEK 565. Following regulatory approvals, the transaction was completed on April 30, 2025. HEXPOL also has an option to acquire the remaining shares while the founders have a corresponding put option.

The acquisition strengthens HEXPOL's business in several ways. KABKOM adds a broad and technologically advanced product range that complements HEXPOL's existing offering and creates new opportunities to deliver higher value-added solutions. With its strong market position in Turkey – a strategically important region close to Europe, the Middle East and North Africa – HEXPOL is increasing its geographical reach and meeting customer needs in more markets. KABKOM's established customer relationships, combined with HEXPOL's global presence, create good conditions for continued international growth.

There are also significant technical and operational synergies. Both companies have a strong culture of innovation and material expertise, laying the foundation for faster product development, increased efficiency and enhanced competitiveness.

A solid platform for rapid and profitable growth

Business model with a strong customer focus

HEXPOL's business model has proven itself over the years as a stable platform for rapid and profitable growth. Building the business on the Group's core values creates an approach characterized by a high level of ambition, entrepreneurship and expertise.

The foundation of the business model is our five core values. Around these are four cornerstones that form the foundation of how we work and how we give our customers the best possible support and service.

Customer specific solutions

Over time, HEXPOL has built up leading polymer expertise for a wide range of materials that, together with solid application know-how, meet the strict requirements set by customers. We

have more than 100 qualified and experienced chemists and application engineers developing polymer solutions for demanding environments. This often happens in close innovation partnerships with customers. We develop and own most of the formulas, tools and processes required.

In recent years, efforts to develop environmentally and climate-friendly materials that contribute to sustainable development have intensified. This includes the development and marketing of products containing renewable and recycled

polymer raw materials. As part of this, four of our production sites in Europe and America have already been certified for mass balance calculations.

The certification allows customers to ensure that renewable or recycled raw materials are present in a defined amount in their products. This is a step in a gradual transition from virgin and fossil based raw materials to more renewable and recycled raw material.

Local presence – global reach

Through global operations, HEXPOL is able to meet the requirements of large global groups, but also to reduce lead times thanks to our 52 production units on three continents. Sales and development take place close to the customer, usually at, or adjacent to, the local production unit. With a short distance to the customer, problems such as limited durability, transport challenges, customs and other trade barriers are eliminated. HEXPOL is one of the few players with both global and local roots.

Flexible and efficient production

Deliveries are made in accordance customer orders and with predetermined call-offs based on the customer's forecast. This gives customers security with regard to delivery and quality while giving HEXPOL flexibility in its production. The low working capital is a contributing factor in HEXPOL's stable profitability. The modern and well-invested operations are batch oriented and evaluated based on the lowest possible transition from one batch to another. Batch production provides a high degree of flexibility in the face of changing customer needs; production can be quickly moved to other countries/production sites or scaled up or down to meet these needs or challenges from the world around us.

Strong, long-term customer relationships

HEXPOL's business is driven by customer orders, enabling a clear degree of flexibility. Formulas for different compounds are

developed in close cooperation with customers and require unique expertise. The formulas are HEXPOL's property in most cases. Products are approved following extensive testing and are then specified very frequently by the component manufacturer. The close cooperation with customers and the complexity of materials results in a high level of repeat business and high barriers to entry for competitors. Many of our customers have been with us for more than 20 years.

Sustainability with and for the customer

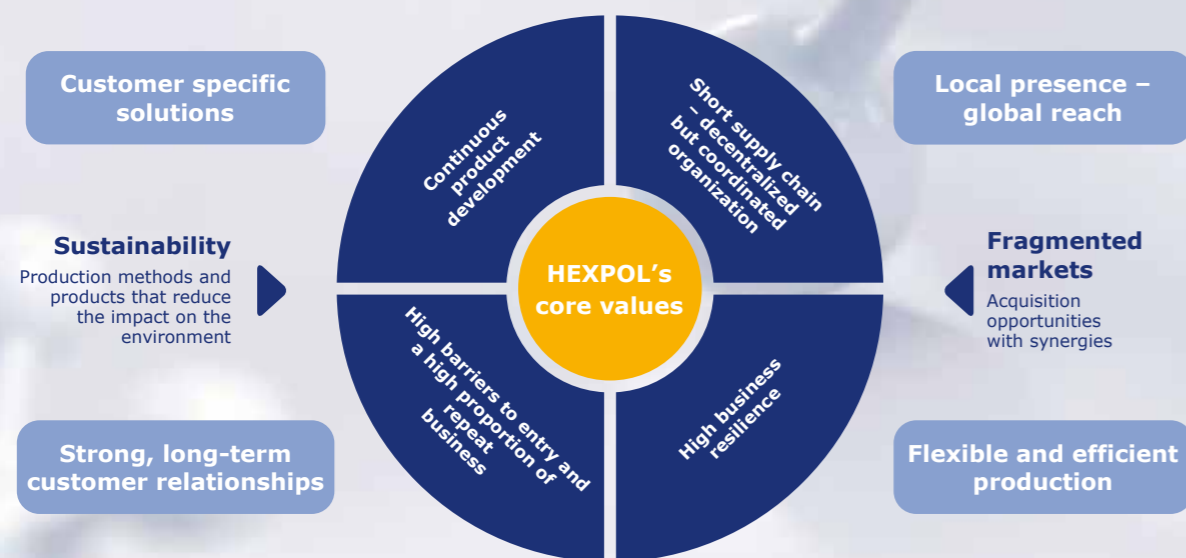
Sustainability matters are an integral part of HEXPOL's operations. We focus on energy and climate, a safe working environment, good business conduct and the development of production processes and products that directly or indirectly contribute to reducing environmental impact. Many of the Group's customers have similar priorities and it is often in interaction with them that sustainable solutions emerge.

Customers demand a code of conduct and certified environmental management systems. Other requirements concern the phasing out of hazardous chemical substances and sustainability issues being implemented in the supply chain. Interest in products containing renewable and/or recycled raw materials continues to grow. HEXPOL has a growing portfolio of renewable and recycled materials, and the goal is to reduce the use of fossil-based raw materials. HEXPOL works with raw material suppliers to obtain useful data on the carbon footprint of raw materials.

Fragmented markets

Many of the markets we operate in are fragmented, with a few major players and a large number of smaller local manufacturers or customers with their own rubber compounding operations. As a strong global Group, this gives HEXPOL continued opportunities to make acquisitions and increase our presence in all markets. HEXPOL has extensive experience in integrating acquisitions, enabling us to quickly generate synergies within our own operations.

Business model with a strong customer focus



Circular TPE materials for the future of automotive interiors

In 2025, HEXPOL took an important step to strengthen both the Group's technological leadership position and sustainability efforts by developing and certifying TPE materials with high recycled content for use in automotive interiors. The Dryflex Circular TPE series material was recently approved according to the demanding Porsche PN 780 standard, which sets high quality standards together with strict requirements for low volatile organic compound (VOC) emissions and absence of odor.

The approval of the material Dryflex PIR 853317-2, with 45 percent recycled content, shows that TPE composites with recycled raw material meet the same tough emission and odor limits traditionally only achieved with virgin materials. In the tests carried out, both the levels of individual substances (e.g., amines, formaldehyde and ketones) and the total TVOC content were well below the standard limits. Odor test according to VDA 270 showed a rating of 3.0, which means that odor is not perceived as disturbing for vehicle comfort.

The certified material contains 45 percent recycled material and at the same time shows 43 percent lower CO₂e per kilogram compared to the corresponding virgin material. Through this innovation, HEXPOL strengthens its offering to the automotive industry and enables customers to combine high comfort requirements with increased ambitions in circular economy and reduced climate impact.

Dryflex materials are suitable for several automotive interior applications, including carpeting, floor mats, seals and interior trim pieces that are fitted on or around major components of the car. These features have aesthetic, comfort and sometimes protective functions, but are not normally load-bearing structures.

This success strengthens HEXPOL's offering in advanced, low-emission materials and confirms the group's ability to combine technical performance, customer requirements and sustainability ambitions in an increasingly demanding global automotive industry.



Our mission

We develop high-quality polymer solutions that improve customers' applications, every day, everywhere.

Strategy

Updated strategy for growth and value creation

HEXPOL has grown strongly through acquisition-driven growth and successful integration for more than 20 years. The updated strategy largely builds on an established concept of success.

The strategic priorities up to 2030 are divided into three separate tracks: Increased activity for organic growth, intensified work on acquisitions and continued focus on improving operational excellence.

Increased activity for organic growth

Stable organic growth is a sign that HEXPOL is able to consolidate and develop the acquired companies. Over the next five years,

there will be a strong emphasis on actions that generate growth for the Group's 52 entities. Among other things, the sales organization is being strengthened to reach new customers and new customer segments. The product portfolio is regularly reviewed to identify and fill any gaps in our offer. We are also strengthening our research and development efforts to constantly offer our customers high-tech solutions that also give them and us an industry-leading role in sustainability. Some of our

Strategic priorities for 2030

Increased activities for organic growth

Priorities

- Focus on profitable segments with structural growth and identify and close gaps in the product portfolio
- Strengthen sales capacity to broaden and develop the customer base
- Increase R&D efforts to strengthen product innovation and leadership in sustainability
- Increase the share of internal business volume by converting existing customer relationships

Reinforced acquisition agenda, especially in thermoplastics

Priorities

- Apply a focused and well-defined strategy for acquisitions and mergers
- Rubber compounds** – Protecting and strengthening market leading positions in Europe and the Americas through selective acquisitions
- Thermoplastics** – Building a broader product portfolio and expanding geographically in high growth segments
- Engineered products** – Focus on attractive segments and geographies, with a particular focus on wheels, taking an opportunistic approach
- Evaluate opportunities for expansion in India, China and South East Asia

Continued focus on operational excellence

Priorities

- Continued review and optimization of the Group's global production structure
- Further development of production technology, artificial intelligence and automation
- Gradual shift of the product portfolio towards more profitable segments

customers manufacture their own polymer compounds and there we see an opportunity to relieve production peaks or completely take over production by offering the customer a cost-effective solution.

Intensified work on acquisitions

HEXPOL is continuously evaluating potential pre-acquisition candidates. Economic and geopolitical uncertainty is reflected in many sectors, including lower sales of potential acquisition targets. This, in turn lowers the valuation of the companies and reduces the owners' interest in selling. This impacted our acquisition rate in 2025 as fewer attractive acquisition targets were on the market.

However, HEXPOL still sees good opportunities for acquisitions in all business areas, not least through the company's strong financial position and a changed financial target where net debt as a proportion of EBITDA may not exceed 2.5, which is significantly higher than the ratio has been in recent years.

For the next five years, the focus is on acquisitions in all business areas. We have a very strong position in Rubber Compounding and see opportunities for further acquisitions and strengthening of our market position. With a strong proven growth track record in Rubber Compounding, we see similar opportunities in the new business area Thermoplastic Compounding¹, where the ambition is to grow through increased geographical presence and a broader and stronger product portfolio. There are also good acquisition opportunities in Engineered Products, not least in the Wheels area.

Geographical growth will take place mainly in markets such as India, China and Southeast Asia where we want to strengthen

our position, but also in existing markets when interesting acquisition opportunities arise.

Work on evaluating which segments have the greatest business potential will continue in 2026.

Continued focus on increasing efficiency

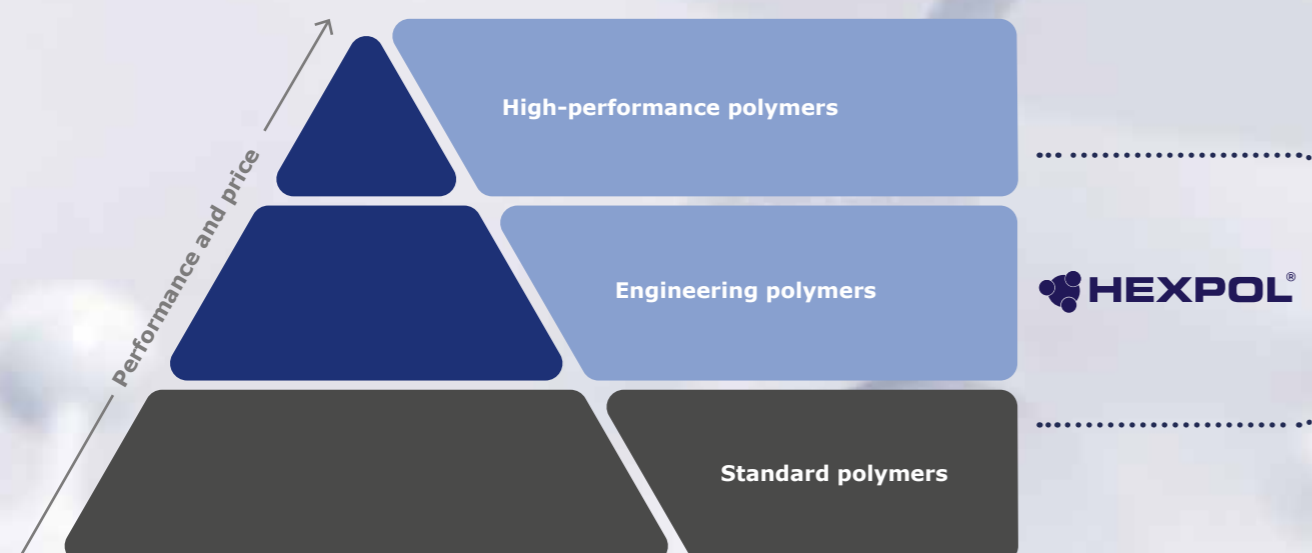
HEXPOL already has a very efficient organization with low overhead costs and strong internal processes to put the customer's needs at the center. Over the next five years, work will continue to review and refine the production process and make greater use of material expertise within the organization. In addition, investments are being made in areas such as AI and automation, and a new central IT function is being established. The product portfolio is continuously reviewed to ensure the best possible profitability.

Prioritization of attractive segments

The total market for polymers was estimated to be around 320 million tons in 2024. The majority (69 percent) of this raw material goes directly into products, but around 100 million tons (31 percent) consists of polymer compounds. These in turn can be divided into three groups: standard plastics used in, for example, prepackaging materials, engineering plastics used in, for example, electronic components, and high-performance plastics used in, for example, aerospace and medical applications.

HEXPOL operates in the two upper segments, where the combination of volume and the Group's expertise comes into its own, and where profitability is good. The total market for these two segments is estimated at around SEK 695 billion annually.

Prioritization of attractive segments



¹ In the fall of 2025, implementation of a third business area began: HEXPOL Thermoplastic Compounding, which will be reported as a separate segment in the first quarter of 2026.

Data centers – a structural growth opportunity for HEXPOL

The global push for artificial intelligence (AI) is driving explosive growth in the data center market. According to analysis, the capacity of AI-ready data centers is expected to grow by an average of around 33 percent per year until 2030. This trend means a marked increase in the need for robust infrastructure – not least cables, electrical systems, cooling, vibration and sealing technologies.

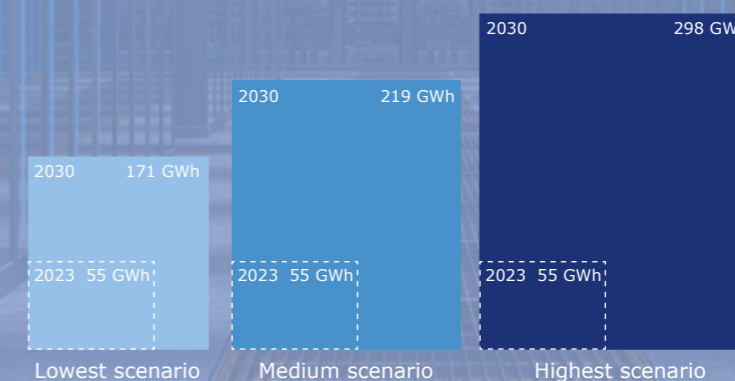
The market for data center cables and power systems is growing rapidly, with significant growth in demand for wire & cable solutions expected worldwide. At the same time, cooling and sealing requirements in data centers are increasing – to address high density, reliability and energy efficiency.

For HEXPOL, this represents a clear growth opportunity.

Our expertise in rubber compounds for cooling, sealing and vibration control plays an important role in data center infrastructure. By offering technologically advanced materials to cable and infrastructure manufacturers, we can meet the increased demand generated by AI-driven data center expansion. HEXPOL's offering enables cable producers with in-house compounding operations to outsource parts of their material manufacturing at a time when capacity needs and delivery speed are in focus.

As investments in data center infrastructure skyrocket – HEXPOL's position as a provider of high-performance polymers and engineering solutions creates a strong platform for growth.

Demand for data center capacity will more than triple by 2030



From the base year of 2023, global data center capacity is projected to nearly triple by 2030, with sharply increasing demands for power and storage to handle AI and cloud-based workloads. AI-related computing is expected to account for around 70 percent of capacity growth, placing new demands on grid capacity, energy efficiency and investment in advanced infrastructure, while integrating sustainability objectives into planning and construction.

Well positioned for further expansion

HEXPOL has acquired 45 companies in 15 years, or an average of three companies a year. The high rate of acquisitions is made possible by sound finances, a clear acquisition strategy and an established way of integrating new companies into the Group.



Clear steps towards accelerated acquisition agenda

01.

Well-tested acquisition process

Acquisitions have been a significant part of the consolidation of the Rubber Compounds market and have positioned HEXPOL as the market leader in that segment.

02.

Strong balance sheet enables growth

HEXPOL's strong financial position and cash flow enables it to consolidate the fragmented thermoplastics market worth around SEK 700 billion.

03.

Size and capacity bring benefits

HEXPOL has a clear strategy for filling gaps in product and technology and across geographies to further strengthen cooperation with our customers.

Acquisitions of successful and well-managed companies have been a key part of HEXPOL's growth journey. By identifying and acquiring interesting companies in high-potential markets, HEXPOL has grown geographically and expanded its product portfolio. We are careful to acquire companies that share our entrepreneurial culture and desire to develop, so that the new entities can be quickly integrated into our corporate culture and way of working.

Well-proven acquisition process

HEXPOL has clear criteria for what constitutes an interesting company. We only acquire companies that can clearly contribute to our overall growth strategy. This may involve establishing ourselves in a new geographical market or having a product portfolio that complements our own. We are only interested in well-managed companies with good profitability that can quickly become a well-functioning part of HEXPOL. We believe that this will give us a faster return on investment than acquiring mismanaged companies and developing them. We are careful to ensure that the companies we acquire have a corporate culture similar to our own. This is particularly important as our business model is based on a high degree of autonomy. Finally, the acquisition must meet a number of financial criteria. We also know from experience that our contracts are perceived as attractive by sellers.

Onboarding for 90 days

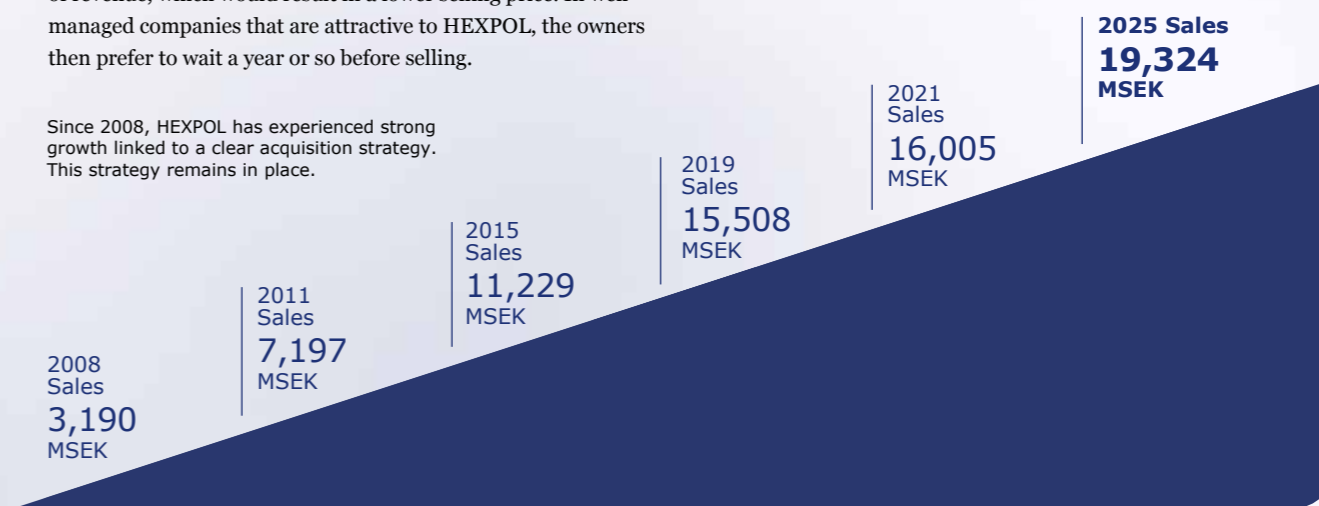
After an acquisition is completed, a 90-day program is launched to ensure good integration and rapid synergies. This includes integrating technology and financial systems, but above all it means quickly sharing our core values and way of working with our new colleagues. The structured onboarding process is one of the main drivers behind HEXPOL being able to make so many successful acquisitions over the years.

Acquisitions in 2025

Only one acquisition was made in the past year. Turkish KABKOM is a well-managed company with a geographically interesting location and whose product portfolio complements HEXPOL's existing offering to manufacturers of advanced cable components for industry and energy producers, among others.

The troubled economic times have meant lower sales for many operators, which in turn reduces the incentives for owners to sell. The transaction value is usually calculated on multiples of revenue, which would result in a lower selling price. In well-managed companies that are attractive to HEXPOL, the owners then prefer to wait a year or so before selling.

Since 2008, HEXPOL has experienced strong growth linked to a clear acquisition strategy. This strategy remains in place.



¹ In the fall of 2025, implementation of a third business area began: HEXPOL Thermoplastic Compounding, which will be reported as a separate segment in the first quarter of 2026.

Strategy for the next five years

In parallel with increased organic growth, HEXPOL intends to increase the pace of acquisitions over the next five years. The expansion is taking place in three parallel tracks:

Geographical expansion

- Presence strengthened in the US and Europe
- Markets such as India, China and South East Asia are explored

Consolidation of the market

- Number one or two position in profitable market segments
- Creating economies of scale in raw material supply and manufacturing

Products and technologies

- Increase market share with existing customers
- Strengthening product leadership through new technologies

Strategy in each business area

The growth journey in HEXPOL has historically taken place mainly within what is today HEXPOL Rubber Compounding. We will continue to seek attractive acquisitions within the business area to strengthen our market-leading position in both Europe and North America. The main focus is on creating further synergies in sales, manufacturing and raw material supply, but there are also geographical areas where we want to strengthen our presence.

The rate of acquisitions in HEXPOL Engineered Products has traditionally been lower than in the rest of the Group. We are looking for acquisitions that complement our current product portfolio, but also completely new products and segments can be interesting if they are in line with our other offerings. We expect the rate of acquisitions to remain lower, relative to the other two business areas.

In the HEXPOL Thermoplastic Compounding¹ business area, we see the opportunity to make the same strong growth journey as we have done on the rubber side. The market is very large and we have an attractive offer. A relatively large part of the market is in China, India and South-East Asia and we are exploring the various opportunities available for acquisitions in these regions. Over the next five years, we expect to make several acquisitions in the business area, mainly with the aim of strengthening our product portfolio and increasing our geographical presence.



Local entrepreneurship

Products with a focus on sustainable development

HEXPOL continues to develop and deliver polymer solutions with a reduced carbon footprint – a key step in our strategic ambition to be an industry leader and meet future demands for sustainability and circular economy.

The majority of the Group's indirect emissions (Scope 3) stem from the production of raw materials based on fossil fuels. That's why we closely monitor material developments and work with global chemical raw material producers to replace virgin raw materials with renewable or recycled alternatives.

Despite limited availability and increasing costs of sustainable raw materials, HEXPOL's portfolio of climate-efficient products is growing steadily. Through close dialog with suppliers and continuous internal development, we can deliver high-quality material options with lower environmental impact.

Sustainable materials and technologies

Our HEXGREEN® concept offers rubber compounds with at least 10 percent recycled or renewable raw materials – often significantly more. HEXGREEN® helps our customers reduce the carbon footprint of their applications without compromising performance.

HexLight, a lightweight, porous, low-density polymer solution, is used, among other things, to reduce weight in the automotive industry. Reduced weight contributes to lower fuel consumption and thus lower emissions over time.

HEXPOL has also developed flame-retardant materials without hazardous halogens, which have previously been a standard in many products. In this way, environmental and health risks can be significantly reduced.

Circular economy through recycling

In line with our strategy to promote circularity, HEXPOL is also

investing in internal process management of rubber waste. At the Lesina site in the Czech Republic, we have installed a devulcanization line to mechanically recycle vulcanized rubber from industrial residues. This process restores the rubber to a form where it can be reused in new polymer compounds – without the need to add new chemicals.

When the devulcanization line is fully operational, HEXPOL will be able to produce significant volumes of compounds with recycled rubber per year, both reducing dependence on virgin raw materials and contributing to significantly less waste.

Sustainability is competitiveness

By investing in products for sustainable development, HEXPOL strengthens its role as a supplier of advanced polymer solutions with lower climate impact – while our products meet high standards of quality and performance. This combination creates business value for our customers; they can reduce their carbon footprint and meet environmental requirements, without compromising on product performance or lifetime.

Overall, our sustainable product portfolio helps to reduce emissions at both material and product level, support circular flows and provide tangible climate benefits to customers and society – so HEXPOL delivers not only technology, but also responsibility.

Read more about our work towards a sustainable future in the Sustainability Report on pages 47–99.



Gaskets in plate heat exchangers

Reduced energy consumption – reduced climate impact.



Wheels for electric forklifts

Reduces the use of fossil fuels – reduced climate impact.



HEXGREEN®

>10 percent content of recycled or renewable raw materials – reduced climate impact and improved circular economy.



Dryflex® Green – TPE with renewable raw material

Reduces the use of fossil fuels – reduced climate impact.



Dryflex® Circular – TPE with recycled raw materials

Contributes to reducing marine litter, reducing climate impact and improving the circular economy.



RheVision® polypropylene

The renewable content is around 15 percent. When combined with recycled polypropylene, the carbon footprint of the material is considerably lower compared to traditional plastic products. Reduced climate impact and improved circular economy.

Targets and outcomes 2025

HEXPOL is exposed to several long-term global trends that create stable demand for advanced polymer compounds. The Group's material solutions are used in applications that are critical to the functioning of society and contribute to energy efficiency, reduced carbon dioxide emissions, reduced vibration and noise, and extend the life of customers' products.

Financial targets¹

Sales growth

Sales growth demonstrates HEXPOL's competitiveness in the market and its capacity to leverage its strengths and areas of expertise. The goal is for sales growth, adjusted for currency effects, to total more than 10 percent over a business cycle.

2025 Comments:

The lower sales were mainly driven by currency effects, which had a negative impact 5 percent on sales. In addition to currency effects, sales were positively affected by acquisitions by 4 percent and a negative organic sales development of 4 percent.

Target: >10%

2025 Outcome:

-5 %

Operating margin

The operating margin shows HEXPOL's capacity to cover operating costs and generate profit for shareholders. The target is for the operating margin, adjusted for items affecting comparability, to exceed 17 percent over a business cycle.

2025 Comments:

The operating margin, adjusted for non-recurring items, amounted to 14.4 percent. The EBIT margin was negatively affected mainly in the last quarter of the year with lower demand and a negative mix.

Target: >17%

2025 Outcome:

14.4 %

Equity/assets ratio

The equity/assets ratio measures the proportion of HEXPOL's total assets that are financed with equity. The goal is to exceed 30 percent annually.

2025 Comments:

The equity/assets ratio remained strong at 61 percent (64). The Group's total assets amounted to MSEK 22,961 (24,884). Net debt amounted to MSEK 3,184 (2,235) of which MSEK 428 (484) relates to financial lease liabilities under IFRS 16, giving a net debt/EBITDA of 0.95 (0.59).

Target: >30%

2025 Outcome:

61 %

Sustainability targets

Energy¹

The target is for energy consumption (GWh/sales) to be reduced continuously in relative terms.

Investments in more energy-efficient production equipment, lighting and infrastructure were implemented during the year. Compared to the previous year, the key figure for energy use increased by 5 percent due to the difference in sales between different product areas with different energy intensity, not a deterioration in energy efficiency. Since 2019, energy efficiency has improved by 33 percent.



Target: reduction

2025 Outcome:

+5 %

Climate¹

Greenhouse gas emissions from HEXPOL's own operations (Scopes 1 & 2, market-based) will be reduced in relative terms by 75 percent by 2025 compared to the 2018–2019 average (tons CO₂e/sales).

Compared to the previous year, emissions decreased further in relation to sales and have at the end of the year cumulatively decreased by 80 percent compared to the baseline year 2018-2019. The explanation is the increase in purchased renewable and nuclear electricity, together with continuous improvement in energy efficiency.



Target: reduction

2025 Outcome:

-80 %

Safe work environment

The vision is that no accidents will occur at our workplaces. The target is to reduce the number of accidents. Systems for reporting near misses are to be in place in all operations.

The frequency of workplace accidents per million hours worked decreased during the year compared to the previous year and is back to previous years' levels. Efforts to further reduce work-related accidents will be further intensified.



Target: reduction

2025 Outcome:

-23 %

¹ At HEXPOL's Capital Markets Day on November 4, 2025, new financial targets were presented, effective from 2026. In addition, the following operational targets support the financial targets: EBIT margin of 14–16 percent and >10 percent sales growth including acquisitions.

¹ In 2024, a revision of energy and climate data was made to ensure that historical emissions prior to the year of acquisition of acquired companies are included, in accordance with the GHG Protocol. In this context, some adjustments were made to the methodology by collecting data from the sites at a more granular level, thus ensuring higher data quality. The revision was made for the baseline years 2018–2019, 2023 and 2024. Due to this limitation, energy and climate figures are not reported for other years within a 10-year horizon. The result was higher for historical figures than previously reported. However, the change in methodology had a less significant impact with a ±5 percent deviation from the previous methodology.

Global group with local presence

One of the HEXPOL Group's main strengths lies in its local entrepreneurship, where each of the Group's 52 units has deep local market knowledge, long production experience and the ability to identify customers' future needs.

Mixing 5.0 – The next step towards more efficient and safer production

HEXPOL continues to strengthen its position in advanced rubber compounds in Europe by modernizing and future-proofing its production processes. With the Mixing 5.0 initiative, we are taking a strategic step into a new era of automated, data-driven and safe production.

Mixing 5.0 is based on investment in advanced equipment, digital solutions and HEXPOL's proprietary process intelligence. Combining modern engineering with artificial intelligence creates a production environment where quality, stability and safety are built into every step. Automation not only means higher precision and shorter lead times, but also improved work safety through reduced manual handling and better control of critical operations.

The project is run cross-functionally between sales, research and development, engineering, process intelligence and production in close cooperation with leading machine suppliers. The result is a solution that takes into account both customer requirements and our internal goals of efficiency, resource management and

robust quality procedures. Mixing 5.0 is expected to be operational in spring 2027 and will set a new industry standard for energy-efficient, stable and scalable rubber compounding.

This investment is fully in line with HEXPOL's strategy to strengthen its technological leadership, develop sustainable material solutions and ensure a reliable and competitive supply chain. With innovative concepts such as HEXGREEN and a strong focus on recycled and renewable content in materials, sustainability is also integrated as a natural part of future processes.

Through Mixing 5.0, HEXPOL is creating a modern and safe production platform that supports profitable growth, reduces the carbon footprint and gives customers access to high-quality, cost-effective and future-oriented material solutions. The investment marks a clear step towards more intelligent, sustainable and competitive production – and consolidates HEXPOL's position as a market leader in advanced rubber compounds.

HEXPOL consists of three business areas: HEXPOL Rubber Compounding, HEXPOL Thermoplastic Compounding¹ and HEXPOL Engineered Products. Combined, they have sales of MSEK 19,324, and at the end of the year, they had about 5,000 employees in 14 countries. HEXPOL's global platform makes its customer offering unique.

A decentralized, and highly coordinated organization

HEXPOL's organization is structured to facilitate short and prompt decision-making processes, with clear, decentralized responsibility. The HEXPOL Rubber Compounding business area is divided into 32 business units in three regions: Americas, Europe, Asia. The HEXPOL Thermoplastic Compounding business area is present in 5 countries with a total of 13 business units. The HEXPOL Engineered Products business area is present in 4 countries with a total of 7 business units.

HEXPOL's organization is characterized by far-reaching decentralization of responsibilities and powers and encourages rapid decision-making. Most of the business units have been built up with complete organizations for sales, product development and production. Strong local units with in-house expertise allow the HEXPOL Group to be flexible and shorten customers' supply chains, which is increasingly in demand.

A Group equipped for the future

Most of HEXPOL's sites are relatively new and well-invested. The high level of technology, combined with far-reaching production and technological coordination, provides cost-

effectiveness, high and uniform quality and the ability to smoothly move production between units and countries.

HEXPOL's production organization is flexible due to the fact that production is customer order-driven and/or batch-based. The global production platform allows for short supply chains for the Group's customers, while production capacity can be adjusted quickly and efficiently based on demand.

Strong culture that fosters customer partnerships

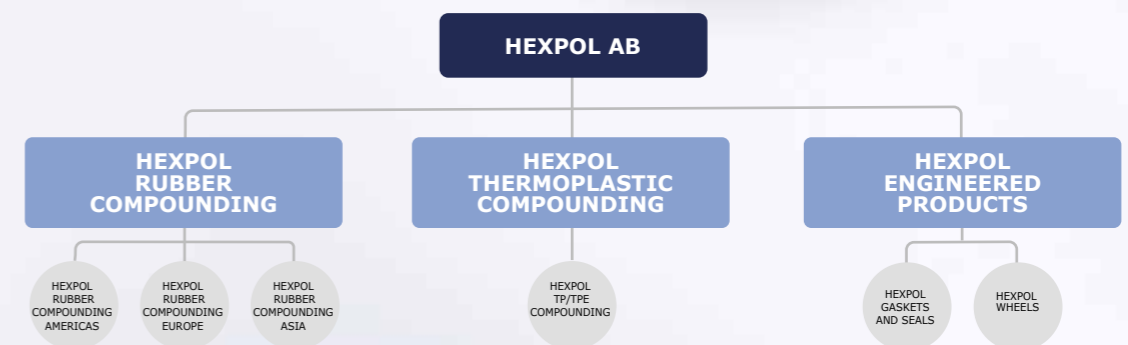
HEXPOL has a culture that promotes commitment, responsibility and good ethics in customer relations. Coordination and cooperation is managed globally between the units in key areas including development of new materials and products, strategic selection of suppliers, technological equipment design and digitization of the offer.

Leading global market positions

HEXPOL focuses on being able to deliver the market's best products globally, offering identical quality regardless of the production unit and is therefore a suitable partner for large global industrial corporations, but also for other, more local players.

HEXPOL focuses on high-growth markets with interesting and growing customer applications in areas such as health & medical technology, general industry, consumer products, and the automotive industry. Other interesting niches with growth opportunities for HEXPOL are in the defense and transport sectors, such as the train, aviation and aerospace industries.

Organization HEXPOL Group



Senior executives in HEXPOL's business areas



Ken Bloom
President
HEXPOL Rubber
Compounding Americas



Ralph Wolkener
President
HEXPOL Rubber
Compounding Europe
and Asia



Carsten Rüter
President
HEXPOL Rubber
Compounding Europe
and Asia



Jan Wikström
President
HEXPOL Thermoplastic
Compounding and
Engineered Products

¹ In the fall of 2025, implementation of a third business area began: HEXPOL Thermoplastic Compounding, which will be reported as a separate segment in the first quarter of 2026.

Business area HEXPOL Rubber Compounding: Market leader in Europe and North America with a focus on continued growth

The HEXPOL Rubber Compounding business area offers polymer compounds used to manufacture, among other things, sealing strips for windows, hydraulic hoses and other components for the automotive industry. HEXPOL Rubber Compounding is the market leader in both Europe and North America.

SALES 2025
17,797
MSEK

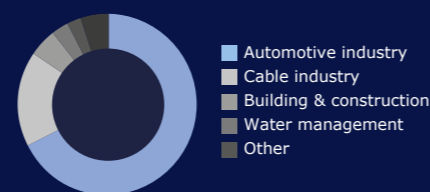
NUMBER OF PRODUCTION UNITS
32

ADJUSTED OPERATING MARGIN 2025

14.1%

POSITION IN EUROPE AND U.S.
1

SALES BY CUSTOMER SEGMENT



AVERAGE NUMBER OF EMPLOYEES 2025
2,600

HEXPOL Rubber Compounding is the Group's largest business area with 32 production sites in 12 countries. The automotive industry accounts for over 40 percent of the business area's sales, followed by manufacturing and construction.

Stable market position

The market is highly fragmented with many small and local competitors. An important challenge for HEXPOL Rubber Compounding is therefore to nurture long-term customer relationships through stable delivery reliability and an ability to develop new products and solutions together with customers. Many of the business area's customers are active in technologically advanced areas and HEXPOL Rubber Compounding's ability to deliver products of identical quality regardless of the manufacturing unit is therefore an important competitive advantage. The business is therefore a suitable partner for large global industrial groups, but the entrepreneurial culture that permeates HEXPOL also makes it attractive to smaller customers.

Great potential in several sectors

The negative development of the automotive industry in recent years has had a negative impact on the business area's sales. At the same time, it is in the automotive industry, among others, that there is great future potential for the business area. The electrification of cars and other vehicles will drive up the demand for advanced polymer compounds in large volumes and HEXPOL Rubber Compounding is well equipped to meet this demand. Growth in the automotive industry is expected to take place largely in China and HEXPOL Rubber Compounding is therefore continuously reviewing opportunities for acquisitions or other expansion in the region. There is also great potential in the Infrastructure/Energy sector where large investments in green energy (e.g., solar and wind power) are driving demand for advanced sealing, safety and insulation applications. The construction industry has shown weaker demand in recent

years, but there is an expectation that the industry will recover in the next few years, which may lead to increased demand for, among other things, sealing materials for windows and facades.

Possibility to assist customers

Large manufacturers in the automotive industry, among others, produce partly their compounds in-house. Here is a great untapped potential for HEXPOL Rubber Compounding. In bad economic times, customers are often able to meet their own demand for compounds, but when sales increase, there is a lack of in-house capacity. Then HEXPOL Rubber Compounding can relieve the burden by taking over production or contribute with extra capacity. There are also different types of compounds that are so technically advanced to produce that customers lack their own equipment or skills. In the US, in particular, a potentially large market for this type of business is visible as many customers have older equipment and are affected by a general shortage of industrial workers in the country. HEXPOL Rubber Compounding also has a technical know-how that is difficult to match for a customer producing in-house.

Strategy for the coming years

In both Europe and North America, the business area will increase its organic growth activities in the coming years. This is done, among other things, by reviewing potential growth sectors such as energy and infrastructure. In Europe and North America, the acquisition strategy will be selective with a focus on filling geo-graphical gaps. Acquisitions that meet the needs of expanding industries may also be of interest, as well as acquisitions that expand the product portfolio. In parallel, work is underway to evaluate possible expansion in China, India and South East Asia. The company's own operations are continuously reviewed in terms of product portfolio, technical competence, and research and development.

The market situation for our main segments

	Automotive	Wire & Cable	Building & Construction	Other segments
Market development	Unchanged	Growing	Recovery	Growing
Market drivers	<ul style="list-style-type: none"> Transition towards electrified and hybrid powertrains A changing global automotive landscape with new players Strong growth in electric vehicles, mainly driven by China Increased regionalization of production due to trade barriers and tariffs 	<ul style="list-style-type: none"> Development of energy infrastructure for both renewable and traditional energy Ageing electricity networks and increased reinvestment needs Increasing energy demand from data centers and digital infrastructure Accelerated digitalization and automation 	<ul style="list-style-type: none"> Investments in infrastructure modernization and housing construction Significant housing deficit, especially in the US Increased focus on sustainability, circularity and alternative building materials Public stimuli and government investment programs 	<ul style="list-style-type: none"> Increased investment in water management Development in agriculture and food production Energy and environment-related applications
Strategic focus	<ul style="list-style-type: none"> Expansion in new automotive clusters and emerging markets Close cooperation with OEMs and new players Focus on key customers, project management and delivery precision 	<ul style="list-style-type: none"> Full-service provider with a broad offering (one-stop shop) Strengthened global market position Scalability and rapid response to customers 	<ul style="list-style-type: none"> Technical support and application expertise Wide and competitive product range Focus on sustainable and circular solutions Cost efficiency and fast delivery 	<ul style="list-style-type: none"> Sales and technical support tailored to the application Wide product range for niche needs High flexibility and short lead times

Business area HEXPOL Thermoplastic Compounding: Focus on rapid growth

As of the first quarter of 2026, HEXPOL Thermoplastic Compounding¹ is recognized as a separate business area within the Group. The change has been made to create the conditions for rapid expansion in an area where HEXPOL sees great potential.

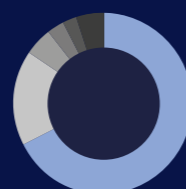
NUMBER OF
PRODUCTION UNITS

13

AVERAGE NUMBER OF
EMPLOYEES 2025

800

SALES BY CUSTOMER SEGMENT



- Automotive industry
- Consumer goods
- Building & construction
- Toys, sports and leisure activities
- Pharmaceuticals
- Other

HEXPOL Thermoplastic Compounding¹ focuses on the development, manufacture and sale of customized thermoplastic compounds. The business offers a wide range of material solutions based on both standard and high-performance polymers, including polyolefins, engineering plastics and specialty polymers.

The business area serves a wide range of industries, such as automotive, construction and infrastructure, consumer products, electrical and electronic applications, and medical technology.

Working closely with customers, we develop materials with specific properties such as improved strength, heat resistance, chemical resistance, flame retardancy, electrical properties and durability.

The business has a global presence and places a strong emphasis on innovation, quality, reliability of supply and sustainability, including through recycled and renewable material solutions and support for circular material flows.

Growth in three dimensions

Although HEXPOL Thermoplastic Compounding has a strong position both geographically and in industry segments, the market potential is still largely untapped. With proven capabilities, a similar growth journey to that of rubber compounding is expected.

Growth in the HEXPOL Thermoplastic Compounding business area is taking place in three dimensions: Regional growth will be achieved by identifying customers in new geographical markets and partly using existing production capacity. Commercial growth will be achieved by identifying new customers in existing markets, not least by demonstrating the business area's technical expertise. In addition, growth is achieved by expanding applications through

product development in-house and together with customers. Although some of the growth is expected to be organic, most of the growth will come from acquisitions and their synergies.

Large and fragmented market

The market is characterized by many small and medium-sized players operating mainly in their own geographical markets. An increased focus on sustainability is reflected in the growing demand for materials made from recycled raw materials and various types of lightweight materials. As the population ages, demand will increase for products used in healthcare, such as various types of medical devices. HEXPOL Thermoplastic Compounding has a long and proven track record of producing compounds that meet the demanding specifications used in materials that come into contact with food or people. Therefore, the potential for expansion in industries such as medical technology and food is good. The automotive industry's increasing demand for sustainable solutions is also expected to benefit the business area, as is increased demand for products used in the home, such as household appliances and electrical installations.

Strengthening own organizations

In addition to an accelerated acquisition strategy and focus on organic growth, the business area will review and strengthen its own organization so that it is ready for growth. This is mainly about strengthening integration between different geographical units and preparing for geographical expansion into new markets.

Significant growth potential for HEXPOL in a fragmented thermoplastics market

HEXPOL sees significant opportunities for long-term and profitable growth in the thermoplastics segment, based on the same strategic approach that has been successfully applied in HEXPOL Rubber Compounding. The thermoplastics market is fragmented, technologically differentiated and growing faster than GDP, creating good conditions for both organic growth and value-creating acquisitions.

The global thermoplastics market amounted to approximately SEK 250 billion in 2025 and covers a wide range of applications in virtually all industrial sectors. The market is traditionally divided into three main segments: basic plastics (77 percent), engineering plastics (17 percent) and advanced plastics (6 percent).

Base plastics are mainly used in volume applications such as packaging, toys and household goods, where price and availability are more important than advanced material properties. Engineering plastics are used in more technically demanding applications, including automotive, industrial and electrical components, where mechanical strength, heat resistance and chemical resistance are crucial.

Advanced plastics are used in applications with very high performance requirements, such as aerospace, medical implants, semiconductor manufacturing and engine components.

In the less technically demanding segments, thermoplastics are largely supplied directly from global chemical companies to component manufacturers in the form of unblended polymers. For more specialized applications, there is a value-adding step in the production chain – compounding – where the plastic material is adapted by adding fillers and chemicals to achieve specific functional properties. This business requires deep material and process expertise and close cooperation with customers, creating high barriers to entry and long-term customer relationships.

Against this background, HEXPOL believes that the company has good opportunities to gradually strengthen its market position in thermoplastics. The combination of technical know-how, customer-oriented development and an established acquisition strategy provides the conditions to consolidate a fragmented market and create sustainable shareholder value over time.

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Business Area HEXPOL Engineered Products: Profitable and leading global position in niche areas

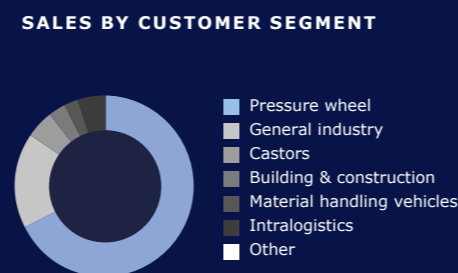
The HEXPOL Engineered Products business area has enjoyed high profitability and stable growth for many years. Unlike the other two business areas, HEXPOL Engineered Products produces finished components used directly by manufacturing industry. The offer is divided into two product areas: HEXPOL Wheels and HEXPOL Gaskets and Seals.

SALES 2025
1,527
MSEK

NUMBER OF PRODUCTION UNITS
7

ADJUSTED OPERATING MARGIN 2025
18.7%

AVERAGE NUMBER OF EMPLOYEES 2025
1,400



Full range of rubber wheels

Product area HEXPOL Wheels offers a complete range of durable wheels made of rubber, polyurethane or thermoplastic. The wheels are used for electric trucks, hand trucks and castor applications, but HEXPOL is also one of the world's largest producers of wheels for shopping carts.

The business area is at the forefront when it comes to developing wheels for the materials handling industry. A contributing factor is the availability of advanced test equipment to simulate realistic wear, load capacity and service life. HEXPOL Wheels is the only global polyurethane wheel and tire company with production units in Europe, North America, and Asia. The market for truck wheels is regionally differentiated due to differences in design, material preferences and quality standards, but HEXPOL Wheels is well positioned by virtue of its expertise and technical support. Strong growth in e-commerce is one of the drivers behind the increased demand for electric warehouse trucks and hand trucks.

Strong product offering in plate heat exchangers

Product area HEXPOL Gaskets and Seals specializes in the manufacture of gaskets for plate heat exchangers and various forms of extruded seals in advanced polymer materials. The technical content is high, and the quality requirements are high.

The composition of the rubber material, the geometric design of the gasket and tight tolerances in the manufacturing process are critical factors for the end product's performance and useful life. The rubber material is developed specifically for different applications, and the gaskets are delivered in varying sizes ranging from about 10 centimeters in length up to several meters.

HEXPOL Gaskets and Seals is today the main supplier to all major OEM manufacturers of plate heat exchangers and the largest supplier globally.

The market is growing as the demand for energy-efficient

solutions increases and as an increasing number of customers make demands for sustainable development. Production units and distribution centers are strategically well situated in Europe, Asia and North America. In Sweden research and development is conducted on new materials that can withstand higher temperatures, pressure and more aggressive media than what is currently available on the market.

Flexible production

The business area employs standardized equipment at its factories, providing flexibility and easy redistribution of production between units when needs peak or unforeseen events occur. The machinery is continuously upgraded and is typically highly automated. Considerable emphasis is placed on the control and handling of raw materials, which are purchased from certified suppliers. The production process is real-time monitored and quality controls are conducted at several phases. The production of polymer gaskets is tool-specific, with each tool creating a unique gasket type. HEXPOL produces most of the tools used in-house, which is an advantage for new projects.

Strategy for the coming years

The business area follows the strategic direction common to the whole Group. Organic growth is expected, including through the development of new sustainable solutions in both product areas. The pace of innovation is high and there is significant investment in research and development. In addition, new potential customers have been identified in the logistics and defense industries, among others. The business area has not previously worked with acquisitions to any great extent, but acquisitions in the HEXPOL Wheels product area are being considered. The in-house organization has been refined over the last ten years and there continues to be close cooperation between the different geographical units for joint development and relief during production peaks.



Corporate governance report

Good corporate governance is the basis for ensuring that HEXPOL is managed as sustainably, responsibly and effectively as possible for its shareholders. Decentralized governance with responsible decision-making is one of HEXPOL's strengths and permeates the entire organization. The role of corporate governance is to ensure that this is done in a clear, efficient, reliable and business-like manner. This in turn improves confidence in the Company on the capital market and among the public. Corporate governance is designed to support the Company's long-term strategy, market presence and competitiveness.

General

HEXPOL is a public company listed on Nasdaq Stockholm, Large Cap. The governance of the HEXPOL Group is based on Swedish legislation, primarily the Companies Act, HEXPOL's Articles of Association, the Nordic Main Market Rulebook for Issuers of Shares and the Swedish Code of Corporate Governance (the Code).

Ownership structure and share

On December 31, 2025, HEXPOL's share capital totaled SEK 68,887,369, divided into 344,436,846 shares, of which 14,765,620 of Class A with 10 votes each and 329,671,226 of Class B with one vote each. The largest individual shareholder is Melker Schörling AB, whose holding at the end of 2025 comprised a total 14,765,620 Class A shares and 70,783,430 Class B shares, corresponding to 46 percent of the votes and 25 percent of the capital in the Company. No other shareholder has a direct or

indirect holding amounting to at least 10 percent of the total number of votes in the company. For more detailed information on ownership structure and the share, see pages 136–137.

Articles of Association

HEXPOL's current Articles of Association were adopted on April 28, 2022. The Articles of Association state that the objective of the company's operations is to acquire, own and actively manage shares mainly in industrial, trading and service companies. The company is also to own and manage securities, sell services in the administrative area and pursue other operations compatible therewith.

The Articles of Association establish, among other things, the shareholders' rights, the number of directors and auditors, that the annual general meeting is to be held once a year within six months after the end of the fiscal year, how the Annual General

Meeting is to be called and that the company's Board of Directors has its registered office in Malmö Municipality. The current Articles of Association are available on the company's website.

General Shareholder Meeting

The General Shareholder Meeting is HEXPOL's highest decision-making body, which all shareholders are entitled to attend. At a General Shareholder Meeting, all shareholders have the opportunity to exert an influence over the company by exercising the votes attached to their respective shareholdings. At the Annual General Meeting (AGM), the board presents the annual report, the consolidated financial statements and the auditors' report.

HEXPOL calls the Annual General Meeting no later than four weeks prior to the Meeting. The AGM is usually held in Malmö but, according to the Articles of Association, can also be held in Stockholm and is usually held in April or May. The AGM decides, among other things, on the adoption of the income statement and balance sheet, dividends, changes to the Articles of Association, discharge from liability for the Board of Directors and the CEO, election of the Board of Directors and auditors, and the remuneration of the Board of Directors and auditors and approval of the remuneration report.

2025 Annual General Meeting

The 2025 AGM was held on April 25, 2025. The Annual General Meeting was conducted as a physical meeting but with the possibility of exercising voting rights by post before the meeting in accordance with the provisions of Chapter 7, Section 4a of the Swedish Companies Act and the company's Articles of Association. At the AGM, shareholders in attendance represented approximately 65 percent of the total voting rights. The Chairman of the Board, Alf Göransson, was elected Chairman of the meeting. At the Meeting the Income Statement and Balance Sheet and the consolidated Income Statement and Balance Sheet, were adopted.

The AGM approved the board's proposal for a dividend of

SEK 4.20 per share for the financial year 2024. Alf Göransson, Jan-Anders E. Månson, Malin Persson, Märta Schörling Andreen, Kerstin Lindell, Nils-Johan Andersson and Henrik Elmin were re-elected as ordinary board members.

Alf Göransson was re-elected as Chairman of the Board. The meeting approved the Board's remuneration report for 2024.

Annual General Meeting 2026

HEXPOL's 2026 Annual General Meeting will be held on May 4, 2026, in Malmö. For information about the AGM, refer to page 138 and the company's website <https://investors.hexpol.com/en/corporate-governance/annual-general-meeting>.

Nominating Committee

HEXPOL's AGM determines the composition of the company's Nomination Committee. The Nomination Committee's task is to submit proposals regarding the Chairman of the AGM, the Chairman and other members of the board, as well as in respect of the fees and other remuneration for board assignments to each of the board members. The Nomination Committee is also to submit proposals regarding the election and fees to be paid to auditors.

In the nomination process in preparation for the 2025 Annual General Meeting, the Nomination Committee applied Rule 4.1 of the Code on Diversity Policy in preparing its proposals for the board. The Nomination Committee concluded that the Board of HEXPOL has an appropriate composition.

At the 2025 Annual General Meeting, it was decided that HEXPOL shall have a Nomination Committee consisting of four members representing the largest shareholders in terms of votes and that Mikael Ekdahl representing Melker Schörling AB (Chairman), Jesper Wilgodt representing Alecta Pensionsförsäkring and the newly elected Robin Nestor representing Lannebo Kapitalförvaltning and Martin Nilsson representing Första AP-Fonden shall be members of the Nomination Committee for the 2026 Annual General Meeting.

In the event that a shareholder represented by one of the



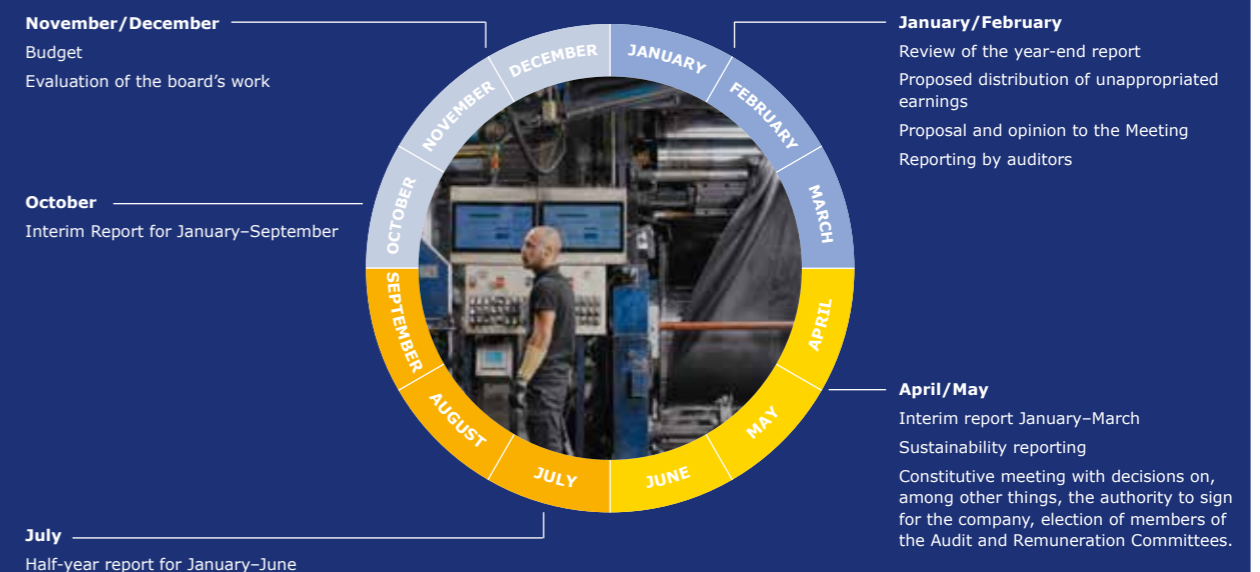
Key external regulations

- Swedish Companies Act
- NASDAQ Stockholm rules
- Swedish Corporate Governance Code (the Code)
- Accounting rules

Key internal regulations

- The articles of association
- Rules of procedure of the Board of Directors and instructions to the CEO
- Guidelines for remuneration of senior executives
- Various policy documents and instructions (e.g., Group code of conduct, financial policy and internal governance documents).

Work of the Board of Directors in 2025



nomination committee members is no longer among the largest shareholders in HEXPOL, or if a member of the committee is no longer employed by such a shareholder or for any other reason leaves the committee prior to the 2026 AGM, the committee is entitled to appoint another representative from among the major shareholders to replace such a member.

During the year, the Nomination Committee held three minuted meetings. The Committee discussed the desired changes and decided on proposals to be submitted ahead of the 2026 AGM.

The Board of Directors and its work

Composition of the board and independence

According to the Articles of Association, HEXPOL's Board is to consist of at least five and no more than ten members, with no more than two deputies. HEXPOL's Articles of Association do not contain any provisions on the appointment or dismissal of directors or on the amendment of the Articles of Association. The Board is elected annually at the AGM for the period up until the next AGM. HEXPOL's AGM on April 25, 2025, resolved to elect a board consisting of, Alf Göransson (Chairman), Malin Persson, Jan-Anders E. Månson, Märta Schörling Andreen, Kerstin Lindell, Nils-Johan Andersson and Henrik Elmin. The board was elected for the period up until the 2026 AGM.

HEXPOL's CEO and HEXPOL's Deputy CEO and CFO participate in board meetings. On request, other HEXPOL employees attend board meetings to present certain specific matters.

The board's assessment of its members' independence in relation to the company, its management and major shareholders, which is shared with that of the Nomination Committee, is presented on page 38. According to the requirements presented in the Code, the majority of the board members elected by the AGM is to be independent in relation to the company and its management, and at least two of the board members are also to be independent in relation to the company's major shareholders. As stated on page 38, HEXPOL meets these requirements. Members can be reached at the address of HEXPOL's head office.

Responsibilities of the Board of Directors

The board is responsible for determining the Group's overall targets, developing and monitoring the general strategy decisions on major acquisitions, divestments and investments and ongoing monitoring of operations during the year. In addition, the Board of Directors is responsible for the ongoing evaluation of the company's management, for there being effective systems for monitoring and internal control of the company's operations and financial position and for the organization and management of the Group in accordance with the Companies Act. The board also appoints the President and CEO, the Audit Committee and Remuneration Committee, as well as deciding on matters involving the salary and other remuneration of the President and CEO.

The activities of the board and division of responsibility between the board and executive management are governed by the board's work procedures. Work procedures include instructions for the President and CEO in respect of financial reporting as well as instructions for the Audit Committee and Remuneration Committee. These are reviewed and set annually.

Evaluation of the board's work

Evaluation of the Board's work, including its committees, is conducted annually. The evaluation covers the board's work processes, expertise and composition, including board members' backgrounds, experience and diversity among other things.

The evaluation is coordinated by the Chairman of the Board. In 2025, the Chairman conducted a written questionnaire-based survey of all board members. The results of the evaluation have been reported and discussed by the board and the Nomination Committee.

Board committees

The board has established two committees from among its members: the Audit Committee and the Remuneration Committee. The board's Audit Committee, which is a preparatory function in the contact between the board and auditors, follows a written instruction and through its operations has to meet the requirements of the Companies Act and the EU Audit Regulation.

The Audit Committee's tasks include, among other things, assisting the Nomination Committee in preparing the proposal of auditors and auditing fees to the General Shareholder Meeting, where the Committee has to monitor that the auditor's mandate does not exceed the applicable rules, procure audit services and submit a recommendation in accordance with the EU Audit Regulation.

The Committee also has to review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than auditing. The committee is also to issue guidelines for services other than auditing provided by auditors and when appropriate to approve such services in accordance with the issued guidelines. The committee is to participate in the planning of the audit work and related reporting and regularly consult and discuss with the external auditors to keep informed about the direction and scope of the audit. The committee is also to review and monitor the Group's financial statements, the work of the external auditors, the company's internal control system, the current risk profile and the company's financial information. The committee's tasks also include making recommendations and suggestions to ensure the reliability of financial reporting as well as other issues the board instructs the committee to prepare. The committee is also tasked with reviewing and monitoring the Group's sustainable development activities.

The Audit Committee has to meet regularly with HEXPOL's auditors and report back to the board. The committee does not, except as expressly stated in the board's adopted written instructions for the Audit Committee, have authority to make any decisions on behalf of the board. The board appoints the members of HEXPOL's Audit Committee annually. At least one member has to possess accounting or auditing qualifications, and all the committee members must be familiar with economic and financial issues, as well as sustainability issues. In 2025, the Audit Committee consisted of Nils-Johan Andersson (Chairman), Malin Persson and Märta Schörling Andreen. The committee held four meetings with recorded minutes during the period. All committee members attended all minuted meetings.

The task of the board's Remuneration Committee is to deal with matters involving remuneration guidelines, wages, bonus payments, warrants, pensions and other forms of pay for the Group management. The Remuneration Committee may also address issues related to other management levels, should the board so decide, as well as other similar issues that the board instructs the committee to prepare. The committee has no authority to make decisions, but instead presents its findings and proposals to the board for a decision. The board appoints the members of HEXPOL's Remuneration Committee annually.

During 2025, the Remuneration Committee consisted of

Alf Göransson (Chairman) and Märta Schörling Andreen. The Remuneration Committee held two minuted meeting during the year, attended by both of the members.

Board activities in 2025

During the year, the board held a total of thirteen board meetings, one of which was the statutory meeting. At the meetings, HEXPOL's CEO reported on the market position and financial position as well as significant events that affected the company's operations. The board has also, among other things, addressed questions related to the company strategy, investments, interim reports, the annual report, sustainability work, acquisitions and the auditors' report on the audit work. In 2025, all the members of the Board elected by the Annual General Meeting were present at all Board meetings, except for two meetings where one member was unable to attend and one meeting where two members were unable to attend.

Auditors

The auditors are elected at the AGM and, on behalf of the shareholders, are responsible for reviewing the Annual Report and accounting records, as well as the administration by the board and CEO. HEXPOL's auditors normally attend at least one board meeting annually, at which they report their findings from the Group's internal control procedures and the annual financial statements. The auditors also report to and meet the Audit Committee. In addition, the auditors participate in the AGM to present the auditors' report, which describes the audit conducted and the findings made.

At the 2025 Annual General Meeting, authorized public accountants Joakim Falck and Karoline Tedevall, employees of Ernst & Young AB, were elected as the company's auditors for a term of one year extending until the end of the ensuing Annual General Meeting. During the year, Joakim Falck was replaced by deputy auditor Peter Gunnarsson. The auditors for the subsequent term will be elected at the 2026 AGM.



Karoline Tedevall

Ernst & Young AB
Authorized Public Accountant and
member of the Swedish institute of
the accountancy profession, FAR

Born: 1978

Nationality: Swedish

Other assignments: Nolato AB, Arjo AB
and Tetra Pak AB



Peter Gunnarsson

Ernst & Young AB
Authorized Public Accountant and
member of the Swedish institute of
the accountancy profession, FAR

Born: 1972

Nationality: Swedish

Other assignments: BE Group AB, Metso
Sweden AB, QlikTech International AB

Internal audit

Under the Code, the board is to annually evaluate the need for a separate audit function (internal audit) to ensure that established principles for financial reporting and internal control are followed and that the company's financial statements are prepared in accordance with the law, applicable accounting standards and other requirements for listed companies. The board has assessed with regard to HEXPOL's work and

procedures for internal control that there is no need for a special review function. The issue of a special audit function will be re-examined in 2026.

CEO and Group Management

The President and CEO is responsible for leading and controlling HEXPOL's operations pursuant to the Swedish Companies Act, other legislation and ordinances, applicable rules for listed companies, including the Code, the company's Articles of Association and the instructions and strategies established by the board. The CEO is to ensure that the board receives objective, detailed and relevant information required to enable the board to make well-founded decisions. In addition, the CEO is responsible for keeping the board informed of the company's development between board meetings. The President and CEO has appointed a Group Management consisting of the CFO, the head of M&A and strategy and the company's business and product area managers.

Group Management has overriding responsibility for the Group's operations and the allocation of financial resources among business operations and for the financing and capital structure. Regular Group Management and Steering Committee meetings serve as the forum for the implementation of the Group Management's overall governance down to each business and product area and, in turn, down to the subsidiary level. The organization is structured to facilitate short and prompt decision-making processes, with clear, decentralized responsibility. Group Management is presented on page 39, in terms of descriptions of their period of employment at HEXPOL, educational background, year of birth, shareholding, etc.

Information on pay

For information on fees, salaries and wages, pensions and other benefits for the Board, CEO and other senior executives, refer to Note 4 on pages 108–109.

Financial reporting

HEXPOL provides continuous market information concerning the company's progress and financial position.

HEXPOL aims to be open, factual and provide a high degree of service in terms of financial reporting in an effort to build market confidence in the company and enhance interest in the HEXPOL share among current and potential investors. HEXPOL has a communication policy, whose aims include ensuring that the Group fulfils the requirements concerning information disclosure to the stock market.

HEXPOL's financial and other communication activities must always comply with the EU Market Abuse Regulation, Nasdaq Stockholm Exchange's regulations, generally acceptable behavior in the stock market and other relevant regulations and legal obligations to which HEXPOL may be subject. Communication should also be designed to ensure consistency of action within the company and that the company, employees and businesses act in the same way when they receive the information. The policy establishes the distribution of responsibility for information matters and stipulates who may represent the company as a spokesperson. The policy also includes procedures for interim reports, Annual Reports, Annual General Meetings, press releases, meetings with investors and the company's website. The company's current communication policy is reviewed annually and revised as necessary.

Internal control of financial reporting

The internal control of financial reporting is part of the overall internal control within HEXPOL and is a central component of the Group's corporate governance. The main objectives are that internal control is effective and efficient, produces reliable reports and complies with laws and regulations.

According to the Swedish Companies Act and the Code, the Board of Directors is responsible for internal control. The Annual Accounts Act stipulates that the Corporate Governance Report must contain information concerning the principal aspects of the company's internal control and risk management systems in conjunction with the financial reporting. Internal control and risk management in terms of financial reporting is a process that involves HEXPOL's Board, corporate management and personnel. The process has been designed so that it provides reasonable assurance of the reliability of external reporting. According to a generally accepted framework that has been established for this purpose, the most important aspects of HEXPOL's internal control and risk management systems are described below from different perspectives.

Control environment

HEXPOL's organization is designed to facilitate rapid decision making. Operational decisions are therefore made at the business area, product area or subsidiary level, while decisions on strategies, acquisitions and divestments, as well as on overarching financial matters, are made by the company's Board of Directors and Group Management. The organization is characterized by well-defined allocation of responsibility and well-functioning and well-established governance and control systems, which apply to all HEXPOL units. The basis for the internal controls and risk management pertaining to financial reporting comprises an overall control environment in which the organization, decision-making paths, authorities and responsibilities have been documented and communicated in control documents, such as in HEXPOL's finance policy and financial reporting instructions and in accordance with the authorization arrangements established by the CEO. HEXPOL's financial control functions are integrated by means of a Group-wide reporting system. All of HEXPOL's subsidiaries report

complete financial statements on a monthly basis. This reporting provides the basis for the Group's consolidated financial reporting. Each legal entity has a controller responsible for the financial control and for ensuring that the financial reports are correct, complete and delivered in time for consolidated financial reporting.

The Group's financial control unit engages in close and well-functioning cooperation with the subsidiaries' controllers in terms of the financial statements and the reporting process. The board monitors the company's assessment of the internal control through the work conducted by the Audit Committee, for example. This work includes an ongoing review of the matters deemed to affect financial management. The board also maintains direct contacts with the company's auditors to safeguard the internal control.

Risk management

The significant risks affecting the internal control of financial reporting are identified and managed at Group, business area, subsidiary and unit level. Within the board, the Audit Committee is responsible for ensuring that significant financial risks and the risk of error in financial reporting are identified and managed in a manner that ensures correct financial reporting. This is achieved by continuously monitoring the areas considered critical for the company and its operations. Special priority has been assigned to identifying processes that, relatively speaking, give rise to a higher risk of significant error due to the complexity of the process or of the contexts in which major values are involved.

Control activities

The risks identified with respect to the financial reporting are managed via the company's control activities. The control activities are designed to prevent, uncover and rectify errors and deviations. Their management is conducted by means of manual controls in the form of, for example, reconciliations and audits and automatic controls using IT systems. Detailed analyses of

Information including the following can be found on the company's website: www.hexpol.com:

- Articles of Association
- Code of Conduct (Materializing Our Values)
- Previous years' Corporate Governance Reports, commencing 2008
- Previous years' Sustainability Reports
- Information from HEXPOL's Annual General Meetings, commencing 2008 (notices, minutes, CEO's statements and communiqués)
- Information on members of the board, CEO and auditor
- Information on Nomination Committee and the company's instructions to the Nomination Committee
- Information on principles of remuneration of senior executives
- Remuneration Report
- Information in preparation for the 2026 Annual General Meeting



financial results and follow-ups in relation to budget and forecasts supplement the business-specific controls and provide general confirmation of the quality of financial reporting.

Information and communication

To ensure the completeness and correctness of financial reporting, the Group has formulated information and communication guidelines designed to ensure that relevant and significant information is exchanged within the business, in the particular unit and to and from management and the board. Guidelines, handbooks and job descriptions pertaining to the financial process are communicated between management and personnel and are accessible electronically and/or in print. Via the Audit Committee, the board receives regular feedback in respect of the internal control process.

To ensure that the external communication of information is correct and complete, HEXPOL complies with a board-approved communication policy that stipulates what may be communicated, by whom and in what manner.

Follow-up

The efficiency of the process for risk assessment and the implementation of control activities are followed up continuously. The follow-up pertains to both formal and informal procedures used by the officers responsible at each level. The procedures incorporate the follow-up of financial results in relation to budget and plans, analyses and key performance indicators. The board obtains ongoing reports on the Group's financial position and performance. At each scheduled board meeting, the Group's financial position is addressed and, on a monthly basis, management analyzes the company's financial reporting at a detailed level. The Audit Committee follows up the financial reporting at its meetings and receives reports from the auditors describing their findings.

Auditor's opinion on the corporate governance report

To the general meeting of the shareholders of HEXPOL AB (publ), corporate reg. no. 556108-9631

Engagement and responsibilities

The Board of Directors is responsible for the 2025 corporate governance statement on pages 32–37 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Focus and scope of the audit

Our audit was conducted in accordance with FAR recommendation RevR 16 The Auditor's Examination of the Corporate Governance Statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

A corporate governance statement has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2–6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same Act are consistent with the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö, April 9, 2026

Peter Gunnarsson
Authorized Public Accountant

Karoline Tedevall
Authorized Public Accountant

Board of Directors



Alf Göransson

Chairman
Elected: 2007
Born: 1957
Committee: Chairman Remuneration Committee

Nationality: Swedish
Training: International B.Sc. (Econ.)
Other assignments: Chairman of the Board of NCC AB and Axfast AB. Member of the board of Loomis AB, Sweco AB, Melker Schörling AB, Anticimex AB and Sandberg Development Group.

Independent in relation to the company and management: Yes
Independent in relation to major shareholders: No
Own holding and holdings of related parties: 10,000 Class B shares
Meeting attendance 2025: 100%



Malin Persson

Member
Elected: 2007
Born: 1968
Committee: Audit Committee

Nationality: Swedish
Training: M.S. (Eng.)
Other assignments: Member of the boards of Peab AB, Getinge AB and Absolent Group AB, among others.

Independent in relation to the company and management: Yes
Independent in relation to major shareholders: Yes
Own holding and holdings of related parties: 7,500 Class B shares
Meeting attendance 2025: 100%



Jan-Anders E. Månson

Member
Elected: 2008
Born: 1952
Committee: –

Nationality: Swedish
Training: M.S. (Eng.) and Ph.D.
Other assignments: Distinguished Professor at Purdue University, Exec. Dir. Manufacturing Design Lab (MDLab), Exec. Dir. Ray Ewry Sports Engineering Center (RESEC) and member of the board of EELCEE Ltd.

Independent in relation to the company and management: Yes
Independent in relation to major shareholders: Yes
Own holding and holdings of related parties: –
Meeting attendance 2025: 92%



Märta Schörling Andreen

Member
Elected: 2014
Born: 1984
Committee: Audit Committee and Remuneration Committee

Nationality: Swedish
Training: B.Sc. (Econ)
Other assignments: Vice-chairman of the board of Melker Schörling AB and member of the boards of Hexagon AB, Absolent Group and AAK AB.

Independent in relation to the company and management: Yes
Independent in relation to major shareholders: No
Own holding and holdings of related parties: 14,765,620 Class A shares and 70,783,430 Class B shares through Melker Schörling AB
Meeting attendance 2025: 92%



Kerstin Lindell

Member
Elected: 2016
Born: 1967
Committee: –

Nationality: Swedish
Training: M. Sc. (Eng.), Tech. Lic., B.Sc. (Econ.) and honorary doctor LTH
Other assignments: Chairman of the board of Bona AB and of the Chamber of Commerce and Industry of Southern Sweden. Member of the boards of companies including Peab AB, Indutrade AB and Inwido AB.

Independent in relation to the company and management: Yes
Independent in relation to major shareholders: Yes
Own holding and holdings of related parties: 5,000 Class B shares
Meeting attendance 2025: 100%



Nils-Johan Andersson

Member
Elected: 2023
Born: 1962
Committee: Chairman Audit Committee

Nationality: Swedish
Training: B.Sc. (Econ)
Other assignments: CEO of Melker Schörling AB and board member of AAK AB, Absolent Group AB and Greenbridge.

Independent in relation to the company and management: Yes
Independent in relation to major shareholders: No
Own holding and holdings of related parties: 2,000 Class B shares
Meeting attendance 2025: 92%



Henrik Elmin

Member
Elected: 2023
Born: 1970
Committee: –

Nationality: Swedish
Training: M. Sc. (Eng.) and MBA
Other assignments: Head of the Industrial Technology business area at Atlas Copco.

Independent in relation to the company and management: Yes
Independent in relation to major shareholders: Yes
Own holding and holdings of related parties: 5,000 Class B shares
Meeting attendance 2025: 92%

Group Management



Klas Dahlberg

President and CEO
Year employed: 2024
Born: 1964

Nationality: Swedish
Training: M.S. (Eng.)
Other assignments: –
Own holding and holdings of related parties: 45,000 Class B shares

Experience: 30-year international career within the Scania Group, including responsibility for the Buses & Coaches division. Lived and worked in Germany for many years. Business Area Manager for NIBE Climate Solutions during 2018–2024.



Peter Rosén

CFO, Deputy CEO and IR Manager
Year employed: 2019
Born: 1968

Nationality: Swedish
Training: B.Sc. (Econ)
Other assignments: Board member of Novotek AB
Own holding and holdings of related parties: 17,000 Class B shares

Experience: Around 30 years of experience in international companies in various sectors, such as consumer goods, banking and industrial companies. CFO of listed companies for the last 15 years.



Magnus Berglund

Senior Vice President, Strategy, M&A
Year employed: 2008
Born: 1971

Nationality: Swedish
Training: M.A. (Econ.) and B.Sc. (Eng.)
Other assignments: –
Own holding and holdings of related parties: 17,000 Class B shares



Jan Wikström

President HEXPOL Thermoplastic Compounding, HEXPOL Wheels and HEXPOL Gaskets and Seals
Year employed: 2008
Born: 1972

Nationality: Swedish
Education: M.S. (Eng.)
Other assignments: –
Own holding and holdings of related parties: 500,000 Class B shares



Ralph Wolkener

President HEXPOL Compounding Europe/Asia,
Year employed: 1997
Born: 1971

Nationality: Belgian
Education: B.Sc. (Econ)
Other assignments: –
Own holding and holdings of related parties: 40,000 Class B shares



Carsten Rüter

President HEXPOL Compounding Europe/Asia, HEXPOL Compounding Purchasing/Technology
Year employed: 1997
Born: 1971

Nationality: German
Education: M.S. (Eng.)
Other assignments: –
Own holding and holdings of related parties: 50,000 Class B shares



Ken Bloom

Acting President HEXPOL Compounding Americas
Year employed: 2020-2022, 2025
Born: 1963

Nationality: American
Education: Bachelor of Engineering and MBA in Finance
Other assignments: –
Own holding and holdings of related parties: –

Directors' report

The Board of Directors and the President of HEXPOL AB (publ.), registered in Malmö, Sweden, hereby present the annual report and consolidated financial statements for the fiscal year 2025. The following income statements and balance sheets, statements of changes in shareholders' equity, cash flow statements, statements of comprehensive income and the presentation of the applied accounting policies and notes comprise HEXPOL's formal financial reporting.

Owners and legal 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 15,571 shareholders on December 31, 2025. 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 74 percent of the capital and 81 percent of the voting rights.

Operations and structure

HEXPOL is a world leading polymer group, with strong global market positions in advanced polymer compounds (Compounding), gaskets for plate heat exchangers (Gaskets and Seals) and wheels made of polymer materials for fork-lifts and castor wheel applications (Wheels). Customers are primarily system suppliers to the global automotive and engineering industry, the building and construction and civil engineering sector, the transport sector, the energy sector, the consumer sector, the cable and wire industry, medical equipment manufacturers and manufacturers of plate heat exchangers, forklifts and castor wheels. In 2025, the Group was organized in two business areas: HEXPOL Compounding and HEXPOL Engineered Products, and had 4,910 employees in 14 countries at the end of the year.

FISCAL YEAR 2025

Sales and operating profit

The HEXPOL Group's sales during the year amounted to MSEK 19,324 (20,437), including negative currency effects of MSEK 1,051. Besides the currency effects, sales were positively impacted, 4 percent, by acquisitions.

Sales in Asia increased by 1 percent. In the Americas, sales were down 10 percent, while in Europe sales were flat, both compared to the previous year.

Operating profit totaled MSEK 2,791 (3,172), and the operating margin totaled 14.4 percent (15.5). Over the year, exchange rate fluctuations had a negative impact of MSEK 160 on operating profit.

The HEXPOL Compounding business area's sales during the year totaled MSEK 17,797 (18,921). Operating profit decreased by 14 percent and amounted to MSEK 2,505 (2,907), and the operating margin amounted to 14.1 percent (15.4).

Business area HEXPOL Engineered Products' sales increased by 1 percent during the year to total MSEK 1,527 (1,516).

Operating profit totaled MSEK 286 (265), corresponding to an increase of 8 percent, and the operating margin was 18.7 percent (17.5).

For significant events in 2025, please see page 6, and for the ten-year financial overview, please see page 132.

Financial income and expenses

Consolidated net financial items amounted to MSEK -138 (-171), including interest costs and exchange-rate gains and losses.

Tax expenses

The consolidated tax expense amounted to MSEK 710 (781), corresponding to a tax rate of 26.7 percent (26.0).

Profit for the year

Profit before tax for the year amounted to MSEK 2,653 (3,001). Profit after tax totaled MSEK 1,943 (2,220), and earnings per share were SEK 5.64 (6.45). Profit after tax includes items affecting comparability of MSEK 0 (-88).

Investments, depreciation and amortization

The Group's investments amounted to MSEK 554 (610) during the year. For the same period, depreciation and impairment amounted to MSEK 573 (588), of which MSEK 86 (88) relates to leased assets under IFRS 16.

Profitability

Return on capital employed totaled 14.7 percent (16.9). The return on shareholders' equity amounted to 13.6 percent (14.5).

Cash flow

Operating cash flow totaled to MSEK 2,799 (3,012). Cash flow from operating activities amounted to MSEK 2,318 (2,696).

Financial position

The equity/assets ratio amounted to 61 percent (64). The Group's total assets amounted to 22,961 MSEK (24,884). Net debt amounted to MSEK 3,184 (2,235). HEXPOL has implemented the dividend decided at the Annual General Meeting, held on April 25, 2025, of MSEK 1,447 (2,067), corresponding to a dividend of SEK 4.20 per share.

The Group has the following major credit agreements with Nordic banks as of December 31, 2025:

- A credit agreement with a limit of MSEK 1,100 that falls due in January 2027.
- A credit agreement with a limit of MSEK 1,000 that falls due in May 2028.
- A credit agreement with a limit of MEUR 150 that falls due in May 2028.
- A credit agreement with a limit of MSEK 1,500 that falls due in July 2028.

The Group uses commercial papers as part of its financing, and as at December 31, these totaled MSEK 3,906 (2,989). See Note 15 for further information.

Goodwill value is tested at least once annually. Such testing was performed at year-end and did not reveal any need for impairment (see also Note 9). On December 31, 2025, consolidated goodwill and intangible assets totaled MSEK 13,038 (14,284).

Financial targets

At the end of 2025, the Group had the following financial targets:

- Each year, the equity/assets ratio should exceed 30 percent.

Yearly average over a business cycle:

- Sales growth (adjusted for exchange rate effects) should exceed 10 percent.
- The operating margin (adjusted for items affecting comparability) should exceed 17 percent.

Principles for remuneration of senior executives

The current guidelines for remuneration to the CEO and other senior executives were adopted at the 2022 AGM, where it was decided as follows: Other senior executives are defined as members of Group Management. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting. These guidelines do not apply to any remuneration decided by the General Meeting.

A prerequisite for the successful implementation of the company's vision, business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to attract and retain qualified senior executives. To this end, it is necessary that the company offers competitive pay on market terms. These guidelines enable the company to offer senior executives competitive total remuneration. Further information about HEXPOL's vision and business strategy can be found on HEXPOL's website, www.hexpol.com.

The total remuneration of senior executives should be on market terms and consist of fixed cash salary, variable remuneration, other benefits and pension. Additionally, the General Meeting may – irrespective of these guidelines – resolve on, for example, share-related or share price-related incentive programs.

The fixed remuneration for senior executives in HEXPOL should be adapted to the market and competitive. It should be based on the areas of responsibility, authority, skills and experience of the individual senior executive.

In addition to a fixed annual salary, senior executives should also be able to receive variable remuneration. The criteria for this remuneration should be designed to foster the company's vision, business strategy and long-term interests, including its sustainability. The criteria applied are based on earnings, earnings per share and working capital. The company's sustainability work also includes an environmental target for CO₂ emissions to be reduced in relation to targets set by the board. The variable remuneration comprises three parts. The first of these parts, annual variable cash remuneration, will be linked to individualized predetermined and measurable criteria. The variable cash remuneration will be based on earnings and working capital. The second part, cash remuneration in accordance with the company's long-term cash-based incentive program (LTI) will be based on improved earnings per share. The third part will be based on a reduction in CO₂ emissions.

For cash remuneration in accordance with LTI, payment of the remuneration will be made with half in the second year after the end of the measurement period and with the remaining half in the third year after the end of the measurement period. The design of the criteria for variable cash remuneration and the terms for payment contributes to the company's vision and business strategy, as well as to its long-term interests and sustainability.

The extent to which the criteria for awarding variable cash remuneration have been satisfied should be determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation so far as it concerns variable cash remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation will be based on the latest financial information made public by the company.

It should be possible for the satisfaction of criteria for awarding variable cash remuneration to be measured over a period of one year. The variable cash remuneration is capped and will constitute a maximum of 140 percent of the fixed annual cash salary, of which 80 percent is attributable to annual cash remuneration, 50 percent is attributable to LTI and 10 percent is attributable to the fulfilment of environmental targets regarding reduced CO₂ emissions.

For senior executives, pension benefits are to be paid not earlier than from the age of 60 years. For the CEO, pension benefits, including health insurance should either be benefit or contribution-based, or a combination of both. A prerequisite for variable cash remuneration is that it should not qualify for pension benefits. Variable cash remuneration should qualify for pension benefits only to the extent required by mandatory collective agreement provisions applicable to the executive. For other senior executives, pension benefits, including health insurance, will either be benefit or contribution-based, or a combination of the two. The pension contributions for defined-contribution pension are to amount to not more than 45 percent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance and company cars. Premiums and other costs relating to such benefits may amount to not more than 10 percent of the fixed annual cash salary. In relation to employments governed by rules other than Swedish, due adjustments may be

made for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

The notice period will normally be six months on the part of the employee, without the right to severance pay. Between the company and the CEO, the CEO is entitled to a notice period of six months. On notice of termination by the company, a notice period of 24 months is to apply. For other senior executives, the notice period will normally be 12 months on the part of the company. Fixed cash salary during the period of notice and severance pay may normally together not exceed an amount equivalent to the fixed cash salary for two years for the CEO, and the fixed cash salary for one year for other senior executives.

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for senior executives of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The Board of Directors has established a Remuneration Committee. Remuneration to the CEO and other senior executives is to be prepared by the Remuneration Committee and resolved by the Board of Directors based on the proposal of the Remuneration Committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors is to prepare a proposal for new guidelines at least every fourth year and submit it to the General Meeting. The guidelines are to be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee is also to monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustain-

ability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters.

The Board will propose to the 2026 Annual General Meeting some changes to the Principles for remuneration of senior executives. In relation to the guidelines for remuneration to senior executives adopted on the AGM 2022, the Board now propose that the guidelines also include organic growth as one of the criteria applied for variable remuneration. For cash remuneration under LTI, the terms now stipulate that payment of the remuneration shall be made the third year after the measurement period has ended (instead of half in the second year after the measurement period has ended and the remaining half in the third year after the measurement period has ended). In addition, the cap for variable cash remuneration has been raised to 145 per cent and the pension premiums for premium defined pension has been reduced to a maximum of 35 per cent of the fixed annual cash salary.

Research and development

HEXPOL's research and development expenditure over the year totaled MSEK 148 (136), mainly comprising development expenses in close collaboration with customers. The Group has currently no significant research expenditure that meets the criteria for capitalization.

Events after the reporting period

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

Proposed distribution of unappropriated earnings

The Board of Directors proposes that earnings be allocated as follows: To distribute to the shareholders in cash 4.20 SEK per share.

TSEK	
Total dividend from profit brought forward	1,446,635
To be carried forward	3,972,270
Total unrestricted funds	5,418,905

Risks and risk management

HEXPOL is a global player, which leads to many business opportunities while exposing us to a number of risks. The risks may have a greater or lesser impact on the Group. They are mainly defined as various factors that may affect our ability to achieve the objectives set for the Group. Risks, both financial and sustainability-related, that are properly managed can lead to opportunities and create value, while risks that are not properly managed can lead to damage and loss to the business. HEXPOL's ability to manage different risks is crucial to our success and the achievement of our objectives.

Our strategic planning includes defining possible risks, as well as opportunities, in our operations, assessing their likelihood, possible consequences and how to minimize the negative impact on the Group.

Market risk management

Risk	Description	Risk management
Cyclical sensitivity	The Group is involved in worldwide operations that are primarily geared toward the market for polymer compounds, gaskets for plate heat exchangers and wheels for the forklift industry. These markets, and thus also HEXPOL, depend on both the general economic trend and the political situation in the world and conditions that are unique to certain countries or regions in which HEXPOL or HEXPOL's customers produce or sell their products. As is the case for nearly all business operations, the general economic climate affects volumes among HEXPOL's existing and potential customers. Accordingly, a weak economic trend throughout or in parts of the world could lead to lower-than-expected market growth. Developments in HEXPOL's customer segments constitute one of the principal risks related to the business environment. This results in stringent demands in terms of understanding the current and future demands, requirements and wishes of both direct and end-customers.	HEXPOL's operations are widely spread geographically, with a broad global customer base within numerous market segments, providing a favorable risk diversification. Possible negative effects of a downturn in one market can therefore be partially offset by increased sales in another market. HEXPOL has flexible production that can adapt to changed customer requirements.
Competition and price pressure	HEXPOL's operations are conducted in sectors subject to competition and are thus affected by, for example, severe price pressure, which, in turn, drives demand for cost-efficient solutions. Through improvements to their technology and production expertise, competing companies may begin to produce at low cost and thus increase competition with HEXPOL's products. HEXPOL's future competitive capacity is dependent on its ability to utilize the Group's leading-edge expertise in polymer compounds and rubber and plastic products and to transform this into attractive products and customized solutions at a competitive price. Increased competition and price pressure in the markets in which HEXPOL is active could have an adverse impact on the Group's operations.	Focusing on product development is one of HEXPOL's operational strategies to maintain long-term profitability and sustainable competitiveness. The Group possesses in-depth and wide-ranging polymer and applications expertise. Most of the plants are relatively new and well-invested with a high level of technology. Overall, approximately 5 percent of HEXPOL Compounding's employees are engaged in development work, and many of them are highly qualified engineers.
Acquisitions and integration	HEXPOL works on the basis of an active acquisition strategy, which has resulted in a series of successful acquisitions. Strategic acquisitions will also be a part of the growth strategy in the future. However, it cannot be guaranteed that HEXPOL will be able to find suitable acquisition targets; nor can it be guaranteed that the necessary financing for future acquisition targets can be obtained on terms that are acceptable to the Group. This could result in reduced or declining growth for HEXPOL. The completion of acquisitions also entails risks. In addition to the company-specific risks, the acquired company's relations with customers, suppliers and key individuals could be adversely affected. There is also a risk that integration processes could prove more costly or take more time than estimated and that anticipated synergies in full or in part will fail to materialize.	HEXPOL evaluates a large number of companies to find acquisitions that can strengthen the Group's product portfolio or geographic position, and that supports the Group's strategic plan. An analysis of the entire company, known as due diligence, is done to assess any potential risks before a decision is taken. HEXPOL has a strong balance sheet, providing a financial platform for future acquisitions. Based on extensive experience of acquisitions and integrations of these, combined with clear strategies and objectives, HEXPOL has good potential to successfully continue the active acquisition strategy.
Supply chain disruptions	The supply chain has continued to be in greater focus in 2025, as a result of global supply disruptions and supply impacts due to, e.g., external uncertainties and geopolitical concerns.	HEXPOL has well-established tools that ensure parallel supply and evaluates and balances purchases between local and global suppliers, limiting disruptions.
Global crises	HEXPOL's global operations entail a risk that the company may be affected by events around the world outside its direct control, for example in the event of a global pandemic or changed geopolitical situations. Exercising contractual rights and enforcing contractual obligations can be difficult in global crises.	Monitoring events around the world is high on the agenda of both the management and the board in order to be able to respond quickly to situations that could have a significant impact on HEXPOL. HEXPOL does not have any business connections affected by the war in Ukraine. The unrest in the Middle East may have an impact on raw material supplies and prices.

Strategic and operational risk management

Risk	Description	Risk management
Customers	HEXPOL conducts operations in a large number of geographic markets and offers products to a considerable number of customer categories. One major customer group comprises system suppliers to the automotive industry. A decline or weak trend in the automotive industry could have a negative impact on HEXPOL's operations. This customer group could thus entail certain risks for HEXPOL. If HEXPOL's customers fail to fulfil their obligations, or drastically reduce or cease their operations, the Group's operations could be adversely impacted.	HEXPOL has a favorable risk diversification in terms of geographic areas and customer groups. No single customer accounts for more than 10 percent of Group sales.
Products	If HEXPOL's products do not meet customer requirements, complaints and recalls may occur.	HEXPOL uses quality systems to ensure that the product complies with specified requirements.
Suppliers	HEXPOL's products consist of many different raw materials from several different suppliers. To be able to manufacture, sell and deliver products, HEXPOL depends on externally supplied goods meeting agreed requirements with respect to factors such as quantity, quality and delivery time.	HEXPOL has a favorable risk diversification in terms of suppliers and the Group is not, to any significant extent, dependent on any single supplier.
Key individuals	If key individuals leave and successors cannot be recruited or if HEXPOL is unable to attract qualified personnel, this could have a negative impact on the Group's operations.	HEXPOL's future success largely depends on its ability to recruit, retain and develop the Group's employees. HEXPOL strives to be an attractive employer and encourages internal recruitment.
Production disruptions	Damage to production facilities caused, for example, by fire, flood, mechanical damage, natural disaster, can lead to interruption of business and affect customer deliveries.	HEXPOL has many units, which provides some flexibility in terms of supporting production. HEXPOL works regularly on risk prevention.
Raw materials	HEXPOL depends on a significant number of input materials, primarily plastics and rubber raw materials. Trends in the market may result in higher purchasing prices for input materials that are crucial for HEXPOL. In view of the competitive situation, there is a risk that HEXPOL cannot raise prices sufficiently to fully offset the increased costs, leading to reduced margins.	To meet the increased costs of input materials, HEXPOL works, among other things, to improve production efficiency, developing more cost-effective processes and holding monthly price negotiations.
Cyberattack risk	HEXPOL uses modern IT infrastructure for communications and business support. Disruptions in these systems can have a negative effect on operations, both in terms of marketing activities and production. Cyberattacks and misuse of data can also lead to personal data and intangible assets falling into the wrong hands.	HEXPOL takes IT security and cyberattack risks very seriously and continuously assesses the reliability and weaknesses of the company's security systems. All HEXPOL units are covered by the Group's IT policy, which clearly states what requirements apply. Compliance with the above-mentioned policy is audited annually by the Group's auditors to a certain extent, but mainly by representatives of the IT organization.

Legal risk management

Risk	Description	Risk management
Legislation and regulation	HEXPOL's principal markets are subject to extensive regulation. Amendments to the regulatory framework, customs regulations and other trade obstacles, competition regulations, price and currency controls, as well as other public legal guidelines, ordinances and restrictions in the countries in which HEXPOL is active could have an adverse impact on the Group's operations.	HEXPOL closely follows the applicable laws, rules and regulations in each market and works to adapt quickly to identified future changes in the field. HEXPOL trains managers and staff in business conduct guidelines, and senior managers and employees in purchasing and sales participate in training on international law relating to cartels and other unlawful business cooperation.
Tax risk	HEXPOL conducts its operations through subsidiaries in a number of countries. The Group's interpretation of applicable laws, tax treaties, OECD guidelines and regulations may be challenged by local tax authorities. Rules and guidelines may be subject to future changes which can have an impact on the Group's tax position.	The business, including transactions between Group companies, is conducted in accordance with the Group's interpretation of prevailing tax legislation, tax agreements, OECD guidelines and regulations. The Group has obtained advice on certain matters from independent tax advisers. Transactions between Group companies are normally conducted at arm's length.
Intellectual property rights	HEXPOL sells its products under several well-known brands. It is of major commercial significance for the Group that these brands can be protected against unauthorized use by competitors and that the goodwill associated with the brands can be maintained. Under a license agreement with Covestro AG, HEXPOL is entitled to use the Vulkollan brand and logo in connection with the manufacture and marketing of wheels produced by HEXPOL Wheels. The license agreement with Covestro AG extends for one-year periods and notice may be given three months prior to the end of the agreement. A termination of the license agreement by Covestro would have a negative but limited impact.	HEXPOL has an ongoing dialogue with the license owner.

CONT. Legal risk management

Risk	Description	Risk management
Health, safety and the environment	HEXPOL has operations in many countries with different permit requirements and environmental legislation. Legislative amendments and changes in government regulations resulting in more stringent requirements or revised terms and conditions pertaining to health, safety and the environment, or a trend toward stricter application of laws and regulations by the authorities, may require additional investments and lead to increased costs. Legislative amendments and changes in government regulations could also impede or limit HEXPOL's operations. The possibility of liabilities arising in conjunction with personal injuries or damage to property, as well as damage to air, water, land and biological processes may have a negative impact on the Group's operations.	HEXPOL's assessment is that its operations, in all material respects, are conducted in accordance with the applicable laws and regulations concerning health, safety and the environment. The Group continuously monitors anticipated and implemented changes in legislation in the countries where the Group operates. Most of the companies within the Group conduct operations that are subject to permits or mandatory notification under applicable local environmental legislation. Accordingly, these operations are under the supervision of the appropriate authorities. On an ongoing basis, HEXPOL ensures that it holds all of the necessary permits and that it fulfills all of the necessary applicable notification obligations. Most of the production units are certified in accordance with ISO 14001, and internal and external environmental audits are conducted regularly. In the US, HEXPOL provides a health insurance system through which employees are offered reimbursement for health care. The Group's expenses are maximized to a fixed amount per individual and year.

Financial risk management

Risk	Description	Risk management																				
Currency risk	In its operations, HEXPOL is exposed to various financial risks, of which the currency risk is the one that dominates. Exchange-rate fluctuations affect HEXPOL's earnings, both when sales and purchases take place in different currencies (transaction exposure) and when the income statements and balance sheets of foreign subsidiaries are translated to sek (translation exposure). HEXPOL's global operations give rise to extensive foreign-currency cash flows. The key currencies in the Group's payment flows are SEK, USD and EUR. Exchange-rate fluctuations have an impact on the Group's earnings in the translation of foreign Group companies' income statements to Swedish kronor. Since a considerable portion of the Group's earnings is generated outside Sweden, exchange-rate fluctuations could have a significant impact on the consolidated income statement. In conjunction with the translation of the Group's investments in foreign subsidiaries to SEK, there is a risk that exchange rate fluctuations could have an impact on the Group's balance sheet.	HEXPOL's business is local, which means that sales and purchases normally are made in local currency and thus limits the Group's transaction exposure. In a sensitivity analysis, the effect of a 10 percent change against all currencies in relation to the exchange rate for SEK would affect sales by MSEK 1,811, operating profit by MSEK 251 and equity by MSEK 1,880.																				
		<table border="1"> <thead> <tr> <th>Currency</th> <th>Sales</th> <th>Operating profit</th> <th>Shareholders' equity</th> </tr> </thead> <tbody> <tr> <td>USD</td> <td>971</td> <td>164</td> <td>1,414</td> </tr> <tr> <td>EUR</td> <td>712</td> <td>103</td> <td>263</td> </tr> <tr> <td>Other</td> <td>128</td> <td>-16</td> <td>203</td> </tr> <tr> <td>Total</td> <td>1,811</td> <td>251</td> <td>1,880</td> </tr> </tbody> </table>	Currency	Sales	Operating profit	Shareholders' equity	USD	971	164	1,414	EUR	712	103	263	Other	128	-16	203	Total	1,811	251	1,880
Currency	Sales	Operating profit	Shareholders' equity																			
USD	971	164	1,414																			
EUR	712	103	263																			
Other	128	-16	203																			
Total	1,811	251	1,880																			
Interest-rate risk	Changes in market interest rates affect HEXPOL's net financial items.	Excess liquidity and credit agreements are primarily managed at Group level and in accordance with the financial policy and at variable interest rate. On December 31, 2025, external liabilities totaled MSEK 4,334 (3,473). A one percentage point change in the interest rate on the Group's closing liabilities for 2025 would impact the full-year earnings by approximately MSEK 43 before tax.																				
Credit risk	The financial risks to which HEXPOL is exposed also include credit risks, meaning that a customer or business partner will be unable to fulfil their payment obligations or to settle receivables that HEXPOL has invoiced or intends to invoice. Financial credit risks are defined as the risk that counterparties with which the Group has invested cash and cash equivalents, has current bank investments or has entered into financial instruments will be unable to fulfil their obligations.	HEXPOL conducts regular credit assessments of customers. HEXPOL has widely diversified customers in terms of both geographic areas and customer groups, which limits the risk of significant bad debt losses. HEXPOL's excess liquidity is primarily used to repay external loans, and further surpluses are placed in well-known banks.																				
Financing and liquidity risk	To enable corporate acquisitions or otherwise achieve strategic objectives, HEXPOL's operations could ultimately require additional financial resources. HEXPOL's ability to ensure future capital requirements depends to a great extent on successful sales of the Group's products and services. There are no guarantees that HEXPOL will be able to secure the necessary capital. In this regard, general developments in the share capital and credit markets are also of considerable significance. The liquidity risk is defined as the risk that the Group will be unable to entirely fulfil its payment undertakings when they fall due or will only be able to do so on highly unfavorable terms.	HEXPOL has a strong balance sheet, providing a financial platform for future acquisitions. HEXPOL has four major credit agreements with Nordic banks. For further information on these, see Note 15. HEXPOL also has a program for issuing commercial papers with the possibility of these being issued within a limit of SEK 4 billion.																				
Insurable risks	HEXPOL's operations, assets and employees are to some extent exposed to various types of risks that may affect the Group's operations.	HEXPOL has centrally procured insurance cover for property, liability, disruption, travel and transport insurance, etc., combined with local insurance policies where necessary.																				

Risks in sustainable development

For sustainable development risks, please refer to the Sustainability Report on pages 47–99 and its review of identified risks and opportunities.

Sustainability reporting

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ESRS2:

General disclosures

The Group's sustainability reporting is an important tool for communicating sustainability performance and demonstrating that sustainability work is a natural and integral part of the company's operations. The ambition of the sustainability report is to provide employees and external stakeholders with a transparent and fair picture of how the company's sustainability work creates long-term value and how it interacts with the business and its challenges and opportunities.



GOVERNANCE

HEXPOL's sustainability work is based on the company's Code of Conduct and Business Strategy. The prerequisites for responsible business are good business conduct, consideration for people and the environment, and operations that are carried out in accordance with laws, international agreements, and other requirements. These values are expressed in HEXPOL's Code of Conduct 'Materializing Our Values' and in related policies.

Sustainable development activities are an integral part of the business model, strategic planning, budget process and daily operations. Sustainability efforts help the company to strengthen competitiveness, reduce risks and costs, and attract talent and investors. The management and follow-up of sustainability work follows the Group's procedures for self-monitoring and internal control.

GOV-1 The role of the administrative, management and supervisory bodies

HEXPOL's Board of Directors consists of seven members, three of whom are women (43 percent). None of the members are employed by the company or have any operational responsibilities within the company. Therefore, all members of the Board (100 percent) are considered independent of the company. The Nomination Committee applies rule 4.1 of the Code on diversity policy when preparing proposals for the Board. There is no employee representative on the board of the Parent Company.

The Board's expertise in sustainability has been built through each member's role as COO in other companies with similar regulatory compliance requirements as HEXPOL, as well as through their board positions in other companies. Through Board materials and at Board meetings, HEXPOL also ensures that the Board of Directors' has access to information and expertise on the issues and regulations relevant to the company.

Board of Directors

The Board of Directors has overall responsibility for sustainability work and approves policies, goals and strategies, and annually monitors results and approves the sustainability report. If necessary, the Board is regularly updated on current topics via the CEO during Board meetings. The Board also approves the outcome and the impacts, risks and opportunities identified through the double materiality analysis. The Board approves the sustainability objectives, which are prepared by the Sustainability Council and presented by the Sustainability Director.

The Board is informed by the Sustainability Director at least once a year on the management of material impacts, risks and opportunities at the Group level. This includes how these are reflected in policies and strategic objectives, as well as the performance and effectiveness of management. The reporting is a standing agenda item at the Board meeting dealing with the approval of the annual accounts. Where necessary, there is a more regular follow-up, as was the case during the double materiality analysis carried out in 2025.

Audit Committee

Within the Board, the Audit Committee has specific responsibility for driving the work related to the Group's material sustainability issues, while strategic decisions are taken at Board meetings by the full Board. The group auditor reports its review of the double

materiality analysis to the Audit Committee, which is then reported to the Board. The committee does not, except as expressly stated in the Board's adopted written instructions for the Audit Committee, have authority to make any decisions on behalf of the Board. The Audit Committee is tasked with reporting to the Board on a regular basis.

CEO and Group Management

The CEO has overall responsibility from the Board for managing sustainability activities, supported by the Group Sustainability Director. At the Group level, matters related to strategy, risks, follow-up and sustainability reporting, as well as sustainability issues in conjunction with corporate acquisitions and dialogues with investors are addressed. The CEO is also responsible for keeping the Board informed through regular reporting.

The Group Management includes the Business Area Presidents, the CFO and the Senior Vice President Strategy and M&A. Management is informed and involved in the target-setting process through its participation in the Group's Sustainability Council, of which all members of the management team are members. Furthermore, individual members are involved on an individual basis through one-on-one meetings with the Group Sustainability Director and the Business or Product Area Sustainability Directors.

Group Sustainability Council

The Group's Sustainability Council has been tasked by Group Management to deepen and further develop the strategic work. The Council is led by the CEO and, among other things, works to disseminate knowledge internally, support new initiatives, and contribute to integrating sustainability issues into the business model. The Council includes all members of the management team, the Group Sustainability Director and the Business Area Sustainability Directors.

Senior managers in production, product development, sales, sustainability, communication and purchasing are invited to attend specific meetings dealing with issues in their respective areas. Local sustainability councils are also established within the HEXPOL Thermoplastic Compounding, HEXPOL Compounding Americas and HEXPOL Engineered Products business units, focusing on issues of particular concern to their respective operations.

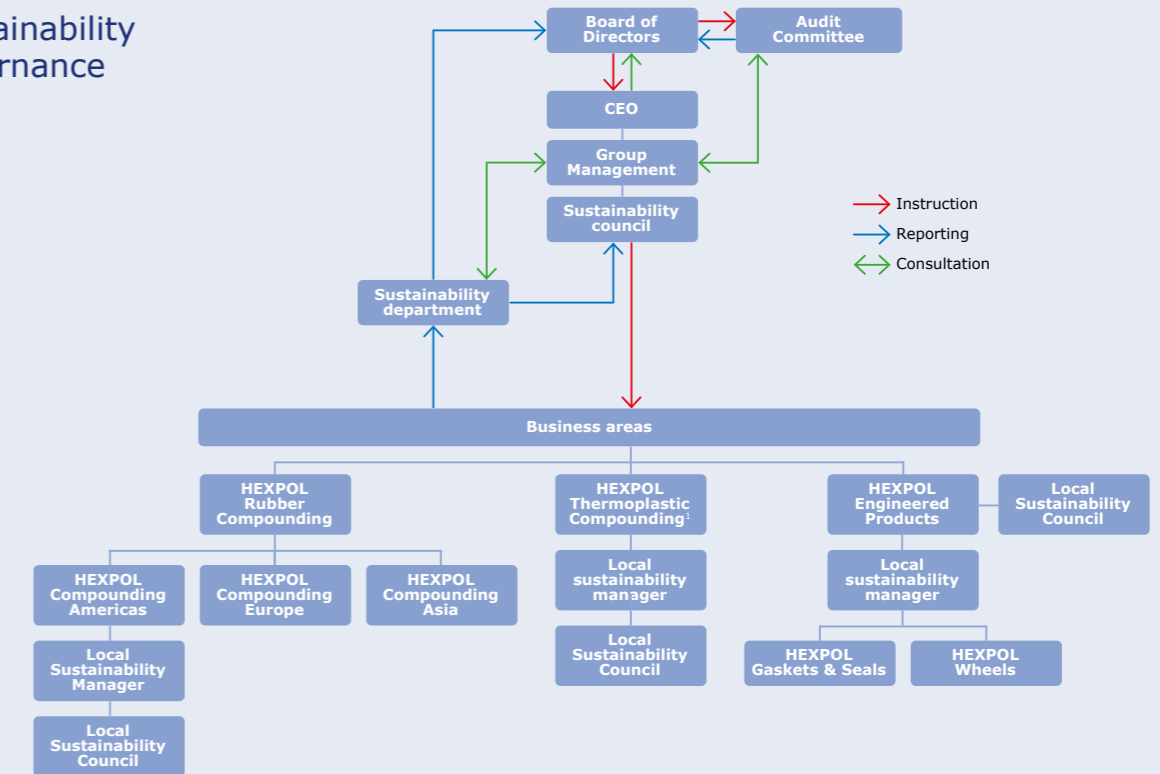
Sustainability Director

The Sustainability Director is responsible for conducting HEXPOL's materiality analysis and for continuously following up on the material impacts, risks and opportunities identified by the analysis. This responsibility also includes ensuring on an ongoing basis that the assessments made in the double materiality analysis remain relevant to the company. At least once a year, the Sustainability Director also attends the Board meeting to provide a summary of the sustainability performance of the past year, as well as the main legal requirements and strategic priorities for the coming years.

Sustainability Department

The Sustainability Department at the Group level consists of the Group Sustainability Director and the Sustainability Controller. The function is responsible for the strategic sustainability work, as well as compiling reported information from the business areas and forwarding it to the Group's Sustainability Council.

Sustainability governance



1 In the fall of 2025, implementation of a third business area began: HEXPOL Thermoplastic Compounding, which will be reported as a separate segment in the first quarter of 2026.

Based on the materiality analysis conducted in 2025, an updated sustainability strategy will be developed together with new group-wide sustainability-related targets. Group Sustainability is also responsible for preparing the Group's sustainability report, ensuring that the Group complies with applicable laws and regulations on sustainability and that the various elements of sustainability are followed up and fed back to both the Board and the business areas.

Business areas

Within the business areas there are staff working at a central level on sustainability issues, including energy efficiency, chemicals, legislation, R&D and purchasing. To strengthen and coordinate the sustainability work, there is a sustainability manager for HEXPOL Rubber Compounding Americas, HEXPOL Thermoplastic Compounding and within the HEXPOL Engineered Products business area.

The practical work is decentralized with managers within the Group's companies being responsible for the local implementation of Group policies and targets. At each production site, there are employees who coordinate the activities within environmental and health and safety. The activities are followed up by Group management through dialogues with the companies' management and through internal and external audits, for examples audits under ISO 14001. Sustainability data from each Group company is reported annually to Group Sustainability and in connection with this, an in-depth analysis is made of how legislation and policies are complied with, as well as how goals, performance and key figures have developed during the year.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Group's material impacts, risks and opportunities inform the setting of strategic sustainability objectives, which form part of the overall business strategy and any updates to Group-wide policies. In the budget process, proposed investments from the product areas are evaluated against how they contribute to set sustainability goals, such as climate impact and the proportion of recycled content in products.

In acquisitions, potential companies are evaluated based on the Group's due diligence principles related to sustainability. These include a general review of compliance with laws and regulations and potential environmental and social risks. Furthermore, an evaluation of the impact on the Group's strategic sustainability goals and compliance with the Code of Conduct and other relevant policies is also carried out.

In connection with the presentation of the double materiality analysis, the Board of Directors and the Group Management considered all material impacts, risks and opportunities that emerged from the analysis. The work resulted in a consideration of updating the sustainability strategy and its strategic objectives and group-wide policies to ensure that they address all identified material impacts, risks and opportunities. At the time of reporting, the sustainability strategy update was under development and the results will be presented in 2026.

GOV-3 Integration of sustainability-related performance in incentive schemes

A prerequisite for the successful implementation of the company's vision, business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to attract and retain qualified senior executives. To this end, it is necessary that the company offers competitive pay on market terms. According to the "Principles for Remuneration of Senior Executives" adopted at the Annual General Meeting, the total remuneration of the Group Management shall be on market terms and consist of fixed cash salary, variable remuneration, other benefits and pension. The variable remuneration includes a sustainability target: to reduce carbon emissions (Scopes 1 and 2, market-based) by 75 percent, in relative terms, by 2025 compared to the 2018–2019 average.

The sustainability target is a maximum of 10 percent of the fixed annual cash salary. Read more about HEXPOL's current principles for remuneration of senior executives on pages 41–42.

GOV-4 – Statement on due diligence

The Group's values and ambitions on safe working environment and human rights should be applied in the value chain. In Materializing Our Values, we commit to informing suppliers and other business partners about the Group's Code of Conduct and the requirements of the Supplier Sustainability Guidelines. HEXPOL also undertakes to assess the sustainability performance of its suppliers. The Group has a great number of suppliers in the US, Europe and Asia, among others. Key raw materials include polymers, chemical substances, additives, metals, solvents, packaging and paints. Purchasing is based on a common process but is decentralized to the operational units. Exceptions are made where purchasing at business area or Group level provides cost benefits. This applies, for example, to polymers and additives. The Group's Supplier Sustainability Guidelines serve to follow up with and engage suppliers without overburdening them with the administrative workload.

In brief, the guidelines entail the following:

- All suppliers will be informed of the company's Code of Conduct and are expected to implement equivalent commitments in their organizations.
- Suppliers meeting specific criteria, such as being associated with potential sustainable development risks, are to conduct a self-assessment. The declaration is made on a digital platform. As part of the self-assessment, the supplier certifies its compliance with relevant legislation, that it works systematically on matters involving the environment and work environment, and that it promotes human rights and combats corruption.
- In cases where the company is uncertain about the supplier's sustainability efforts or has identified significant risks, targeted audits are conducted.

HEXPOL also has well-established due diligence processes for the acquisition of new companies. These processes include aspects of sustainability and finance.

The company's due diligence work, both in the value chain, in acquisitions and internally, is under development. The processes will be adapted and aligned with upcoming EU legislation, the Corporate Sustainability Due Diligence Directive (CSDDD).

Core elements of due diligence	Pages of the Sustainability Statement
Building due diligence into governance, strategy and business model	49, 50, 53, 61
Engaging with affected stakeholders in all key steps of the due diligence	52, 55
Identifying and assessing negative impacts	53, 55, 61, 87, 92
Taking actions to address those adverse impacts	63, 64, 77, 81, 89, 92, 95
Tracking the effectiveness of these efforts and communicating	63, 77, 81, 89, 92, 65, 66, 78, 79, 82, 90, 91

GOV-5 – Risk management and internal controls over sustainability reporting

Risk management within HEXPOL has so far been largely handled locally at each unit. Since the double materiality analysis was carried out during the year, there is a more comprehensive Group-wide picture of the significant risks that exist. This will help and strengthen future Group-wide work on risks and risk assessments. Processes for how to do this will be developed in the coming years.

Each entity contributes to the Group Sustainability Report with quantitative and qualitative data in accordance with HEXPOL's sustainability reporting procedures. HEXPOL applies accounting policies that comply with ESRS standards and uses dedicated digital reporting tools. Group Sustainability is responsible for maintaining and continuously improving the Group's reporting tools and is also responsible for ensuring that the reporting is in line with the requirements of applicable legislation.

The managers of each group company are responsible for ensuring the quality of the reported data and that the reporting is done according to set deadlines. Group Sustainability then carries out a further review of the data collected, assessing the reasonableness of the current year's figures, including comparisons with the previous year's figures.

There is some uncertainty in third party data in particular and HEXPOL is continuously working to increase quality by working closely with its partners both upstream and downstream in the value chain.

HEXPOL's Sustainability Report is subject to a review by the company's external auditors. The auditors are the same people who examine the financial data and the rest of the annual accounts.

STRATEGY

SBM-1 Strategy, business model and value chain

HEXPOL is a world-leading group with expertise in advanced polymer materials and applications and with strong global market positions in advanced polymer compounds, gaskets for plate heat exchangers and wheels for forklifts and castor wheel applications. Customers are primarily system suppliers to the global automotive and engineering industry, building & construction industry and within sectors as transportation, energy, consumer and cable industry and manufacturers of medical equipment, plate heat exchangers and forklifts.

HEXPOL employs around 5,000 people in Europe, Asia and North America.

Responsibility for people and the environment is an integral part of HEXPOL's business concept, and the company's vision is to be the leading supplier of solutions for sustainable polymer

applications. The Group's sustainable development platform focuses on reducing the climate impact of processes and products, efficient use of resources, and good working conditions.

The work on the materiality analysis carried out in 2025 has formed the basis for the development of an updated sustainability strategy. The strategy will guide and help HEXPOL navigate the key impacts, risks and opportunities that have emerged and that are also highlighted in the future strategy work.

HEXPOL is, through its business relationships, indirectly active in the fossil fuel industry through the Group's production of components for subcontractors in the oil and energy sector. The products referred to are primarily different types of sealing solutions. However, this represents a minor part (1–1.5 percent) of the Group's total sales and also varies over time. The Group is also directly dependent on the oil industry through the production of polymer materials that are partly composed of fossil materials, such as oil. In addition, several chemicals are used in various manufacturing processes, which also means that the group relies on chemical production.

Sustainability-related targets

HEXPOL's sustainability-related targets are Group-wide and currently relate to the climate target of reducing the Group's greenhouse gas emissions (Scopes 1 & 2, market-based) in relative terms by 75% (tons of CO₂e per sales) by the end of 2025, compared to an average of the base years 2018–2019. Other Group-wide objectives include continuous reduction of energy consumption, implementation of certified management systems, phasing out of chemical substances, development of environmentally suitable products and a safe working environment with the aim of continuously reducing the number of accidents in the workplace.

Work on developing new sustainability-related targets started in 2025 and will be presented in the first half of 2026.

The targets will be included in the updated sustainability strategy and will reflect the material impacts, risks and opportunities identified during the double materiality assessment.

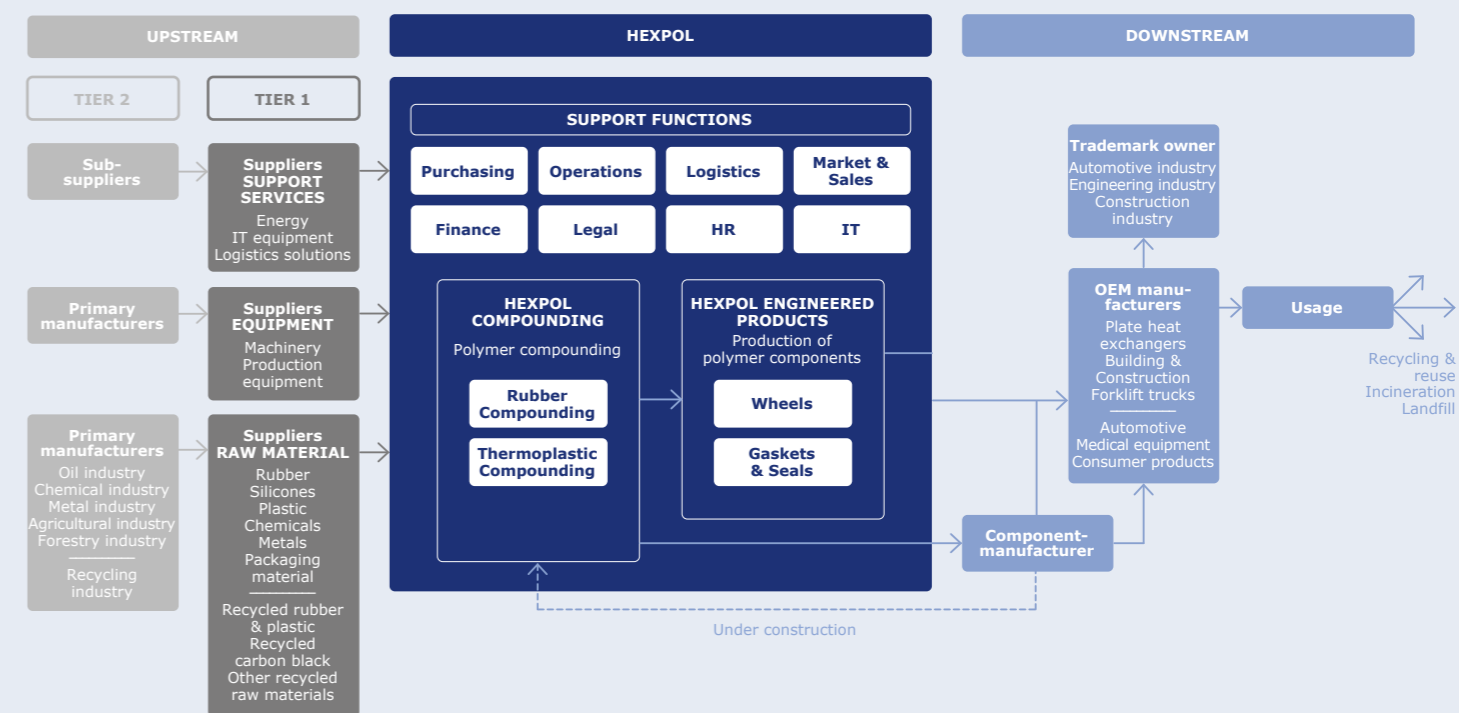
As HEXPOL is a decentralized organization, it is possible for the group companies to develop their own sustainability targets and adapt the group-wide targets to their local conditions, thus breaking down the targets and transforming them into concrete action plans.

Value chain – Upstream

The Group's largest business area HEXPOL Rubber Compounding produces compounds of polymer products. The main raw materials originate from crude oil that is refined via chemical processes into the components of synthetic rubber, plastics, carbon black and chemical products. Upstream in the value chain, the global oil and chemical industry is therefore important for the Group's impact on people and the environment. Some rubber compounds contain natural rubber, which means that the value chain also includes the cultivation of rubber trees and the extraction and processing of latex (natural rubber). The Group does not own any rubber plantations and natural rubber is mainly purchased through agents in different parts of the world. Bio-based polymers derived from sugar cane are also used to a limited extent. Furthermore, bio-based components (rice husks, hemp and cork) are used in some products.

In addition to the fossil-based raw materials, a large number of other substances (metals, fillers, etc.) are used that originate from the extraction and processing of metals, rocks and other raw materials. For the purchase of renewable raw materials, compliance with the EU Deforestation Regulation (EUDR) is ensured. Thermoplastic Compounding uses significant amounts of recycled plastics and HEXPOL Rubber Compounding uses recycled rubber to a lesser extent. Upstream in the value chain, several of the links include transport.

Value chain



Value chain – Own activities

At the Group's production facilities in the Rubber Compounding and Thermoplastic Compounding business areas, polymer materials and additives are compounded into specialized polymer compounds based on customers' specifications and/or recipes for their specific applications. Rubber compounds are made either as sheets, strips or granules, while for thermoplastics and thermoplastic elastomers primarily as granules or powder. From these compounds, HEXPOL's customers then make components that go into OEM (Original Equipment Manufacturer) products.

In each business area there are central support functions, such as R&D manager, purchasing manager, sales and marketing manager, sustainability manager, etc. In the matrix, they lead the respective functional roles on the production sites.

The Gaskets & Seals production facilities purchase rubber compounds from other HEXPOL sites or from outside and, together with other chemicals, produce finished seals and gaskets. These are used as components for customers' equipment or OEM products, such as heat exchangers or windows. These facilities are therefore closer to the end customer, while the impact on sustainable development is in many respects identical to that of Compounding.

The Wheels production facility manufactures wheels for industrial applications. Ready-made aluminum hubs are purchased and a wheel is molded on, consisting of either polyurethane, rubber or thermoplastic. The use of metals for wheels, as well as solvents (VOCs) in the production of polyurethane tires, are aspects where the value chain differs slightly from the other production facilities.

In the HEXPOL Engineered Products business area, there are certain central support functions for the respective product areas and production facilities. One of these is the Sustainability Manager, who coordinates and leads sustainability work within the business area. Otherwise, work is managed directly at the production sites.

Value chain – Downstream

The finished polymer compounds are purchased by customers who usually process the material further, for example via vulcanization of rubber or injection molding of plastics. With customers in a wide range of industries, such as manufacturers of components for the automotive, engineering and construction industries, the polymer materials end up in thousands of different end-user applications. Many products have a very long lifespan but will sooner or later wear out. The waste stage

includes recycling, incineration and landfilling. The value chain includes transportation within the company as well as upstream and downstream.

A key customer benefit is that the Rubber Compounding and Thermoplastic Compounding business areas ensure that the polymer compounds meet the requirements of customers' components. This replaces the need to allocate resources and skills to development and production and allows customers to focus on their core business. Similarly, customers of Engineered Products buy components from a party with high specialization and expertise in the field.

For rubber compound production plants in Rubber Compounding, the development and construction of reverse material flows is ongoing. In these processes, HEXPOL will be able to recycle rubber residues from customers' production into new rubber compounds through a devulcanization process.

SBM-2 Interests and views of stakeholders

HEXPOL is influenced by internal and external stakeholders who present demands and expectations in the field of sustainable development. The perception of which stakeholders are important, and what they consider material, is based on experience and long-standing business relationships, but also on events that have occurred during the fiscal year. Stakeholder dialogue is conducted in a number of ways, including development discussions with employees, customer satisfaction surveys, analyst meetings, discussions with investors, and partnerships with customers, suppliers and contractors.

HEXPOL has identified the following stakeholders who show environmental interest, social interest and/or who are interested in how the Group and the individual companies, manage and monitor sustainability efforts. Furthermore, there are stakeholder groups that are potentially affected by the company's activities, products and business model. Dialogue and communication is conducted regularly to ensure that HEXPOL can meaningfully discuss and address the issues that concern the company and its stakeholders. HEXPOL also takes into account the stakeholder perspective in strategy updates and for the assessment of material sustainability issues. In 2025, a number of interviews were conducted with representatives from the stakeholder groups as part of the double materiality analysis. The results of the dialog and communication with stakeholders are regularly reported to the Group Management Team and the Board of Directors.

Stakeholder groups	Purpose of the contact	Examples of types of stakeholder dialogues	Key topics, demands and expectations
Customers	Customer satisfaction development Relationship building Quality improvements	<ul style="list-style-type: none"> Dialogues related to the purchase and use of the company's products. The Group's sustainability performance is regularly assessed by customers through surveys and audits. 	Customer demands in climate, environment, human rights and business conduct remain high. Interest in renewable and/or recycled raw materials increased during the year. Demand increased for life cycle assessments and data on the carbon footprint of products.
Employees	Employer's liability Work environment development Skills development	<ul style="list-style-type: none"> Employee surveys. Performance reviews and development plans. In the context of training activities. At departmental meetings. Cooperation with trade unions. 	It is important for the Group to retain and develop its employees and to attract new ones. Important for employees are health, safety, financial compensation, personal development, social conditions and good business conduct.
Suppliers	Requirements Quality improvements Relationship building	<ul style="list-style-type: none"> Supplier dialogues. Contract negotiations. Supplier evaluations (Supplier Sustainability Guideline). 	HEXPOL strives to have long-term and open relationships with suppliers. The aim is to ensure the right quality, financial stability and sustainable development for both parties. Suppliers expect consistent and clear requirements.
Shareholders	Activity reporting Financing issues Compliance with requirements	<ul style="list-style-type: none"> Shareholder meetings and the annual general meeting. Capital market day. Board meetings. Dialogues with banks and investors. Answering questionnaires from banks and investors. 	Growth, profitability and total return are at the heart of value creation for company shareholders. The integration of sustainability issues into business strategy reduces risks and creates business opportunities. Through the development of environmentally friendly products, resource-efficient production and investments in environmentally friendly technology, the Company remains competitive.
Society and authorities	Compliance with requirements Information gathering Societal development	<ul style="list-style-type: none"> Local social commitment. Dialogue with regulatory authorities (environment, health and safety). Contacts with neighbors in connection with disruptions and complaints. 	Community involvement is part of the Group's culture and something that is expected in the local communities where the company operates. As a global company, HEXPOL is expected to implement actions that contribute to national and global sustainable development goals. Meeting legal requirements in sustainable development is crucial to the business.
Universities and schools	Employer brand development Recruitment issues Information gathering Contribute to development and research	<ul style="list-style-type: none"> Study visits. Research projects. Guest lectures. Degree projects and scholarships. Workplace training. 	Students and pupils show interest in the Group's impact on sustainable development and request opportunities for thesis work and internships. From the company's perspective, it is important to inform students and generate interest in the Group as a future workplace.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

During the double materiality analysis process, six sustainability topics and 19 associated subtopics were assessed, based on the ESRS standards, as material to HEXPOL's operations. For a full list of material topics and subtopics, see pages 54–55.

The Group's assessment is that its business model and business strategy are currently well equipped to address the identified material impacts, risks and opportunities. The products offered and manufactured by the Group are at the forefront of the development of new climate-efficient material technologies and existing production methods will be able to continue even when using other raw materials, such as renewable or recycled materials. In addition, the need for the Group's products is expected to continue and even increase as society changes.

The work on the material areas will support and strengthen the business model through a stronger focus on improving processes, products and the company's cooperation with customers and suppliers in line with set sustainability goals and strategies. The work with sustainable development is focused on solving challenges in the near future but also on building preparedness for future expectations and requirements.

Currently, there is no transition plan to mitigate climate change, but one is under development. The upcoming transition plan and climate targets will include both short-term targets by 2030 and long-term targets by 2050. Furthermore, it will include the investments and financing needed to implement the plan. At the same time, forward-looking business plans for the workforce and for corporate social responsibility will be developed.

ESRS standard and topics	Subtopics	Materiality		Impact, risk or opportunity	Steps in the value chain	Time horizon	Page-reference
		Consequential	Financial				
E1 Climate change	Climate change adaptation	Non-material	Non-material				
	Climate change mitigation	Material	Non-material	Actual negative impact	Whole value chain	All time horizons	60-72
	Energy	Material	Non-material	Actual negative impact	Whole value chain	All time horizons	60-72
E2 Pollution	Pollution of air	Material	Non-material	Actual negative impact	Upstream and downstream	All time horizons	76-79
	Pollution of water	Non-material	Non-material				
	Pollution of soil	Non-material	Non-material				
	Pollution of living organisms and food resources	Non-material	Non-material				
	Substances of concern	Material	Non-material	Actual negative impact	Whole value chain	All time horizons	76-79
	Substances of high concern	Material	Non-material	Actual negative impact	Whole value chain	All time horizons	76-79
	Microplastics	Material	Non-material	Actual negative impact	Whole value chain	All time horizons	76-79
E3 Water and marine resources	Water	Non-material	Non-material				
	Marine resources	Non-material	Non-material				
E4 Bio-diversity and ecosystems	Direct impact drivers of biodiversity loss	Non-material	Non-material				
	Impacts on the status of species	Non-material	Non-material				
	Consequences for the extent and condition of ecosystems	Non-material	Non-material				
	Impacts on and dependence on ecosystem services	Non-material	Non-material				
E5 Resource use and circular economy	Resource inflows, including resource use	Material	Non-material	Actual negative impact	Whole value chain	All time horizons	80-85
	Resource outflows related to products and services	Material	Non-material	Actual negative impact	Downstream	All time horizons	80-85
	Waste	Material	Non-material	Actual negative impact	Whole value chain	All time horizons	80-85
S1 Own workforce	Working conditions	Material	Material	Potential and actual negative impact, actual positive impact and financial opportunity	Own operations	All time horizons	87-91
	Equal treatment and opportunities for all	Material	Non-material	Actual negative impact	Own operations	All time horizons	87-91
	Other work-related rights	Material	Non-material	Potential negative impact	Own operations	All time horizons	87-91
S2 Workers in the value chain	Working conditions	Material	Non-material	Potential negative impact	Upstream	All time horizons	92
	Equal treatment and opportunities for all	Material	Non-material	Potential negative impact	Upstream	All time horizons	92
	Other work-related rights	Material	Non-material	Potential negative impact	Upstream	All time horizons	92
S3 Affected communities	Societies' economic, social and cultural rights	Non-material	Non-material				
	Communities' civil and political rights	Non-material	Non-material				
	Rights of indigenous peoples	Non-material	Non-material				
S4 Consumers and end-users	Information-related consequences for consumers and/or end-users	Non-material	Non-material				
	Personal safety of consumers and/or end-users	Non-material	Non-material				
	Social inclusion of consumers and/or end-users	Non-material	Non-material				

ESRS standard and topics	Subtopics	Materiality		Impact, risk or opportunity	Steps in the value chain	Time horizon	Page-reference
		Consequential	Financial				
G1 Business conduct	Corporate culture	Material	Non-material	Potential negative impact, potential positive impact	Whole value chain	All time horizons	94-95
	Protection of whistle-blowers	Material	Non-material	Potential negative impact	Whole value chain	All time horizons	94-95
	Animal welfare	Non-material	Non-material				
	Political engagement and lobbying activities	Non-material	Non-material				
	Management of relationships with suppliers including payment practices	Non-material	Non-material				
	Corruption and bribery	Material	Non-material	Potential negative impact, potential positive impact	Whole value chain	All time horizons	94-95

ASSESSMENT OF E3 WATER AND MARINE RESOURCES AND E4 BIODIVERSITY AND ECOSYSTEMS

Water and marine resources were assessed as non-material as the water consumption from own activities is small and does not represent a major impact on potential water shortages. The possibility to influence along the value chain is very small. For biodiversity loss and ecosystems, there are impacts based on the amount of natural rubber and wood and paper-based packaging materials. However, this represents a minor part of the product range and therefore fell just below the threshold set by HEXPOL for the materiality assessment.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

In 2025, HEXPOL conducted a dual materiality analysis with the help of a third party. The analysis was carried out for the first time in line with the guidelines described in the CSRD and its associated standards, and was done to assess and identify significant impact areas, risks and opportunities (IROs). The assessment was based on the principle of double materiality, whereby each sustainability topic can be material both in terms of HEXPOL's impact on people and/or the environment and the impact of the sustainability topics on HEXPOL from a financial perspective.

The double materiality analysis was carried out in the following steps:

- Create an understanding of HEXPOL's business model and the whole value chain.
- Identify a gross list of impacts, risks and opportunities based on each ESRS standard.
- Assessment of impacts, risks and opportunities from both a consequential and a financial perspective (double materiality).
- Determination of materiality threshold for impacts, risks and opportunities and documentation.

Persons representing relevant parts of HEXPOL's business as well as persons in group functions participated in the work on the different steps of the double materiality analysis. The results – the

assessed material sustainability topics – have then been presented and analyzed together with external stakeholders and the management and Board of HEXPOL (see also SBM-2 on page 52).

Understanding the business model and value chain

In order to assess the impacts, risks and opportunities that are material to HEXPOL, a mapping and understanding of HEXPOL's business model and value chain was first created. The whole value chain was taken into account in the mapping.

Sustainability topics from the purchase of goods to the end-of-life of products have been taken into account and identified. The analysis and assessment has mainly focused on the first tier of suppliers and customers where HEXPOL believes it has more influence. Upstream or downstream risks have also been taken into account, but are considered to be beyond the direct control of the company to influence.

Gross list of sustainability topics and their impacts, risks and opportunities (IRO)

A gross list of impacts, risks and opportunities was identified together with key people within the HEXPOL organization. Consequential impacts were assessed on the basis of whether they were considered positive or negative and whether they were actual or potential. Financial impacts were assessed based on whether they were considered risks or opportunities. Potential or actual negative impacts on human rights were also identified and documented in this step.

Assessment of identified sustainability topics

The assessment of the identified sustainability topics and their impacts, risks and opportunities was based on scale, scope, likelihood and reversibility. The scale used for each area was 1-5, with 1 being very low and 5 being very high or actual, already occurred impact (in terms of likelihood).

- Scale – How big is the negative or positive impact on people or the environment.
- Scope – How widespread is the negative or positive impact on people or the environment.
- Likelihood – What is the probability that the identified impact, risk or opportunity will occur. If the event has already occurred, it is considered actual and not possible.
- Irremediability – How difficult it is to restore the damage that has occurred, i.e., to return the environmental damage or the affected people to their original state.

The financial risks and opportunities were assessed on the basis of the size and likelihood of the financial impact. This was also done on a scale of 1–5, with 1 being very low or not likely and 5 being very high or expected.

Determination of the materiality threshold

The materiality threshold for impacts is determined by severity and likelihood. For positive impacts, the severity is based on scale and magnitude and for negative impacts, the severity is based on scale, scope and irremediability. The materiality threshold for economic impact is determined by size and likelihood. For

impacts, the default calculation for the assessment result is derived from the average of severity (severity is calculated as the average of scale, scope and irremediability) and probability, with the exception of human rights impacts. For human rights impacts, if the average of severity and likelihood results in an assessment that is lower than the severity level, the assessment score is equal to the severity level. Otherwise, the assessment result is the average of severity and probability.

IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement			
ESRS standard	Subtopic	Disclosure Requirement	Page in the sustainability statement
E1 Climate change	- Climate change mitigation - Energy	GOV-3: Integration of sustainability-related performance in incentive schemes	49
		E1-1: Transition plan for climate change mitigation	63
		SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	61
		IRO-1: Description of the processes to identify and assess material climate-related impacts, risks and opportunities	60
		E1-2: Policies related to climate change mitigation and adaptation	63, 96–99
		E1-3: Actions and resources in relation to climate change policies	64
		E1-4: Targets related to climate change mitigation and adaptation	63
		E1-5: Energy consumption and mix	65
		E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions	66
		E2 Pollution	- Pollution of air - Substances of concern - Substances of very high concern - Microplastics
E2-1: Policies related to pollution	77, 96–99		
E2-2: Actions and resources related to pollution	77		
E2-3: Targets related to pollution	77, 78, 79		
E2-4: Pollution of air, water and soil	79		
E2-5: Substances of concern and substances of very high concern	78		
E2-6: Anticipated financial effects from pollution-related impacts, risks and opportunities	79		
E5 Circular economy	- Resource inflows, including resource use - Resource outflows related to products and services - Waste		
		E5-1: Policies related to resource use and circular economy	81, 96–99
		E5-2: Actions and resources related to resource use and circular economy	81, 84
		E5-3: Targets related to resource use and circular economy	81, 84
		E5-4: Resource inflows	82, 84
		E5-5: Resource outflows	82, 84
		E5-6: Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	85
S1 Own workforce	- Working conditions - Equal treatment and opportunities for all - Other work-related rights	SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	87
		S1-1: Policies related to own workforce	88, 96–99
		S1-2: Processes for engaging with own workers and workers' representatives about impacts	88
		S1-3: Processes to remediate negative impacts and channels for own workers to raise concerns	88
		S1-4: Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	89
		S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	89
		S1-6: Characteristics of the undertaking's employees	89
		S1-8: Collective bargaining coverage and social dialogue	90
		S1-9: Diversity metrics	90
		S1-10: Adequate wages	90
		S1-13: Training and skills development metrics	91
		S1-14: Health and safety metrics	91
		S1-17: Incidents, complaints and severe human rights impacts	91
G1 Business conduct	- Corporate culture - Protection of whistleblowers - Corruption and bribery	GOV-1: The role of the administrative, management and supervisory bodies	95
		G1-1: Business conduct policies and corporate culture	95
		G1-3: Prevention and detection of corruption and bribery	95
		G1-4: Confirmed incidents of corruption and bribery	95

IRO-2 Data points derived from other EU legislation							
Disclosure requirements	Data point		SFDR reference	Third pillar	Reference regulation	EU climate law	Page in report
ESRS 2 GOV-1	21 d	Improving gender balance on boards	X		X		48
ESRS 2 GOV-1	21 e	Percentage of independent board members			X		48
ESRS 2 GOV-4	30	Due Diligence statement	X				50
ESRS 2 SBM-1	40 d i	Involvement in activities related to fossil fuel	X	X	X		50
ESRS 2 SBM-1	40 d ii	Involvement in activities related to chemical production	X		X		50
ESRS 2 SBM-1	40 d iii	Involvement in activities related to controversial weapons	X		X		50
ESRS 2 SBM-1	40 d iv	Involvement in activities related to cultivation and production of tobacco			X		50
ESRS E1-1	14	Transition plan for climate neutrality by 2050				X	63
ESRS E1-1	16 g	Companies excluded from the EU baselines for the Paris Agreement		X	X		63
ESRS E1-4	34	Reduction targets for greenhouse gas emissions	X		X	X	63
ESRS E1-5	38	Energy consumption from fossil sources by source	X				65
ESRS E1-5	37	Energy consumption and energy mix	X				65
ESRS E1-5	40-13	Energy intensity associated with activities in high climate impact sectors	X				65
ESRS E1-6	44	Gross and total greenhouse gas emissions Scopes 1, 2, 3	X	X	X		66
ESRS E1-6	53-55	Gross output intensity of greenhouse gas emissions	X	X	X		66
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	X				79
ESRS E5-5	37 d	Non-recycled waste	X				84
ESRS E5-5	39	Hazardous waste and radioactive waste	X				84
ESRS 2- SBM3 - S1	14 f	Risk of incidents of forced labor	X				87
ESRS 2- SBM3 - S1	14 g	Risk of incidents of child labor	X				87
ESRS S1-1	20	Human rights policy commitments	X				88, 96-99
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1–8			X		88, 96-99
ESRS S1-1	22	Processes and measures to prevent human trafficking	X				88, 96-99
ESRS S1-1	23	Workplace accident prevention strategy or management system	X				88, 96-99
ESRS S1-3	32 c	Grievance/complaints handling mechanisms	X				88
ESRS S1-14	88 b, c	Number of fatalities and work-related accidents	X		X		91
ESRS S1-14	88 e	Number of days lost due to injuries, accidents, fatalities or illness	X				91
ESRS S1-16	97 a	Unadjusted gender pay gap	X		X		Non-material
ESRS S1-16	97 b	Excessively high CEO pay	X				Non-material
ESRS S1-17	103 a	Cases of discrimination	X				91
ESRS S1-17	104 a	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	X		X		91
ESRS 2 - SBM3 - S2	11 b	Significant risk of child labor or forced labor in the value chain paragraph	X				Non-material
ESRS S2-1	17	Human rights policy commitments	X				96-99
ESRS S2-1	18	Policies for employees in the value chain	X				96-99
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	X		X		96-99
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions			X		Non-material
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	X				Non-material
ESRS G1-1	10 b	UN Convention against Corruption	X				95
ESRS G1-1	10 d	Protection of whistleblowers	X				95
ESRS G1-4	24 a	Fines for violation of anti-corruption and anti-bribery laws	X		X		95
ESRS G1-4	24 b	Standards of anti-corruption and anti-bribery	X				95

BASIS FOR PREPARATION

BP-1 General basis for preparation of the sustainability statement

HEXPOL's Sustainability Report is prepared in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and covers the calendar year ending December 31, 2025, unless otherwise stated. The Sustainability Report is prepared at a consolidated level and includes all subsidiaries within the Group, which is consistent with HEXPOL's 2025 financial reporting.

In preparing the report, HEXPOL has taken into account, in addition to its own operations, the value chain which includes both upstream and downstream business relationships. The following sections and their contents have all been assessed as material in the 2025 double materiality analysis. The analysis and more detailed information on the value chain are presented on pages 51–52. In preparing the Sustainability Report, the company has not omitted any information relating to intellectual property rights or issues that may be pending in any of the EU Member States in which it operates.

As the EU has not yet approved the digital taxonomies for ESRS and Article 8, the sustainability report has not yet been labeled in the electronic reporting format ESEF as specified in Section 14, Chapter 6 of the Annual Accounts Act.

BP-2 Disclosures in relation to specific circumstances

HEXPOL uses the same definition of time horizons as in ESRS, i.e., short-term is defined as the current reporting period, medium-term is defined as 1–5 years and long-term as more than 5 years.

When calculating HEXPOL's Scope 3 emissions, the magnitude of the emissions associated with certain items and subcategories had to be estimated or calculated with a certain degree of uncertainty. The estimates and calculations are based on the guidance provided by, among others, the Greenhouse Gas Protocol (GHG). The reason for estimates and judgments is lack of data and reliable data sources. Work on improving calculations and reducing estimates, finding more reliable data sources and working with stakeholders in the value chain to obtain more reliable data will continue continuously in the coming years. More information on how the calculations were made can be

found in the Environmental Information section on pages 59–85.

In 2024, a revision of energy and climate data was made to ensure that historical emissions prior to the year of acquisition of acquired companies are included, in accordance with the GHG Protocol. In this context, some adjustments were made to the methodology by collecting data from the units at a more granular level, thus ensuring higher data quality. The revision was made for the years 2018–2019 (baseline year for group CO₂ emission targets), 2023 and 2024. Due to this limitation, energy and climate data are not reported for other years within a 10-year horizon. The result was that historical figures were higher than previously reported, but the change in methodology had a less significant impact with ±5% deviation from the previous methodology.

At present, HEXPOL is not able to report the amount of recycled material in the packaging material sold with the products. The proportion of recycled or renewable materials in products sold is instead estimated by measuring the difference in stock levels during the year for the raw materials used in each product. However, this includes production waste, but as the share of recycled or renewable material is calculated as a percentage, this does not affect the estimates as the production waste affects all input raw materials equally. The total quantity of products is measured directly by the respective sales system. However, work is ongoing to address this and will be reported in future annual reports.

Incorporation by reference

Information related to disclosure requirements incorporated by reference is shown below:

- Disclosure requirements GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies; paragraph 26 b (see section on self-regulation and internal control procedures in the Corporate Governance Report on pages 36-37).
- Disclosure requirements GOV-3: Integration of sustainability-related performance in incentive schemes (see section on principles for remuneration of senior executives on pages 41–42).



Environmental information

The Environment section of the Sustainability Report describes HEXPOL's work on material issues in this area, transition planning, policies, actions and metrics and outcomes. The main issues are climate and energy, pollution and resource use and the circular economy.

E1:

Climate change

HEXPOL relies on organic and inorganic materials and chemicals to produce polymer compounds and engineered products, as well as for purchased packaging materials. As the production, manufacturing and processing of polymer compounds and products is energy-intensive and often fossil-fuel dependent, the impact on climate change is particularly relevant to the company's operations. HEXPOL monitors and reports in accordance with all relevant legislation and reporting standards to improve the energy efficiency of HEXPOL's operations and reduce greenhouse gas emissions along the entire value chain.

To read about how climate change is reflected in incentive schemes, see "GOV-3 Integration of sustainability-related outcomes in incentive schemes" under ESRS2 – General information.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

IRO-1: Description of the processes to identify and assess material climate-related impacts, risks and opportunities

During the work on the double materiality analysis, the impact of HEXPOL on climate change and energy use was assessed. The scope included HEXPOL's own activities as well as the upstream and downstream parts of the value chain. Read more about the double materiality analysis process on page 55.

For the assessment, the factual basis for this analysis was essentially:

- Laws and regulations to which production units are subject,
- Facts, measurements and conclusions related to entities' reporting of energy use and other sources of greenhouse gas emissions, such as business travel and commuting.
- Greenhouse gas emission calculations for products and their raw materials, processing, transportation and final treatment based on product, purchase and sales data,
- Evaluation of climate-related risks according to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Dialogues with suppliers and customers on their impact and dual materiality analysis,

- Additional knowledge-gathering, mainly through internet

By calculating and estimating GHG emissions along the entire GHG Protocol value chain (Scopes 1, 2 and 3) and simulating the outcome of HEXPOL's growth targets and strategic plans, actual and potential future sources of GHG emissions have been identified.

Stakeholder dialogues have been conducted with customers, suppliers and external partners through face-to-face and video-based meetings to validate the plausibility of the conclusions of the double materiality analysis linked to climate change.

Below is a list of the key impacts, risks and opportunities related to climate change that were identified during the analysis.

Energy use along the HEXPOL value chain

This includes both the type of energy source and the efficiency of energy use. Extraction and production of the raw materials used by HEXPOL to manufacture polymer compounds and engineered products are energy intensive and highly dependent on fossil fuels. Almost all raw materials are produced by the petro-chemical or metal industries.

The production processes to manufacture HEXPOL's products are also energy intensive, albeit to a lesser degree. Similarly, the processing done by the customer to produce the components for which HEXPOL's products are used.

The primary energy use in HEXPOL's operations is energy used for production equipment, such as mixers, presses and

extruders. Heating of buildings and supporting systems, such as compressed air, ventilation and lighting, are also significant. For production equipment and support systems, electricity is mainly used. This is used for presses in the production of seals and gaskets, among other things, using steam, which is either purchased or generated via a fuel-powered steam boiler. For heating buildings, either electricity, waste heat and/or fuels such as natural gas, biomass and fuel oil are used.

Greenhouse gas emissions along the HEXPOL value chain

As several steps along the value chain are energy-intensive and highly dependent on fossil fuels, this leads to high greenhouse gas emissions. Significant emissions also occur in situations where end products, including HEXPOL polymer compounds and/or engineered products, are incinerated instead of recycled.

No significant risks or opportunities were identified. Although HEXPOL's operations will be affected by climate change, the batch production of products allows sudden physical climate-related disruptions to be compensated for by quickly moving production to another factory. Likely increased and/or volatile costs of input materials and other resources, such as energy, can be shifted to HEXPOL's customers without affecting competitiveness.

SIGNIFICANT CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

HEXPOL continues to assess its climate-related risks and opportunities according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which, however, since 2023 have been incorporated within the IFRS Foundation ISSB Standards.

In line with the TCFD recommendations, the scenario examined has been a global warming of 2.5°C by 2100. This level of global warming has been chosen based on the level the world is heading towards based on the policies and measures put in place in each country, as shown in the analysis by the independent organization Climate Action Tracker. The conclusions of the analysis are followed up annually in case of changes (by November 2025). The premise of this scenario is that policy and business climate action is being introduced, but at too slow a pace. In this scenario, dependence on fossil fuels is declining, but greenhouse gas emissions are too high. This leads to a higher likelihood of extreme weather, floods, droughts, forest fires, water scarcity, sea level rise and ecosystem changes. Based on these assumptions, physical risks (acute and chronic) and transition risks (political decisions, legislation, technological developments and market changes) have been assessed.

The conclusions from this analysis and how HEXPOL chooses to address the challenges to strengthen resilience in its strategy and business model are presented in Table 1. For detailed information on risks and opportunities, see Table 2 for physical risks and Table 3 for transition risks.

Area	TCFD recommendations	References
GOVERNANCE	<ul style="list-style-type: none"> • Describe the Board's understanding and management of climate-related risks and opportunities. • Describe the role of management in assessing and managing climate-related risks and opportunities. 	Climate-related risks and opportunities are part of the Group's overall risk management and business development work. Sustainability issues and risks are discussed at at least one board meeting per year. The board approves policies and objectives and monitors the results of its work. Risks and opportunities are also managed in the line organization and in networks. Climate issues are regularly raised in the Sustainability Council. A bonus system has been introduced focusing on the Group's climate targets.
STRATEGY	<ul style="list-style-type: none"> • Describe the climate-related risks and opportunities the organization had identified over the short, medium, and long term. • Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. • Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. 	HEXPOL has identified a number of climate-related risks and opportunities, albeit nonmaterial. Whatever the future climate scenario, the transition to a business less dependent on fossil fuels and raw materials is of great strategic importance. In our case, the raw material suppliers' shift to recycled and renewable materials will have a major impact on the Group's carbon footprint. Key internal measures include greater energy efficiency, reducing dependence on fossil energy, and developing products with a low carbon footprint.
RISK MANAGEMENT	<ul style="list-style-type: none"> • Describe the organization's processes for identifying and assessing climate-related risks. • Describe the organization's processes for managing climate-related risks. • Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management. 	Climate-related risks and opportunities have been identified as part of the Group's risk management process. See Table 2 for physical risks and Table 3 for transition risks.
METRICS AND TARGETS	<ul style="list-style-type: none"> • Disclose the metrics used by the organization to assess climate-related risk and opportunities in line with its strategy and risk management process. • Disclose Scope 1, Scope 2 and Scope 3 greenhouse gas emissions, and the related risks. • Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. 	The Group's targets in energy efficiency, reduction of carbon dioxide emissions, and development of products with low climate impact, aim to reduce the company's impact on the climate. In 2020, a demanding new climate target was introduced for the Group with a bearing on 2025. The Group has a long history of reporting on energy consumption and carbon dioxide emissions and providing key performance indicators for these areas. HEXPOL reports Scope 1, 2 and 3 emissions according to the GHG Protocol. For targets, see section "E1-4 – Targets related to climate change".

Table 2: Physical risks that can be caused by global temperature increase (>2.5°C)

Risk	Event	Consequences	Current situation (Short-term, <1 year)	Future situation (Medium and long-term, <5 years and >5 years)
ACUTE	Extreme weather situations occur more frequently (torrential rain, storms, tropical cyclones, landslides, extreme temperatures, forest fires, etc).	Significant but temporary disruption to production facilities, transport, suppliers and customers. Increased operating costs and reduced revenues.	Facilities in the US report a risk of tornadoes and snowstorms. A facility in Sri Lanka is prone to flooding. There have been no significant production disruptions at our sites or with suppliers and customers.	The frequency of disruption is increasing and involves more production facilities. This also applies to suppliers' and customers' production facilities. Transport may also be adversely affected to a greater extent. Risk of increased costs in the supply chain. Risk of increased insurance costs.
CHRONIC	Changing precipitation patterns and temperature. Rising sea levels.	Significant and long-term disruption to production facilities, transport, suppliers and customers. The global production of natural rubber is adversely affected by rising temperatures. Political unrest and flows of climate refugees.	Two sites in the US are located in areas with prolonged water shortages. One unit in Sweden is at risk of flooding (it has been flooded on one occasion). A site in the Czech Republic is also at risk of flooding.	Recurrent episodes of high temperatures complicate the operation of an increasing number of production facilities (occupational health and safety risks). Frequent flooding and chronic water shortages and water stress affect more facilities. Adverse impact on the availability of natural rubber affects the purchasing strategy.

Table 3: Transition risks that can be caused by global temperature increase (>2.5°C)

Risk	Consequences	Current situation (Short-term, <1 year)	Future situation (Medium and long term, <5 years and >5 years)
POLICY DECISIONS AND LEGISLATION	Regulations, taxes and charges on fossil raw materials, fuels and emissions are increasing. Increased operating costs. Increased reporting requirements.	The impact of carbon taxes and other charges is limited in the case of production facilities. Taxes and duties have a limited impact on raw material prices. Current reporting requirements in the area of climate change are met.	A rapid and significant increase in regulations, taxes and charges increases the cost of fossil fuels and raw materials. Strengthened requirements for fundraising through the EU Sustainable Investment Taxonomy and increased requirements for climate/sustainability reporting.
TECHNOLOGY DEVELOPMENT	Increased use of raw materials and processes with lower climate impact.	The Group is investing in renewable and recycled raw materials. Limited supply and high prices are slowing down the transition.	It is positive if the global supply of renewable and recycled raw materials increases. On the positive side, existing production processes and equipment work well with renewable and recycled raw materials. Negative aspect for the Group is if the switch of raw materials and technology by suppliers is too slow, and if competing technologies take over.
ACCESS TO RENEWABLE ENERGY	Increasing access to renewable energy reduces climate impact. Limited supply and rising prices are slowing down the transition to a low-carbon polymer industry.	In a historical perspective, the Group's energy cost has been low in relation to other costs. The transition to renewable energy sources is taking place gradually according to targets and plans. Geo-political turmoil has greatly changed the playing field both in terms of costs and access to fossil-free energy.	Society's transition to renewable energy sources continues. Continued high price level affecting energy, raw material and transportation costs.
MARKET AND TRUST	The polymer industry is stigmatized and associated with fossil raw materials and products. The transition processes taking place in the value chain are perceived as insufficient. Changed customer preferences where low carbon footprint products are required. Investors are hesitant about the industry. Difficulty in finding skilled workers.	Trust and branding have not been affected, but interest in climate issues has increased significantly among customers and investors.	If the company does not respond quickly enough to the increasing demands for low-carbon products and processes, the impact on its brand and market position will be significant. New players in different market segments are emerging with applications in competing materials.

To further strengthen the resilience of HEXPOL's strategy and business model, the following preventive measures have been identified:

- Regular inventory of climate-related risks.
- Significantly reducing greenhouse gases and other air pollutants by phasing out fossil fuels and continuously improving energy efficiency.
- Develop products with a lower carbon footprint (cradle-to-grave), primarily through a higher share of renewable or recycled raw materials.
- Batch manufacturing of products, which allows sudden physical climate-related disruptions to be compensated by quickly manufacturing a product in a different factory from the one that was disrupted.

Opportunities identified by HEXPOL as competitive advantages:

- Fostering organic growth through lower carbon footprint products attracting new customers and strengthening retention of existing customers.
- Stronger positioning in the climate agenda strengthens the brand and increases visibility, attracting new customers.
- A proactive stance on regulatory issues can benefit HEXPOL's products if they have better climate performance than our competitors.
- Increase profitability and cost savings through improved resource management such as:
 - Continuously improve energy efficiency.
 - Continuously reduce the amount of waste in production.
 - Generate more (renewable) electricity on the units and thus reduce the amount that needs to be purchased.

- Strengthen business relationships with customers and suppliers by:
 - Deeper cooperation with customers and suppliers to develop products and raw materials with lower climate impact.
 - Support customers with expertise on how to reduce emissions through the HEXPOL product range.
- Attracting and retaining talent:
 - Attracting new talent through greater anchoring and visibility on sustainability issues, which is particularly important for younger generations.

TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

E1-1 – Transition plan for climate change mitigation

HEXPOL supports the Paris Agreement's ambition to limit global warming to 1.5°C compared to pre-industrial levels. However, a transition plan to mitigate climate change is currently lacking, but is being developed as part of HEXPOL's work to set new climate targets for the entire value chain (Scopes 1, 2 and 3) in line with the Net-Zero Standard of the Science Based Targets initiative (SBTi).

The reason for the lack of the transition plan is that the work on finalizing the climate targets depends on the Chemical Sector Guidance developed by SBTi, containing specific requirements for companies in the chemical sector, which includes HEXPOL. However, this sector-specific guidance was delayed from the beginning of 2025 to the end of 2025. HEXPOL therefore chose to actively refrain from submitting proposed climate targets to SBTi at its April 2025 deadline until the Chemical Sector Guidance is published and the requirements are clear. As the Chemical Sector Guidance was subsequently released in December 2025, work is now underway to assess its consequences and finalize the transition plan, with the aim of communicating it in the first half of 2026. The HEXPOL Board is regularly updated on the status.

The upcoming transition plan and climate targets will include both short-term targets by 2035 and long-term targets by 2050. Furthermore, it will include the investments and financing needed to implement the plan. This plan will act as an input to the annual strategic planning process and related budget planning. Based on the upcoming climate targets at Group level, each part of the business will develop specific targets and action plans for how they contribute to the overall goal. It will also include references to the EU Taxonomy. For more information on climate-related targets, see the section "Targets related to climate change" pages 63–64.

HEXPOL assesses that emissions are partially locked in assets or products. This is because HEXPOL's products are currently largely fossil-based and a shift towards renewable and recycled raw materials is critical to achieve the emission reductions needed to contribute to the 1.5°C target. However, this transition depends on shifts in the petrochemical industry, which require major investments for our suppliers. Energy use in HEXPOL's own operations is possible to convert to 100 percent renewable, but still requires financing and investments, especially linked to fossil-based boilers used for production processes and heating of the units. Because of this, there is considered to be a lock-in effect for the duration of the

transition. The amount of these investments has not yet been evaluated in detail.

No significant investments (CapEx) in oil, gas or coal have been made in 2025.

POLICIES RELATED TO CLIMATE CHANGE

E1-2 – Policies related to climate change mitigation and adaptation

HEXPOL's work related to energy use and greenhouse gas emissions along the HEXPOL value chain is guided by the company's Sustainability Policy and Supplier Sustainability Guideline, which are described in more detail in the section 'Policies within HEXPOL' on pages 96–99.

TARGETS RELATED TO CLIMATE CHANGE

E1-4 – Targets related to climate change mitigation and adaptation

Part of the value chain	Targets	Base line	Target date
HEXPOL's own operations	By 2025, reduce greenhouse gas emissions (Scope 1 & 2) in relative terms (tons CO ₂ e per sales MSEK) by 75 percent compared to the baseline years 2018–2019 (average).	2018–2019 (Average value)	2025
Up- and down-stream in the value chain	No target is currently set.		

HEXPOL's own operations

Since 2020, HEXPOL has had a target to reduce greenhouse gas emissions (Scope 1 and 2) by 2025 in relative terms (tons of CO₂e per MSEK sold) by 75 percent compared to the baseline years 2018–2019 (average). This target covers all HEXPOL units (factories, warehouses and offices) and GHG emissions are measured according to the section "Methodology for GHG emission calculations" to ensure that the GHG emission boundaries and baseline adjustments are correct according to the GHG Protocol. A two-year average was adopted as a baseline to ensure an accurate representation of the activity and to reduce the impact of temporary external events during a year. The starting point for the target ambition was the Paris Agreement's 1.5°C target with no to small temporary overshoot of the greenhouse gas budget. Other forward-looking reports, such as the IEA – World Energy Outlook, also underpin the target ambition. The target was finalized by the sustainability and finance functions at Group level.

As a result of this target expiring at the end of 2025, and the ongoing work to set climate targets according to the Net-Zero Standard by SBTi, a new target has been developed to take over when the other one ends. This new target will be communicated in 2026. Representatives from key functions such as R&D, purchasing, sales, production and finance have been involved.

As a guiding principle for reducing the climate impact of its own operations, HEXPOL has the ambition to use only renewable energy and to be as electrified and energy efficient as

possible. In addition to the strategic objective of reducing absolute greenhouse gas emissions, there are three strategic subobjectives linked to energy use, which contribute to the overall climate objective. These subobjectives address increased energy efficiency and the transition towards renewable energy and are a result of the double materiality analysis carried out in 2025. The baseline years that will be used are ensured to be representative, as no significant events have occurred internally or externally that have affected HEXPOL's GHG emissions.

Up- and downstream in the value chain

There are currently no targets set for reducing greenhouse gas emissions from upstream and downstream in the value chain (Scope 3). However, these are being developed as part of the work to set new climate targets under the Net-Zero Standard by SBTi.

ACTIONS

E1-3: Actions and resources in relation to climate change policies

Strategic movement	Part of the value chain	Key action	Activities in 2025
Renewable energy	Own operations	100 percent purchased renewable electricity	<ul style="list-style-type: none"> Another 10 plants bought 100 percent renewable electricity. Another five plants bought 100 percent nuclear-based electricity. <p>In addition to the above, four plants in Rubber Compounding Americas switched from 100% renewable electricity to 100 percent nuclear-based electricity as part of a major procurement of electricity certificates.</p>
	Own operations	100 percent purchased renewable heat and steam	A factory secured 100 percent renewable energy for purchased district heating and steam.
	Own operations	Phasing out fossil fuels for production processes, heating and internal transport	Continued electrification of forklifts in most factories.
	Own operations	Energy generated on site	No new installations. Existing installation was extended in one factory.
Increased energy efficiency	Own operations	Continuous monitoring and improvement of energy efficiency	Continuous improvements in energy efficiency (many small) in compressed air, insulation, optimization of production processes, etc. No additional factory obtained ISO 50 001 certification.
Increasing the share of recycled materials in products	Up- and downstream in the value chain	Increased share of recycled carbon black	See section "E5-2 – Actions", page 81.
	Up- and downstream in the value chain	Increased share of recycled oils & plasticizers	See section "E5-2 – Actions", page 81.
	Up- and downstream in the value chain	Enabling recycling of rubber compounds & rubber materials	See section "E5-2 – Actions", page 81.
	Up- and downstream in the value chain	Acquisition of companies with high share of recycled polymer materials	See section "E5-2 – Actions", page 81.
Increasing the share of renewable materials in products	Up- and downstream in the value chain	Increased share of renewable chemicals & fillers	See section "E5-2 – Actions", page 81.
	Up- and downstream in the value chain	Acquisition of companies with high share of renewable polymer materials	See section "E5-2 – Actions", page 81.

Comment on table: CapEx and OpEx for each action cannot be reported at this stage. Work is ongoing to enable this for the next annual report. As part of this, the new strategic objectives will become part of each product area's strategic plan, together with linked actions and related financial resources.

HEXPOL's own operations

In 2025, the number of entities buying fully renewable electricity increased to 25 (19) and buying 100 percent nuclear-based electricity to 12 (3), leading to a reduction of greenhouse gas

emissions by 33.6 kilotons of CO₂e with the previous year as baseline. This is part of a systematic effort to have each unit purchase only renewable electricity. The sharp increase in purchased nuclear-based electricity is a temporary step during 2025 in the work in the United States for the Rubber Compounding Americas product area towards first phasing out fossil-based electricity and then purchasing high-quality renewable electricity certificates. On a positive note, two relatively new acquisitions (McCann and KABKOM) have switched to renewable electricity.

As the reasonableness of setting targets for the energy use of suppliers and customers is considered to be very limited, no targets linked to energy use in the upstream and downstream parts of the value chain will be defined. For HEXPOL's direct suppliers, energy use is a major cost item, especially in the petrochemical and metal industries. As this is already an active part of their respective agendas, the addition of a HEXPOL target is not deemed necessary. However, a target covering transportation to and from HEXPOL production units is considered relevant and will be evaluated at a later stage.

Increasing the amount of recycled material in HEXPOL's products is considered an essential measure to reduce greenhouse gas emissions upstream in the value chain. See more in section "E5 Resource use and circular economy", pages 80–85.

emissions by 33.6 kilotons of CO₂e with the previous year as baseline. This is part of a systematic effort to have each unit purchase only renewable electricity. The sharp increase in purchased nuclear-based electricity is a temporary step during 2025 in the work in the United States for the Rubber Compounding Americas product area towards first phasing out fossil-based electricity and then purchasing high-quality renewable electricity certificates. On a positive note, two relatively new acquisitions (McCann and KABKOM) have switched to renewable electricity.

One production unit also switched the energy source for purchased heat and steam from natural gas-based to biogas, leading to a reduction in greenhouse gas emissions of 1.3 kilotons of CO₂e with the previous year as the reference value.

No additional factory installed solar panels in 2025, but solar panel installation at one factory was expanded (Long Beach, USA) as solar panels were brought there from another factory that closed in 2025 (City of Industry, USA).

Measures linked to increased energy efficiency have been carried out in 2025. However, their effects are difficult to isolate, both because of volume changes and the fundamental difficulty of tracking energy efficiency improvements.

Based on the new strategic objectives and the updated requirements related to energy use in HEXPOL's sustainability policy, each unit will develop specific targets and action plans in 2026. These will be part of the overall strategic plan for each product area and its units and will be monitored annually. Primarily, the respective unit's Managing Directors and production manager will be responsible for these targets and action plans. A summary of these action plans and associated resources and funding will be presented in next year's report.

Up- and downstream in the value chain

Compared to the previous year, the average share of recycled material in products remained unchanged at 7.8 percent (7.8). For more information on movements linked to recycled materials, see section E5 Resource use and circular economy on pages 80–85.

In 2026, each unit will develop specific targets and action

plans linked to future climate targets and new strategic objectives linked to resource use. This will allow actions and related financial resources and timetables to be followed up more clearly in the next annual report.

METRICS AND OUTCOMES

Energy consumption and mix

E1-5: Energy consumption and mix

The share of renewable energy amounted to 48 percent (43). Of these, purchased electricity from renewable sources accounts for 72 percentage points, biomass pre-combustion for 22 percentage points, purchased district heating or steam from renewable sources for 4 percentage points and electricity generated by solar panels on the production sites for 2 percentage points. For the electricity purchased, 48 percent is renewable, 31 percent nuclear, and 21 percent fossil.

Eleven units (12) have solar panels installed. The decrease in the number of solar panel sites is due to the closure of one solar panel site (City of Industry, USA), but most of these were relocated to a nearby HEXPOL site (Long Beach, USA).

The energy consumption of forklifts and company cars, among others, increased compared to the previous year. This is due to a data quality improvement carried out in 2025 to ensure that energy consumption and emissions from all company cars and leased cars could be calculated.

All parts of HEXPOL's activities are classified as sectors with

Energy source	Sub-category	2025		2024	
		Quantity (GWh)	Percentage	Quantity (GWh)	Percentage
Electricity	Produced in the facilities	4	1%	4	1%
	Purchased	278	70%	283	71%
Fuels	Production processes and heating of buildings	97	25%	93	23%
	Forklifts, company cars, etc.	9	2%	8	2%
Purchased heating or cooling	District heating	4	1%	5	1%
	Steam	4	1%	3	1%
	Cooling	0	0%	0	0%
TOTAL		395		397	

Energy source	Sub-category	2025		2024	
		Quantity (GWh)	Percentage	Quantity (GWh)	Percentage
Renewable	Produced in the facilities	4	1%	4	1%
	Fuels: Production processes and heating of buildings	42	11%	40	10%
	Fuels: Forklifts, company cars, etc.	0	0%	0	0%
	Purchased electricity	134	34%	125	32%
	Purchased district heating	4	1%	1	0%
	Purchased steam	4	1%	0	0%
	SUBTOTAL	188	48%	171	43%
Nuclear power	Purchased electricity	85	22%	39	10%
Fossil	Fuels: Coal and coal-based	0	0%	0	0%
	Fuels: Oil and oil-based	10	3%	10	3%
	Fuels: Natural gas and natural gas-based	52	13%	51	13%
	Fuels: Other fossil fuel	1	0%	0	0%
	Purchased electricity	59	15%	119	30%
	Purchased district heating	0	0%	3	1%
	Purchased steam	0	0%	3	1%
SUBTOTAL	122	31%	187	47%	
TOTAL		395		397	

	Energy source	Country/Countries	Bundled or Unbundled	2025		2024	
				Quantity (GWh)	Share of total electricity purchased	Quantity (GWh)	Share of total electricity purchased
EFEC – Emission-Free Energy Certificate	Nuclear power	USA	Bundled	0	0%	0	0%
			Unbundled	78.6	28%	31	11%
GO – Guarantees of Origin (GO)	Renewable	Belgium, Italy, Spain, Sweden, Czech Republic, Germany	Bundled	19	7%	19	7%
			Unbundled	66.4	24%	46	16%
Poland National Guarantees of Origin	Renewable	Poland	Bundled	0	0%	0	0%
			Unbundled	0.2	0%	0.2	0%
REC – Renewable Energy Certificate (REC)	Renewable	USA	Bundled	0	0%	0	0%
			Unbundled	13.2	5%	25	9%
I-REC – International Renewable Energy Certificate	Renewable	Mexico, Turkey	Bundled	0	0%	0	0%
			Unbundled	22.5	8%	22	8%
REGO – Renewable Energy Guarantees of Origin	Renewable	United Kingdom	Bundled	0	0%	0	0%
			Unbundled	13.1	5%	13	5%
Total			Bundled	19	7%	19	7%
			Unbundled	194	70%	137	48%

	2025	2024	Development compared to the previous year
Energy intensity (MWh per sale MSEK)	20.4	19.4	5%
Energy intensity (MWh per kg of product sold)	0.63	0.70	-9%

high climate impact according to ESRS as it falls under the SNI code C: Manufacturing.

Energy intensity has decreased by 9 percent compared to the previous year based on MWh per ton of product sold, while it increased by 5 percent based on MWh per sale MSEK. The reduction in per ton of product sold is due to changes in product mixes and continuous efforts to improve energy efficiency.

The reason for reporting two intensity measures is to avoid monetary impact on the actual energy intensity of the production process. Among other things, two products may have different selling prices as the input raw materials vary in cost, while the actual energy consumption in the production processes of the two products in HEXPOL's factories may be the same. This means that MWh per ton of product sold can be the same, while measured in MWh per sale MSEK varies. Measuring in tons of product sold also avoids currency impact.

Energy intensity (MWh per ton of product sold) is currently measured only for the Compounding product area, but not for Engineered Products as its sales are measured in other units. Engineered Products account for 19 percent of energy consumption in 2024 and 23 percent in 2025. Compounding thus accounts for 81 percent of energy consumption in 2024 and 77 percent in 2025. Work is ongoing to harmonize units into a common weight unit.

Greenhouse gas emissions along the value chain

E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions

In 2025, total GHG emissions from HEXPOL's own operations and up- and downstream in the value chain (Scope 1, 2 & 3, market-based) amounted to 3.4 million tons CO₂e which is a decrease of 4 percent compared to the previous year. In relative terms compared to net sales, emissions were 175 tons of CO₂e per MSEK in net sales, which is an increase of 1 percent compared to the previous year.

The majority of emissions come from the upstream part of the HEXPOL value chain. These are caused by the extraction and processing of the raw materials used by HEXPOL in its products (56 percent), as these processes are energy intensive and currently highly dependent on fossil fuels. The second largest emissions are linked to the processing of HEXPOL's products by customers downstream in the value chain (23 percent), where the majority of the products are polymer compounds processed into components. This processing is energy intensive, especially the vulcanization of rubber compounds. The third largest emission is emissions linked to the handling of HEXPOL products at the end of their life cycle (12 percent).

For emissions from own activities (Scope 1 and 2, market-based), these decreased by 44% in absolute terms (tons of CO₂e) compared to the previous year and by 74 percent compared to the baseline year (average of the years 2018–2019). In relative terms, greenhouse gas emissions decreased by 41 percent compared to the previous year and 80 percent compared to the baseline year. This achieved the target set for 2025 and exceeded it by 5 percentage points in relative terms. The absolute reduction in greenhouse gas emissions (Scope 1 and 2, market-based) is higher than the emission reduction required by the 1.5°C target. The main contributing factor to the reduction is the sharp increase in renewable and nuclear-based purchased electricity, from 27 percent in the baseline year to 69 percent in the target year. The amount of fossil fuels used at the plants has also decreased by 8 percent over the same period.

For Scope 3 emissions related to Category 1: Purchased goods and services decreased by 2 percent compared to the previous year, which is less than the decrease in sales (-5 percent). This is due to differences in the product mix as the carbon footprint per weight of raw material does not have a 1:1 relationship with its cost. The nine percent year-on-year decrease for Category 10:

processing of sold products is largely due to a sharp reduction in average emissions in the countries where HEXPOL's direct customers operate, including the United States, which benefits HEXPOL's emissions downstream in the value chain.

None of HEXPOL's units are covered by the EU Emissions Trading Scheme (ETS).

	Base year (Average 2018–2019)	2018	2019	2024	Target year 2025	Change 2024–2025	Change in base year – Target year 2025
Scope 1 GHG emissions (tons CO₂e)							
Gross GHG emissions	15,294	15,367	15,221	14,107	15,008	-5%	-2%
Scope 2 GHG emissions (tons CO₂e)							
Location-based	143,116	147,215	139,017	105,961	95,665	-10%	-33%
Market-based	146,353	151,677	141,303	62,542	27,938	-56%	-81%
Scope 3 GHG emissions (tons CO₂e)							
Category 1: Purchased goods and services	-	-	-	1,935,853	1,900,876	-2%	N/A
Category 2: Capital goods	-	-	-	79,456	75,128	-5%	N/A
Category 3: Fuel and energy-related activities	-	-	-	27,542	27,018	-2%	N/A
Category 4: Upstream transportation and distribution	-	-	-	68,568	67,520	-2%	N/A
Category 5: Waste generated in operations	-	-	-	11,480	11,406	-1%	N/A
Category 6: Business travel	-	-	-	2,814	3,080	9%	N/A
Category 7: Employee commuting	-	-	-	11,376	11,353	0%	N/A
Category 8: Upstream leased assets	-	-	-	N/A	N/A	N/A	N/A
Category 9: Downstream transportation and distribution	-	-	-	49,743	47,265	-5%	N/A
Category 10: Processing of sold products	-	-	-	852,397	783,039	-8%	N/A
Category 11: Use of sold products	-	-	-	N/A	N/A	N/A	N/A
Category 12: End-of-life treatment of sold products	-	-	-	418,246	419,325	0%	N/A
Category 13: Downstream leased assets	-	-	-	N/A	N/A	N/A	N/A
Category 14: Franchises	-	-	-	N/A	N/A	N/A	N/A
Category 15: Investments	-	-	-	N/A	N/A	N/A	N/A
Total GHG emissions (tons CO₂e)							
Total GHG emissions (location-based)	-	-	-	3,575,860	3,456,632	-3%	N/A
Total GHG emissions (market-based)	-	-	-	3,533,909	3,388,905	-4%	N/A
Out of scope (tons CO₂e)							
Biogenic emissions (from combustion at the units) outside Scope 1	13,472	13,963	12,980	13,833	14,712	6%	9%
Biogenic emissions (from combustion at the units) outside Scope 2*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Biogenic emissions (from combustion at the units) outside Scope 3*	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* No biogenic CO₂ emissions from biomass combustion or decomposition – which are not included in Scope 2 or Scope 3 GHG emissions – can be reported due to limitations in the selected emission factor databases, see section "Methodology for GHG emissions calculations", section "Scope 2 - Indirect emissions" and "Scope 3 – General info" on pages 69-70.

None of HEXPOL's Scope 3 emissions are calculated using primary or hybrid data methods. All categories are calculated using the average data method, except Category 2: Capital goods calculated according to an expenditure-based method. In total, 98 percent of Scope 3 emissions are calculated using the average

data method and 25 percent using the expenditure-based method. For a description of the methodology, assumptions and emission factors used to calculate GHG emissions, see the end of this section.

	2025	2024
Net sales used to calculate relative GHG emissions	19,324	20,437
Other net sales not used to calculate relative GHG emissions	0	0
Total net revenue in the financial statements	19,324	20,437

CARBON OFFSETTING

E1-7: GHG removals and GHG mitigation projects financed through carbon credits

HEXPOL's position is not to use offsets as part of its climate targets. Instead, the focus is on realizing substantial greenhouse gas reductions within the value chain.

The potential for carbon sequestration through the raw materials used is limited and did not result in a material impact in the dual materiality analysis. Therefore, no figures are reported. With the publication of the "Land Sector and Removals Guidance" by the GHG Protocol in January 2026, a new analysis will be carried out to assess the magnitude of potential carbon sequestration within the HEXPOL value chain. If material, this will be followed up.

INTERNAL CARBON PRICING

E1-8: Internal carbon pricing

No internal carbon pricing is used within HEXPOL.

FINANCIAL IMPACTS FROM CLIMATE-RELATED RISKS AND OPPORTUNITIES

E1-9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

In accordance with ESRS 1 chapter 10.4, HEXPOL has chosen to use the 1-year and 3-year phase-in option for the climate-related financial impacts, qualitatively and quantitatively, respectively.

METHODOLOGY FOR CALCULATING GREENHOUSE GAS EMISSIONS

Overview

HEXPOL measures its GHG emissions in line with the GHG Protocol and its associated guidance documents. The calculations cover the entire HEXPOL value chain – from the extraction and processing of raw materials to the final treatment of sold products. Each year, the calculation models are reviewed to see if they best represent the HEXPOL value chain. Reasons for updates may include increased traceability in the supply chain, greater access to supplier-specific information, new research or updates to reporting standards. Historical data is always updated to ensure that reported differences in emissions between years are due to improvements and not accounting changes.

Emission factors

For the emission factors used, see the respective methodology section below.

HEXPOL aims to always use the latest Global Warming Potential (GWP) values of greenhouse gases defined by the UN Intergovernmental Panel on Climate Change (IPCC) and their assessment reports. Currently, the sixth evaluation report (AR6) is used. Due to delays in third-party emissions databases, GWPs from older assessment reports may also be present. If possible, these are translated into AR6 by HEXPOL.

For GHG emissions from bioenergy, the GWP for CO₂ is assumed to be zero, while the GWP for CH₄ and N₂O is based on the values in AR6.

Mergers and acquisitions

In line with the GHG Protocol, historical emissions are added for acquired companies and subtracted for divested companies.

In 2025, the following changes were made:

- Historical emissions were added for the companies Piedmont Resin Supply (USA) and Kabkom Kimya Sanayi vs Ticaret Anonim Sirketi (Kabkom, Turkey), which were acquired in October 2024 and April 2025, respectively.
- Historical emissions were subtracted for the unit in Muscle Shoals (USA) whose operations were sold to Karo Ventures LLC in December 2024.

As the production unit in Kennedale (USA) was closed and the activities moved to other HEXPOL units, no corrections were made for its emissions.

Scope 1 – Direct emissions

Includes all stationary and mobile combustion on HEXPOL units and refrigerant leakage. All units within the HEXPOL Group are included, such as factories, warehouses and offices. Both owned and leased units, vehicles and equipment are included. Scope 3 – Category 8: Upstream leased assets and Scope 3 – Category 13: Downstream leased assets are thus included.

Each unit reports primary data on the physical amount of fuel used, distance traveled by company cars and amount of refrigerant charged during the reporting year. These are then converted into both energy consumption and greenhouse gas emissions through conversion factors and emission factors. Primarily factors from the UK Government GHG Conversion Factors for Company Reporting from the Department for Energy Security & Net-Zero in the UK, also known as DEFRA, are used. All emission factors use the net calorific value. For refrigerant calculations, emission factors from the GHG Protocol are also used.

Electricity generated on site is also reported, but as only electricity from solar panels is produced, this does not contribute to any greenhouse gas emissions.

In 2025, the following change was made:

- Added distance-based model for mobile combustion, mainly targeted at company cars. The impact is estimated at less than 1 percent of all Scope 1 emissions.

Scope 2 – Indirect emissions

Includes all purchased energy (electricity, heating, steam and cooling) for HEXPOL units. All units within the HEXPOL Group are included, such as factories, warehouses and offices. Both owned and leased units, vehicles and equipment are included. Scope 3 – Category 8: Upstream leased assets and Scope 3 – Category 13: Downstream leased assets are thus included. Each unit reports primary data on purchased electricity, heating, steam and cooling.

For location-based emissions for purchased electricity, the following databases are used:

- All countries, except the USA:** International Energy Agency (IEA) – Emission Factor Package, using emission factors for generated electricity and adjustment for trade-induced emissions. The emission factor is determined on the basis of the country in which the respective HEXPOL unit is located.
- USA:** Environmental Protection Agency (EPA) – Emissions & Generation Resource Integrated Database (eGRID), which uses emission factors for generated electricity. The emission factor is determined on the basis of the subregion/subgrid in which the respective HEXPOL unit is located.

For market-based emissions for purchased electricity, the following hierarchy is used:

- Electricity certificate:** Where an entity purchases energy certificates – bundled or unbundled – zero emissions are applied for the amount of energy (MWh) covered by the certificates. If not all of the purchased electricity is covered by certificates, a residual emission factor is applied to the remaining electricity, see below.
- Contract-specific information:** Where specific information is available from the respective energy supplier, this is used for calculations of emissions and energy mix.
- Residual mix:** Where an entity neither purchases electricity certificates nor contract-specific information is available, emission factors are applied to the residual mix for the country in which the entity is located. These are available for most of Europe (via the Association of Issuing Bodies, AIB) and the United States (via Green-e by the Center for Resource Solutions, CRS). For countries where an emission factor for the residual mix is not available, the emission factor from the International Energy Agency (IEA) – Emission Factor Package is used. For a conservative approach, all residual mix is assumed to be 100 percent fossil.

For location-based emissions for purchased heat, steam and cooling, the following databases are used:

- All countries, except Sweden and the USA:** "UK Government GHG Conversion Factors for Company Reporting from the Department for Energy Security & Net-Zero" in the UK (DEFRA). Although specific to the UK, these values are used as an approximation for the rest of the world.
- Sweden:** Energiföretagen – Fjärrvärmens lokala miljövärden: Average values
- USA:** Environmental Protection Agency (EPA) – GHG Emission Factors Hub.

For market-based emissions for purchased heat, steam and cooling, the following hierarchy is used:

- Energy performance certificate:** Where an entity purchases energy certificates – bundled or unbundled – zero emissions are applied for the amount of energy (MWh) covered by the certificates. If not all of the purchased energy is covered by certificates, a residual emission factor is applied to the remaining energy, see below.
- Contract-specific information:** Where specific information is available from the respective energy supplier, this is used for calculations of emissions and energy mix.
- Residual mix:** Where an entity neither purchases energy certificates nor contract-specific information is available, the emission factors used for location-based emissions are applied in the absence of better databases. For a conservative approach, all residual mix is assumed to be 100 percent fossil.

For all emission factors for purchased electricity, a two-year difference between the accounting year and the year the emission factor is valid is applied. This is to take into account the delays in external databases and harmonize differences in delay between them. Therefore, for the reporting year 2025, emission factors for purchased electricity for 2023 are used.

For emission factors for purchased heat, steam and cooling, no such difference is applied as no delay is reported in the external databases. The only exception is Sweden, where data from Energiföretagen is one year behind.

For the respective database for emission factor linked to purchased energy, no data is available linked to biogenic CO₂ emissions. Therefore, these cannot be reported.

In 2025, there were no changes in methodology or reference data.

Scope 3 – General information

Due to limitations in the data sources used for the emission factors, biogenic emissions cannot currently be calculated for Scope 3 emissions. The same applies to the separate reporting of CH₄ and N₂O for Scope 3 emissions.

Furthermore, HEXPOL aims to use as much primary data as possible. Currently, most of the business information used is primary data, while the corresponding emission factors are almost exclusively average values from recognized databases. Only within emission calculations for Category 1: Purchased goods and services, supplier-specific emission factors are used. However, this accounts for less than 1 percent of Scope 3 emissions at present.

In 2025, there were no changes in methodology or reference data, as the methodology for Scope 3 emissions was developed.

Scope 3 – Category 1: Purchased goods and services

This emission category is divided into three groups by HEXPOL based on calculations and data availability:

- Direct purchases: Raw materials
- Direct purchases: Packaging materials
- Indirect purchases

For all groups, the amount purchased, not necessarily used, is used in accordance with the GHG Protocol – Scope 3 Guidance.

Direct purchases – Raw materials: Each unit reports the quantity (weight) of raw materials purchased, which are categorized into HEXPOL-defined raw material categories with associated subcategories. These subcategories represent specific materials and specific percentage recycled or renewable content. Each subcategory is allocated an emission factor for that material based on the ecoinvent life cycle database. This is usually global and a sector average. Where a supplier-specific emission factor is available for a raw material, this is used instead, after first being verified by an internal expert group.

The version of ecoinvent used is 3.10, which ensures that methane emissions along the material supply chain are included, which is important for HEXPOL as most raw materials are from the petrochemical industry.

Direct purchases – Packaging materials: Each unit reports the quantity (weight) of packaging material purchased by material: wooden pallets, cardboard, paper, plastic or metal. As with raw materials, an emission factor is allocated to each group. The proportion of recycled material is not currently monitored, which means that conservative emission factors are used.

Indirect purchases: Each unit reports purchase value (SEK) for set purchase categories. These values are then matched against emission factors from the Public Procurement Authority. Although these are specific to Sweden, they are used as an approximation for the rest of the world. For 2024 and 2025, these values are not reported as work is underway to improve the data quality of the reported values. The order of magnitude is

estimated at approximately 2% of HEXPOL's total greenhouse gas emissions (scope 1, 2 & 3).

Scope 3 – Category 2: Capital goods

Each unit reports the purchase value (SEK) for set categories of capital goods. These values are then matched against emission factors from the Public Procurement Authority. Although these are specific to Sweden, they are used as an approximation for the rest of the world.

Scope 3 – Category 3: Fuel and energy-related activities

This emission category is divided into three groups by HEXPOL based on the energy source causing the emissions.

- Stationary and mobile combustion
- Purchase of electricity
- Purchase of heating, steam and cooling

Stationary and mobile combustion: Given the fuel quantities reported for Scope 1, the corresponding Scope 3 emission factors are applied to upstream emissions from purchased fuels. The source for these is the “UK Government GHG Conversion Factors for Company Reporting” from the “Department for Energy Security & Net-Zero” in the UK (DEFRA).

Purchase of electricity: Given the amount of electricity reported for Scope 2, the corresponding country-specific Scope 3 emission factors are applied for upstream emissions from purchased electricity and life-cycle losses for transmission and distribution. The source for these is the Emission Factor Package of the International Energy Agency (IEA). If contract-specific Scope 3 emission factors are available for an entity, these are used instead.

Purchase of heating, steam and cooling: Given the amount of energy reported for Scope 2, the corresponding Scope 3 emission factors are applied for upstream emissions from purchased heat and steam and life cycle losses for transmission and distribution. The source used for all countries except Sweden is the “UK Government GHG Conversion Factors for Company Reporting” from the “Department for Energy Security & Net-Zero” in the UK (DEFRA). For Sweden, emission factors from “Energiföretagen - Fjärrvärmens lokala miljövärden: Average values” are used instead. If contract-specific Scope 3 emission factors are available for an entity, these are used instead.

Scope 3 – Category 4: Upstream transportation and distribution

The emissions category includes transportation between HEXPOL's direct suppliers and HEXPOL's entities, as well as transportation paid for by HEXPOL. Given the reported quantity (weight) of raw material purchased, the distance of each transaction between the respective HEXPOL supplier and HEXPOL entity is measured and the most reasonable route based on road and sea

transportation is calculated. Given the distance (km), weight (kg) and mode of transport, emissions are calculated using emission factors from the GLEC Framework of the Global Logistics Emissions Council (GLEC).

In cases where we know that the direct supplier is a re-seller and not the producing company and the location of the producing factory is known, this distance is used instead.

A limitation of the current model is whether the freight would be transported by rail, air or barge. Nor does it take into account the type of fuel used.

Scope 3 – Category 5: Waste generated in operations

Each unit reports the quantity (weight) of waste produced, the waste category (material-based) and the final destination. Given the quantity, material and final destination, emission factors from ecoinvent are applied. Emissions for waste going to reuse or recycling are assumed to be zero based on a cut-off methodology.

Scope 3 – Category 6: Business travel

Emissions from business travel are estimated through emission calculations made by the travel agencies of the two largest HEXPOL operations in terms of business travel. These take into account air travel (including high-altitude effects), rental cars, trains and hotel nights. The sum of the two travel agencies is then extrapolated to cover the whole of HEXPOL.

A limitation of the current model is the extrapolation made for the remaining business trips, as well as the business trips booked outside the travel agencies by HEXPOL employees.

Scope 3 – Category 7: Employee commuting

For commuting to and from work, emissions are estimated given the number of employees, the number of working days per country and the average distance to and from the workplace. Given the country, different vehicles and sizes used by employees in commuting are assumed. This is then matched against emission factors from the “UK Government GHG Conversion Factors for Company Reporting” from the “Department for Energy Security & Net-Zero” in the UK (DEFRA).

A limitation of the current model is that it does not take into account employees who use public transport, cycle, carpool or walk to work. As almost all HEXPOL units are located in rural areas where the car is usually the only option, this is assumed to be a minor constraint.

Scope 3 – Category 8: Upstream leased assets

Included in Scope 1 and 2 emissions.

Scope 3 – Category 9: Downstream transportation and distribution

The same methodology is used as for Category 4: Upstream transportation and distribution, with the difference that it is the distance between the respective HEXPOL unit and customer that is used.

A limitation of the current model is that emissions from the Engineered Products business area are excluded because its sales are measured in units other than weight. This prevents calculations of transport emissions based on tons * km of transport, which is the basis for the emission factors used by HEXPOL.

Scope 3 – Category 10: Processing of sold products

Each unit reports the quantity (weight) of product sold to each customer. Each product is categorized based on whether it is rubber, plastic or silicone. Given the production process by which the customer processes the HEXPOL product, an energy intensity factor from ecoinvent is applied. Where the production process is unknown, a conservative assumption is used. As it is mainly electricity used in the processing of HEXPOL products, this amount of electricity is matched against location-based emission factors for the country in which the customer is located. These emission factors include emissions for both Scope 2 and Scope 3 – Category 3 to be as holistic as possible.

A limitation at present is that there are no reference factors for energy intensity and energy type for the vulcanization of rubber products. As vulcanization is an energy intensive process using mainly steam, this is a major limitation of the model and one HEXPOL is actively working to address.

Scope 3 – Category 11: Use of sold products

Emission category is not applicable to HEXPOL, as the products do not consume energy, only the processing.

Scope 3 – Category 12: End-of-life treatment of sold products

Each unit reports the quantity (weight) of product sold to each customer. This quantity is then allocated to the continent where each customer is located. Average statistics on how much polymer products are recycled, incinerated or landfilled for each

continent can be obtained via Our World In Data's report "Share of plastic waste that is recycled". For recycling, emissions are assumed to be zero according to a cut-off methodology. For landfill, emission factors fromecoinvent are used. For precombustion of polymer materials, emission factors fromecoinvent are used.

A limitation today is that most approximations are used for the products that are assumed to end up in landfills.

However, this is assumed to be a minor limitation as HEXPOL products are polymer materials with generally low landfill emission values.

Another limitation of the current model is that emissions from the Engineered Products business area are excluded because its sales are measured in units other than weight. This prevents calculations of emissions per weight of material, which is the basis for the emission factors used by HEXPOL.

Scope 3 – Category 13: Downstream leased assets

Included in Scope 1 and 2 emissions.

Scope 3 – Category 14: Franchises

Emission category is not applicable to HEXPOL.

Scope 3 – Category 15: Investments

Emission category is not applicable to HEXPOL.



EU Taxonomy

The Taxonomy for Environmentally Sustainable Investments is one of the measures of the EU Action Plan on Financing Sustainable Growth and aims to help the EU achieve its environmental goals of a green transition and climate neutrality by 2050. The taxonomy makes it possible to identify and compare investments that are necessary in achieving a sustainable economy. The intention is that it will provide a basis for future standards and for the labelling of sustainable financial products.

Taxonomy aligned

Companies with more than 500 employees must report their sales, capital investments and operating expenses in accordance with the taxonomy. In accordance with the taxonomy, the following apply:

- Contribute to environmental objectives: to be sustainable in accordance with the Regulation, the operations must make a significant contribution to at least one of the six environmental targets stated in the taxonomy. The contribution can be made through internal measures and/or by the company's products facilitating a stakeholder's contribution to one of the environmental targets.
- Do not counteract environmental objectives – Meeting one or more of the taxonomy's environmental objectives may not counteract the other environmental objectives.
- Meet basic principles and standards – This refers to conventions and guidelines on, for example, labor and human rights.
- Adhere to technical criteria – For an activity or product to be considered sustainable, the taxonomy states specific requirements and criteria.

In 2025, HEXPOL has reassessed its previous position on which activities are eligible and has evaluated these activities accordingly. During the process, it has emerged that HEXPOL has sales covered by the taxonomy. The sales information covered by the taxonomy is primarily in the area CCM 3.17 Manufacture of plastics in primary form, where HEXPOL's activities in Thermo-plastic Compounding meet. This is shown in the tables on page 75.

The identified Capex and Opex activities are:

- CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- CCM 7.2. Renovation of existing buildings
- CE 3.2. Renovation of existing buildings
- CCM 7.3. Installation, maintenance and repair of energy efficiency equipment
- CCM 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- CCM 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- CCM 7.6. Installation, maintenance and repair of renewable energy technologies
- CCM/CCA 7.7. Acquisition and ownership of buildings

The assessment of the scope of the activities listed above for Capex and Opex has shown that investments and overheads are not material and fall below the materiality threshold and thus the company has chosen not to further evaluate these for eligibility.

To avoid double reporting within the different activities, no CapEx or OpEx has been reported linked to activity 3.17 Manufacture of plastics in primary form.

The company has not been able to demonstrate that any of the applicable activities are also compatible with the 2025 taxonomy. In the interpretation of the taxonomy, HEXPOL has chosen to apply a precautionary principle throughout and has only assessed activities and products as covered in cases where it is clear that this is the case.

Definitions

Total sales included in the taxonomy calculation is defined as externally reported sales. See also the consolidated income statement on page 101.

Total capital expenditure (CapEx) included in the taxonomy is defined as investments and acquisitions during the year in property, plant and equipment (see also Note 10) and other intangible assets (see also Note 9), as well as additional contracts and acquired assets in right-of-use assets (see also Note 11).

Operational expenditure (OpEx) as defined in the Taxonomy Regulation includes direct repair and maintenance costs and other direct maintenance and logistics expenditure.

Other information

On 4 July 2025, the European Commission introduced simplification measures for the EU taxonomy according to a new delegated act, which will enter into force on 1 January 2026 and apply for the financial year 2025. We have chosen to adopt the new rules already for the financial year 2025.

Share of sales, capital expenditure and operating expenditure from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – information covering the year 2025 (summary KPI)

KPI	2025		Breakdown by environmental objective of taxonomy-aligned activities											Taxonomy compatible activities in the previous financial year, 2024	Share of taxonomy compatible activities in the previous financial year, 2024
	Total	Proportion of Taxonomy-eligible activities	Taxonomy-aligned activities	Proportion of Taxonomy-aligned activities	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity or biological diversity	Proportion of enabling activities	Share of transition operations	Activities deemed to be nonmaterial		
	MSEK	%	MSEK	%	%	%	%	%	%	%	%	%	%	MSEK	%
Sales	19,324	24%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%
CapEx	815		0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%
OpEx	921		0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%

Share of sales from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – information covering the year 2025 (activity breakdown)

Reported KPI	Sales		Breakdown by environmental objective of Taxonomy-aligned activities											Enabling activities	Transition activities	Taxonomy-aligned share of the share covered by the taxonomy
Fiscal year	2025		Proportion of Taxonomy-eligible activities	Taxonomy-aligned activities	Percentage of activities that are aligned with the taxonomy	Mitigating climate change	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity or biological diversity	(E)	(T)			
Economic activities	Code	%	MSEK	%	%	%	%	%	%	%	%	(E)	(T)	%		
3.17. Manufacture of plastics in primary form	CCM 3.17	24%	0	0%	24%								T	0%		
Total eligibility per target																
Total sales		24%	0	0%	24%									0%		

E2:

Pollution

HEXPOL relies on organic and inorganic materials and chemicals to produce polymer compounds and engineered products, as well as for purchased packaging materials. As a company in the chemical sector, chemical substances are particularly relevant to HEXPOL's business and reporting and monitoring is carried out according to relevant legislation to prevent and control all types of pollution.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

IRO-1: Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

During the work on the double materiality analysis, HEXPOL's emissions to air, soil and water and use of substances of concern and very high concern were assessed. The scope included HEXPOL's own activities as well as the upstream and downstream parts of the value chain. Read more about the double materiality analysis process on page 55.

For HEXPOL's own activities, the evidence base for this analysis was essentially

- Laws and regulations to which production units are subject,
- Facts, measurements and conclusions obtained through all units' ISO 14001 environmental management systems,
- The work of identifying, classifying and risk assessing chemical substances in accordance with the EU chemicals legislation (REACH), and similar risk minimization and labeling requirements in other countries/regions, and
- External initiatives, such as one linked to microplastics (Operation Clean Sweep®) and the Alliance for Clean Air by the World Economic Forum

For the assessment of the value chain, the evidence base for this analysis, in addition to that used for HEXPOL's own activities, was essentially:

- Dialogues with suppliers and customers on their impact and double materiality analysis,
- Knowledge and experience of HEXPOL employees, mainly in purchasing and research and development, and
- Additional knowledge-gathering, mainly Internet

Stakeholder dialogues have been conducted with customers, suppliers and external partners through face-to-face and video-based meetings to validate the plausibility of the conclusions of the double materiality analysis linked to pollution. No consultation with the affected communities has taken place, as an annual follow-up of all units and any complaints from neighbors and the surrounding community is done annually and very few, if any, are made.

Below is a list of the key impacts, risks and opportunities related to pollution identified during the analysis.

Identified IROs	Category	Part of the value chain
Use of substances of concern	Negative impacts	<ul style="list-style-type: none"> • Upstream in the value chain • Own operations • Downstream in the value chain
Use of substances of very high concern	Negative impacts	<ul style="list-style-type: none"> • Upstream in the value chain • Own operations • Downstream in the value chain
Generation of microplastics	Negative impacts	<ul style="list-style-type: none"> • Upstream in the value chain • Own operations • Downstream in the value chain
Emissions of pollutants to air	Negative impacts	<ul style="list-style-type: none"> • Upstream in the value chain • Downstream in the value chain

Substances of concern and of very high concern

Within the Group, thousands of formulas are used to manufacture polymer compounds with different technical properties. The recipes include a significant number of chemical substances. While chemical substances are critical to HEXPOL's production, substances of concern and very high concern can have a negative impact on health and ecosystems. This impact can occur upstream during the production of purchased chemical substances, in HEXPOL's own operations, as well as downstream during the processing of sold products at customer sites or the final treatment of sold products.

Generation of microplastics

Emissions of microplastics from HEXPOL's own operations are estimated to be highest from Thermoplastic Compounding, as the polymer compound is in the form of granules or powder and is lighter compared to the rubber products, which mainly come in sheets or strips. Furthermore, Thermoplastic Compounding products are usually granulated under water, which adds another element of possible microplastic generation. Upstream in the

value chain, these can occur in the production of rubber and plastic raw materials. Downstream, generation can take place at HEXPOL's direct customers for Thermoplastic Compounding. A likely major source of emissions is the wear and tear of rubber tires for vehicles and the final processing of sold products. In these cases, microplastics are generated if the end products – which include HEXPOL's polymer compound – end up in landfills.

Emissions of pollutants to air

Emissions of pollutants to air are primarily found upstream and downstream in the value chain. Upstream, it is due to the high proportion of fossil fuels used in the petrochemical industry. Downstream, it is primarily during the final handling of sold products whether the product ends up in landfill or incineration, especially in the latter as chemical substances in the polymer compounds can cause further pollution during incineration.

Environmental legislation and environmental management systems

The Group is affected by national and international environmental legislation. Most facilities require different types of permits. In Sweden, all facilities require a permit or notification under the Environmental Code. The entities in Belgium, China, Czech Republic, Italy, Mexico, Spain, Sri Lanka, Turkey and the United States have permits that cover environmental aspects of the whole operation or address specific environmental issues, such as emissions to the atmosphere. A few operations in Poland, Germany and Turkey are not subject to any specific environmental permits.

All but one of the factories also have an ISO 14001 environmental management system. This factory is the newly acquired Piedmont Resin Supply (USA) and a certified environmental management system will be in place in 2026. The ISO 14001 environmental management system is an important part of the Group's sustainability work as it ensures a systematic way of identifying and reducing risks and impacts on the environment. It also helps companies identify and address local legal and other requirements.

SUBSTANCES OF CONCERN AND VERY HIGH CONCERN

The following is HEXPOL's reporting on substances of concern and very high concern.

Policies

E2-1 – Policies related to pollution

HEXPOL's work related to energy use and greenhouse gas emissions along the HEXPOL value chain is guided by the company's Sustainability Policy and Supplier Sustainability Guideline, which are described in more detail in the section 'Policies within HEXPOL' on pages 96–99.

Targets

E2-3 – Targets related to pollution

Part of the value chain	Targets	Base line	Target date
HEXPOL's own operations	Under development, to be completed in 2026	N/A	N/A
Up- and downstream in the value chain	Impact is driven by active choices in HEXPOL's own operations.	N/A	N/A

HEXPOL's own operations

HEXPOL's ambition is to limit the use of harmful and potentially harmful chemical substances, regardless of legislation. A target linked to this ambition is under development and will be completed in 2026.

The focus of the objective will be the continuous and active avoidance, reduction, substitution or phasing out of harmful and potentially harmful chemical substances. In the absence of a globally harmonized chemicals legislation, this work is partly complicated as the classification of chemicals can vary between regions. However, an important basis will be the classification of substances of concern and substances of very high concern under EU chemicals legislation. Setting a pollution target at group level is voluntary and not a legal requirement.

The strategic objective will be realized by each entity developing a plan as part of its strategic plan on how to address these chemicals. If there are additional requirements from customers, these should also be included in the plan. The objective is thus qualitative, as individual chemicals will be addressed. This is considered to be more effective than setting a quantitative target to reduce the amount of substances of concern and very high concern.

Up- and downstream in the value chain

The choice of chemicals in HEXPOL's own operations has implications for the impacts that occur up and down the value chain. Therefore, the measures in own operations are the driving force and no further action is deemed necessary at this stage.

Actions

E2-2: Actions and resources related to pollution

HEXPOL's own operations

All production units comply with the EU chemicals legislation (REACH) or other similar risk minimization and labeling requirements in other countries and regions. In addition to these legal requirements, many customers present their own lists of chemicals that are banned or subject to restrictions. We use a number of chemicals listed as SVHC:s (Substances of Very High Concern Candidate List) in REACH. None of these uses exceed the limits listed in "Annex II Regulation (EC) No 166/2006".

Primarily, the Research and Development function together with the Sales and Purchasing functions are responsible for the development and execution of the plans to address chemical use.

In 2025, harmful chemical substances have been phased out or replaced in nine HEXPOL factories. For example, a group of PFAS-containing polymers has been phased out at two plants in the Rubber Compounding Americas product area.

As part of the new strategic objective becoming part of each product area's strategic plan, clearer actions and related financial resources and timelines will be more clearly monitored in the next annual report.

Up- and downstream in the value chain

In addition to HEXPOL's own efforts to address hazardous and potentially harmful chemicals based on the HEXPOL common list of chemicals and local legislation, there are requirements from customers and their specific chemical requirements. Through the Supplier Sustainability Guideline, HEXPOL also sets requirements for its suppliers based on how they comply with relevant chemical legislation, such as REACH, RoHS and Prop 65.

Measures and outcomes

E2-5: Substances of concern and substances of very high concern.

All entities hold the relevant licenses for their activities. Local chemical management systems are established at each site. All units identify, address and, where significant, measure the amount of harmful and potentially harmful hazardous chemical substances within the framework of the respective legal and customer-specific requirements. This also identifies which substances belong to the PFAS family of chemical substances. This applies both to substances procured or used during production and to substances leaving installations as emissions, as products or as part of products. Each unit contains information on the concentration of substances of concern and substances of very high concern, and the total amount by weight. For products sold, accurate and relevant safety data sheets are prepared.

However, there are significant differences within the group for non-EU entities in the use of the EU classification of substances of concern (SHC) and substances of very high concern (SVHC), in particular the SHC, which is the basis for the ESRS standard. Although units can measure the amount of SHCs and SVHCs based on their chemical use, the reporting methods and systems differ so much between the units that it was not possible at the time of reporting to consolidate the amount of SHCs and SVHCs from each unit to group level.

More work is therefore needed to establish a harmonized system at central level and efforts to do so will be ongoing in 2026. The aim is to be able to report full Group-wide data on chemicals management in next year's sustainability report.

MICROPLASTICS

Below is HEXPOL's reporting on microplastics.

Policies

E2-1 – Policies related to pollution

HEXPOL's work related to the topic of microplastics is guided by the company's Sustainability Policy and Supplier Sustainability Guideline, which are described in more detail in the section 'Policies within HEXPOL' on pages 96–99.

Targets

E2-3 – Targets related to pollution

Part of the value chain	Targets	Baseline	Target date
HEXPOL's own operations	Under development, see comment below	N/A	N/A
Up- and downstream in the value chain	Under development, see comment below	N/A	N/A

Whole value chain

HEXPOL does not currently have specific targets for microplastic generation for either HEXPOL's own operations or up- or downstream in the value chain. As a consequence of the identification of microplastics as material in the double materiality analysis, HEXPOL intends to start work on setting a strategic target for the area in 2026. The scope, level of ambition and indicators for this objective will be considered after the work of Operation Clean Sweep® is completed for the units in Åmål (Sweden) and Manchester (UK). The project is expected to provide lessons on how HEXPOL can address its impact in its own operations as well as up- and downstream in the value chain.

Actions

E2-2: Actions and resources related to pollution

HEXPOL's own operations

For Thermoplastic Compounding production sites in Åmål and Manchester, participation in the industry-led program Operation Clean Sweep® started in 2025.

The program aims to minimize losses of polymer materials from production, with a particular focus on the compounding of microplastics. The work is coordinated by the Environment, Health & Safety, Product Safety and Sustainability functions at each site and aims to identify microplastic emissions and how they can be measured, prevented and managed. The project will be completed in 2026 with a view to the sites being certifiable by the end of 2026.

Furthermore, the production facilities of the Thermoplastic Compounding company RheTech in the US have installed wells and filters to capture larger plastic particles and microplastics from stormwater systems and cooling systems. The possibility of disseminating the insights from this to other entities will be evaluated in the coming year.

At present, there are not considered to be significant operational costs associated with measures to reduce the generation of microplastics.

Up- and downstream in the value chain

Currently, no action is taken against suppliers or customers to reduce the generation of microplastics. However, this will be evaluated after the Operation Clean Sweep® project ends and the Supplier Sustainability Guideline is updated in 2026.

Measures and outcomes

E2-4: Pollution of air, water and soil

Whole value chain

HEXPOL currently has no specific metrics to monitor the generation of microplastics from HEXPOL's own operations or up- or downstream in the value chain. Work to develop operational metrics for the area will start in 2026. This work will be informed by the insights from the Operation Clean Sweep® project.

A standardized methodology to measure and quantify microplastic emissions has been put forward in a proposal for a Regulation of the European Parliament and of the Council on the prevention of plastic pellet pollution to reduce microplastic pollution 2023/073 (COD), and Commission Regulation (EU) 2023/2055 amending Annex XVII to Regulation (EC) No 1907/2006 of the European Parliament and of the Council on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) as regards microparticles of synthetic polymers. This methodology is based on Operation Clean Sweep®. Once established, this methodology will be evaluated and implemented within HEXPOL.

EMISSIONS OF POLLUTANTS TO AIR

The following is HEXPOL's reporting on air pollution.

Policies

E2-1 – Policies related to pollution

HEXPOL's work related to the topic of air pollution is guided by the company's Sustainability Policy and Supplier Sustainability Guideline, which are described in more detail in the section 'Policies within HEXPOL' on pages 96–99.

Targets

E2-3 – Targets related to pollution

Part of the value chain	Targets	Baseline	Target date
Up- and downstream in the value chain	Under development, see comment below	N/A	N/A

Up- and downstream in the value chain

HEXPOL currently has no specific target set for emissions to air for upstream or downstream in the value chain. As a consequence of this being identified as material in the double materiality analysis, HEXPOL intends to start work on setting a strategic target for the area in 2026. The basis for this will be the information used for GHG reporting, which will also help to develop a baseline and subsequently a target in line with A Practical Guide For Business: Air Pollutant Emission Assessment by the Climate & Clean Air Coalition (CCAC) and the Stockholm Environment Institute (SEI).

Actions

E2-2: Actions and resources related to pollution

Up- and downstream in the value chain

Measures related to air emissions will be planned once metrics and targets are set. In the meantime, work continues on increasing the amount of recycled materials, increasing the share of renewable energy and avoiding sending waste from HEXPOL's own operations to incineration and landfill, all of which contribute to reduced emissions to air.

Measures and outcomes

E2-4: Pollution of air, water and soil

Up- and downstream in the value chain

HEXPOL currently has no metrics to track emissions to air for upstream or downstream in the value chain. As a consequence of this being identified as material in the double materiality analysis, HEXPOL intends to start work in 2026 to develop operational metrics and a baseline for the area, where information used for greenhouse reporting will also be a key input. This will also include the following types of emissions: PM2.5, NH₃, SO₂, NO_x and nonmethane volatile organic compounds (NMVOCs).

ANTICIPATED FINANCIAL EFFECTS

E2-6: Anticipated financial effects from pollution-related impacts, risks and opportunities

HEXPOL has chosen to use the phase-in option linked to the financial impact of pollution-related impacts, risks and opportunities to ensure good reporting quality.

For costs related to major incidents and environmental depositions, see Table 1. The cost relates to an incident in one of the factories in Italy where gray smoke rose from one of the factory's ventilation systems to the outside. The cause was a faulty valve and the leak was fixed immediately.

	Costs related to major incidents (TSEK)	Costs related to environmental depositions (TSEK)
CapEx	0	0
OpEx	2	0

E5:

Resource use and circular economy

The manufacture and use of polymer products affect the environment. At the same time, polymer materials can contribute to several important properties, such as energy savings, noise reduction and reduced fuel consumption in transportation.

In the polymer industry where HEXPOL operates, several different development projects are underway with the aim of reducing the use of fossil-based raw materials and chemicals to promote a circular economy. The work is characterized by several challenges, such as technical characteristics, production volumes and cost issues. HEXPOL works with several chemical and recycling companies to explore new raw materials and materials in production processes.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

IRO-1: Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

During the double materiality analysis, HEXPOL's share of fossil, recycled and renewable materials for raw materials and products, as well as waste generation and waste management were evaluated. The scope included HEXPOL's own activities as well as the upstream and downstream parts of the value chain. Read more about the double materiality analysis process on page 55.

The factual basis for the analysis was essentially:

- Laws and regulations to which products and production units are subject.
- Product, purchase and sales data related to HEXPOL products and their contents.
- Waste data from each production unit.
- Knowledge and experience of HEXPOL employees, mainly in research and development, purchasing, sales and production.
- Dialogues with suppliers and customers on their impact and double materiality analysis and possible alternatives to current fossil raw materials.
- Additional knowledge-gathering, mainly Internet.

Stakeholder dialogues are conducted on an ongoing basis with customers, suppliers and external partners, as well as selected sessions linked to the double materiality analysis. The latter have been both physical and video-based meetings to validate the plausibility of the conclusions drawn from the analysis linked to circularity and waste management. No consultation with the affected communities has taken place, as an annual follow-up of all units and any complaints from neighbors and the surrounding community is done annually and very few, if any, are made.

Below is a list of the key impacts, risks and opportunities related to resource use and the circular economy identified during the analysis.

Identified IROs	Category	Part of the value chain
Resource use and material sourcing through the HEXPOL value chain	Negative impacts	<ul style="list-style-type: none"> • Upstream in the supply chain • Own operations • Downstream in the supply chain
HEXPOL's impact on the circularity of products	Negative impacts	<ul style="list-style-type: none"> • Downstream in the supply chain
Waste and waste management through the HEXPOL value chain	Negative impacts	<ul style="list-style-type: none"> • Upstream in the supply chain • Own operations • Downstream in the supply chain

Resource use and material sourcing through the HEXPOL value chain

HEXPOL's production units rely on synthetic rubber, thermoplastics and thermoplastic elastomers, which are largely produced from fossil raw materials. In addition, renewable materials – natural rubber, wood and cardboard packaging materials, and nonorganic materials – can potentially harm the environment.

In terms of volume, synthetic rubber (fossil) dominates, but some compounds use natural rubber (renewable). A wide range of other raw materials and chemicals are used in the production of rubber compounds, such as carbon black, process oils, plasticizers, antioxidants, fillers, reaction chemicals, paints and metals. Thermoplastic elastomers (TPEs), thermoplastics (TPs), polyurethane plastics, metals and paints are other examples of important raw materials. The solvents are mainly used in the production of polyurethane wheels.

In the polymer industry, many different development projects are in progress with the aim of reducing the use of fossil-based raw materials and chemicals and promoting a circular economy. These include recycled plastics, recycled rubber and recycled carbon black (e.g., via pyrolysis). HEXPOL works with chemical and recycling companies and test many of the raw materials in our production processes. However, a number of questions remain about technical characteristics, production volumes and costs.

HEXPOL's impact on the circularity of products

HEXPOL products are theoretically recyclable, but the complexity of how HEXPOL products combine with other materials downstream makes it difficult to recycle or reuse them in practice. As a consequence, end products containing HEXPOL products are likely to be sent to landfill or incineration.

Waste and waste management through the HEXPOL value chain

Waste is generated at HEXPOL's own production units, in the upstream part of the value chain along each production step, as well as downstream from customers to end-users and products' final disposal.

Part of the value chain	Targets	Baseline	Target date
HEXPOL's own operations	Under development, to be completed in 2026.	2025	2030
Up- and downstream in the value chain	Impact is driven by active choices in HEXPOL's own operations.	N/A	N/A

RESOURCE INFLOWS AND OUTFLOWS LINKED TO PRODUCTS SOLD

Below is HEXPOL's reporting on resource inflows and outflows linked to products sold.

Policies

E5-1: Policies related to resource use and circular economy

HEXPOL's work on resource inputs and outputs is guided by the company's Sustainability Policy and Supplier Sustainability Guideline, which are described in more detail in the section 'Policies within HEXPOL' on pages 96–99.

Targets

E5-3: Targets related to resource use and circular economy

In the past, HEXPOL has had the qualitative goal of being a pioneer in the polymer industry as a supplier of products that contribute to sustainable development. As a result of the double materiality analysis carried out in 2025, work has continued to develop new, quantitative targets to better steer activities towards renewable and recycled materials. These targets will address the average amount of materials (percentage by weight) from recycled, renewable or alternative sources in all products, as well as increasing the share of products with at least 1 percent content (percentage by weight) from recycled, renewable or alternative sources.

The targets will be finalized in 2026, with the ambition that each target will be developed bottom-up by being included in the strategic plan of each product area. This will ensure that the targets are relevant, reasonable and well anchored in the business. The target period will extend to 2030 with a base year of 2025, which represents a normal year of operation.

The targets aim to increase both the total amount of circular materials and the share of products made of these material types. This is because a greater shift is likely if each product initially contains a smaller proportion of circular materials, rather than few high-content products. This is because it is easier to achieve the technical specifications and has less impact on the cost of a product.

The new targets will contribute to reducing HEXPOL's climate impact, with the KPIs/targets for circular materials having a significant impact. Other ecological thresholds have not been evaluated as part of the target setting.

To ensure that the targets are ambitious and science-based, they will be developed in consultation with raw material suppliers, customers and other expert stakeholders. The R&D and purchasing functions have the main responsibility within HEXPOL for developing these objectives. No legal requirements for circular economy targets are imposed on HEXPOL at Group level. On the other hand, HEXPOL will benefit from the legal requirements imposed on end customers, including the EU End-of-Life Vehicle Directive, where minimum recycled plastic levels have been introduced.

Actions

E5-2: Actions and resources related to resource use and circular economy

HEXPOL is actively working to develop and improve products in its portfolio that contribute to a circular economy. The responsibility for these transfers lies primarily with HEXPOL's research and development, purchasing and sales functions. In cooperation with customers and suppliers, these functions identify and evaluate improvement opportunities and ensure that they meet customer specifications.

As HEXPOL mainly produces polymer compounds for component suppliers, its influence on circular design is limited. This is particularly true with regard to the potential of end products to be reused, repaired, recycled and remanufactured into consumer products. For example, the recyclability of a component – which includes HEXPOL's polymer compounds – is limited by the nature of the consumer product, as well as the other materials it is combined with.

However, HEXPOL manufactures high quality polymer compounds and components based on customers' often demanding technical applications. HEXPOL's main contribution to a circular economy is therefore to increase the share of recycled or renewable raw material in purchased raw materials and in sold products. The development can be either a new development of a product with as high a share of recycled or renewable material as possible, or an improvement of existing products by gradually increasing the amount of recycled or renewable material in them, while maintaining technical specifications and price. Where possible, the use of post-consumer recycled materials is prioritized in line with HEXPOL's sustainability policy.

As a step in increasing the share of renewable material for polymers (not natural rubber) and process oils, mass balanced material is used, which is certified according to ISCC PLUS. The following sites are certified according to ISCC PLUS: Åmål, Sweden; Lesina, Czech Republic; Lichtenfels, Germany; Middlefield, USA. HEXPOL maintains the position that there must be a chemical link and traceability between inputs and outputs in mass balancing. Work is also underway to increase the amount of recycled carbon black, which will be gradually blended in with the ambition of reaching 10 percent in the Rubber Compounding Europe & Asia product area by 2030.

Another important measure linked to the circularity of the product portfolio is HEXPOL's acquisition of other companies. Several of the Group's recent acquisitions have involved companies that use a high percentage recycled polymer materials as raw materials. Examples of these are almaak, McCann Plastics, Piedmont Resin Supply. These strengthen the product portfolio and the overall use of recycled materials. Finding businesses that can further strengthen the circularity of the product portfolio through acquisitions remains important for HEXPOL when acquiring companies. Due to the sensitivity of the issue, no information can be shared on the plans going forward.

A third measure is to enable the recycling of polymer compounds and materials, focusing on rubber compounds which are generally more difficult to recycle compared to plastic materials.

In line with this, HEXPOL invested in a production line for the devulcanization of rubber waste at the production unit in Lesina, Czech Republic, which became operational in 2025. The Devulcanization process allows for the recycling of rubber waste from both HEXPOL production sites and customers, including both post-production and post-consumer waste. This is a better

option than reusing secondary materials (i.e., waste) in simpler products and applications, which often means a downgrade in quality. Depending on the application, it is currently possible to achieve between 10 and 30 percent recycled material for a rubber compound.

A fourth measure is to steer marketing and sales to both new and existing customers towards products with a higher share of recycled or renewable materials. However, an increased share often leads to a higher price, which in many cases is resisted by customers, despite the stated demand for more sustainable materials.

As part of the new strategic objective becoming part of each product area's strategic plan, clearer actions and related financial resources and timeline will be more clearly monitored in the next annual report.

Measures and outcomes

E5-4: Resource inflows; E5-5: Resource outflows

Resource inflows

The main resource inputs in HEXPOL's operations are raw- and packaging materials used for the polymer compounds, wheels and seals and gaskets. In 2025, the total resource input of raw materials (excluding prepackaging materials) amounted to 511 kilotons (477), where the share of recycled materials was 7.8 percent (7.8). For renewable materials, the share was 2.9 percent in 2025 (3.1 percent). No alternative raw materials other than these were used in 2025.

The largest contribution to recycled material is from the Thermoplastic Compounding product area, which accounts for 96 percent of all recycled material within HEXPOL. Most of the material is recycled polypropylene (PP), polycarbonate (PC), polyester (PET) and polyamide (PA). For renewable materials, the largest contribution is from the Rubber Compounding product area (Americas, Asia and Europe), which accounts for 87 percent of all renewable materials in HEXPOL. The second largest contribution comes from the Wheels product area with 12 percent of all renewable material. For both material areas, it is primarily natural rubber that contributes to this. See Table 1 for a complete overview.

The share of recycled material remained at the same level compared to the previous year despite the acquisition of Piedmont Resin Supply, USA, with a high share of recycled material. This is due to a reduced share of recycled plastics for

Category	Total quantity tons	Recycled amount of material		Renewable material quantity		
		tons	% tons	tons	% tons	% tons certified*
Raw materials for polymer compounds	452,076	34,334	7.6%	14,735	3.3%	0.0%
Raw materials for Wheels components (excluding what is included in polymer compounds)	15,139	0	0.0%	0	0.0%	0.0%
Other materials in polymer compounds and components	43,631	5,587	12.8%	15	0.0%	0.0%
Packaging materials	16,498	0	0.0%	14,353	87.0%	0.9%
Total (including packaging materials)	527,344	39,921	7.6%	29,104	5.5%	
Total (excl. packaging materials)	510,846	39,921	7.8%	14,750	2.9%	

some plants in the US in the Thermoplastic Compounding product area as a result of recycled material becoming more expensive than virgin material, which has meant that the share has had to be reduced to maintain competitive prices to customers. At the same time, the amount of recovered content increases significantly for carbon black, oils and plasticizers, although still small amounts compared to other raw material categories.

Carbon black increased from 2 tons to 398 tons of recycled content and oils & plasticizers from 38 tons to 308 tons. The fact that the share of renewable material is basically the same as last year is due to the fact that the amount of natural rubber used in production has remained stable. The amount of chemicals and fillers with renewable content increased from 13 tons to 100 tons.

The share of renewable materials decreased compared to the previous year due to the acquisitions of Piedmont Resin Supply (USA) and KABKOM (Turkey), which do not use renewable materials. In terms of tons, the amount of renewables was stable compared to the previous year.

HEXPOL obtains supplier specific information on the proportion of recycled or renewable material for raw materials for polymer compounds, isocyanides and polyols for polyurethane for the Wheels product area, as this is part of the specification of the raw materials purchased. This information is also critical to fulfill the technical specifications towards HEXPOL's customers.

For metal shavings and other raw materials for components and packaging materials, no specific information is currently available on the proportion of recycled material, which is therefore assumed to contain 0 percent in order to make a conservative estimate. For prepackaging materials, on the other hand, the amount of renewable and the percentage certified are known. Any double counting is avoided as all information is taken directly from the respective purchasing system.

Resource outflows - Products sold

In 2025, a total of 480 tons of products (484) were sold, of which 67 percent rubber compounds, 24 percent thermoplastics, 10 percent thermoplastic elastomers. Values exclude those of the Engineered Products product area as its sales are measured in other units. For more information, see Table 2. The amount of prepackaging material accompanying products in 2025 was 16 tons (15).

A list of materials is available for each product. However, it is currently challenging to measure the proportion of recycled or renewable materials at an aggregated level based on the respective material list, partly because proportions are given in ranges. The share of recycled or renewable materials in products sold is therefore estimated based on the amount of inflows of renewable and recycled materials. However, this includes production waste, but as the share of recycled or renewable material is calculated as a percentage, this does not affect the estimates as the production waste affects all input raw materials equally. The total quantity of products is measured directly by the respective sales system.

At present, HEXPOL is not able to report the amount of recycled material in the packaging material sold with the products. However, work is ongoing to address this and will be reported in future annual reports.

The lifetime varies for the different HEXPOL products. For rubber compounds it is usually a few weeks, as the chemical vulcanization reaction starts immediately after mixing, albeit at a low rate compared to the vulcanization process at HEXPOL's customers. For vulcanized rubber products, such as seals, gaskets and wheels, the storage life is longer. Depending on storage conditions, packaging solution and type of polymer, the lifetime is up to 10 years for products based on saturated rubber compounds (e.g., ethylene propylene rubber based, EPDM), while it is between six months and six years for products based on unsaturated rubber compounds

In use, the lifetime is between a few months to 50 years, depending on temperature, light, mechanical wear and other environmental factors. HEXPOL seals are mainly used for various window, ventilation and door applications. These are made of EPDM and will last for the entire lifetime of the final product – at least 20 years – in which they are incorporated as a component, provided they are not mechanically destroyed in any way. For gaskets, the lifetime depends on the application, which is on average between 3–5 years. In the dairy industry, gaskets are usually replaced every year, while for simpler applications with low water temperatures, gaskets can last over 20 years.

For thermoplastic elastomers, the shelf life is at least 12 months if they are stored in a cool, dry place in their original packaging. For thermoplastics, the lifetime is around 12 years. Application life varies too much depending on the type of end product in which the mixtures are included, as the mixtures are often designed to last throughout the life of the end product.

Although polymer compounds are not repairable, a component containing HEXPOL's polymer compound blend can either be ground down and recast (plastic compounds) or devulcanized and mixed into a new rubber compound. For wheel components, these can be repaired by HEXPOL. There is currently no system within HEXPOL to rate the reparability of a component.

Product category	Total quantity (tons)	Re covered amount of material (% tons)	Renew-able material quantity (% tons)
Rubber compounds	320	0%	4.0%
Thermoplastic compounds	113	35.8%	0%
Thermoplastic and elastomer compounds	47	1.6%	0.1%
Gaskets & seals	N/A	0.2%	1.3%
Wheels	N/A	3.8%	7.6%
TOTAL		6.7%	3.0%

*Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or International Sustainability & Carbon Certification (ISCC) PLUS certification.

RESOURCE OUTFLOWS LINKED TO WASTE

Below is HEXPOL's reporting on resource outflows linked to waste.

Policies

E5-1: Policies related to resource use and circular economy

HEXPOL's work on resource inputs tied to waste is guided by the company's Sustainability Policy and Supplier Sustainability Guideline, which are described in more detail in the section 'Policies within HEXPOL' on pages 96–99.

Targets

E5-3: Targets related to resource use and circular economy

Part of the value chain	Targets	Baseline	Target date
HEXPOL's own operations	Under development, to be completed in 2026.	2025	2030
Up- and downstream in the value chain	No strategic objective set.	N/A	N/A

As a result of the double materiality analysis in 2025, work has been ongoing to develop new, quantitative targets linked to waste. This is in line with a long-term overall ambition that all HEXPOL units should generate minimal waste and that no waste should be sent to incineration, landfill or other disposal procedures.

The targets are under development and will be completed in 2026. The ambition is that the targets will be developed bottom-up through the strategic plan of each product area, which will include these targets. This will ensure that the target is relevant, reasonable and well anchored in the business.

One target will be to reduce the amount of waste sent to incineration, landfill or other disposal processes by 2030 with a base year of 2025. A second target will be to reduce the average amount of waste generated annually (based on kg of waste per kg of product produced). Together, these targets will ensure that the amount of waste is reduced and that the management of the waste generated supports circularity.

Actions

E5-2: Actions and resources related to resource use and circular economy

At each production unit, the production department, together with the Environmental, Health & Safety Manager, is responsible for reducing the amount of waste generated and ensuring that this is reused, recycled or otherwise diverted as far as possible, in dialog with existing and potential waste handlers. This work is part of all units' work based on the ISO 14001 environmental management system. Actions and budgets for these are decided locally based on continuous improvement work.

As part of the new strategic objective becoming part of each

product area's strategic plan, clearer actions and related financial resources and timeline will be more clearly monitored in the next annual report.

Measures and outcomes

E5-4: Resource inflows; E5-5: Resource outflows

The significant wastes generated from HEXPOL's units are primarily rubber waste (17 percent) and plastic waste (12 percent) from production, damaged wooden pallets that need to be disposed of (15 percent) and other residual waste (37 percent). The remaining share consists of cardboard and paper, metals, chemicals, electronics, textiles and nonmetallic minerals. For more information, see Table 3.

Table 3: Overview of the materials included in the waste

Materials in waste	2025		2024	
	Quantity (tons)	Share (% tons)	Quantity (tons)	Share (% tons)
Electronics	6	0%	9	0%
Rubber	4,187	17%	3,953	16%
Nonmetallic minerals	401	2%	387	2%
Chemicals	832	3%	938	4%
Metals	1,126	5%	1,065	4%
Paper & board	2,376	10%	2,122	8%
Plaster	3,021	12%	2,694	11%
Textiles	27	0%	26	0%
Wood & other biomass	3,645	15%	3,779	15%
Other	9,234	37%	10,458	41%
Total	24,854		25,431	

Of the total waste in 2025, 23,274 tons were nonhazardous waste and 1,580 tons were hazardous waste. No waste was classified as radioactive.

In total, 12,690 tons of this waste went to reuse or recycling, with 4 percent of all waste going to preparation for reuse, 40 percent to material recovery and 7 percent to other recycling processes. Waste disposed of amounted to 12,164 tons, with 9 percent of all waste going to incineration with energy recovery, 4 percent to incineration without energy recovery, 31 percent to landfill and 5 percent to other disposal methods. For more information, see Table 4.

Compared to the previous year, the amount of waste is marginally less (-2 percent), which is more due to annual variations and reduced production than a significant decrease in the amount of waste generated.

For the type and amount of waste generated and its respective disposal, HEXPOL measures the amount of waste generated. The classification of waste into hazardous, non-hazardous and radioactive waste follows local legal requirements. Information on the classification and final destination of the waste is obtained from the respective waste manager. All comparisons are based on the previous year, whose values are shown in the table on page 85.

Table 4: Overview of the amount of waste generated and its management

Waste treatment	Subcategory	Nonhazardous waste				Hazardous waste				Total subset			
		2025		2024		2025		2024		2025		2024	
		tons	% tons	tons	% tons	tons	% tons	tons	% tons	tons	% tons	tons	% tons
Waste diverted from disposal	Preparation for recovery	787	3%	1,717	7%	120	8%	117	8%	907	4%	1,834	7%
	Recovery	9,987	43%	9,435	39%	68	4%	63	4%	10,055	40%	9,499	37%
	Other recovery procedures	1,539	7%	1,186	5%	188	12%	172	11%	1,727	7%	1,359	5%
Waste disposed of	Incineration with energy recovery	1,886	8%	1,842	8%	433	27%	338	22%	2,319	9%	2,179	9%
	Incineration without energy recovery	815	4%	449	2%	181	11%	228	15%	996	4%	677	3%
	Landfill	7,541	32%	8,966	37%	170	11%	212	14%	7,711	31%	9,178	36%
	Other disposal operations	720	3%	317	1%	419	27%	388	26%	1,139	5%	705	3%
Total		23,274		23,912		1,580		1,518		24,854		25,431	

ANTICIPATED FINANCIAL EFFECTS

E5-6: Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities

HEXPOL has chosen to use the phasing-in option linked to the financial impacts related to the circular economy based on consequences, risks and opportunities to ensure good reporting quality.

Information on social responsibility

The social responsibility section of the Sustainability Report describes HEXPOL's work on material issues regarding significant impacts, policies, targets and actions. The main issues relate to the Group's own workforce and workers in the value chain.

S1:

Own workforce

As HEXPOL is a manufacturing company, with most of its employees working in production and product development, its own workforce is central to the Group's strategy and business model.

As a key part of our sustainable development strategy, the Group aims to attract, develop and retain committed and skilled employees. Job satisfaction, personal development, pay and career opportunities are important factors for many employees. The ambition is for HEXPOL to be perceived as an attractive employer. Commitments on health and safety, fair pay and human rights can be found in this section and in our Code of Conduct, titled 'Materializing Our Values'.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

According to the double materiality analysis carried out, the areas of working conditions, equal opportunities and integrity are considered material for the Group's own workforce in terms of material impact. The impact is judged to occur mainly within the Group's own operations.

HEXPOL defines its own workforce as the people who have an employment relationship with HEXPOL. This includes both permanent and fixed-term employees. The workforce also includes temporary staff hired by HEXPOL to cover, for example, production peaks and absences within its own workforce. These temporary staff are included in the subsection 'Health and safety'.

The Group operates in countries where there is an increased risk¹ of human rights violations, specifically child labor and forced labor. The increased risk is present primarily in the Asian countries in which HEXPOL operates. However, as a result of HEXPOL's values-driven work, policies, preventive measures and controls, the risk of child labor and forced labor occurring in its own operations is considered low.

Working conditions

Attracting and retaining committed employees is a fundamental requirement for successful business operations. Actions that contribute to employees' job satisfaction, personal development, pay and career opportunities are therefore important. HEXPOL's potential and actual negative and positive impacts related to working conditions are located within its own operations and apply over a short, medium and long time horizon.

There is an actual negative impact in the area of occupational health and safety and workplace accidents. The emphasis in occupational health and safety actions is on preventive measures, such as risk analyses, systems for reporting incidents, training, an occupational health and safety management system (ISO 45001) and technical actions. Responsibility for fostering a favorable work environment lies with the local management teams, and improvement programs are designed in collaboration with employees. Prevention efforts to create safer working environments will continue for the foreseeable future. Achieving the zero vision – no work-related accidents – requires systematic work, for example through technical actions, training and follow-up.

At the same time, there is an actual positive impact linked to occupational health and safety, as HEXPOL offers various tools that promote health and safety. HEXPOL provides employees at

Identified IROs	Category	Part of the value chain
Working conditions – workplace safety and accidents	Actual negative impact	Own operations
Working conditions – workplace safety and accidents	Actual positive impact	Own operations
Working conditions – terms of employment	Potential negative impact	Own operations
Equal opportunities	Actual negative impact	Own operations
Privacy – personal data breaches	Potential negative impact	Own operations

¹ Risk assessment conducted with reference to e.g.: Freedom House – Freedom in the World 2025, <https://freedomhouse.org/country/scores>, Cato Institute and Fraser Institute – Human Freedom Index 2025, <https://www.cato.org/sites/cato.org/files/2025-12/2025-human-freedom-index.pdf>, Transparency International – Corruption Perceptions Index 2025, <https://www.transparency.org/en/cpi/2025>, Walk Free – Modern Slavery Index 2023, <https://www.walkfree.org/global-slavery-index/>, UNICEF – Child labor (2025), <https://data.unicef.org/topic/child-protection/child-labour/>

its manufacturing sites with the requisite health and safety equipment, and has set up safety committees in several locations. Risk analyses, work environment surveys and medical examinations are performed regularly within the Group. Most of the US sites have a HEXPOL Compounding Americas Safety Team, which operates a preventive program that includes sharing best practices, as well as analysis and rapid dissemination of lessons learned from accidents and incidents.

There is a potential negative impact on HEXPOL's own workforce relating to working conditions such as working hours, job security, freedom of association and work-life balance. Sources of negative impacts include, but are not limited to, low wages, precarious employment in some countries of operation, long working hours and employees not being covered by collective agreements, or lack of social dialogue. The nature of the potential negative impact varies depending on the geographic location of the employees.

The Group's values emphasize the right of employees to be represented by trade unions or other workers' representatives, as well as the right to collective bargaining and agreements. The extent of coverage by collective agreements varies depending on local political and cultural conditions in the countries in which the Group is active. For example, HEXPOL understands that the Chinese government places some restrictions on freedom of association. In addition, job insecurity exists in some areas of the US, where employment is dependent on production capacity.

Equal opportunities

HEXPOL's actual negative and positive impacts related to 'Equal opportunities' are located within its own operations and apply over a short, medium and long time horizon.

The causes of the negative impact are judged to be cases of gender imbalance, particularly in production due to the nature of the work, the risk of lack of diversity within or between roles, the risk of unequal pay for work of equal value, and the risk of harassment-related issues in the workplace.

The Group-wide Equal Opportunities Policy sets out a clear message that HEXPOL should strive for a higher proportion of women in connection with external and internal recruitment to various positions. One of the aims of the gender equality work is to create a balance between men and women in terms of employment and career development. Operational issues regarding gender equality are pursued in a decentralized way through gender equality policies, plans, training and other activities.

The Group's Code of Conduct, 'Materializing Our Values', has its background in international agreements and guidelines concerning human rights, social responsibility and sustainable development, including the UN Global Compact and the Standard for Social Responsibility (ISO 26000). The Group's requirements are that workplaces should be safe, facilitate development and comply with occupational health and safety and labor legislation. No employee may be discriminated against due to gender, religion, age, physical or mental disability, sexual orientation, nationality, political opinions or origin.

Privacy

HEXPOL's potential negative impacts related to 'Privacy' are located within its own operations and apply over a short, medium and long time horizon.

There is a potential negative impact on HEXPOL's own employees due to the risk of personal data breaches and system hacks, which could have a direct negative impact on the individual and their privacy. Assessment of the potential negative impact has taken into account the fact that, as an employer, HEXPOL stores variously sensitive information about its employees which, in the event of a data breach, could compromise the privacy of the individual employee. However, the likelihood of a major breach is judged to be low.

POLICIES RELATED TO HEXPOL'S OWN WORKFORCE

S1-1: Policies related to own workforce

HEXPOL has a number of Group policies covering all employees within the Group, specifically the Code of Conduct 'Materializing Our Values', the Sustainability Policy, the Diversity Policy, the Equal Opportunities Policy, the Health and Safety Policy, the Insider Policy and Guidelines, and the Whistleblower Policy. These are described in more detail in the section 'Policies within HEXPOL' on pages 96–99. During the year, the Code of Conduct and related policies were reviewed and revised based on the material areas identified during the double materiality analysis process.

CONTACT WITH OWN WORKFORCE

S1-2: Processes for engaging with own workers and workers' representatives about impacts

S1-3: Processes to remediate negative impacts and channels for own workers to raise concerns

Through the Group's decentralized organization, all employee relations are managed at company level and not at Group level. Local management teams are responsible for managing and maintaining employee relations and following up on dialogues. Dialogue with employees is ongoing and takes place in a number of ways, for example in the form of career development reviews or employee surveys at local level. Through these contacts, the Group's companies are also able to recognize whether individuals or groups are at greater risk of negative impacts, and thereby understand their perspectives. All employees receive training and information on the company's core values and Code of Conduct through the local organization.

Compliance with HEXPOL's values – collected in the Code of Conduct – is monitored through internal controls and training sessions held for all new employees. Employees are encouraged to report suspected violations to their immediate manager or other management representatives. Where reporting to a superior is not an option, or is not taken seriously, it is possible to report suspected violations anonymously via the Group's Whistleblower System, for assessment by an external party. This is done by sending an e-mail to an independent organization. HEXPOL will not tolerate any form of reprisals against anyone who, in good faith, lodges a complaint or suspects that the Code of Conduct has been violated. At present, the company does not investigate whether employees trust the existing procedures for raising concerns or having them investigated. However, there are no indications that such trust is not present.

TARGETS

S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Working conditions

While HEXPOL has a vision of zero workplace accidents in its own operations, the current target is to continuously reduce the number of accidents. As such, there is no base year or base value. Instead, this metric is always measured against the previous year's outcome. Systems for reporting incidents (near misses) must also be in place in all operations. The target covers all employees who perform work within the Group's operations, including those hired from temporary employment agencies.

In connection with the materiality analysis in 2025, work began on developing a revised sustainability strategy that will also include a clearer and more measurable Group-wide target for accidents in the workplace. This target will be communicated in 2026, and will apply from then onwards. There are already local targets that are measured and monitored on a regular basis at local level. Monitoring of the Group's overall targets has thus far been done on an annual basis, but the process for this will be reviewed in 2026 to enable more frequent monitoring.

Equal opportunities

HEXPOL currently has overarching targets for its own operations on this topic, as clearly set out in the guidelines concerning respect and support for human rights and equal opportunities in the Group's Code of Conduct. The Code also states that there is zero tolerance for breaches of these guidelines. The Group-wide Equal Opportunities Policy also serves as a clear message from Group Management to strive for a higher proportion of women in connection with external and internal recruitment to various positions. In line with this, there is a focus on achieving a gender balance in recruitment and career development. Gender equality issues are pursued in a decentralized way through local gender equality policies, plans, training and other activities.

Monitoring of the Group's overall targets has thus far been done on an annual basis. The process for this will be reviewed in 2026 with a view to possibly conducting more frequent follow-up.

Privacy

HEXPOL does not currently have a measurable Group-wide target for protecting employee privacy and the potential negative impact of any data breach. In 2026, the Group Management will evaluate whether, and if so, how, a Group-wide target should be set on this topic, and how to monitor and measure it.

ACTIONS

S1-4: Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Working conditions

The emphasis in occupational health and safety efforts within HEXPOL's own operations is on preventive measures, such as risk analyses, systems for reporting incidents, training, occupational health and safety management system, and technical actions. Responsibility for fostering a favorable work environment, and thus maximizing positive impacts, lies with

local management, and improvement programs are designed in collaboration with employees. Risk analyses, work environment surveys and medical examinations are performed regularly within the Group. Most of the US sites have a HEXPOL Compounding Americas Safety Team, which operates a preventive program that includes sharing best practices, as well as analysis and rapid dissemination of lessons learned from accidents and incidents. In 2026, this approach to accident prevention will be rolled out to other parts of the Group. Examples of actual preventive actions taken in operations during the year to reduce the risk of injury and improve working conditions include ongoing risk analyses, internal health and safety audits, and safety inspections.

The double materiality analysis considers whether the Group's business practices have potential negative impacts on the working conditions of its own workforce, and this has been found not to be the case.

Action plans, follow-up and possible compensation will be designed to achieve the targets set in 2026 on a step-by-step basis, and the necessary resources to achieve the targets will then be identified.

Equal opportunities

Due to HEXPOL's decentralized organization, responsibility for following Group-wide policies lies with the local organizations. It is also the responsibility of local management to ensure that all staff are trained in policies and that policies are enforced. Examples of actual actions taken within operations during the year to promote equal opportunities include the standardization of procedures for new recruitment and a review of salary setting as part of preparations for the upcoming EU Pay Transparency Directive.

The double materiality analysis considers whether the Group's business practices have potential negative impacts on equal opportunities for its own workforce, and this has been found not to be the case.

Action plans, follow-up and possible compensation will be designed to achieve the targets set in 2026 on a step-by-step basis, and the necessary resources to achieve the targets will then be identified.

Privacy

Minimizing the risk of potential data breaches and strengthening the protection of employee privacy is an ever-present, rolling process. All security within the Group's IT systems is continuously reviewed, and activity in these is monitored on an ongoing basis. Employees are also trained in how to act in the event of a suspected data breach, and unannounced tests are conducted within the Group. Risk mitigation is ongoing both at Group level and in the local organizations. The double materiality analysis considers whether the Group's business practices have potential negative impacts on the privacy of its own workforce, and this has been found not to be the case.

INFORMATION ABOUT THE COMPANY'S EMPLOYEES

S1-6: Characteristics of the undertaking's employees

The number of employees in HEXPOL refers to the average number of full-time equivalents in 2025 for the companies covered by the 2025 Sustainability Report.

In 2025, the number of employees in HEXPOL amounted to 5,071. Of these, the majority are men (85%), see Table 1. The

countries with more than 10% of the total number of HEXPOL employees are the US (30%) and Sri Lanka (20%), see also Table 2.

The staff turnover rate is calculated by dividing the number of employees (full-time equivalents) who left during the year by the average number of employees (full-time equivalents) for 2025, see also Table 4.

Information on the number of employees in the financial statements is provided in Note 4 (note some difference in total due to data quality, which will be reviewed next year).

Gender	No. of employees			
	2025		2024	
	Number	Percentage	Number	Percentage
Female	782	15%	747	15%
Male	4,286	85%	4,176	85%
Other	3	0%	5	0%
Total	5,071		4,928	

Country	No. of employees			
	2025		2024	
	Number	Percentage	Number	Percentage
Belgium	55	1%	59	1%
Italy	191	4%	188	4%
China	419	8%	411	8%
Luxembourg	5	0%	5	0%
Mexico	374	7%	392	8%
Poland	12	0%	13	0%
Spain	193	4%	192	4%
Sri Lanka	1,024	20%	1,073	22%
United Kingdom	176	3%	197	4%
Sweden	333	7%	309	6%
Czech Republic	227	4%	228	5%
Turkey	93	2%	13	0%
Germany	435	9%	407	8%
US	1,534	30%	1,441	29%
Total	5,071		4,928	

	Female	Male	Other	Total
No. of full-time employees	782	4,286	3	5,071
No. of part-time employees	47	29	1	77
No. of temporary/contract employees	58	192	0	250

	2025	2024
Employees who left, number	1,063	1,137
Employees who left, %	21	23

COLLECTIVE BARGAINING COVERAGE

S1-8: Collective bargaining coverage and social dialogue

The Group's core values and Code of Conduct recognize the employee's right to be represented by trade unions or other employee representatives, as well as their right to collective

bargaining and agreements. The extent of coverage by collective agreements varies depending on local political and cultural conditions in the countries in which the Group is active.

On average, 35 percent (34) of employees were represented by a union through a collective agreement. At individual units, the membership rate varied between 0 and 100 percent. In China, the law places certain restrictions on freedom of association.

	2025	2024
Full-time employees, %	36%	36%
Part-time employees, %	32%	35%
Temporary/contract employees, %	9%	8%

DIVERSITY AND EQUALITY

S1-9: Diversity metrics

There is a Group-wide Equal Opportunities Policy, which serves as a clear message from Group Management to strive for a higher proportion of women in connection with external and internal recruitment to various positions. One of the aims of gender equality efforts is to create a balance between men and women in employment and career development. Gender equality issues are pursued in a decentralized way through gender equality policies, plans, training and other activities. In the tables below, senior management is defined as the local management teams of each subsidiary.

Gender	No. of employees			
	2025		2024	
	Number	Percentage	Number	Percentage
Female	35	20%	39	23%
Male	139	80%	133	77%
Total	174		172	

	2025				2024	
	Number	Percentage	Number	Percentage	Number	Percentage
<30 years	981	19%	978	20%		
30-50 years	2,730	54%	2,681	54%		
>50 years	1,360	27%	1,269	26%		
Total	5,071		4,928			

WORKERS' PAY AND SOCIAL PROTECTION

S1-10: Adequate wages; S1-16: Compensation metrics

The Group offers remuneration that, at the very least, meets the minimum legal requirements and is fully tailored to the market in the countries where we operate.

In just over half of the Group companies, the average salary is higher for women than for men. This can be explained by the fact that the average salary for blue-collar workers, the majority of whom are men, is lower than that of white-collar workers, where the gender distribution is more equal.

There is currently no Group-wide system for monitoring pay differentials. In the coming years, the ambition is to refine the analysis in order to get a better and more detailed picture of any pay gap. The upcoming EU Pay Transparency Directive will help the Group with this work.

The Group's core values promote the employee's right to be represented by trade unions or other employee representatives, as well as the right to collective bargaining and agreements. The extent of coverage by collective agreements varies depending on local political and cultural conditions in the countries in which the Group is active. For example, HEXPOL understands that the Chinese government places some restrictions on freedom of association. In addition, job insecurity exists in some areas of the US, where employment is dependent on production capacity.

TRAINING AND SKILLS DEVELOPMENT

S1-13: Training and skills development metrics

The total number of training hours decreased slightly during the year, amounting to 10 hours (12) per person. Health and safety training is a priority and is carried out regularly at all production units. As a key target group, it is essential that all new recruits receive relevant training. First aid, ergonomics and the handling of hazardous substances are examples of the areas covered in the training programs.

	2025	2024
Female	15	20
Male	9	11
Total	10	12

Most of the Group companies carried out career development reviews as planned. At some sites, the target was not reached due to staff shortages and other factors. The majority of the Group companies, 84 percent, include career development in their career development reviews.

	Female	Male	Total
Senior management	83%	81%	81%
Managers, excl. senior management	59%	82%	75%
Other white-collar workers	83%	80%	81%
Blue-collar workers	64%	63%	63%

HEALTH AND SAFETY

S1-14: Health and safety metrics

All the Group companies have some form of management system for occupational health and safety, and in many cases the systems are based directly on the country's national legislation. In 8 cases (6), the company has chosen to certify itself in line with ISO 45001 (UK, US, Spain, Czech Republic, Turkey and Sri Lanka).

During the year, there were 130 workplace accidents (160) with at least one day of absence. Contractors were involved in 10 accidents (1). Approximately 42 percent (40) of the units reported zero accidents during the year. This year, the accident

rate (LWC/million hours worked) decreased compared to the previous year and was in line with previous years. Occupational accidents caused a total number of 2,547 lost work days (2,775).

Six cases of skin and respiratory diseases (allergy, eczema), 11 cases of musculoskeletal disease, and two cases of psychosomatic disease were registered during the year.

Systems for reporting near misses have been introduced at 82 percent (84) of the sites. During the year, 370 risk situations (381) were registered, which in many cases resulted in preventive actions being implemented.

	2025	2024
Fatal accidents, own workforce	0	0
Fatal accidents, contractors	0	0
Lost workday cases (LWC)	130	160
LWC/million hours worked	12.1	15.8
Lost work days (LWD)	2,547	2,775
LWD/million hours worked	237	247
Work-related diseases	19	14
Near misses	370	381

INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

S1-17: Incidents, complaints and severe human rights impacts

During the year, there were no serious cases of discrimination. The cases that did arise have been investigated and, where necessary, action has been taken. No fines, sanctions or compensation for damages resulting from discrimination incidents, including harassment and complaints, were incurred during the year.

	2025	2024
No. of discrimination cases	2	3
No. of complaints	1	1
No. of child labor cases	0	0
No. of forced labor cases	0	0

OMITTED INFORMATION

Under the transitional provisions set out in ESRS 1 10.3 and Appendix C, HEXPOL chooses to omit information regarding disclosures S1-7, S1-11, S1-12 and S1-15.

Regarding disclosure S1-8, there is currently no supporting data for reporting the proportion of employees represented by employee representatives. HEXPOL will be developing relevant data collection in 2026 in order to be able to report in accordance with the disclosure requirement in next year's sustainability report.

S2:

Workers in the value chain

In accordance with the new amendments to the rules concerning 'S2: Workers in the value chain', HEXPOL has chosen not to report on this area for 2025. At present, the Group does not have all the necessary processes and follow-ups in place to provide a true picture of work in this area. In 2026, however, work will continue on developing relevant processes so that HEXPOL can report on workers in the value chain in the future.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

During the double materiality analysis, the standard 'S2 – Workers in the value chain' was judged to be material within the sub-topics of Working conditions, Equal opportunities and Other work-related rights.

At this stage, HEXPOL has not yet evaluated how its business model and strategy account for the Group's impacts in the sub-topics contained in the standard on Workers in the value chain.

POLICIES RELATED TO WORKERS IN THE VALUE CHAIN

The Group's core values and ambitions concerning a safe work environment and human rights are to be applied in the value chain. In 'Materializing Our Values', we commit to informing suppliers and other business partners about the Group's Code of Conduct and the requirements of the Supplier Sustainability Guideline. HEXPOL also undertakes to assess the sustainability performance of its suppliers, to a certain extent.

The Code of Conduct 'Materializing Our Values' applies not only to all HEXPOL employees, but also to the Group's customers and suppliers. Suppliers are also subject to the Group's 'Supplier Sustainability Guideline'.

In brief, the guideline entails the following:

- All suppliers will be informed of the Group's Code of Conduct and are expected to implement equivalent commitments in their organizations.
- Suppliers meeting specific criteria, such as being associated with potential sustainable development risks, are to complete a self-declaration. The declaration is made on a digital platform. In the declaration, the supplier certifies that it complies with relevant legislation, works systematically on environmental and health and safety issues, promotes human rights, and combats corruption.

- In cases where the supplier's sustainability efforts are in doubt or significant risks are identified, targeted audits are conducted.

TARGETS

HEXPOL does not currently have any targets related to Workers in the value chain. This is something that will be reviewed in the coming years.

ACTIONS

As part of the internal data gathering for the sustainability report, all Group companies must take a position on human rights issues in the supply chain. No discrepancies were reported during the year.

Over the past two years, around 1,600 supplier evaluations have been sent out in the form of questionnaires, and 39 audits or site visits have been carried out. Since the introduction of the Supplier Sustainability Guideline, more than 15,000 suppliers have received the Group's guideline (Step 1). In Step 2, selected suppliers are asked to make a self-declaration. More than 50 per cent (based on purchasing costs) have done so and certified that they accept the Group's Code of Conduct.

Information on governance

The Governance section of the Sustainability Report describes HEXPOL's work on material issues in this area regarding policies, actions, targets and outcomes. The main issue lies in the area of business conduct.

G1:

Business conduct

The company’s business principles are to be characterized by integrity, responsibility and good ethics – fundamental principles that HEXPOL shares with suppliers, customers and other stakeholders affected by the Group’s activities. Preventing corruption is a high priority. HEXPOL’s Code of Conduct ‘Materializing Our Values’, based in part on the principles of the Global Compact, supports employees and builds trust in interactions with customers and other stakeholders.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

According to the double materiality analysis carried out,¹ the areas of corporate culture, whistleblower protection, and corruption and bribery are considered material. Impacts are deemed to occur both upstream and downstream in the value chain, as well as within the Group’s own operations.

Identified IROs	Category	Part of the value chain
Corporate culture	Potential negative impact	Upstream
	Actual positive impact	Own operations Downstream
Protection of whistleblowers	Potential negative impact	Upstream
		Own operations Downstream
Corruption and bribery	Potential negative impact	Upstream
	Actual positive impact	Own operations Downstream

Corporate culture

There is a potential negative impact on corporate culture due to HEXPOL having operations in high-risk countries where suppliers or customers might potentially not comply with contractual terms. HEXPOL also faces risks related to its frequent acquisitions, where newly acquired companies may not comply with the business conduct guidelines established by HEXPOL.

However, there is also an actual positive impact on corporate culture from the implementation of comprehensive training programs that positively influence corporate culture by promoting strong values and responsible business conduct. This initiative reinforces ethical business practices throughout the

organization and highlights the importance of adhering to the Group’s core principles of business conduct.

An additional actual positive impact on corporate culture occurs when HEXPOL acquires companies with less formalized business conduct processes. Through the acquisitions, HEXPOL supports these newly acquired companies in providing comprehensive training and alignment with HEXPOL’s established standards, generating a positive impact on ethical business practices.

Protection of whistleblowers

A potential negative impact on individuals within HEXPOL’s own operations and throughout the upstream and downstream value chain may arise from inadequate whistleblower protection, if the channels for reporting concerns are not sufficiently accessible. This can lead to low levels of trust and foster a culture of silence. However, HEXPOL has a Whistleblowing System in place, managed by an external party, to ensure that individuals’ anonymity is not compromised.

Corruption and bribery

HEXPOL has a zero-tolerance policy against corruption and bribery, and provides regular training on business conduct and anti-corruption.

A potential negative impact on business conduct may arise if employees in HEXPOL’s operations and value chain do not comply with the Group’s zero tolerance policy against corruption.

An actual positive impact on business conduct arises from the implementation of anti-corruption and anti-bribery policies and procedures, complemented by an employee training program, thus promoting a culture of integrity and transparency.

GOVERNANCE

GOV-1: The role of the administrative, management and supervisory bodies

The Board of Directors has overall responsibility for HEXPOL’s sustainability work in general and is ultimately responsible for decisions on strategies, policies and targets. HEXPOL has a professional Board of Directors with extensive experience of board work across many different companies similar to HEXPOL. All members keep themselves up to date on rules, business conduct and so on. Responsibility for implementation and follow-up is delegated to the Group CEO, Group Management and the local management teams.

POLICIES RELATED TO BUSINESS CONDUCT

G1-1: Business conduct policies and corporate culture

HEXPOL has a range of Group policies covering business conduct. The work on managing impacts, risks and opportunities is mainly guided by the Code of Conduct ‘Materializing Our Values’, the Sustainability Policy, the Insider Policy and the Whistleblower Policy. Taken together, these policies promote a safe and fair work environment and form a fundamental part of HEXPOL’s accountability. The policies are described in more detail in the section ‘Policies within HEXPOL’ on pages 96–99.

In line with HEXPOL’s decentralized organization and governance model, each entity is responsible for ensuring that activities are carried out in accordance with existing policies and governance documents, and that all employees receive information and training regarding the Code of Conduct and the existing policies. Entities may, but are not compelled to, supplement these with local policies that have stricter requirements than the existing Group policies. The Board of Directors reviews and approves all Group policies annually, and all Group policies are available on the HEXPOL website, as well as in internal channels.

During the year, the Code of Conduct and related policies were reviewed and revised based on the material areas identified during the double materiality analysis process.

HEXPOL encourages an open and honest culture whereby all employees and external stakeholders feel safe to report suspected violations of the Code of Conduct or relevant legislation. Employees are encouraged to report suspected violations to their managers or other management representatives. Where reporting to a superior is not an option, or is not taken seriously, it is possible to report suspected violations anonymously via the Group’s Whistleblower System, for assessment by an external party. This can be done by sending an e-mail to an independent external recipient who handles cases on behalf of HEXPOL. Any submitted material can be anonymized to protect the whistleblower. Internally, the CFO is contacted in the event of a whistleblowing case. HEXPOL will not tolerate any form of reprisals against anyone who, in good faith, lodges a complaint or suspects that the Code of Conduct has been violated. Information and training on the Whistleblower System is provided to all employees as part of their training on the Group’s Code of Conduct.

PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

G1-3: Prevention and detection of corruption and bribery

G1-4: Confirmed incidents of corruption and bribery

In accordance with Materializing Our Values and the tenth principle of the Global Compact, business principles must be characterized by integrity and responsibility. For a global company, these issues are complex, and the view of what represents normal business principles varies between different countries and cultures. Within the Group, the following methods are used to guide and monitor issues of ethics:

- Materializing Our Values applies to everyone, and each unit is responsible for anchoring the values within their respective organizations and training all new employees. An in-depth digital training program is available for relevant employees in more vulnerable roles.
- The Group’s internal control processes ensure that costs, expenses and revenue are monitored on an ongoing basis to avoid any anomalous transactions occurring.
- The company pays special attention to ethical issues in its relationships with business partners. Although normal business practices in each country are to be observed, if the business principles do not agree with the Code of Conduct, the guidelines are clear that the transaction must be declined or other relevant action taken. Suppliers must declare their compliance with our Code of Conduct.
- Using checklists from the Global Compact, annual assessments are carried out – in conjunction with the reporting of sustainability data – of how the Group companies are working to prevent corruption, and how they are improving their preventive actions over time.

HEXPOL has a zero-tolerance policy against corruption and bribery, and provides regular training on business conduct and anti-corruption. People in leadership positions or in more vulnerable roles, such as senior managers, the purchasing department and other managers, must undergo compliance training based on HEXPOL’s Code of Conduct. Over the past two years, 440 employees have completed this compliance training. The training is to be carried out every three years to keep knowledge levels up to date.

None of the Group companies reported any cases of fines or sanctions during the reporting year.

Whistleblowing cases		
No. of breaches reported	2025	2024
Reported cases	0	1
Cases that led to disciplinary action	0	0
Disciplinary action	0	0
Training on the Code of Conduct and business conduct		
No. of employees trained in the Code of Conduct	2,800	2,400
No. of employees trained in business conduct	40	400
Incidents of corruption and bribery		
No. of corruption and bribery cases	0	0

¹ According to Transparency International – Corruption Perceptions Index 2025, <https://www.transparency.org/en/cpi/2025>

Policies within HEXPOL

The following policy documents have been implemented to address HEXPOL's material impacts, risks and opportunities.

Policy document	Related area	Material topics
Code of Conduct 'Materializing Our Values' <i>MDR-P, S1-1, S2-1, G1-1</i>	Own workforce	Working conditions Equal opportunities
	Workers in the value chain	Working conditions Equal opportunities Other work-related rights
	Business conduct	Corporate culture
Sustainability Policy <i>MDR-P, E1-2, E2-1, E5-1, S1-1</i>	Climate change	Climate change adaptation Climate change mitigation Energy
	Pollution	Air pollution Substances of Concern Substances of Very High Concern Microplastics
	Resource use and circular economy	Resource inflows Resource outflows
	Own workforce	Working conditions
Supplier Sustainability Guideline <i>MDR-P, E1-2, E2-1, E5-1, S2-1</i>	Climate change	Climate change adaptation Climate change mitigation
	Pollution	Air pollution
	Resource use and circular economy	Resource inflows Resource outflows
	Workers in the value chain	Working conditions Equal opportunities Other work-related rights
Equal Opportunities Policy <i>MDR-P, S1-1, G1-1</i>	Own workforce	Equal opportunities
Insider Policy <i>MDR-P, S1-1, G1-1</i>	Business conduct	Business ethics Combating corruption and bribery
Whistleblower Policy <i>MDR-P, S1-1, G1-1</i>	Own workforce	Working conditions Equal opportunities
	Business conduct	Protection of whistleblowers

CODE OF CONDUCT 'MATERIALIZING OUR VALUES'

MDR-P, S1-1, S2-1, G1-1

Main content

HEXPOL's Code of Conduct 'Materializing Our Values' provides a foundation for the Group's culture and gives guidance on how to implement HEXPOL's corporate principles and core values in everyday operations. The Code is complemented by the Group policy documents: the Sustainability Policy, the Supplier Sustainability Guideline, the Equal Opportunities Policy, the Insider Policy and the Whistleblower Policy. Taken together, these policies promote a safe and fair work environment and form a fundamental part of HEXPOL's accountability, while also covering how the Group's impact on people and the environment in its own operations and value chain should be managed.

Scope

The Code of Conduct applies to all HEXPOL employees, managers, directors and individuals working on behalf of the company. It is communicated internally by forming an integral element of introduction and skills development programs across the Group. In addition, the Code of Conduct is communicated to all external stakeholders via the company's website and is also included in contracts with both customers and suppliers.

Related IROs

The Code of Conduct describes HEXPOL's approach to managing its material impacts, risks and opportunities, as they relate mainly to its own operations and its own workforce, but also indirectly to workers in the value chain through supplier contracts. Specifically, it refers to:

- Working conditions, specifically issues related to fair terms of employment, labor law, health and safety, respect for human rights, and zero tolerance of child, forced and slave labor.
- Equal opportunities, specifically issues related to equal treatment, promoting diversity, and combating discrimination and harassment.

Implementation

The Code of Conduct is approved by the Group's Board of Directors and assessed annually to ensure that it remains relevant and reflects the Group's core values. The CEO is ultimately responsible for the implementation of the Code, while responsibility for ensuring that sound principles of business conduct are maintained within the Group is delegated to managers in all Group companies.

In line with HEXPOL's decentralized organization and governance model, each entity is responsible for ensuring that activities are carried out in accordance with existing policies and governance documents, and that all employees receive information and training regarding existing policies and the Code of Conduct. Entities may supplement the existing Group policies with local policies that have stricter requirements. The

Board of Directors reviews and approves all Group policies annually, and all Group policies are available on the HEXPOL website, as well as in internal channels.

Related standards and frameworks

The Group's Code of Conduct is based on international agreements and guidelines on human rights, social responsibility, sustainable development, and the prohibition of human trafficking, forced labor and child labor. The Code recognizes and respects the following international frameworks and standards: The UN Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the UNICEF Children's Rights and Business Principles, the ILO's eight core conventions on rights at work, the Stockholm Resilience Centre's planetary boundaries, the Paris Agreement and its goal of limiting global warming to below 2°C, and the Kunming-Montreal Global Biodiversity Framework (GBF).

SUSTAINABILITY POLICY

MDR-P, E1-2, E2-1, E5-1, S1-1

Main content

The Sustainability Policy contains requirements linked to HEXPOL's target of managing, minimizing and mitigating the actual and potential negative environmental impacts throughout its value chain. This includes requirements to reduce emissions in line with the 1.5°C target without using carbon offsets, to continuously improve energy efficiency, to introduce metering and monitoring systems, and to conduct a third-party energy audit at least every five years. There are also requirements to purchase renewable electricity, generate renewable electricity on site, phase out fossil fuels, and electrify processes and transport.

Scope

The Sustainability Policy covers all HEXPOL entities and is binding. It is communicated to all staff via the intranet and is also physically distributed to all units. Communication of the Sustainability Policy is followed up annually via a survey.

Related IROs

This policy document describes HEXPOL's approach to managing its material impacts, risks and opportunities as related to climate change, energy use, pollution and resource use. Specifically, it refers to:

- Reducing greenhouse gas emissions in line with the 1.5°C target and not using carbon offsets to achieve these emission reductions.
- Continuous improvement of energy efficiency and the implementation of metering and monitoring systems, as well as conducting an energy audit through a third party at least every five years.

- Purchasing renewable electricity, generating renewable electricity on site, phasing out fossil fuels, and electrifying processes and transport.
- Controlling and reducing emissions to land, air and water and restoring ecosystems damaged by pollution.
- Controls and reductions of microplastic emissions from production facilities.
- Increased use of recovered and renewable materials, specifically from post-consumer waste.
- Following the principles of the waste hierarchy, prioritizing re-use and recovery, and minimizing or reusing production waste.
- Respect for employees' freedom of association, right to collective bargaining, fair wages and equal pay for equal work, access to skills development, and zero tolerance of child labor.

Implementation

The Sustainability Policy is approved by HEXPOL's Board of Directors and is reviewed annually if any content needs to be updated. All entities must assess and address climate-related risks, identify and manage chemicals, and in particular reduce, replace or phase out Substances of Concern and Substances of Very High Concern. A contingency plan must also be in place for dealing with incidents that threaten the environment, health and safety, or property. Implementation of the Sustainability Policy is followed up annually via a survey.

Related standards and frameworks

HEXPOL's Sustainability Policy recognizes and respects the following international frameworks and standards: The UN Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the UNICEF Children's Rights and Business Principles, the ILO's eight core conventions on rights at work, the Stockholm Resilience Centre's planetary boundaries, the Paris Agreement and its goal of limiting global warming to below 1.5°C, and the Kunming-Montreal Global Biodiversity Framework (GBF).

SUPPLIER SUSTAINABILITY GUIDELINE

MDR-P, E1-2, E2-1, E5-1, S2-1

Main content

The Supplier Sustainability Guideline sets out the requirements that HEXPOL places on its suppliers, as well as the expectation to work with HEXPOL to reduce shared greenhouse gas emissions and pollution.

Scope

The Supplier Sustainability Guideline is a mandatory document that direct suppliers must sign up to. It is communicated to all direct suppliers at the time of signing the contract and whenever its content is updated.

Related IROs

This policy document describes HEXPOL's approach to managing its material impacts, risks and opportunities as related to climate change, energy use, pollution, resource use, and workers in the value chain. Specifically, it refers to:

- Adapting to climate-related risks and reducing emissions in absolute terms.
- Combating pollution to soil, water and air.
- Respect for human rights and healthy working conditions.

Implementation

The Supplier Sustainability Guideline is approved by HEXPOL's Board of Directors and is reviewed annually if any content needs to be updated. The policy requires suppliers to comply with legislation and to identify, evaluate and address their environmental impacts in a systematic way. As part of this, suppliers are encouraged to implement, certify and maintain an environmental management system in line with ISO 14001.

Related standards and frameworks

HEXPOL's Supplier Sustainability Guideline is aligned with the Group's Code of Conduct and the international standards and frameworks that the Code follows.

EQUAL OPPORTUNITIES POLICY

MDR-P, S1-1, G1-1

Main content

The Equal Opportunities Policy clarifies HEXPOL's position that diversity and inclusion are crucial to the long-term success of the Group. The policy provides guidance on how staff contribute to equal opportunities for everyone in the Group and how deviations from this principle should be identified and addressed. It also sets out HEXPOL's zero tolerance approach to discrimination and harassment based on ethnic origin, skin color, gender, sexual orientation, gender identity, disability, age, religion, political opinion, national origin, social origin, and other forms of discrimination.

Scope

The Equal Opportunities Policy applies to all HEXPOL employees, managers, directors and individuals working on behalf of the company. It is communicated internally by forming an integral element of induction and skills development programs across the Group. In addition, the policy is communicated to all external stakeholders via the company's website.

Related IROs

This policy document describes HEXPOL's approach to managing its material impacts, risks and opportunities as related to its own workforce and business conduct.

Specifically, it refers to:

- Pay, specifically upholding the principles of equality and diversity.
- Skills development, specifically ensuring that all employees have equal opportunities for career development.
- Parental leave, specifically relating to working time, to uphold the principles of equal treatment and equal opportunities.
- Combating discrimination, specifically on issues related to treatment and behavior.
- Recruitment, specifically upholding the principles of equality and diversity.

Implementation

HEXPOL's Equal Opportunities Policy is approved by the Group's Board of Directors and assessed annually to ensure that it remains relevant and reflects the Group's core values. The CEO is ultimately responsible for implementation of the policy, while local sites have the option of developing detailed procedures within the framework of local legislation.

Related standards and frameworks

The Equal Opportunities Policy is aligned with the principles of the UN Global Compact.

INSIDER POLICY

MDR-P, S1-1

Main content

The Insider Policy is in place to reduce the risk of insider trading and other illegal behavior, thus ensuring that HEXPOL complies with current laws and regulations. The policy aims to prevent market abuse and misuse of inside information.

Scope

The rules on prohibition of trading during closed periods apply to individuals in decision-making positions, i.e. members of the Board and members of Group Management at HEXPOL, as detailed in the list maintained by the Group in accordance with Article 19(5) of the Market Abuse Regulation.

Related IROs

This policy document describes HEXPOL's approach to managing its material impacts, risks and opportunities as related to business conduct. Specifically, it refers to:

- Business conduct, specifically on issues related to combating market abuse and corruption and bribery.

Implementation

The CEO of HEXPOL is responsible for insider trading-related issues. A committee is in place to support the CEO in matters related to HEXPOL's daily management of inside information. This committee comprises the CEO and CFO of HEXPOL.

Related standards and frameworks

The Insider Policy is based on the EU Market Abuse Regulation.

WHISTLEBLOWER POLICY

MDR-P, S1-1, G1-1

Main content

The purpose of this policy is to clarify how HEXPOL's reporting channels are structured and to provide information on how whistleblowing cases are to be handled. The policy also clarifies protections for whistleblowers and the criteria for a whistleblowing case.

Scope

The Whistleblower Policy applies to all employees, job applicants, volunteers and trainees, persons available to perform or performing work under the control and direction of HEXPOL, self-employed persons applying for or performing assignments for HEXPOL, persons available to serve or serving on HEXPOL's administrative, management or supervisory bodies, and shareholders available to or active in HEXPOL.

Related IROs

This policy document describes HEXPOL's approach to managing its material impacts, risks and opportunities as related to its own workforce and business conduct.

Specifically, it refers to:

- Working conditions, specifically on issues related to terms of employment, workplace health and safety.
- Equal opportunities, specifically issues related to equal treatment, discrimination and harassment.
- Protection of whistleblowers.

Implementation

The Board of Directors and the CEO of HEXPOL have ultimate responsibility for overall oversight and implementation of this policy. The Board of Directors and the CEO of HEXPOL are also responsible for ensuring that the people covered by this policy are informed about it.

Related standards and frameworks

The Whistleblower Policy is based on the Swedish Whistleblowing Act (2021:890).

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Consolidated income statements

MSEK	Note	2025	2024
Sales	2	19,324	20,437
Cost of goods sold		-15,260	-16,063
Gross profit		4,064	4,374
Selling expenses		-236	-236
Administration costs		-936	-868
Research and development costs		-148	-136
Other operating income		74	63
Other operating expense		-27	-25
Operating profit	2, 3, 4, 5, 6, 9, 10, 11	2,791	3,172
Financial income	7	125	103
Financial expenses	7	-263	-274
Profit before tax		2,653	3,001
Tax	8	-710	-781
Profit after tax		1,943	2,220
of which, attributable to Parent Company shareholders		1,943	2,220
Earnings per share, SEK		5.64	6.45

Consolidated statement of comprehensive income

MSEK	2025	2024
Profit after tax	1,943	2,220
Items that will not be reclassified to the income statement		
Remeasurements of defined benefit pension plans	1	13
Income tax relating to items that will not be re-classified to the Income Statement	-	-
	1	13
Items that may be reclassified to the income statement		
Translation differences	-2,419	1,205
	-2,419	1,205
Other comprehensive income after tax	-2,418	1,218
Total comprehensive income	-475	3,438
of which, attributable to Parent Company shareholders	-475	3,438

Consolidated balance sheets

MSEK	Note	2025	2024
ASSETS			
Fixed assets			
Goodwill and intangible fixed assets	9	13,038	14,284
Tangible fixed assets	10	3,242	3,342
Right-of-use assets	11	388	437
Financial fixed assets	21	5	5
Deferred tax asset	8	106	99
Total fixed assets		16,779	18,167
Current assets			
Inventories	12	1,857	2,224
Accounts receivable	13, 21	2,421	2,674
Current tax receivables		516	349
Other current receivables		149	146
Prepaid expenses and accrued income		94	91
Cash and cash equivalents	21	1,145	1,233
Total current assets		6,182	6,717
TOTAL ASSETS		22,961	24,884
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		69	69
Other capital contributions		619	619
Reserves		1,578	3,996
Profit brought forward including profit of the year		11,755	11,261
Total equity attributable to Parent Company shareholders	14	14,021	15,945
Attributable to noncontrolling interests		0	0
Total shareholders' equity		14,021	15,945
Non-current liabilities			
Interest-bearing liabilities	15, 21	338	350
Other liabilities	21	421	310
Provision for deferred tax	8	985	966
Provision for pensions	16	60	62
Total non-current liabilities		1,804	1,688
Current liabilities			
Interest-bearing liabilities	15, 21	3,996	3,123
Accounts payable	21	2,237	2,557
Current tax liabilities		106	194
Other current liabilities	21	147	503
Other provisions	17	2	35
Accrued expenses	18, 21	648	839
Total current liabilities		7,136	7,251
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		22,961	24,884

Consolidated changes in shareholders' equity

MSEK	Attributable to Parent Company's shareholders				Total
	Share capital	Other capital contributions	Reserves	Profit brought forward including profit of the year	
December 31, 2023	69	619	2,778	11,111	14,577
2024					
Comprehensive income					
Profit after tax	-	-	-	2,220	2,220
Other comprehensive income	-	-	1,218	-	1,218
Comprehensive income	-	-	1,218	2,220	3,438
Transactions with shareholders					
Dividend	-	-	-	-2,070	-2,070
December 31, 2024	69	619	3,996	11,261	15,945
2025					
Comprehensive income					
Profit after tax	-	-	-	1,943	1,943
Other comprehensive income	-	-	-2,418	-	-2,418
Comprehensive income	-	-	-2,418	1,943	-475
Transactions with shareholders					
Dividend	-	-	-	-1,449	-1,449
December 31, 2025	69	619	1,578	11,755	14,021

Consolidated cash flow statements

MSEK	Note	2025	2024
Cash flow from operating activities	20		
Operating profit		2,791	3,172
Adjustment for noncash items		583	588
Financial payments, net		-134	-175
Tax paid		-901	-751
Cash flow from operations before changes in working capital		2,339	2,834
Cash flow from changes in working capital			
Changes in operating receivables		181	194
Changes in operating liabilities		-202	-332
Cash flow from operating activities		2,318	2,696
Investing activities			
Investments in tangible fixed assets		-542	-481
Sales of tangible fixed assets		0	0
Investments in intangible fixed assets		-12	-16
Acquisitions of businesses, net of cash	22	-967	-895
Cash flow from investing activities		-1,521	-1,392
Financing operations	20		
Loans raised		917	1,109
Repayment of liabilities		0	-351
Repayment of lease liabilities		-104	-106
Dividend		-1,449	-2,070
Cash flow from financing operations		-636	-1,418
Cash flow for the year		161	-114
Cash and cash equivalents, January 1		1,233	1,103
Exchange-rate differences in cash and cash equivalents		-249	244
Cash and cash equivalents at year-end		1,145	1,233

Operating cash flow, Group

MSEK	2025	2024
Operating profit	2,791	3,172
Other non cash adjustment	10	-
Depreciation/amortisation/impairment	573	588
Change in working capital	-21	-138
Sale of fixed assets	0	0
Investments	-554	-610
Operating cash flow	2,799	3,012

Note 1 Accounting policies

HEXPOL's consolidated financial statements are prepared in accordance with the Annual Accounts Act, IFRS reporting standards issued by the International Accounting Standards Board (IASB) as adopted by the EU. The Swedish Council for Sustainability and the Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, was also applied.

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Council for Sustainability and Financial Reporting's recommendation RFR 2, Accounting for Legal Entities. This means that the Parent Company applies the same accounting policies as the Group, except as outlined on page 62.

The applied accounting policies correspond to those applied in the preceding year with the exception of the new IFRS applied commencing January 1, 2025. None of the amendments and interpretations of existing standards be applied as of financial years commencing January 1, 2025, had any effect on the consolidated or Parent Company's financial statements.

Implementation of the OECD model rules for Pillar II

IAS 12 – The OECD Pillar II Model Rules. Under the legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 16 percent minimum rate. All companies in the Group have an effective tax rate of more than 16 percent. The Group has applied the mandatory deferred tax exemption under IAS 12.

Upcoming standards

No changes in standards, new standards or interpretations that come into force on January 1, 2026 are expected to have any material impact on the Group's or Parent Company's financial statements. In 2026, the Group will continue to evaluate the impact of the introduction of IFRS 18.

CONSOLIDATED FINANCIAL STATEMENTS

The Parent Company and the other companies over which the Parent Company has a direct or indirect controlling influence are included in the consolidated financial statements.

Subsidiaries are included in the consolidated financial statements as of the day upon which controlling influence is attained and divested companies up to the time when a controlling interest over them ceases. The consolidated financial statements have been prepared in accordance with the cost method, with the exception of certain financial instruments that have been measured at fair value.

The acquisition method is used to recognize the Group's business combinations. Acquisition-related costs are expensed as incurred, and the Group recognizes them in administrative expenses.

Liabilities to minority shareholders

In April 2025, HEXPOL acquired 80% of the shares in Kabkom Kimya Sanayi vs Ticaret Anonim Sirketi. According to the agreement, HEXPOL has an option to acquire the remaining shares and noncontrolling interests have an option to sell their remaining shares to HEXPOL. In shareholder agreements that the company has signed with holders without controlling influence, there is an agreement on put/call options where the holder of the noncontrolling influence has a right to sell his shares to HEXPOL according to, in the agreements determined calculation formula, from 2028 and thereafter annually during the period January 1 to March 31. In the same way, HEXPOL has the right to acquire the shares according to this calculation formula from 2028 and thereafter annually during the period January 1 to March 31. IFRS 3 Business combinations do not regulate how this type of contractual terms should be handled in the accounting. According to IAS 32 Financial instruments: classification, the Group must report a liability for issued put options in its own equity instruments, i.e., obligation to purchase outstanding shares in Kabkom Kimya Sanayi vs Ticaret Anonim Sirketi. The Group has chosen to take this debt into account in the acquisition analysis, i.e., as if the Group has already acquired outstanding shares.

In October 2024, HEXPOL acquired 80 percent of the shares of Piedmont Resin Supply LLC. According to the agreement, HEXPOL has an option to acquire the remaining shares and noncontrolling interests have an option to sell their remaining shares to HEXPOL. In shareholder agreements that the company has signed with holders without controlling influence, there is an agreement on put/call options where the holder of the noncontrolling influence has a right to sell his shares to HEXPOL according to, in the agreements determined calculation formula, from 2028 and thereafter annually during the period from January 1 to January 31 or during the period from July 1 to July 31. Similarly, HEXPOL has the right to acquire the shares according to this calculation formula from 2028 and annually thereafter during the period from January 1 to January 31 or during the period from July 1 to July 31. IFRS 3 Business combinations do not regulate how this type of contractual terms should be handled in the accounting. According to IAS 32 Financial instruments: classification, the Group must report a liability for issued put options in its own equity instruments, i.e., obligation to purchase outstanding shares in Piedmont Resin Supply LLC. The Group has chosen to take this debt into account in the acquisition analysis, i.e., as if the Group has already acquired outstanding shares.

In 2022, HEXPOL acquired 70 percent of the shares in almaak international GmbH. According to the agreement, HEXPOL has an option to acquire the remaining shares and noncontrolling interests have an option to sell their remaining shares to HEXPOL. In shareholder agreements that the company has signed with holders without controlling influence, there is an agreement on put/call options where the holder of the noncontrolling influence has a right to sell his shares to HEXPOL according to, in the agreements determined calculation formula, from 2025 and thereafter annually during the period January 1 to March 31. In the same way, HEXPOL has the right to acquire the shares according to this calculation formula from 2025 and thereafter annually during the period January 1 to March 31. IFRS 3 Business combinations do not regulate how this type of contractual terms should be handled in the accounting. According to IAS 32 Financial instruments: classification, the Group must report a liability for issued put options in its own equity instruments, i.e., obligation to purchase outstanding

ing shares in almaak international GmbH. The Group has chosen to take this debt into account in the acquisition analysis, i.e., as if the Group has already acquired outstanding shares.

At the balance sheet date, the Group recognizes the corresponding liability at fair value for the respective acquisitions, through profit or loss, where changes in the forecast outcome are recognized as other operating income/expenses and changes in WACC are recognized as financial income/expenses, and as other liabilities in the balance sheet. See also Note 21. If the options expire without being exercised, this is reported as a sale of shares in subsidiaries, i.e., the debt is booked against equity. The noncontrolling interest's share of equity and its share of the result are therefore not reported.

TRANSLATION OF FOREIGN CURRENCIES

Functional currency and reporting currency

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the reporting currency for the Parent Company and the Group.

Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency at the exchange rates prevailing on the transaction date. Foreign currency receivables and liabilities are recognized at the exchange rates prevailing on the balance sheet date. Exchange-rate differences on operating receivables and operating liabilities are included in operating profit, while exchange rate differences on financial receivables and liabilities are recognized in net financial items.

TRANSLATION OF FOREIGN SUBSIDIARIES

The earnings and financial position of subsidiaries are prepared in the functional currency of each company. In the consolidated financial statements, the subsidiaries' earnings and financial position are translated into the Group's reporting currency, Swedish krona (SEK) in the following manner:

- Revenues and expenses in income statements are translated at the average exchange rate for the applicable year, while assets and liabilities in the balance sheets are translated at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences arising from translation are recognized as a separate item in other comprehensive income.
- Goodwill and adjustments of fair value arising in connection with an acquisition are treated as assets and liabilities of the acquired operation, and are translated at the exchange rate prevailing on the balance-sheet date.

REVENUE RECOGNITION

The Group's agreements with customers include only one kind of performance obligation, sale of goods. The duration of the contracts is short, normally no more than three months. Sales are reported excluding VAT and at the transaction price determined in accordance with the customer agreement. The agreements include information on pricing, volume discounts, payment terms and delivery terms. Transfer of control of the goods to the customer takes place depending on the terms of delivery in the different contracts. A customer may choose to collect the goods from the company or to have the goods delivered.

The proceeds from the sale are recognized at a particular point in time, when the goods have been delivered to the customer or collected by the customer. Costs for delivery to the customer are reported as cost of goods sold. Variable compensation may be payable to customers under retroactive volume discounts, for which provisions are applied under accrued expenses in the balance sheet, based on their anticipated value. Normally, neither accrued nor prepaid revenues are reported, that is, no contract balances are recognized – only accounts receivable following delivery.

Normal payment terms are applied, meaning there no financing components are included in the agreements. The Group has no commitments in the form of returns.

INCOME TAX

Income tax expenses for the year consist of current and deferred tax. Tax is recognized in profit or loss, apart from when the tax pertains to items recognized in other comprehensive income or directly in shareholders' equity. In such cases, the tax is also recognized in other comprehensive income or shareholders' equity.

Temporary differences on shares in subsidiaries are not recognized because it is not probable that these will be utilized in the foreseeable future.

LEASES

HEXPOL has entered into a number of lease agreements as a lessee.

Lease liabilities

Lease liabilities are initially valued at the present value of the lease fees that were not paid on the commencement date. These lease liabilities are recognized in the items interest-bearing liabilities and interest-bearing current liabilities in the balance sheet.

HEXPOL's contracts for property usually contain options to extend. HEXPOL evaluates whether it is reasonably certain that the option will be exercised for each contract. The term of the lease is determined as the non-cancellable period plus with periods in which the agreement can be extended or terminated early if HEXPOL is reasonably certain that it will exercise such options.

In the event that the implicit interest rate cannot easily be determined from the agreement, the marginal loan rate is applied in the present value calculation of lease payments. The marginal loan rate is determined by using the 12-month STIBOR model for each currency with a premium corresponding to the Group's external loan margins. HEXPOL has chosen not to divide the interest rate into different asset classes as this is not material.

Right-of-use assets

HEXPOL recognizes right-of-use assets in the balance sheet from the commencement date of the lease. Cost consists of the initial value of the attributable lease liability, plus direct expenses, any advance payments made on or before the commencement date of the lease after deduction of any incentives received, and an estimate of any restoration costs. The right-of-use assets are reported under the item tangible fixed assets and right-of-use assets in the balance sheet. These include premises, production & office equipment, and vehicles.

Right-of-use assets are valued at cost less deductions for accumulated depreciation and any impairment, and adjusted for revaluations of the lease liabilities.

Provided that HEXPOL is not reasonably certain that it will assume ownership of the underlying asset at the end of the lease, the right-of-use asset will be written off on a straight-line basis over the term of the lease or the useful life of the underlying asset, whichever is shorter.

Relief rules applied

HEXPOL has chosen not to recognize right-of-use assets and lease liabilities for short-term and low-value leases in the balance sheet. HEXPOL applies the relief rules regarding short-term leases with a maturity of 12 months or less and leases where the underlying asset has a value of less than SEK 50,000. Expenses incurred in connection with these leases are reported on a straight-line basis over the lease period as operating expenses in profit or loss.

GOODWILL

Goodwill comprises the difference between the acquisition cost and the fair value of the identified net assets of the acquired company on the date of acquisition. Acquisitions of less than 100 percent of an operation are considered on a case-by-case basis to determine whether full goodwill or partial goodwill is to be applied. Goodwill is tested at least annually to identify any impairment need and is measured at cost less any impairment losses (see Note 9).

TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets are recognized at cost less accumulated depreciation/amortization according to plan and any impairment losses.

DEPRECIATION/AMORTIZATION

Depreciation/amortization is performed on a straight-line basis across the useful life of the asset based on the depreciable/amortizable amount (cost less estimated residual value) and is based on the useful life of the asset. At a minimum, the useful life and residual value of the assets are revised at the end of each financial year.

The following useful lives are applied:

Patents and trademarks	20 years
Other intangible assets	3–15 years
IT equipment	3–8 years
Machinery and equipment	3–15 years
Office buildings	20–50 years
Industrial buildings (including solar panels)	20–50 years
Land improvements	5–30 years

IMPAIRMENT LOSSES

Goodwill is analyzed at least annually with regard to any impairment requirements. Other assets are analyzed for indications of impairment. Previous impairment losses are reversed insofar as impairment is no longer warranted, although goodwill impairments are never reversed.

INVENTORIES

Inventories are valued according to the lowest value principle, meaning at the lower of cost and net realizable value at the balance-sheet date. The cost is measured in accordance with the first-in first-out principle. For manufactured goods, the cost comprises the cost of raw materials, direct payroll costs, other direct costs and a portion of indirect manufacturing costs. Net realizable value comprises the selling price less estimated selling costs.

FINANCIAL INSTRUMENTS

Financial instruments that are recognized in the balance sheet include cash and cash equivalents, accounts receivable, other financial receivables, accounts payable, interest-bearing liabilities and other financial liabilities.

Financial assets and liabilities at fair value through profit or loss

Liability to minority shareholders is recognized as a financial liability at fair value with changes in value through profit or loss, and is measured according to Level 3 (see note 21). Valuation of almaak international GmbH's liability to minority shareholders is based on the expected fore-cast for 2022–2024 with a predetermined multiple, as well as based on the conditions and expectations that exist today. The liability is discounted to present value using a discount rate of 8.6 percent. The valuation of Piedmont Supply Resin LLC debt to minority shareholders is based on an expected EBITDA per 2027 with a predetermined multiple. The liability has been discounted in 2025. The valuation of Kabkom Kimya Sanayi vs Ticaret Anonim Sirketi debt to minority shareholders is based on an expected EBITDA per 2027 with a predetermined multiple. The liability has been discounted in 2025.

HEXPOL has no financial assets at fair value through profit or loss (FVPL).

Financial assets and liabilities valued at amortized cost

Financial assets such as accounts receivable, cash and cash equivalents and other financial receivables are initially recognized at fair value and subsequently at amortized cost applying the effective interest method, less any provision for expected and incurred credit losses (see Note 15). Provisions for expected credit losses are applied in accordance with the simplified method, meaning that expected credit losses are reserved for the remaining maturity. Impairment losses on trade receivables are recognized as selling expenses in the income statement unless the impairment amounts are significant, in which case they are recognized separately. Financial liabilities such as accounts payable and other financial liabilities are measured at amortized cost, applying the effective interest method.

Interest income

Interest income is recognized following accrual over the maturity periods, applying the effective interest rate method.

PENSION AND SIMILAR COMMITMENTS

The Group predominantly has defined-contribution pension obligations. There are also employees with defined-benefit pension plans.

Actuarial gains and losses are recognized in other comprehensive income. Defined benefit plans where the insurer (Alecta in Sweden) cannot provide an allocation of the Group's share of total plan assets and pension obligations are recognized pending the provision of this information shall be available as a defined contribution plan. At December 31, 2025, Alecta's surplus in the form of the collective consolidation level was, preliminarily, 167 percent (162).

CLASSIFICATION OF OPERATING INCOME/EXPENSES, INCLUDING ITEMS AFFECTING COMPARABILITY

The Group recognizes items affecting comparability when nonrecurring items have arisen. These items may relate to integration costs, restructuring and other one-off material items.

SIGNIFICANT JUDGMENTS IN APPLYING THE ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS

In preparing the consolidated financial statements, management makes estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and related notes and disclosures of contingent liabilities.

Uncertainty about these assumptions and estimates may lead to significant adjustments to the carrying amounts of the assets and liabilities affected in future financial statements, as the outcome may differ from the estimates and assessments made. Changes in estimates are recognized prospectively.

Management also makes judgements in applying the Group's accounting policies.

Judgements

In applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the carrying amounts in the financial statements:

- Determination of the lease period in contracts with extension options.

Options to extend contracts are included in a number of the Group's leases, mainly for buildings. In determining the length of the lease, all available information and circumstances that provide an economic value for exercising an extension option are considered, such as the contractual terms of extension periods compared with market rates and significant improvements made or expected to be made to a leased property during the lease term.

- Choice of accounting policy for liabilities to minority shareholders – see choice of policy on page 105.

Estimates and assumptions

The key assumptions concerning the future and other sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to assets and liabilities within the next fiscal year are described below. Assumptions and estimates were based on information available at the time the financial statements were prepared. The conditions and assumptions about future developments may change, based on changes in the market or other circumstances that arise that are not within the Group's control. Such changes are reflected in the assumptions when they occur.

- Impairment of goodwill – Note 9
- Provision for expected credit losses – Note 13
- Deferred tax assets – Note 8
- Estimating the fair value of financial instruments – Note 21
- Financial liability to minority shareholders – Note 21
- Allocation of purchase price to identified assets and liabilities in connection with acquisitions – Note 22
- Shares in subsidiaries – Note 32

ACCOUNTING POLICIES IN THE PARENT COMPANY

The Parent Company applies the same accounting policies as the Group, with the following exceptions:

- In the Parent Company, in accordance with RFR 2, Group contributions received are recognized as financial income, in accordance with the main rule.
- In the Parent Company, shares in Group companies are recognized at cost before any impairment. Impairment testing is carried out when there are indications of impairment, that is, when there are indications that the book value exceeds the recoverable amount. The recoverable amount corresponds to fair value or value in use, whichever is highest.
- In the Parent Company, financial assets and liabilities are initially reported at fair value plus transaction costs and subsequently at amortized cost. The Parent Company applies IFRS9, but since all accounts receivable are intra-group, credit risk is limited.

The Parent Company continues to apply the exemption included for legal entities in RFR 2 and expenses all leases on a straight-line basis over the term of the lease. Accordingly, right-of-use assets and lease liabilities are not included in the Parent Company's balance sheet. However, leases are identified in the same way as in the Group, that is, an agreement is, or contains, a lease if the agreement assigns the right to determine the use of an identified asset for a certain period in exchange for compensation.

Note 2 Segment reporting

Information about operating segments

For the HEXPOL Group, the business area represents the basis of division into operating segments.

The Group is organized in two business areas: HEXPOL Compounding and HEXPOL Engineered Products.

HEXPOL Compounding manufactures advanced polymer compounds. HEXPOL Engineered Products manufactures gaskets for plate heat exchangers, forklift wheels and castor wheel applications.

Included in the segments' earnings, assets and liabilities are directly attributable items as well as items that can be allocated to the segments in a reasonable and reliable manner. Segment reporting for the operating segments comprises earnings up to operating revenues, and capital employed. Items in the Income Statement that are not allocated comprise financial income and financial expenses, and tax expenses. Assets and liabilities that have not been allocated to the segments are tax assets and tax liabilities and financial assets and financial liabilities. Internal billings between business areas occur at market value. In the presentation of the Group's geographic markets, the operations have been subdivided into the Group's key geographic markets, which are Sweden, Europe, the Americas and Asia. Sales are recognized according to customer location, while assets are recognized according to the actual physical location of these assets. No single customer accounts for more than 10 percent of Group sales.

MSEK	HEXPOL Compounding		HEXPOL Engineered Products		Eliminations		Group	
	2025	2024	2025	2024	2025	2024	2025	2024
Sales, external	17,797	18,921	1,527	1,516	–	–	19,324	20,437
Sales, internal	415	460	127	127	–542	–587	–	–
Operating profit	2,505	2,907	286	265	–	–	2,791	3,172
Operating margin, %	14.1	15.4	18.7	17.5	–	–	14.4	15.5
Net financial items							–138	–171
Tax							–710	–781
Profit for the year							1,943	2,220
Operating assets	20,474	22,414	659	756	–	–	21,133	23,170
Unallocated assets	–	–	–	–	–	–	1,828	1,714
Group total	20,474	22,414	659	756	–	–	22,961	24,884
Operating liabilities	2,822	3,712	208	213	–	–	3,030	3,925
Unallocated liabilities	–	–	–	–	–	–	5,910	5,014
Group total	2,822	3,712	208	213	–	–	8,940	8,939
Investments	530	570	24	40	–	–	554	610
Depreciation/amortization/impairment	540	555	33	33	–	–	573	588

The costs for 2024 are mainly related to the restructuring carried out in the US.

MSEK	HEXPOL Compounding		HEXPOL Engineered Products		Group	
	2025	2024	2025	2024	2025	2024
Non-recurring items						
Costs of goods sold	–	–11	–	–	–	–11
Administration costs	–	–61	–	–	–	–61
Other operating expense	–	–3	–	–	–	–3
Operating profit	–	–75	–	–	–	–75
Tax					–	–13
Profit for the year					–	–88

Geographic markets	Sales per recipient country		Fixed assets		Sales per geographic market and business area	HEXPOL Compounding		HEXPOL Engineered Products	
	2025	2024	2025	2024		2025	2024	2025	2024
MSEK					MSEK				
Sweden	540	498	397	392	Europe	7,374	7,451	679	648
Europe excl. Sweden	7,513	7,601	7,000	6,628	Americas	9,589	10,612	421	477
USA	7,866	8,393	9,061	10,743	Asia	834	858	427	391
Americas, excl. USA	2,144	2,697	34	58	Total	17,797	18,921	1,527	1,516
Asia	1,261	1,248	287	346					
Total	19,324	20,437	16,779	18,167					

Note 3 Related-party transactions

Transactions between Group companies are conducted on market-based terms. In 2025, the Group purchased energy for MSEK 22 (20) from the associated company, Megufo AB, in Sweden. On December 31, 2025, the Group had a liability of MSEK 7 (5) to this associated company. See also Note 4.

Note 4 Employees and personnel expenses

Costs of employee remuneration		
MSEK	2025	2024
Salaries and remuneration, etc.	2,219	2,421
Total	2,219	2,421
Pension costs	38	38
Social security costs	410	367
Total	448	405

Average number of employees				Personnel costs per country			
	2025	Men	2024	Men	MSEK	2025	2024
Sweden	333	68%	316	68%	Sweden	325	282
Belgium	55	91%	55	91%	Belgium	41	41
Czech Republic	227	89%	225	89%	Czech Republic	115	112
Germany	466	89%	458	90%	Germany	300	306
Mexico	370	85%	385	85%	Mexico	111	111
Luxembourg	5	60%	5	60%	Luxembourg	25	23
USA	1,480	86%	1,581	86%	USA	1,236	1,449
China	323	75%	313	74%	China	70	76
Sri Lanka	1,024	90%	1,073	91%	Sri Lanka	54	53
United Kingdom	177	87%	186	88%	United Kingdom	114	118
Spain	200	84%	195	85%	Spain	133	135
Italy	196	79%	192	78%	Italy	120	113
Turkey	89	87%	13	77%	Turkey	19	3
Poland	13	54%	13	54%	Poland	4	4
Total	4,958	85%	5,010	89%	Total	2,667	2,826

Remuneration of the Board of Directors	Board fee		Committee fee		Total	
	2025	2024	2025	2024	2025	2024
TSEK						
Alf Göransson	1,267	1,158	167	158	1,433	1,317
Kerstin Lindell	505	468	-	-	505	468
Jan-Anders E. Månson	505	468	-	-	505	468
Malin Persson	505	468	147	137	652	605
Märta Schörling Andreen	505	468	204	191	709	659
Henrik Elmin	505	468	-	-	505	468
Nils-Johan Andersson ¹	-	-	-	-	-	-
Total	3,792	3,498	517	486	4,309	3,985

¹ The fee for Nils-Johan Andersson's Board and committee work has been invoiced by Melker Schörling AB. This totals TSEK 788, of which TSEK 505 (468) relates to fees as a board member and TSEK 283 (267) relates to fees as chairman of the Audit Committee.

Remuneration of senior executives	Basic salary		Variable salary		Extra-ordinary compensation		Pension cost		Other benefits		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
TSEK												
Klas Dahlberg ¹	11,000	5,500	3,740	4,354	-	-	3,858	2,070	328	76	18,926	12,000
Peter Rosén ²	6,557	6,557	1,836	4,057	3,278	-	1,839	1,638	323	469	13,833	12,721
Other members of Group management, 5 (5) persons	42,145	31,608	19,709	18,601	-	-	2,460	2,112	1,745	1,909	66,059	54,230
Total	59,702	43,665	25,285	27,012	3,278	-	8,157	5,820	2,396	2,454	98,818	78,951

¹ Klas Dahlberg was Managing Director from July 1, 2024.

² Peter Rosén acting CEO until July 1, 2024.

Principles of remuneration of the Board of Directors and senior executives

Remuneration is paid to the Board in accordance with the resolution of the Annual General Meeting. The Remuneration Committee submits proposals to the Board of Directors for remuneration of the President and other senior executives. Remuneration of the President and other senior executives comprises basic salary, variable remuneration, other benefits and pension. The variable remuneration is based on earnings, earnings per share and the return on capital employed.

Between the company and the President, the President is entitled to employment termination notice of six months. On notice of termination by the company, a notice period of 24 months is to apply. For other senior executives, the period of notice is six months and from the company the norm is 12 months. Two employment contracts in force from 2011 have a longer notice period. These contracts are subject to an agreed notice period of 24 months, which increases by one month for each year of employment from 2011. There are no agreements concerning severance pay.

Note 5 Fees and reimbursement of costs to auditors

MSEK	2025	2024
EY		
Audit engagement	16	15
Audit activities in addition to audit	2	1
Tax consultancy	0	0
Other services	0	0
Other auditors		
Audit engagement	2	2
Total	20	18

Note 6 Expenses broken down by nature of cost

MSEK	2025	2024
Employee benefits expenses	2,667	2,826
Depreciation/amortization/impairment	573	588
Input costs and other external expenses	13,340	13,889
Other operating expense	27	25
Total	16,607	17,328

No development expenses were capitalized in 2025 or 2024.

Note 7 Financial income and expenses

MSEK	2025	2024
Assets and liabilities valued at amortized cost		
Interest income from accounts receivable	0	0
Interest income other financial assets	66	79
Total interest income according to the effective-interest-rate method	66	79
Other financial income		
Exchange rate differences on financial items	59	19
Other financial income	0	5
Total	59	24
Total financial income	125	103
Assets and liabilities valued at amortized cost		
Interest expense liabilities to credit institutions and commercial papers	-178	-208
Interest expenses and other financial liabilities	0	0
Total interest expense according to the effective-interest-rate method	-178	-208
Other financial expenses		
Expected credit losses on financial assets	0	0
Interest expense lease liabilities	-20	-21
Exchange rate differences on financial items	-44	-35
Other	-21	-10
Total	-85	-66
Total financial expenses	-263	-274
Net financial items	-138	-171

Note 8 Taxes

MSEK	2025	2024
Current tax expense		
Tax expense on profit for the year	-599	-706
Total	-599	-706
Deferred tax expense		
Deferred tax pertaining to temporary differences	-111	-75
Utilized/revaluation of loss carry forwards	0	0
Total	-111	-75
Total reported tax expense	-710	-781

As at 31 December 2025, the Group had loss carry-forwards of MSEK 0 (0) that were not capitalized due to uncertainty about their taxable value. Of these, MSEK 0 (0) falls due within 5 years.

Reconciliation of effective tax

MSEK	2025	%	2024	%
Profit before tax	2,653		3,001	
Tax according to current tax rate for the Parent Company	-547	-21	-618	-21
Effect of other tax rates for foreign subsidiaries	-84	-3	-144	-5
Nondeductible expenses	-33	-1	-43	-1
Nontaxable revenues	2	0	67	2
Deductible goodwill amortization	-2	0	-2	0
Revaluation of tax-loss carry forwards/temporary differences	0	0	0	0
Tax attributable to prior years	-46	-2	-41	-1
Total reported tax expense	-710	-27	-781	-26

Deferred tax receivables/tax liabilities	Opening balance		Recognized in profit/loss		Acquisitions		Recognized directly in comprehensive income		Conversion differences		Closing balance	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
MSEK												
Intangible assets	-647	-589	-8	-14	-58	-5	-	-	63	-39	-650	-647
Tangible assets	-286	-218	-81	-49	35	-	-	-	48	-19	-284	-286
Right-of-use assets	-118	-106	-6	-9	-	-	-	-	11	-3	-113	-118
Current assets	21	20	-1	-1	-	-	-	-	-3	2	17	21
Operating liabilities	37	46	-10	-11	-	-	-	-	7	2	34	37
Lease liabilities	126	112	6	9	-	-	-	-	-15	5	117	126
Loss carry-forwards	0	0	0	0	-	-	-	-	0	0	0	0
Liabilities	0	0	-11	0	-	-	-	-	11	0	0	0
Total	-867	-735	-111	-75	-23	-5	-	-	122	-52	-879	-867

Note 9 Goodwill and intangible fixed assets

MSEK	Goodwill		Other intangible assets		Total	
	2025	2024	2025	2024	2025	2024
Accumulated acquisition value						
Opening balance, January 1	13,518	11,684	1,627	1,512	15,145	13,196
Acquisitions	577	1,014	2	-	579	1,014
Reclassifications relating to acquisitions in previous years	-181	-22	235	22	54	0
Investments	-	-	12	16	12	16
Divestments and disposals	-	-14	-7	-23	-7	-37
Reclassification	0	-	2	3	2	3
Translation differences	-1,662	856	-191	97	-1,853	953
Closing balance, December 31	12,240	13,518	1,680	1,627	13,920	15,145
Accumulated amortization/depreciation						
Opening balance, January 1	-22	-15	-839	-680	-861	-695
Depreciation according to plan for the year	-	-	-142	-137	-142	-137
Divestments and disposals	-	-	7	25	7	25
Reclassification	-	-	0	0	0	0
Translation differences	13	-7	101	-47	114	-54
Closing balance, December 31	-9	-22	-873	-839	-882	-861
Carrying amount, December 31	12,231	13,496	807	788	13,038	14,284

Other intangible assets consist mainly of acquired customer-related intangible assets and the remaining amortization period is between 1 and 10 years.

Goodwill distributed by operating segment

MSEK	2025	2024
HEXPOL Compounding	12,204	13,464
HEXPOL Engineered Products	27	32
Closing balance, December 31	12,231	13,496

Goodwill and other assets are impairment tested annually or more frequently if there is an indication of a value decline. Such testing is based on the Group's cash generating units, which are the Group's two business areas. The recoverable value is the higher of the asset's net realizable value and the value in use, meaning the discounted present value of future cash flows.

When calculating the present value of future cash flows, a cost of capital (WACC) of 8.6 percent before tax (8.6) has been used for both operating segments, since the risk profile is considered to be similar. In the calculation of WACC, the fact that the operations are financed by means of loans and shareholders' equity has been taken into account.

The cost of shareholders' equity is based on expectations regarding a certain return on invested capital in the financial market. The cost of borrowed capital is based on borrowing costs in the financial market. Specific risks are included in the calculation by applying individual beta values and these are updated annually based on available market data. The calculation is based on the budget for 2026 approved by the Board of Directors and the prognosis for the period 2027-2030, followed by annual growth levelling out at 2 percent (2). The most important estimates involve sales growth and development of operating margin, and are based on experience and current information on the market development. According to calculations, there is no impairment requirement.

A sensitivity analysis shows that a halving of sustainable growth, an increase in WACC of 9.2 percent and a decline in sustainable profitability (operating profit before, depreciation, amortization and impairment) by 2 percentage points would still not result in the need for impairment in any operating segment.

Note 10 Tangible fixed assets

MSEK	Land and buildings		Machinery and equipment		Total	
	2025	2024	2025	2024	2025	2024
Accumulated acquisition value						
Opening balance, January 1	1,942	1,821	6,843	6,395	8,785	8,216
Acquisitions	83	0	40	24	123	24
Investments	114	31	428	450	542	481
Divestments and disposals ¹	-36	-88	-51	-454	-87	-542
Reclassification ²	39	54	-41	-43	-2	11
Translation differences	-229	124	-882	471	-1,111	595
Closing balance, December 31	1,913	1,942	6,337	6,843	8,250	8,785
Accumulated amortization/depreciation						
Opening balance, January 1	-852	-779	-4,422	-4,169	-5,274	-4,948
Depreciation according to plan for the year	-63	-68	-282	-291	-345	-359
Divestments and disposals ¹	0	51	45	371	45	422
Reclassification	-	-	0	0	0	0
Translation differences	102	-56	622	-333	724	-389
Closing balance, December 31	-813	-852	-4,037	-4,422	-4,850	-5,274
Accumulated impairment						
Opening balance, January 1	-39	-37	-130	-120	-169	-157
Impairment charge	0	0	0	-3	0	-3
Translation differences	2	-2	9	-7	11	-9
Closing balance, December 31	-37	-39	-121	-130	-158	-169
Total tangible fixed assets	1,063	1,051	2,179	2,291	3,242	3,342

¹ Includes disposals after restructuring in the US 2024

² Includes reclassification of spare parts to fixed assets in 2024.

Distribution of depreciation/amortization/impairment of tangible and intangible and right-of-use assets for the year

MSEK	2025	2024
Cost of goods sold	528	544
Selling expenses	5	5
Administration costs	37	36
Product development costs	3	3
Total	573	588

Note 11 Right-of-use assets

HEXPOL divides its leases into the following categories of right-of-use assets: premises, production and office equipment and vehicles. The following table present the closing balance of the right-of-use assets and lease liabilities and changes during the year:

MSEK	Right-of-use assets			Lease liability
	Land and buildings	Machinery and equipment	Total	
Opening balance, January 1, 2024	347	42	389	448
Additional agreements	13	22	35	35
Acquisitions	38	-	38	38
Depreciation of right-of-use assets	-68	-21	-89	-
Terminated agreements	0	-2	-2	-2
Revaluation of agreements	39	0	39	39
Translation difference	25	2	27	34
Interest expense lease liabilities	-	-	-	21
Lease payments	-	-	-	-106
Closing balance, December 31, 2024	394	43	437	507
Additional agreements	19	18	37	37
Acquisitions	3	2	5	5
Depreciation of right-of-use assets	-66	-20	-86	-
Terminated agreements	-43	-2	-45	-45
Revaluation of agreements	92	2	94	94
Translation difference	-52	-2	-54	-85
Interest expense lease liabilities	-	-	-	19
Lease payments	-	-	-	-104
Closing balance, December 31, 2025	347	41	388	428

The amount that are attributable to leasing activities and are recognized in profit or loss during the year are presented below:

MSEK	2025	2024
Depreciation of right-of-use assets	-86	-89
Interest expense lease liabilities	-19	-21
Expenses relating to short-term lease agreements	0	0
Expenses relating to agreements where the underlying asset is of low value	0	0
Expenses for variable lease payments	0	0
Result of ended agreements	0	0
Total expenses related to lease activities	-105	-110

HEXPOL recognizes cash outflow attributable to leases amounting to MSEK 104 (106) for the 2025 fiscal year. For a term analysis of the Group's lease liabilities, see Note 20.

Note 12 Inventories

MSEK	2025	2024
Raw materials	1,081	1,380
Goods in production	154	161
Finished goods	622	683
Total	1,857	2,224

No significant impairments were recognized in 2025 and 2024.

Note 13 Accounts receivable

Age distribution of accounts receivable			Provisions for bad debt losses		
MSEK	2025	2024	MSEK	2025	2024
Not past due	2,128	2,300	Opening balance	-36	-44
Past due, 1-30 days	252	336	Provisions	-8	-3
Past due, 31-60 days	35	33	Acquisitions	0	0
Past due, more than 60 days	6	5	Actual losses	2	3
Accounts receivable	2,421	2,674	Reversal	7	12
			Translation differences	5	-4
			Closing balance	-30	-36

MSEK	Non past due	Past due, 1-30 days	Past due, 31-60 days	More than 60 days past due	Total
December 31, 2024					
Reported amount of accounts receivable – gross	2,306	338	36	30	2,710
Credit loss reserves	-6	-2	-3	-25	-36
Closing balance	2,300	336	33	5	2,674

MSEK	Not past due	Past due, 1-30 days	Past due, 31-60 days	More than 60 days past due	Total
December 31, 2025					
Reported amount of accounts receivable – gross	2,135	253	37	26	2,451
Credit loss reserves	-7	-1	-2	-20	-30
Closing balance	2,128	252	35	6	2,421

Note 14 Shareholders' equity

Changes in number of shares	Class A shares		Class B shares		Total	
	2025	2024	2025	2024	2025	2024
Opening balance, January 1	14,765,620	14,765,620	329,671,226	329,671,226	344,436,846	344,436,846
Closing balance, December 31	14,765,620	14,765,620	329,671,226	329,671,226	344,436,846	344,436,846

	2025	2024	Class A shares	Class B shares	Total
Average number of shares	344,436,846	344,436,846			
Number of votes			147,656,200	329,671,226	477,327,426

Each class A share entitles the holder to ten votes and each class B share to one vote.

Note 15 Interest-bearing liabilities

Non-current liabilities		
MSEK	2025	2024
Non-current liabilities		
Interest-bearing liabilities in addition to leasing	-	-
Liabilities, leasing	338	350
Non-current liabilities	338	350

Current liabilities		
MSEK	2025	2024
Current liabilities		
Interest-bearing liabilities in addition to leasing	3,906	2,989
Liabilities, leasing	90	134
Current liabilities	3,996	3,123

	Utilized	Unutilized	Utilized	Unutilized
	2025		2024	
MSEK				
Bilateral loan, MSEK 1,100	-	1,000	-	1,100
Bilateral loan, MSEK 1,500	-	1,500	-	1,500
Bilateral loan, MSEK 1,000	-	1,000	-	1,000
Bilateral loan, MEUR 150	-	1,623	-	1,723
Liabilities, leasing	338	-	350	-
Total noncurrent liabilities	338		350	
Commercial papers ¹	3,906	-	2,989	-
Other current liabilities	0	-	0	-
Liabilities, leasing	90	-	134	-
Total current liabilities	3,996		3,123	

The Group has the following major credit agreements with Nordic banks:

- A credit agreement with a limit of MSEK 1,100 due in July 2027.
- A credit agreement with a limit of MEUR 150 due in May 2028.
- A credit agreement with a limit of MSEK 1,000 due in May 2028.
- A credit agreement with a limit of MSEK 1,500 due in July 2028.

All bilateral loans are repayment-free and carry a variable interest rate for each one-month and three-month period. Outstanding commercial papers at the end of the year mature at a fixed interest rate with a remaining term of 1-6 months.

All bilateral credit agreements include financial covenants, all of which were fulfilled at December 31, 2025. See also information on changes in liabilities in Note 20, and the maturity analysis in Note 21.

¹ In accordance with the issue agreement signed in connection with the establishment of the commercial paper program, HEXPOL AB's bilateral credit agreements also function as back-up facilities for outstanding commercial papers. As of December 31, 2025, HEXPOL AB had unutilized credit facility in long-term facilities of MSEK 5,223, of which MSEK 3,906 was reserved for outstanding volumes in the market for commercial papers. In accordance with IAS 1, outstanding volumes are reported in the balance sheet as current liabilities, although, given the Group's financing and liquidity risk, they are of a noncurrent nature.

Note 16 Pension provisions

Change in provision		
MSEK	2025	2024
Opening balance, January 1	62	69
Provisions for the year	-2	-7
Closing balance, December 31	60	62

The Group has pension provisions in a Swedish subsidiary, in subsidiaries in Sri Lanka and in subsidiaries in Italy.

Note 17 Other provisions

MSEK	Restructuring program		Other provisions		Total	
	2025	2024	2025	2024	2025	2024
Opening balance	31	67	4	3	35	70
Provisions for the year	-	30	1	2	1	32
Utilized during the year	-29	-67	-3	-1	-32	-68
Translation differences	-2	1	0	0	-2	1
Closing balance	0	31	2	4	2	35

The 2024 provision for restructuring programs relates to reorganization and concentrations within the business areas.

Note 18 Accrued expenses

MSEK	2025	2024
Personnel-related expenses	291	391
Accrued expenses for goods and services	282	363
Other	75	85
Total	648	839

Note 19 Pledged assets and contingent liabilities

Pledged assets			Contingent liabilities		
MSEK	2025	2024	MSEK	2025	2024
Current assets	9	-	Guarantee for the benefit of associated companies	0	0
Total	9	-	Total	0	0

Note 20 Cash flow statement

Financial items received and paid			
MSEK	2025	2024	
Financial income received	122	103	
Financial expenses paid	-256	-278	
Total	-134	-175	

Adjustments for noncash items			
MSEK	2025	2024	
Depreciation/amortization/impairment	573	588	
Other non cash adjustment	10	-	
Total	583	588	

Change in liabilities attributable to financing activities	MSEK	Jan 1, 2024	Cash flows	Noncash changes			Dec 31 2024
				Acquisitions	Leases	Exchange rate difference	
Interest-bearing liabilities		351	-351	-	-	0	0
Interest-bearing liabilities, commercial papers		1,880	1,109	-	-	0	2,989
Interest-bearing liabilities, lease liabilities		452	-106	-	104	34	484
Liabilities arising from financing activities		2,683	652	-	104	34	3,473

Change in liabilities attributable to financing activities	MSEK	Jan 1, 2025	Cash flows	Noncash changes			Dec 31 2025
				Acquisitions	Leases	Exchange rate difference	
Interest-bearing liabilities		0	-	-	-	0	0
Interest-bearing liabilities, commercial papers		2,989	917	-	-	0	3,906
Interest-bearing liabilities, lease liabilities		484	-104	-	110	-62	428
Liabilities arising from financing activities		3,473	813	-	110	-62	4,334

Note 21 Financial instruments and risk management

Financial instruments per category and measurement level. As regards the risks and the risk management, see pages 43–46 in the Directors' Report.

December 31, 2025	MSEK	Amortized cost	Financial assets/liabilities measured at:		Total
			Carrying amount	Fair value through profit or loss Measurement level	
Assets in the balance sheet					
Non-current financial assets		5	-		5
Accounts receivable		2,421	-		2,421
Cash and cash equivalents		1,145	-		1,145
Total		3,571	-		3,571
Liabilities in the balance sheet					
Interest-bearing liabilities, noncurrent		-	-		-
Interest-bearing non-current lease liabilities		338	-		338
Liabilities to minority shareholders ¹			354	3	354
Interest-bearing liabilities, commercial papers, current		3,906	-		3,906
Interest-bearing current lease liabilities		90	-		90
Accounts payable		2,237	-		2,237
Other liabilities		253	-		253
Accrued expenses		650	-		650
Total		7,474	354		7,828

December 31, 2024	MSEK	Amortized cost	Financial assets/liabilities measured at:		Total
			Carrying amount	Fair value through profit or loss Measurement level	
Assets in the balance sheet					
Non-current financial assets		5	-		5
Accounts receivable		2,674	-		2,674
Cash and cash equivalents		1,233	-		1,233
Total		3,912	-		3,912
Liabilities in the balance sheet					
Interest-bearing liabilities, noncurrent		0	-		0
Interest-bearing non-current lease liabilities		350	-		350
Liabilities to minority shareholders ¹			638	3	638
Interest-bearing liabilities, commercial papers, current		2,989	-		2,989
Interest-bearing current lease liabilities		134	-		134
Accounts payable		2,557	-		2,557
Other liabilities		697	-		697
Accrued expenses		874	-		874
Total		7,601	638		8,239

Fair value is consistent in all material respects with the carrying value in the balance sheet.

¹ Liabilities to minority shareholders are recognized as other non-current liabilities.

² In accordance with the issue agreement signed in connection with the establishment of the commercial paper program, HEXPOL AB's bilateral credit agreements also function as back-up facilities for outstanding commercial papers. As of December 31, 2025, HEXPOL AB had unutilized credit facility in long-term facilities of MSEK 5,223, of which MSEK 3,906 was reserved for outstanding volumes in the market for commercial papers. In accordance with IAS 1, outstanding volumes are reported in the balance sheet as current liabilities, although, given the Group's financing and liquidity risk, they are of a noncurrent nature.

Term analysis, December 31	Total amount		Falling due within 1 year		Falling due within 1–2 years		Falling due within 2–5 years		Falling due after 5 years	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
MSEK										
Non-current liabilities										
Interest-bearing liabilities	-	0	-	-	-	-	-	0	-	-
Liabilities, leasing	467	466	-	-	80	96	142	179	245	191
Liability to minority shareholders ¹	354	236	-	-	-	-	354	236	-	-
Total non-current liabilities	821	702	-	-	80	96	496	415	245	191
Current liabilities										
Interest-bearing liabilities ²	3,906	2,989	3,906	2,989	-	-	-	-	-	-
Liabilities, leasing	74	112	74	112	-	-	-	-	-	-
Liability to minority shareholders ¹	-	402	-	402	-	-	-	-	-	-
Accounts payable	2,237	2,557	2,237	2,557	-	-	-	-	-	-
Other current liabilities	253	697	253	697	-	-	-	-	-	-
Accrued expenses	648	839	648	839	-	-	-	-	-	-
Total current liabilities	7,118	7,596	7,118	7,596	-	-	-	-	-	-

All bilateral loans are repayment-free and carry a variable interest rate for each one-month and three-month period. Outstanding commercial papers at the end of the year mature at a fixed interest rate with a remaining term of 1–6 months.

Note 22 Acquisitions

Acquisitions in 2025

Acquisition within TP Compounding

In early April 2022 the HEXPOL Group acquired 70 percent of the shares in almaak international GmbH. According to the agreement HEXPOL had an option to acquire the remaining shares (from 2025 and annually thereafter during the period January 1 to March 31), and the sellers had an option to sell their remaining shares to HEXPOL (from 2025 and annually thereafter during the period January 1 to March 31), the commitment was reported as a liability to minority shareholders.

The option has now been utilized by the minority owner and HEXPOL has acquired the remaining 30 percent of almaak international GmbH. As of December 31, 2024, the liability was valued at MEUR 35.

Related to this, operating profit has been affected negatively by MSEK 10 and the financial net by MSEK 8 in revaluation effect. The transaction took place on April 9, 2025, and the purchase price amounted to MEUR 36,7 (MSEK 403).

Acquisition within Compounding

HEXPOL signed an agreement on 18 February 2025 to acquire 80 percent of the shares in Kabkom Kimya Sanayi vs Ticaret Anonim Sirketi (Kabkom). Kabkom was founded in 2011 and has grown to become the largest independent cable compounder in Turkey. The company specializes in high-performance thermoplastic and thermoset cable compounds for the fast growing cable market. Kabkom operates a brand new state of the art manufacturing facility outside Izmir, Turkey with approximately 70 employees and plenty of open capacity. The company has a turnover of some MEUR 30 and a profitability above the HEXPOL Group.

The acquisition price amounts to MEUR 54 on a cash and debt free basis and is funded by a combination of bank facilities and cash. The closing has now taken place after regulatory approvals. According to the agreement, HEXPOL has an option to acquire the remaining shares (from 2028 and annually thereafter during the period March 1 to March 31). Kabkom has been consolidated from May 2025.

The purchase price allocation is preliminary as the valuation of intangible assets is ongoing, and the preliminary acquisition analysis for intangible assets in the form of customer relationships, trademarks, technology and goodwill and liability to minority may change after the valuation of the subsidiary is completed.

The sales amounted to MEUR 19.0 and profit after tax to MEUR 1.0 during the period April to December 2025. For the full year 2025, sales were MEUR 30.2 and profit after tax was MEUR 1.7.

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

MSEK	
Purchase considerations	754
Fair value of acquired net assets	177
Goodwill	577

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. With this acquisition we broaden the capabilities of the HEXPOL Group in the fast growing wire and cable market and underscores our dedication to expanding our footprint in key global markets and leveraging synergies to drive innovation and growth.

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	36	-	36
Accounts receivable	42	-	42
Current assets	76	-	76
Tangible assets	123	-	123
Intangible assets	2	-	2
Deferred tax assets	35	-	35
Non-current liabilities	-8	-	-8
Accounts payable	-41	-	-41
Current liabilities	-88	-	-88
Acquired net assets	177	-	177

Total purchase considerations	754
Liabilities to minority shareholders	-151
Cash and cash equivalents in acquired operations	36
Change in Group's cash and cash equivalents	567

Transaction costs for the above acquisition amounted to MSEK 4 and have been reported in the operating profit under administrative expenses.

Acquisitions in 2024

Acquisition within TP Compounding

On October 31, the HEXPOL Group acquired 80 percent of the shares in the US TP Compounder Piedmont Resin Supply LLC. Piedmont has sales of around MUS\$ 60 and profitability at a similar level to the HEXPOL Group. Piedmont Resin Supply LLC. Piedmont operates a well invested manufacturing facility in Cartersville, Georgia, US with some 60 employees and further capacity to grow.

The company is an industry leader in technical nylon compounds on the US market and services a variety of customers within automotive, transportation and the furniture industries. The acquisition price amounts to MUS\$ 86 on a cash and debt free basis and is funded by a combination of bank facilities and cash. Pursuant to the agreement, HEXPOL has an option to acquire the remaining shares (from 2028 and thereafter annually during the period January 1–January 31 or between July 1–July 31), and the founders have an option to sell the remaining shares to HEXPOL (from 2028 and thereafter annually during the period January 1–January 31 or between July 1–July 31).

The business has been consolidated from November 1, 2024. Since December 31 2024, valuation of acquired assets at fair value has been performed. The changes that have occurred compared to December 31 2024 amounts to: technology and customer relationships have increased by MSEK 273, deferred tax have increased by MSEK 63, liability to minority shareholders have increased by MSEK 8 and goodwill has thus decreased by MSEK 202.

The sales amounted to MUS\$ 8.6 and profit after tax to an expense of MUS\$ 0.2 in the period November to December 2024. For the full year 2024, sales were MUS\$ 59.2 and profit after tax was MUS\$ 5.2.

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

MSEK	
Purchase considerations	1,171
Fair value of acquired net assets	359
Goodwill	812

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. The acquisition is in line with HEXPOL's growth strategy and adds new capabilities, application know how and a new customer base to HEXPOL Thermoplastic Compounding in the US. The fair value of the acquired net assets does not contain any estimated value regarding 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	30	-	30
Accounts receivable	79	-	79
Current assets	98	-	98
Tangible assets	24	-	24
Intangible assets	-	273	273
Deferred tax	-	-63	-63
Accounts payable	-74	-	-74
Current liabilities	-8	-	-8
Acquired net assets	149	210	359

Total purchase considerations	1,171
Liabilities to minority shareholders	-238
Cash and cash equivalents in acquired operations	30
Change in Group's cash and cash equivalents	903

Transaction costs for the above acquisition amounted to MSEK 26 and have been reported in the operating profit under administrative expenses.

Note 23 Events after the balance sheet date

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

Parent Company income statements

MSEK	Note	2025	2024 (recalculated)
Sales	25	98	77
Administration costs		-145	-89
Operating profit	26, 27	-48	-12
Financial income	24, 28	2,169	2,721
Financial expenses	28	-383	-2,003
Profit after financial items		1,738	706
Profit before tax		1,738	706
Tax	29	-47	-40
Profit after tax		1,692	666

Comprehensive income matches profit after tax.

Parent Company balance sheets

MSEK	Note	2025	2024 (recalculated)
ASSETS			
Fixed assets			
Tangible fixed assets		0	0
Intangible fixed assets	30	3	0
Interest-bearing intra-Group receivables		3,054	3,507
Participations in Group companies	33	10,555	9,546
		0	0
Total fixed assets		13,612	13,053
Current assets			
Intra-Group operating receivables		304	285
Interest-bearing intra-Group receivables		98	54
Prepaid expenses and accrued income		42	30
Cash and bank balances		187	381
Total current assets		631	750
TOTAL ASSETS		14,243	13,803
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted shareholders' equity			
Share capital		69	69
New share issue in progress		-	-
Total restricted shareholders' equity		69	69
Non-restricted shareholders' equity			
Share premium reserve		619	619
Accumulated earnings		3,108	3,889
Profit for the year		1,692	666
Total non-restricted shareholders' equity		5,419	5,174
Total shareholders' equity	24	5,488	5,243
Untaxed reserves			
		-	-
Non-current liabilities			
Interest-bearing liabilities	32	-	-
Interest-bearing intra-Group liabilities		2,587	2,861
Total non-current liabilities		2,587	2,861
Current liabilities			
Accounts payable		5	6
Current tax liabilities		-	28
Intra-group operating liabilities		0	-
Interest-bearing intra-Group liabilities		2,225	2,628
Interest-bearing liabilities	32	3,906	2,989
Other current liabilities		0	0
Accrued expenses and prepaid income	31	32	48
Total current liabilities		6,168	5,699
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		14,243	13,803

Parent Company changes in shareholders' equity

	Share capital	Share premium reserve	Accumulated earnings	Total
MSEK				
December 31, 2023	69	619	5,300	5,988
Correction of error			655	655
Recalculated December 31, 2023	69	619	5,955	6,643
2024				
Comprehensive income				
Profit after tax	-	-	666	666
Transactions with shareholders				
Dividend	-	-	-2,067	-2,067
December 31, 2024	69	619	4,554	5,243
2025				
Comprehensive income				
Profit after tax	-	-	1,692	1,692
Transactions with shareholders				
Dividend	-	-	-1,447	-1,447
December 31, 2025	69	619	4,799	5,488

Parent Company cash flow statements

	2025	2024
MSEK		
Cash flow from operating activities		
Operating profit	-48	-12
Adjustment for noncash items, depreciations		0
Financial income received	219	321
Financial expenses paid	-557	-390
Tax paid	-80	-39
Cash flow from operations before changes in working capital	-466	-120
Cash flow from changes in working capital		
Changes in current receivables	-13	-119
Changes in current liabilities	-12	-20
Cash flow from operating activities	-491	-259
Investing activities		
Investments in intangible fixed assets	-3	0
Change in interest-bearing receivables	395	26
Dividends from subsidiaries	1,657	891
Group contributions received	291	391
Acquisitions of companies	-1,010	0
Other financing activities		0
Cash flow from investing activities	1,330	1,308
Financing operations		
Loans raised	15,839	12,429
Repayment of liabilities	-15,600	-11,082
New share issue in progress	-	-
Dividend	-1,447	-2,067
Cash flow from financing operations	-1,208	-720
Cash flow for the year		
Cash and cash equivalents, January 1	381	160
Exchange-rate differences in cash and cash equivalents	175	-108
Cash and cash equivalents at year-end	187	381

Note 24 Correction of error in the Parent Company

During the third quarter of 2025, HEXPOL AB identified and corrected an accounting error related to a dividend from the subsidiary Hexpol Finance UK Ltd. The dividend was decided on February 3 2022, through a distribution in connection with liquidation, but was not settled at that time. A liability of USD 65 million was incorrectly retained in the parent company's balance sheet until August 29 2024, when the dividend was recorded upon completion of the liquidation. As a result, exchange rate fluctuations on the liability affected the parent company's earnings for 2022, 2023, and part of 2024. Apart from the tax effect of SEK 10 million, which impacts the Group's earnings for the year, this correction does not affect the Group's income statement or balance sheet.

The correction has the following effect (- decrease in equity + increase in equity):

MSEK	Dec 31 2024	Jan 1 2024
Current liabilities	0	-655
Net impact on equity	0	655
Financial income and expenses		
	-654	-
Tax		
	-1	-
Net impact on profit for the year	-655	-

Note 25 Sales

Of the parent company's net turnover, 100% relates to sales of services to other group companies.

Note 26 Employees and personnel expenses

Average number of employees			Wages/salaries, other remunerations and social-security costs		
	2025	2024	MSEK	2025	2024
Female	3	3			
Male	6	5			
Total	9	8			
			Board of Directors	5	5
			CEO and Deputy CEO	15	21
			Other employees	31	15
			Social security costs, pension costs and payroll tax	27	18
			Total	78	59

Note 27 Fees and cost remuneration paid to auditors

MSEK	2025	2024
EY		
Audit engagement	2	2
Audit activities in addition to audit	1	0
Other services	0	0
Total	3	2

Note 28 Financial income and expenses

MSEK	2025	2024
Dividend	1,657	2,122
Group contributions	291	278
Interest income	39	69
Interest income from Group receivables	170	252
Exchange-rate gains	11	0
Other financial income	0	0
Financial income	2,168	2,721
Interest expense	-169	-208
Interest expense from Group liabilities	-207	-283
Exchange-rate loss	0	-654
Other financial expenses	-7	-858
Financial expenses	-383	-2,003

Note 29 Taxes

MSEK	2025	2024
Current tax expense		
Tax expense for the year	-36	-39
Deferred tax expense		
Deferred tax pertaining to temporary differences	-11	-
Total reported tax expense	-47	-39

Reconciliation of effective tax				
MSEK	2025		2024	
Profit before tax	1,738		1,360	
Tax according to current tax rate for the Parent Company	-358	-21%	-280	-21%
Nondeductible expenses	-22	-1%	-198	-14%
Nontaxable revenues	344	20%	439	32%
Total reported tax expense	-36	-2%	-39	-3 %

Note 30 Intangible fixed assets

Accumulated cost	Other intangible		Total	
	2025	2024	2025	2024
MSEK				
Opening balance, January 1	3	3	3	3
Investments	3	-	3	-
Closing balance at December 31	6	3	6	3

Accumulated amortization/depreciation	Other intangible		Total	
	2025	2024	2025	2024
MSEK				
Opening balance, January 1	-3	-3	-3	-3
Depreciation for the year	0	0	0	0
Closing balance at December 31	-3	-3	-3	-3
Carrying amount, December 31	3	0	3	0

Note 31 Accrued expenses

MSEK	2025	2024
Personnel-related expenses	31	41
Other	2	7
Total	33	48

Note 32 Interest-bearing liabilities

MSEK	2025	2024
Current liabilities		
Interest-bearing liabilities	3,906	2,989
Current liabilities	3,906	2,989
Commercial papers ¹	3,906	2,989
Total current liabilities	3,906	2,989

¹ The Group uses commercial papers as part of its financing, and as at December 31, these totaled MSEK 3,906. 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 mainly of non-current nature.

Note 33 Parent Company holdings of shares and participations in Group companies

Subsidiaries	Reg. no.	Reg. office	Share of capital %	Carrying amount, MSEK	Share of capital %	Carrying amount, MSEK
			2025	2024	2025	2024
Gislaved Gummi AB	556112-2382	Gislaved, Sweden	100		100	101
Megufo AB	556421-2453	Gislaved, Sweden	50		50	
HEXPOL Holding AB	559078-6405	Malmö, Sweden	100	0	100	0
Stellana AB	556084-8870	Laxå, Sweden	100	29	100	29
Elastomeric Engineering Co., Ltd. ¹⁾		Sri Lanka	99.6	58	99.6	58
Gislaved Gummi Lanka (Pvt) Ltd.		Sri Lanka	100		100	
Elastomeric Tools & Dies (Pvt) Ltd. ²⁾		Sri Lanka	100		100	
HEXPOL Compounding Sprl ³⁾		Belgium	100	344	100	344
HEXPOL Compounding s.r.o		Czech Republic	100	435	100	435
HEXPOL Compounding Lesina s.r.o		Czech Republic	100	709	100	709
HEXPOL Compounding (Qingdao) Co., Ltd.		China	100	56	100	56
HEXPOL Compounding S.A de C.V 4)		Mexico	100		100	
HEXPOL Services Compounding S.A de C.V 4)		Mexico	100		100	
Gislaved Gummi (Qingdao) Co., Ltd.		China	100	33	100	33
Stellana (Qingdao) Co., Ltd.		China	100	7	100	7
HEXPOL Compounding HQ GmbH		Germany	100	0	100	0
HEXPOL Compounding GmbH		Germany	100	70	100	70
HEXPOL TPE GmbH		Germany	100		100	
HEXPOL Compounding Viersen CoKG		Germany	100		100	
HEXPOL Compounding Viersen Verwaltungs GbmH		Germany	100		100	
Stellana Deutschland GmbH		Germany	100		100	
almaak International GmbH		Germany	100	930	70	524
HEXPOL TPE AB	556191-5777	Åmål, Sweden	100	250	100	250
HEXPOL TPE Ltd		United Kingdom	100	34	100	34
HEXPOL sàrl		Luxembourg	100	0	100	0
HEXPOL Compounding S.L.U		Spain	100	33	100	33
Vicom 2002 S.L.		Spain	100	251	100	251
HEXPOL Corella C.A. S.A		Spain	100	420	100	420
Berwin Group Limited		United Kingdom	100	365	100	365
Flexi-Cell (UK) Ltd		United Kingdom	100		100	
Berwin Rubber Company Limited		United Kingdom	100		100	
Berwin of Lydney Limited		United Kingdom	100		100	
Berwin Industrial Polymers Limited		United Kingdom	100		100	
HEXPOL Gorlago S.P.A		Italy	100	2,066	100	2,066
HEXPOL Garlasco S.R.L		Italy	100		100	
3A MCOM Srl		Italy	100		100	
HEXPOL Tomaszów Sp. z o.o.		Poland	100		100	
HEXPOL ŞEKERPINAR KAUCUK SAN. VE TIC. LTD.		Turkey	100		100	
HEXPOL İzmir Polimer Sanayi ve Ticaret A.Ş.		Turkey	80	604		
HEXPOL Holding Inc.		USA	100	3,683	100	3,683
Piedmont Resin Supply LLC		USA	80		80	
RheTech LLC		USA	100		100	
RheTech Engineered Plastics		USA	100		100	
RheTech Thermocolor LLC		USA	100		100	
McCann Plastics LLC		USA	100		100	
Robbins Holding Inc.		USA	100		100	
Robbins LLC		USA	100		100	
Synpol LLC		USA	100		100	
HEXPOL Compounding CA Inc		USA	100		100	
Star Thermoplastics Alloys & Rubbers, Inc.		USA	100		100	
Kirkhill Rubber Company		USA	100		100	
Preferred Compounding Corp.		USA	100		100	
Preferred Compounding de Mexico S. de R.L. de C.V.		Mexico	100		100	
Stellana U.S. Inc.		USA	100		100	
GoldKey Processing Inc.		USA	100		100	
HEXPOL Compounding NC Inc.		USA	100		100	
HEXPOL Compounding LLC		United Kingdom	100		100	
Chase Elastomer (UK) Ltd.		United Kingdom	100		100	
HEXPOL Manchester Ltd		United Kingdom	100	78	100	78
HEXPOL Compounding Services Queretaro S.A. de C.V. ⁵⁾		Mexico	100		100	
HEXPOL Compounding Queretaro S.A. de C.V. ⁶⁾		Mexico	100		100	
HEXPOL H.K Co., Ltd.		China	100		100	
HEXPOL Asia LLC		USA	100		100	
HEXPOL Compounding (Foshan) Co., Ltd.		China	100		100	
Total carrying amount in the parent company				10,556		9,546

¹⁾ Gislaved Gummi AB owns 200 shares included in this holding. The remaining 0.4 percent of the shares is owned by the external parties.

²⁾ Gislaved Gummi Lanka (Pvt) Ltd. owns 69.6 percent and Elastomeric Engineering Company Ltd 30.4 percent of the shares.

³⁾ Upon reorganization, HEXPOL Compounding HQ Sprl was liquidated and the shares were distributed to HEXPOL AB.

⁴⁾ HEXPOL AB owns 99 percent and HEXPOL Compounding HQ Sprl owns 1 percent of the shares.

⁵⁾ HEXPOL Compounding LLC owns 99 percent and HEXPOL Compounding Queretaro S.A. de C.V. owns 1 percent of the shares.

⁶⁾ HEXPOL Compounding LLC owns 99 percent and HEXPOL Compounding Queretaro S.A. de C.V. owns 1 percent of the shares.

MSEK	2025	2024
Participations in Group companies		
Opening balance	9,546	9,826
Distribution of shares in subsidiaries	-	571
Impairment of shares in subsidiaries	-	-851
Acquisitions of companies	1,010	0
Carrying amount	10,556	9,546

Note 34 Pledged assets and contingent liabilities

MSEK	2025	2024
Sureties for subsidiaries	27	29
Total	27	29

Note 35 Proposed distribution of unappropriated earnings

The following unrestricted funds in the Parent Company are at the disposal of the Annual General Meeting (TSEK):

Profit brought forward	3,108,426
Share premium reserve	618,758
Profit for the year	1,691,721
Total unrestricted funds	5,418,905

The Board of Directors proposes that earnings be allocated as follows:

To distribute to the shareholders in cash 4.20 SEK per share

Total dividend from profit brought forward	1,446,635
To be carried forward	3,972,270
Total	5,418,905

The undersigned give their assurance that the consolidated financial statements and the Annual Report were prepared in accordance with international accounting standards, IFRS, as adopted by the EU, and generally accepted accounting principles and provide a fair view of the Group's and the Parent Company's position and earnings, and that the Directors' Report gives a fair impression of the development of the Group's and the Parent Company's operations, position and earnings, while also describing the material risks and uncertainties facing the companies included in the Group.

The Board of Directors and the Managing Director also declare that the annual accounts have been prepared in accordance with the European Sustainability Reporting Standards (ESRS) and the specifications adopted under the EU Taxonomy Regulation.

Malmö, April 7, 2026

Alf Göransson
Chairman of the Board

Malin Persson
Board Member

Jan-Anders E. Månson
Board Member

Märta Schörling Andreen
Board Member

Kerstin Lindell
Board Member

Nils-Johan Andersson
Board Member

Henrik Elmin
Board Member

Klas Dahlberg
President and CEO

As set out above, the Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on April 7, 2026. The consolidated Income Statement and Balance Sheet and the Parent Company Income Statement and Balance Sheet will be presented to the Annual General Meeting on May 4, 2026, for adoption.

Our auditor's report on the annual accounts and consolidated accounts was submitted on April 9, 2026 and our audit report of the statutory sustainability report has been submitted on April 9, 2026.

Peter Gunnarsson
Authorized Public Accountant

Karoline Tedevall
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of HEXPOL AB (publ), corporate identity number 556108-9631.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of HEXPOL AB (publ) for the year 2025 except for the sustainability report on pages 46-99. The annual accounts and consolidated accounts of the company are included on pages 40-126 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the sustainability report on pages 46-99. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Goodwill and participations in group companies

Description of the matter

The carrying value of goodwill as of 31 December 2025 amounts to MSEK 12,231 in the consolidated balance sheet, which represents 53 percent of total assets. Participations in group companies amounts to MSEK 10,555 in the parent company's balance sheet, which represents 74 percent of total assets. The company performs an impairment test annually, and when there is an indication of impairment, to ensure the carrying value test not exceed the estimated recoverable value. The recoverable amount is determined for each cash generating unit by calculating the present value of future cash flows. Future cash flows are based on management's assumptions, including earnings performance, growth, investment requirements and the discount rate. For participations in group companies, the recoverable amount is the higher of fair value and value in use.

Changes in assumptions have a major impact on the calculation of the recoverable amount and the assumptions that the company applied will be of significant importance for the assessment whether an impairment requirement exists. We have therefore assessed the accounting for goodwill and participations in group companies as a key audit matter.

A description of the impairment test is shown in Note 9 Goodwill and intangible assets and in Note 1 Accounting policies, section Key estimates and assumptions.

How our audit addressed this key audit matter

In our audit, we evaluated and reviewed the company's process for preparing impairment test, including evaluating past accuracy of forecasts and assumptions. We also evaluated the reasonableness of future cash flows and growth assumptions and with the help of our valuation specialists examined the selected discount rate and assumptions about long-term growth. We have also, with the help of our valuation specialists, reviewed the company's model and method for preparing the impairment test and assessed the company's sensitivity analysis. We have reviewed the disclosures in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-39, 46-99 and 132-139. The other information also includes the remuneration report and were obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the

requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act. As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for HEXPOL AB (publ) for the financial year 2025.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under

this recommendation is described in more detail in the Auditors' responsibility section. We are independent of HEXPOL AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements. The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts. Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Karoline Tedevall, Ernst & Young AB, Box 7850, 103 99 Stockholm was appointed auditor of HEXPOL AB (publ) by the general meeting of the shareholders on the 26 April 2024 and has been the company's auditor since the 28 April 2021.

Peter Gunnarsson, Ernst & Young AB, Box 7850, 103 99 Stockholm has during the year taken up the position as auditor in his capacity as deputy auditor, replacing Joakim Falck who was appointed as HEXPOL AB (publ) auditor by the general meeting of the shareholders on the 26 April 2024 and has been the company's auditor since the 28 April 2021, but resigned as auditor on 15 July 2025.

Malmö, April 9, 2026

Peter Gunnarsson
Authorized Public Accountant

Karoline Tedevall
Authorized Public Accountant

Auditor's review report on HEXPOL AB's sustainability report

To the general meeting of the shareholders of HEXPOL AB (publ), corporate identity number 556108-9631.

Conclusion

We have reviewed the Sustainability Report prepared by HEXPOL AB (the Company) for the financial year 2025. The Sustainability Report is included on pages 46-99 of this document.

Based on our review described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared in accordance with the Annual Accounts Act including

- whether the sustainability report meets the requirements of ESRS,
- whether the process the company has undertaken to identify reported sustainability information has been carried out as described in the sustainability report; and
- compliance with the reporting requirements of the EU Green Taxonomy Regulation Article 8.

Basis for conclusion

We conducted our review in accordance with FAR's recommendation RevR 19 Auditor's review of the statutory sustainability report. Our responsibility under this recommendation is described in more detail in the Auditor's responsibility section.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Information other than the sustainability report

This document also contains information other than the Sustainability Report and can be found on pages 2-45 and 100-126, except for the information specified on page 58 and incorporated by reference. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the Sustainability Report does not cover this information and we do not express an assurance conclusion on this other information.

In connection with our review of the Sustainability Report, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the Sustainability Report. In this review, we also take into account the knowledge we have otherwise obtained during the review and assess whether the information otherwise appears to contain material misstatements.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

This disclosure

The sustainability report for the previous financial year 2024 has not been reviewed in accordance with RevR 19 Auditor's review of the statutory sustainability report. Therefore, no review of the comparative figures in the 2025 Sustainability Report has been carried out.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Sustainability Report has been prepared in accordance with Chapter 6 Sections 12-12 f of the Annual Accounts Act, and that there is such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion with limited assurance on whether the sustainability report has been prepared in accordance with Chapter 6 sections 12-12 f of the Annual Accounts Act based on our review.

The review has been conducted in accordance with FAR's recommendation RevR 19 Auditor's review of the statutory sustainability report. This Recommendation requires that we plan and perform our audit procedures to obtain limited assurance that the Sustainability Report is prepared in accordance with these requirements.

The audit procedures performed to obtain evidence are more limited than for a reasonable assurance engagement and the assurance obtained is therefore lower than for a reasonable assurance engagement. This means that it is not possible for us to obtain assurance that we would be aware of all significant matters that might be identified if an engagement in which the statement is made had been performed with reasonable assurance.

The audit firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and manage a quality management system including policies or procedures relating to compliance with professional ethics, professional standards and applicable legal and regulatory requirements.

We are independent of HEXPOL AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The audit includes obtaining evidence for the sustainability report through various procedures. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the sustainability report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board of Directors' and the Managing Director's preparation of the Sustainability Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures.

Our audit procedures on the Sustainability Report included, but were not limited to

- Obtain, through enquiries, a general understanding of the internal control environment, reporting processes, and information systems relevant to the preparation of the information in the sustainability report.
- Evaluate whether information identified as material through the process carried out by the company to identify the content of the sustainability report is also included.
- Evaluate whether the structure and presentation of the sustainability report is consistent with the requirements of the ESRS;
- Conduct inquiries of relevant personnel and analytical review procedures on selected disclosures in the Sustainability Report;
- Perform substantive procedures based on a sample of selected disclosures in the sustainability report;
- Through inquiries and analytical review activities to obtain evidence on the methods used to derive material estimates and forward-looking information and to understand how these methods were applied;

Our audit procedures on the process the company has undertaken to identify sustainability information to report included, but were not limited to the following:

- Gain an understanding of the process by:
- Conduct inquiries to understand the sources of information used by management (e.g. stakeholder dialogues, business plans and strategy documents); and
- Review the company's internal documentation of its process; and
- Evaluate whether the information obtained from our procedures on the process implemented by the company is consistent with the description of the process in pages 55-56 of the Sustainability Report.

Our audit procedures on the taxonomy information included, but were not limited to, the following:

- Gain an understanding of the process for identifying economic activities covered by and compliant with the EU Green Taxonomy and the corresponding disclosures in the Sustainability Report by
- Conduct queries to relevant staff and analytical reviewactions on the taxonomy data
- Conduct inquiries to understand the sources of the information used in the taxonomy information
- Evaluate whether the presentation of the taxonomy information complies with the requirements of the EU Taxonomy Regulation

Restrictions

When reporting forward-looking information in accordance with ESRS, the board of directors and management of HEXPOL AB must prepare forward-looking information based on stated assumptions about events that may occur in the future and possible future activities of HEXPOL AB. Actual outcomes are likely to be different because anticipated events often do not occur as expected.

Malmö, April 9, 2026

Karoline Tedevall
Authorized Public Accountant

Peter Gunnarsson
Authorized Public Accountant

Financial definitions and glossary

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 non-interest-bearing liabilities.

CASH FLOW FROM OPERATING ACTIVITIES Cash flow from operating activities after changes in working capital.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE Cash flow from operating activities after changes in working capital divided by the average number of shares outstanding.

EARNINGS PER SHARE Profit after tax, attributable to Parent Company shareholders, divided by average number of shares outstanding.

EARNINGS PER SHARE AFTER DILUTION Profit after tax attributable to Parent Company shareholders divided by average number of shares outstanding adjusted for the dilution effect of warrants.

EARNINGS PER SHARE EXCLUDING ITEMS AFFECTING COMPARABILITY/ADJUSTED EARNINGS PER SHARE Profit after tax excluding items affecting comparability, attributable to Parent Company shareholders divided by average number of shares outstanding.

EBITA Operating profit, excluding amortization and impairment of intangible assets.

EBITA MARGIN EBITA in relation to sales.

EBITDA Operating profit before depreciation, amortization and impairment.

EQUITY/ASSETS RATIO Shareholders' equity as a percentage of total assets.

EQUITY PER SHARE Shareholders' equity attributable to Parent Company shareholders divided by the number of shares outstanding at the end of the period.

ERATING CASH FLOW Operating profit excluding nonrecurring items less depreciation/amortization and investments, and after change in working capital.

INTEREST-COVERAGE RATIO Profit before tax plus interest expenses in relation to interest expenses.

INVESTMENTS Purchases less sales of intangible and tangible fixed assets, excluding those included in acquisitions and divestments of subsidiaries.

ITEMS AFFECTING COMPARABILITY Items affecting comparability relate to integration and restructuring costs.

NET DEBT/EQUITY RATIO Interest-bearing liabilities less cash and cash equivalents and interest-bearing assets divided by shareholders' equity.

NET DEBT, NET CASH Interest-bearing liabilities less cash and cash equivalents and interest-bearing assets.

OPERATING MARGIN Operating profit as a percentage of sales.

OPERATING MARGIN ADJUSTED FOR ITEMS AFFECTING COMPARISON/ADJUSTED OPERATING MARGIN Operating profit adjusted for items affecting comparability in relation to sales.

OPERATING PROFIT EXCLUDING ITEMS AFFECTING COMPARABILITY/ADJUSTED OPERATING PROFIT Operating profit excluding items affecting comparability.

PROFIT MARGIN BEFORE TAX Profit before tax as a percentage of sales.

RETURN ON EQUITY Profit after tax, attributable to Parent Company shareholders, as a percentage of average shareholders' equity, excluding minority interests.

RETURN ON CAPITAL EMPLOYED Profit before tax plus interest expenses as a percentage of average capital employed.

SALES GROWTH ADJUSTED FOR CURRENCY EFFECTS Sales growth excluding currency effects compared to the sales for the corresponding year-earlier period.

SALES GROWTH EXCLUDING CURRENCY EFFECTS AND ACQUISITIONS Sales growth excluding currency effects and acquisitions compared to the sales for the corresponding year-earlier period.

HEXPOL uses alternative performance indicators associated with the Group's financial position: return on capital employed, net debt, net cash, debt/equity ratio and equity/assets ratio. The performance indicators are used to assess the possibility of dividends, strategic investments and to manage financial commitments. Operating cash flow is used to show what funds the operations generate to make strategic investments and repayments, as well as to pay dividends. HEXPOL considers earnings measures excluding items affecting comparability to be of value to investors in understanding underlying earnings before items affecting comparability. Sales growth, excluding exchange rate effects and acquisitions are valuable key ratios for HEXPOL and investors in being able to monitor the trend in the underlying operations. For reconciliation of alternative performance indicators, please see the Year-end report available on our website.

COMPOUNDING/COMPOUNDS: Mixing/mixtures of polymer materials with additives.

CONFLICT MINERAL Tantalum, tin, gold and tungsten are referred to as conflict minerals if they originate from the Democratic Republic of Congo and neighboring countries. The name has arisen because there are armed conflicts in the region, where mining often contributes to continued conflicts and leads to violations of human rights.

COP Communication On Progress is an annual report submitted to the UN on how the Group is working on the ten principles of the Global Compact.

CSRD Corporate Sustainability Reporting Directive. A new EU directive on corporate sustainability reporting. The requirements cover all large companies and all listed companies in the EU. Parent companies in a large Group must prepare a sustainability report for the Group.

ENERGY USE The Group reports both its direct energy use (use of fuels in its own energy facilities) and its indirect consumption (purchased electricity and district heating).

ENVIRONMENTAL ASPECTS Those features of an organization's activities, products or services that interact with the environment.

ENVIRONMENT-RELATED COSTS Costs that can be attributed to actions taken to prevent, reduce or rectify the environmental impact of an organization's operations. The equivalent applies to costs in the area of health and safety.

ENVIRONMENT-RELATED INVESTMENTS Investments for preventing and reducing the environmental impact of an organization's operations. The equivalent applies to investments in an improved work environment.

EPD Environmental Product Declaration, is an independently verified document that provides transparent and comparable information on the environmental impact of products and services.

ESG The term stands for 'Environmental, Social and Governance'. It is also often referred to as 'sustainability'.

EU TAXONOMY The taxonomy for environmentally sustainable investments makes it possible to identify and compare investments that are necessary to achieve sustainable economy.

GHG Greenhouse Gases. The Group reports emissions of the greenhouse gas carbon dioxide (CO₂ equivalents) from energy use, i.e., Scope 1 and Scope 2 according to the GHG Protocol.

GLOBAL COMPACT A UN initiative concerning corporate responsibility. The participating organizations undertake to support ten fundamental principles in respect of human rights, labor, the environment and anticorruption. HEXPOL joined the Global Compact in 2017.

GLOBAL GOALS At the UN summit in 2015, the world's heads of state and government adopted 17 Global Goals and the 2030 Agenda for sustainable development.

GRI The Global Reporting Initiative has established voluntary overarching standards specifying how companies and other organizations should report on their activities in sustainable development.

GoO Guarantees of Origin are tracking certificates that prove the origin of purchased renewable electricity.

I-RECS, RECs Tracking Certificates proving that 1 MWh of electricity was produced from renewable energy and fed into the grid.

ISCC+ Certification that allows companies to demonstrate on a voluntary basis the sustainable origin of bio-based raw materials in all production and supply chains in the food, packaging, feed and chemical industries.

ISO 9001 International standard governing quality management systems. In 2022, 1,666,172 plants worldwide were certified in accordance with the ISO 9001 requirements.

ISO 14001 International standard concerning environmental management system. In 2022, 744,428 plants worldwide were certified in accordance with the ISO 14001 requirements.

ISO 14067 International standard for the calculation of greenhouse gases and the climate impact of products.

ISO 26000 International standard that provides guidance concerning how organizations are to address corporate social responsibility matters. The standard was introduced in 2010 and forms the basis of the HEXPOL Code of Conduct. It is not possible to obtain ISO 26000 certification.

ISO 45001 International standard governing health and safety. In 2022, 512,069 plants worldwide were certified in accordance with the ISO 45001 requirements.

ISO 50001 International standard governing quality management systems. In 2022, 54,778 plants worldwide were certified in accordance with the ISO 50001 requirements.

LCA Life Cycle Assessment (LCA) is a method for obtaining an overall picture of the total environmental impact during the life cycle of a product from raw material extraction, through manufacturing processes and use to waste management, including transport and energy consumption in the intermediate stages.

LEAN MANUFACTURING Systematic approach to managing resources efficiently. The purpose of LEAN is to identify all factors in a production process that do not create value for the customer.

NOx Gaseous oxides formed in combustion processes by the oxidation of nitrogen. These substances are harmful to the environment and health and cause acidification and eutrophication, among other things.

OCCUPATIONAL DISEASE An occupational disease is caused by prolonged exposure to a particular factor in the work environment. Examples of factors are noise, dust and solvents.

OCCUPATIONAL INJURY An occupational injury is a sudden event (accident) that can be attributed to work and that causes an injury or other harm. The Group reports occupational injuries as an accident causing more than one day's absence (Lost Work Case; LWC). The frequency is standardized by the number of occupational injuries per million hours worked.

OEM Original Equipment Manufacturer is a term for companies that manufacture the end-product to be sold on the open market.

PA Polyamide, a common thermoplastic sometimes called nylon.

PAH Polyaromatic hydrocarbons are a group of several hundred compounds formed when organic materials are heated or incompletely burned. Animal studies have shown that several PAHs can damage chromosomes and cause cancer.

PARIS AGREEMENT The Paris Agreement (2015), which is linked to the United Nations Framework Convention on Climate Change, states that the global temperature increase should be kept well below 2°C and the aim should be to limit it to 1.5°C.

PCBs Polychlorinated biphenyls are a group of industrial chemicals that are hazardous to health and the environment.

PFAS Collective name for a large and complex group of more than 10,000 identified highly fluorinated substances with varying properties and wide use in society. Common to all PFASs is that they are very difficult to break down and some PFASs can have harmful effects on both humans and the environment. All PFAS substances are synthetically produced and do not occur naturally in the environment.

POLYMERS Long chains of molecules that form the building blocks of rubber and plastics. There is only one chemical variant of natural rubber but there are around 20 variants of synthetic rubber. Through a variety of additives and blends, and in combination with other materials such as metal and textiles, polymers have a wide range of properties.

PP Polypropylene, a low-density, high-tensile thermoplastic.

REACH Chemicals legislation within the EU intended to ensure safer handling of chemicals. Chemical substances must be registered for a certain use, and particularly hazardous substances may be subject to restrictions.

ROHS Restrictions of Hazardous Substances. EU legislation restricting the use of certain substances that are hazardous to the environment and health.

SCOPE ACCORDING TO GHG PROTOCOL Reporting of emissions of climate-affecting gases expressed as carbon dioxide equivalents. Scope 1: Combustion of fossil fuels (gasoline, oil and coal) for example for production in company-owned factories or emissions from company-owned or contracted vehicles/machinery. Scope 2: Consumption of electricity, district heating and cooling. Scope 3: Emissions from the purchase of goods and services, such as logistics, air travel, taxis, hotel nights and consumption of materials.

SO₂ Sulphur dioxide is formed when petroleum products are burned. The gas contributes to the acidification of water and soil. In higher concentrations, sulfur dioxide is harmful to human health.

SUSTAINABLE DEVELOPMENT The concept pertains to development that 'satisfies the needs of today without compromising the ability of future generations to meet their own needs'. Sustainable development encompasses ecological, social and financial sustainability.

SUSTAINABILITY REPORT An EU directive (2017) makes it mandatory for large companies to report on sustainability. The report has to contain the nonfinancial information necessary for an understanding of the company's development, position, performance and the impact of its activities.

TCFD The Task Force on Climate-related Financial Disclosures (TCFD) provides recommendations on reporting climate-related financial risks and opportunities.

THE ENERGY EFFICIENCY DIRECTIVE EU directive introduced in 2015, including energy surveys of large companies. The Group is covered by the Directive and carries out energy surveys.

TPE Thermoplastic elastomers are rubber-like materials that combine the properties of vulcanized rubber with the process benefits of thermoplastics.

TP Thermoplastics are plastics that becomes pliable or moldable above a specific temperature and solidifies upon cooling.

VOCs Volatile Organic Compounds. A group of organic compounds that readily evaporate at room temperature. Levels of volatile hydrocarbons in the air have adverse health and environmental effects, including contributing to the formation of ground-level ozone.

Financial ten-year overview

MSEK	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
INCOME STATEMENTS, condensed										
Sales	19,324	20,437	22,046	22,243	16,005	13,424	15,508	13,770	12,230	10,879
Operating expenses	-16,533	-17,265	-18,470	-18,953	-12,931	-11,489	-13,465	-11,620	-10,244	-8,958
Operating profit	2,791	3,172	3,576	3,290	3,074	1,935	2,043	2,150	1,986	1,921
Net financial items	-138	-171	-230	-46	-43	-80	-35	11	-18	-8
Profit before tax	2,653	3,001	3,346	3,244	3,031	1,855	2,008	2,161	1,968	1,913
Tax	-710	-781	-822	-761	-673	-446	-466	-515	-441	-516
Profit after tax	1,943	2,220	2,524	2,483	2,358	1,409	1,542	1,646	1,527	1,397
BALANCE SHEETS, condensed										
Assets										
Fixed assets	16,779	18,167	16,103	16,019	12,236	10,817	12,116	9,698	7,048	6,423
Current assets	5,037	5,484	5,301	5,993	4,407	3,056	3,685	3,594	2,489	2,128
Cash and cash equivalents	1,145	1,233	1,103	1,541	1,320	1,200	1,624	1,164	813	1,297
Total assets	22,961	24,884	22,507	23,553	17,963	15,073	17,425	14,456	10,350	9,848
Shareholders' equity and liabilities										
Shareholders' equity	14,021	15,945	14,577	13,767	11,650	9,133	9,756	8,592	7,010	7,559
Interest-bearing liabilities	4,334	3,473	2,683	4,393	2,222	2,796	4,003	2,332	840	29
Other liabilities and provisions	4,606	5,466	5,247	5,393	4,091	3,144	3,666	3,532	2,500	2,260
Total shareholders' equity and liabilities	22,961	24,884	22,507	23,553	17,963	15,073	17,425	14,456	10,350	9,848
CASH FLOW STATEMENTS, condensed										
Cash flow from operating activities	2,318	2,696	3,525	2,593	2,406	2,376	2,361	1,806	1,699	1,710
Net investments in tangible and intangible fixed assets	-554	-610	-684	-659	-304	-253	-286	-207	-195	-150
Acquisitions of operations	-967	-895	-211	-1,512	-558	-412	-2,204	-2,190	-1,081	-295
Cash flow from financing operations	-588	-1,280	-2,954	104	-1,366	-1,978	427	775	-823	-1,075
Cash flow for the period	209	-89	-324	526	178	-267	298	184	-400	190
Cash and cash equivalents, January 1	1,233	1,103	1,541	1,320	1,200	1,624	1,164	813	1,297	978
Exchange-rate differences in cash and cash equivalents	-297	219	-114	-305	-58	-157	162	167	-84	129
Cash and cash equivalents at year-end	1,145	1,233	1,103	1,541	1,320	1,200	1,624	1,164	813	1,297

KEY RATIOS	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Average shareholders' equity, MSEK	14,242	15,295	14,797	12,992	10,642	10,135	9,534	8,077	6,871	6,826
Average capital employed, MSEK	19,371	19,167	18,884	17,399	13,491	13,332	13,484	9,678	7,898	7,186
Return on shareholders' equity, %	13.6	14.5	17.1	19.1	22.2	13.9	16.2	20.4	22.2	20.5
Return on capital employed, %	14.7	16.9	19.0	19.2	22.8	14.3	15.2	22.5	25.1	26.8
Sales growth excl currency effects, %	0	-7	-6	25	25	-11	7	9	12	-4
Operating margin, %	14.4	15.5	16.2	14.8	19.2	14.4	13.2	15.6	16.2	17.7
Profit margin before tax, %	13.7	14.7	15.2	14.6	18.9	13.8	12.9	15.7	16.1	17.6
Earnings per share, before dilution SEK ¹	5.64	6.45	7.33	7.21	6.85	4.09	4.48	4.78	4.44	4.06
Earnings per share, after dilution SEK ¹	5.64	6.45	7.33	7.21	6.85	4.09	4.48	4.78	4.44	4.06
Net cash, MSEK	-3,184	-2,235	-1,575	-2,845	-899	-1,593	-2,376	-1,143	-27	1,268
Net debt/equity ratio, multiple	-0.2	-0.1	-0.1	-0.2	-0.1	-0.2	-0.2	-0.1	0.0	0.0
Equity/assets ratio, %	61	64	65	58	65	61	56	59	68	77
Shareholder's equity per share, SEK ¹	40.71	46.29	42.32	39.97	33.82	26.53	28.34	24.96	20.37	21.96
Dividend, MSEK	1,449	2,067	1,240	2,067	792	792	774	671	1,635	585
Dividend per share, SEK	4.20	6.00	3.60	6.00	2.30	2.30	2.25	1.95	4.75	1.70
Operating cash flow, MSEK	2,799	3,012	3,994	2,813	2,731	2,548	2,607	2,019	2,001	2,057
Cash flow from operating activities, MSEK	2,318	2,696	3,525	2,593	2,406	2,376	2,361	1,806	1,699	1,710
Cash flow from operating activities per share, SEK ¹	6.73	7.83	10.23	7.53	6.99	6.90	6.86	5.25	4.94	4.97
Average number of employees	4,958	5,010	5,054	5,101	4,688	4,657	4,844	4,454	4,326	4,028
Number of employees, end of period	4,910	4,961	5,055	5,084	4,771	4,550	5,061	4,640	4,389	4,140
Sales per employee, MSEK	3.90	4.08	4.36	4.36	3.41	2.88	3.20	3.09	2.83	2.70

Sustainability in a ten-year perspective

AREA		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
ENVIRONMENT											
Compliance	Number of violations of environmental legislation	0	1	0	2	1	1	3	2	3	1
Energy ¹	Energy use, GWh		410	414				493			
	Revised ²	395	397	398				475			
	Energy consumption/sales, GWh/MSEK		0.020	0.019				0.032			
	Revised ²	0.020	0.019	0.018				0.026			
	Energy from renewable sources (electricity, biomass, biogas, photovoltaic cells), % of total energy use		40	33				19			
	Revised ²	48	43	34				24			
Climate ¹	Greenhouse gas emissions (scope 1 & 2, market-based), tons ³		80,763	89,653				163,179			
	Revised ²	42,945	77,649	88,485				156,251			
	Greenhouse gas emissions (scope 1 & 2, market-based), tons/MSEK		4.0	4.1				11.2			
	Revised ²	2.2	3.8	4.0				11.0			
Water	Water consumption, thousands of m ³	1,414	1,400	1,504	1,191	1,160	1,106	1,106	718	735	884
	Water consumption/sales, m ³ /MSEK	733	68	68	54	72	82	71	54	60	81
Waste	Volume of waste, tons	24,854	25,431	24,372	24,850	25,130	22,950	26,500	23,100	22,000	19,800
	Amount of waste/sales, tons/MSEK	1.3	1.3	1.1	1.1	1.6	1.7	1.7	1.8	1.8	1.8
Raw materials	Recycled/bio-based polymer materials, % of total use (excluding natural rubber)	15	18	19	16	10	8	8	15	15	18
Management system	ISO 14001 certified factories, % of total number	98	100	96	94	87	77	76	97	92	89
PEOPLE											
Employees	Number of employees (average)	5,071	4,928	5,050	5,101	4,688	4,657	4,844	4,454	4,326	4,028
Compliance	Number of significant violations of health and safety legislation (fines, sanctions)	0	0	0	3	2	0	3	0	0	1
Health and safety	Occupational accidents, lost work days, number/million hours worked	12.1	15.8	12.1	11.9	12.3	10.1	12.9	12.8	15.2	15.1
Diversity	Proportion of women on the Board of Directors of the Group, %	43	43	50	67	67	57	57	57	57	43
	Proportion of women in local management teams, %	20	22	27	28	27	24	18	18	14	15
Training	Training of employees, hours/employee	10	12	18	22	20	17	32	26	22	19
Management system	ISO 45001 certified sites, % of total number	19	12	8	9	4	5	9	11	11	9
Code of conduct	Reported human rights violations, number	0	0	0	0	0	0	2	1	1	1
	Discrimination, number of reported cases	2	3	5	1	2	2	2	1	1	1
FINANCE											
	Sales, MSEK	19,324	20,437	22,046	22,243	16,005	13,424	15,508	13,770	12,230	10,879
	Financial value distributed between stakeholders, MSEK ⁴	5,004	5,885	5,193	5,354	3,569	3,273	3,357	2,989	3,658	2,559
	Taxes paid, MSEK	710	781	822	761	673	446	466	516	441	515

¹ In 2024, a revision of energy and climate data was made to ensure that historical emissions prior to the year of acquisition of acquired companies are included, in accordance with the GHG Protocol. In this context, some adjustments were made to the methodology by collecting data from the sites at a more granular level, thus ensuring higher data quality. The revision was made for the baseline years 2018-2019, 2023 and 2024. Due to this limitation, energy and climate figures are not reported for other years within a 10-year horizon. The result was higher for historical figures than previously reported. However, the change in methodology had a less significant impact with a ±5 percent deviation from the previous methodology.

² Revised figures in accordance with GHG Protocol standards. Companies acquired during 2025 are included, and companies sold are excluded "historical figures".

³ In accordance with GHG (Greenhouse Gas Protocol), HEXPOL reports Scope 1, that is, emissions from direct energy use (e.g., fuel oil, natural gas), and Scope 2, that is, from indirect energy use (e.g., purchased electricity, district heating).

⁴ Compensation to suppliers is not included.

The HEXPOL share and shareholders

Share price development and share turnover

In 2025, the price paid for HEXPOL's B share decreased by just over 14 percent (-15), compared with OMX Stockholm Basic Materials, which increased by 17 percent (-10). The Stockholm exchange as a whole, Nasdaq Stockholm, rose by 9 percent (6).

The highest price paid for HEXPOL's B-share was recorded on April 26 at SEK 108.40, and the lowest price paid was recorded on October 9 at SEK 77.65.

In 2025, 118 million (85) HEXPOL shares were traded in the amount of MSEK 10,618. On average per trading day, 472,183 shares (339,769) were traded for an average of SEK 42,642,895 per day. HEXPOL's total return in 2025 was about -11 percent during the year, compared to the OMX Stockholm GI1, which increased by 13 percent. Over the past five year period, HEXPOL's Class B share has had an average total return of over 6 percent per year. The corresponding figure for OMX Stockholm GI is 11.5 percent.

Ownership structure

HEXPOL's Class B share has been listed on the exchange since 2008. Today, the stock is listed on Nasdaq Stockholm's major companies list, Large Cap, under HPOL B. The share capital of HEXPOL AB totals SEK 68,887,369, divided into 344,436,846 shares. Of these, 14,765,620 are A shares and 329,671,226 are B shares. Each Class A share carries ten voting rights, and a Class B share, one voting right. Each share has a quota value of SEK 0.20. All shares carry equal rights to the company's assets and earnings.

As of December 31, 2025, HEXPOL AB had 15,571 (12,542) shareholders. The largest shareholder is Melker Schörling AB,

who owns all Class A shares. Melker Schörling AB also holds Class B shares and owns in total 25 percent (25) of the share capital and 46 percent (46) of the voting rights. The number of shares held by non-Swedish shareholders totaled 28 percent (32) of the capital. The twenty largest shareholders accounted for 74 percent (75) of the capital and 81 percent (82) of the voting rights.

Dividend

HEXPOL's earnings trend and equity/assets ratio determine the size of the dividend. HEXPOL's dividend policy is that 40–60 percent of profit after tax for the year will be distributed in dividends to HEXPOL's shareholders, on the condition that the Group's financial position is deemed satisfactory. For 2025, the board of Directors proposes an ordinary dividend of SEK 4.20 (4.20) per share. The dividend corresponds to approximately 74 percent of net profit for the year.

Shareholder value and analysts

HEXPOL's executive management works continuously to develop the company's financial information to create favorable conditions for valuing the Group in the most accurate manner possible. This includes working actively through meetings with analysts, shareholders and the media.

Responsible for IR matters at HEXPOL is Peter Rosén, Deputy CEO and CFO: +46 40-25 46 60, ir@hexpol.com.

For a current list of the analysts who continuously monitor HEXPOL, visit www.hexpol.com.

Key performance indicators per share¹

SEK	2025	2024	2023	2022	2021
Adjusted profit	5.64	6.70	7.51	7.14	6.09
Earnings	5.64	6.45	7.33	7.21	6.85
Shareholders' equity	40.71	46.29	42.32	39.97	33.82
Dividend	4.20	6.00 ²	3.60	6.00 ³	2.30
Closing price, Class B share, December 31	87.95	102.80	122.00	111.10	121.30
Cash flow from operating activities	6.73	7.83	10.23	7.53	6.99

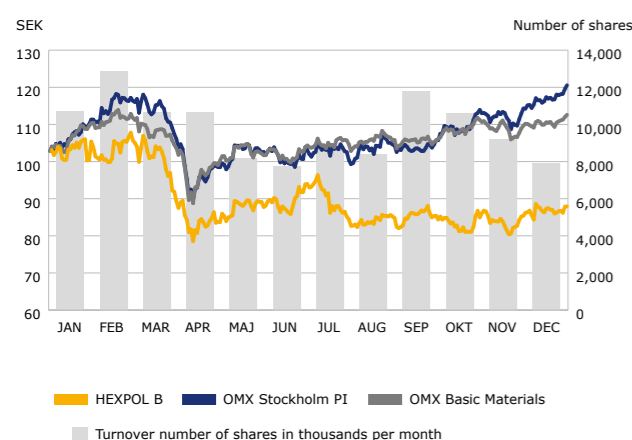
Major shareholders

Owner/manager/custodian bank	Class A shares	Class B shares	Share capital %	Votes %
Melker Schörling AB	14,765,620	70,783,430	24.8	45.8
State Street Bank and Trust Co W9	0	22,687,150	6.6	4.8
Lannebo Kapitalförvaltning	0	21,001,045	6.1	4.4
Alecta Tjänstepension Ömsesidigt	0	19,200,000	5.6	4.0
Carnegie Fonder AB	0	17,287,484	5.0	3.6
Första AP-fonden	0	11,200,000	3.3	2.4
Andra AP-fonden	0	10,006,367	2.9	2.1
JP Morgan Chase Bank NA, W9	0	9,400,925	2.7	2.0
Cliens Kapitalförvaltning	0	8,410,511	2.4	1.8
Handelsbanken Fonder AB	0	7,372,641	2.1	1.5
Total of the 10 largest shareholders	14,765,620	197,349,553	61.6	72.3
Total other shareholders	0	132,321,673	38.4	27.7
Total	14,765,620	329,671,226	100.0	100.0

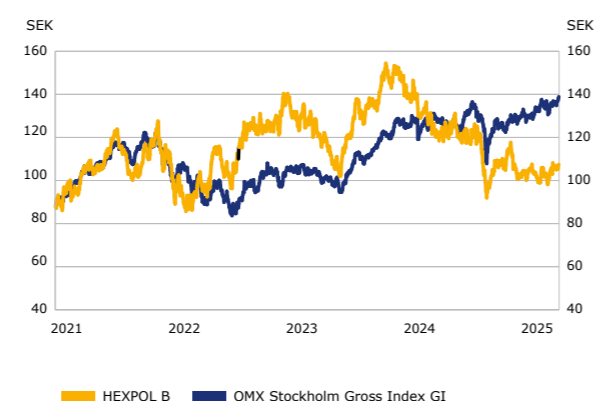
Ownership structure

Number of shares per shareholder	Number of shareholders	Class A shares	Class B shares
1-500	10,260	0	1,390,276
501-1,000	1,812	0	1,422,903
1,001-5,000	2,416	0	5,547,779
5,001-20,000	728	0	7,082,188
20,001-	355	14,765,620	314,228,080
Total	15,571	14,765,620	329,671,226

Share price trend and trading volume, Jan 1–Dec 31, 2025

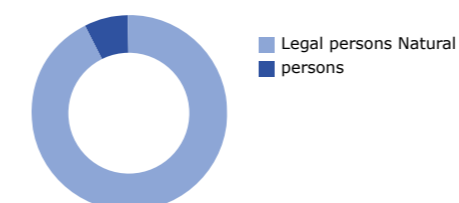


Total return 2021–2025

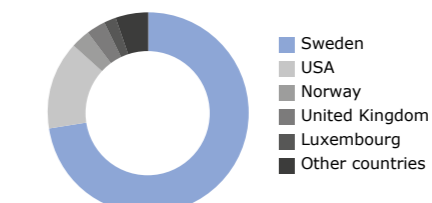


¹ OMX Stockholm Gross Index, the average trend on OMX Stockholm, including dividends.

Shareholder categories, % of capital



Shareholders by country, % of capital



¹ Adjusted for items affecting comparability.

² Including extra dividend of SEK 2.00 per share.

³ Including extra dividend of SEK 3.00 per share.

Shareholder information

Annual General Meeting

The Annual General Meeting will be held on May 4, 2026, at 3:00 p.m. CET in Malmö, Sweden.

In accordance with the provisions of Chapter 7. Section 4 a of the Companies Act and the company's articles of association, the Board of Directors has decided that shareholders are to have the opportunity to exercise their voting rights by postal vote prior to the meeting. Shareholders can therefore choose to exercise their voting rights at the meeting by attending in person, by proxy or by postal vote.

Shareholders who wish to participate in the AGM must

- be registered in the shareholders' register maintained by Euroclear Sweden AB no later than April 23, 2026,
- and notify the Company of their participation by mail to HEXPOL AB, "Annual General Meeting," c/o Euroclear Sweden, Box 191, SE-101 23 Stockholm, by telephone on +46 (0)8-402 90 49 or via the website www.hexpol.com, or submit a postal vote, no later than April 27, 2026.

Shareholders whose shares are registered with a trustee must temporarily reregister the shares in their own name not later than April 23, 2026, to be entitled to participate in the AGM. Voting registration requested by shareholders in time for registration to be made by the trustee by April 27, 2026, will be taken into account in the preparation of the share register. The trustee should therefore be notified in due time before said date.

Notification should state the shareholder's name, personal identity number, telephone number and number of shares. Shareholders wishing to be represented by proxy should send a power-of-attorney to Euroclear Sweden AB before the AGM.

Shareholders exercising their voting rights by postal voting are not required to notify the company separately of their participation in the AGM. The postal voting form is available on the company's website.

Dividend proposal

The Board of Directors proposes a dividend of SEK 4.20 per share to the 2026 Annual General Meeting on May 4.

Annual Report

HEXPOL's Annual Report is distributed digitally and can be downloaded from www.hexpol.com. Shareholders wishing to receive a printed copy should send their name and address to ir@hexpol.com or place their order directly with HEXPOL AB via the website www.hexpol.com.

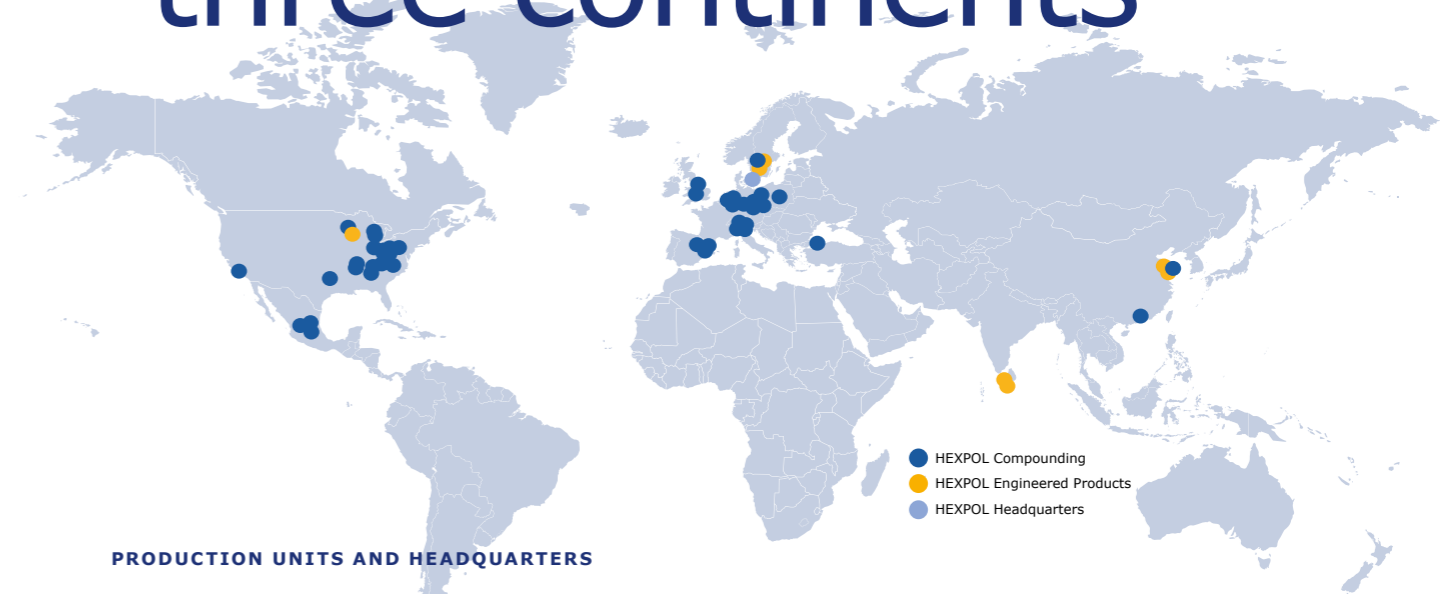
Financial information is also available in Swedish and English on HEXPOL AB's website www.hexpol.com.

Calendar for financial information

HEXPOL AB will publish financial information on the following dates:

ACTIVITY	DATE
Interim report January-March 2026	May 4
Annual General Meeting 2026	May 4
Half-year report January-June 2026	July 20
Interim report January-September 2026	October 23
Year-end report 2026	January/February 2027

Fifty-two units on three continents



PRODUCTION UNITS AND HEADQUARTERS

AMERICAS

● HEXPOL Aguascalientes	Aguascalientes, Mexico
● HEXPOL Akron	Akron, OH, USA
● HEXPOL Burton	Burton, OH, USA
● HEXPOL Compounding - Querétaro	Querétaro, Mexico
● HEXPOL Compounding Statesville	Statesville, NC, USA
● HEXPOL Dyersburg	Dyersburg, TN, USA
● HEXPOL Huntingdon	Huntingdon, TN, USA
● HEXPOL Long Beach	Long Beach, CA, USA
● HEXPOL Middlefield	Middlefield, OH, USA
● HEXPOL San Luis Potosi	San Luis Potosi, Mexico
● HEXPOL Tallapoosa	Tallapoosa, GA, USA
● HEXPOL TPE Americas LLC	Broadview, IL, USA
● HEXPOL Whitewater	Whitewater, WI, USA
● McCann Plastics	North Canton, OH, USA
● McCann Plastics	North Canton, OH, USA
● Piedmont Resin Supply	Cartersville, GA, USA
● Preferred Compounding - Barberton	Barberton, OH, USA
● RheTech Colors	Sandusky, OH, USA
● RheTech Compounding	Fowlerville, MI, USA
● RheTech Compounding	Whitmore Lake, MI, USA
● Stellana US	Lake Geneva, WI, USA

ASIA

● Gislaved Gummi Lanka	Bokundara, Sri Lanka
● Gislaved Gummi Qingdao	Qingdao, China
● HEXPOL Compounding	Foshan, China
● HEXPOL Compounding Qingdao	Qingdao, China
● Stellana China	Qingdao, China
● Stellana Lanka	Horana, Sri Lanka

EUROPE

● 3A MCOM S.r.l	Grigno, Italy
● almaak international	Doberlug-Kirchhain, Germany
● almaak international	Krefeld, Germany
● HEXPOL Manchester Ltd.	Dukinfield, UK
● Gislaved Gummi AB	Gislaved, Sweden
● HEXPOL AB	Malmö, Sweden
● HEXPOL HQ Compounding GmbH	Aachen, Germany
● HEXPOL Compounding SRL	Eupen, Belgium
● HEXPOL Compounding S.R.O	Unicov, Czech Republic
● HEXPOL Compounding GmbH	Hückelhoven, Germany
● HEXPOL Compounding (Lesina) S.R.O	Lesina, Czech Republic
● HEXPOL Compounding SLU	Barcelona, Spain
● HEXPOL TPE GmbH	Lichtenfels, Germany
● HEXPOL TPE AB	Åmål, Sweden
● HEXPOL TPE Ltd	Manchester, UK
● HEXPOL İzmir Polimer Sanayi ve Ticaret A.Ş.	Izmir, Turkey
● HEXPOL ŞEKERPINAR KAUCUK SAN. VE TIC. LTD.	Sekerpınar, Cayirova, Turkey
● HEXPOL Garlasco S.R.L	Garlasco, Italy
● HEXPOL Tomaszów Sp. z o.o.	Tomaszow Masowiecki, Poland
● HEXPOL Gorlago S.P.A	Carobbio degli Angeli, Italy
● HEXPOL Gorlago S.P.A	Gorlago, Italy
● Stellana GmbH	Meckelfeld, Germany
● Stellana AB	Laxå, Sweden
● HEXPOL Corella S.A	Corella, Spain
● HEXPOL Vilafranca S.L.U.	Olderola, Spain

HEXPOL is a world leading polymer group, with strong global positions in advanced polymer compounds, gaskets for plate heat exchangers and wheels made of polymer materials for forklifts and castor wheel applications.

Customers are primarily global suppliers to the automotive and engineering industries, the construction and civil engineering industries, and in sectors such as transport, energy and consumer products, as well as the cable and wire industry and medical technology manufacturers, plate heat exchangers and forklifts.

The Group is organized in three business areas, HEXPOL Rubber Compounding, HEXPOL Thermoplastic Compounding and HEXPOL Engineered Products.

The HEXPOL Group generated sales of MSEK 19,324 in 2025, and the Group had some 5,000 employees in 14 countries.



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