

Published on January 26, 2024

# Year-end report 2023



## OCTOBER – DECEMBER 2023

- Sales amounted to 4,868 MSEK (5,495).
- Adjusted EBIT (excl. non-recurring items) increased by 3 percent to 838 MSEK (811).
- Adjusted EBIT-margin (excl. non-recurring items) amounted to 17.2 percent (14.8).
- EBIT decreased by 10 percent and amounted to 755 MSEK (841).
- EBIT-margin increased to 15.5 percent (15.3).
- Profit after tax amounted to 507 MSEK (624).
- Earnings per share amounted to 1.47 SEK (1.81).
- Operating cash flow increased to 1,390 MSEK (1,366).
- Non-recurring items amounted to an expense of 83 MSEK (income 30) before tax.
- Klas Dahlberg has been appointed new President and CEO of HEXPOL. He will start 1 July 2024 at the latest.

## JANUARY – DECEMBER 2023

- Sales amounted to 22,046 MSEK (22,243).
- Adjusted EBIT (excl. non-recurring items) increased by 12 percent to 3,659 MSEK (3,260).
- Adjusted EBIT-margin (excl. non-recurring items) amounted to 16.6 percent (14.7).
- EBIT increased by 9 percent and amounted to 3,576 MSEK (3,290).
- EBIT-margin amounted to 16.2 percent (14.8).
- Profit after tax increased by 2 percent to 2,524 MSEK (2,483).
- Earnings per share amounted to 7.33 SEK (7.21).
- Operating cash flow increased by 42 percent to 3,994 MSEK (2,813).
- Non-recurring items amounted to an expense of 83 MSEK (income 30) before tax.
- The Board of directors propose an ordinary dividend of 4.00 SEK per share (3.60) and an extra dividend of additional 2.00 SEK per share for 2023, which gives a total proposed dividend of 6.00 SEK per share. At the same time, the dividend policy is raised from 25-50 percent to 40-60 percent of profit after tax.

**”Further improved margins and record strong cash flow”**

*Peter Rosén, Acting CEO and CFO*

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### **ABOUT HEXPOL**

HEXPOL is a world-leading polymers group with strong global positions in advanced polymer compounds (Compounding), gaskets for plate heat exchangers (Gaskets and Seals), and wheels made of polymer materials for truck and castor wheel applications (Wheels). Customers are primarily system suppliers to the global automotive and engineering industry, building and construction industry and within sectors as transportation, energy, consumer and cable industry and manufacturers of medical equipment, plate heat exchangers and forklifts. The Group is organized in two business areas, HEXPOL Compounding and HEXPOL Engineered Products. The HEXPOL Group's sales in 2023 amounted to 22,046 MSEK and the Group has approximately 5,000 employees in fourteen countries.

## Further improved margins and record strong cash flow

Once again, we delivered a strong quarter. Adjusted EBIT amounted to 838 MSEK (811), which in terms of results is our best fourth quarter to date and represents an increase of 3 percent compared with the corresponding quarter previous year. At the same time, the adjusted EBIT margin improved to 17.2 percent (14.8). The sales fell compared with the corresponding quarter previous year affected by lower sales prices and lower demand from customers mainly within building and construction and consumer related products. The sales are also lower sequentially compared to the third quarter this year, mainly driven by fewer sales days due to the Christmas holidays and a stronger Swedish currency. The sales prices are lower compared to the first nine months this year and compared to the corresponding quarter previous year as a result of lower prices on our main raw materials. The operating cash flow is record high in the quarter with 1,390 MSEK (1,366), driven by focused work to reduce inventory levels and accounts receivables.

Sales to automotive-related customers show an improvement but still varies from market to market. Sales to customer within building and construction are significantly lower in virtually all markets driven by lower activity levels in construction. We also see lower sales to consumer related end customer segments, driven by generally lower demand.

Strong execution of our solid business model with high customer focus combined with our ability to offer fast and stable deliveries, as well as implementation of price adjustments are the key to the strong result. Another part of the business model is to continuously assess our production efficiency and cost levels. As part of this, we decided to consolidate our operations in California during the quarter and close one of two factories and transfer these volumes to the remaining production unit.

The acquisition strategy is set and we work focused according to it. We acquired Star Thermoplastics in US during the quarter. A smaller acquisition from a financial point of view, but strategically important as it gives us a foothold on the American TPE market where we have not been present until now. The strong financial position and low debt ratio support our continued acquisition agenda, at the same time as it gives us room to raise the dividend policy to 40-60 percent of profit after tax.

The work on sustainability continues, not least with reducing our carbon footprint in order to achieve our goal of a reduction by 75 percent to 2025. Since the establishment of the target we have reduced our carbon footprint with 57 percent and we are well on our way to achieving our goal. The sustainability strategy includes a significant shift towards increased share of recycled materials, including acquisition of companies with a high portion of recycled material. The interest for recycled products is increasing sharply, not least in the automotive industry and we have many ongoing project in this area.

The uncertainty going forward remains high in terms of development of inflation, interest rates, Russia's invasion of Ukraine as well as the unrest in the Middle East. However, we believe that our strong customer focus in combination with our geographical closeness to our customers gives us continued opportunities to deal with the disruptions and further strengthen the market position. The strong business model in combination with a clear acquisition strategy and strong financial position give us good conditions for continued growth and acquisitions.

Sales  
**4,868 MSEK**

Adjusted EBIT  
**838 MSEK**

Adjusted EBIT-margin  
**17.2%**

Operating cashflow  
**1,390 MSEK**



**Peter Rosén**  
Acting CEO and CFO

## Group Summary

Key figures MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2023	2022	2023	2022
Sales	4 868	5 495	22 046	22 243
EBITA, adjusted	872	837	3 787	3 358
EBITA-margin, adjusted, %	17,9	15,2	17,2	15,1
EBITA	789	867	3 704	3 388
EBITA-margin, %	16,2	15,8	16,8	15,2
EBIT, adjusted	838	811	3 659	3 260
EBIT-margin, adjusted, %	17,2	14,8	16,6	14,7
EBIT	755	841	3 576	3 290
EBIT-margin, %	15,5	15,3	16,2	14,8
Profit before tax	697	810	3 346	3 244
Profit after tax	507	624	2 524	2 483
Earnings per share, adjusted, SEK	1,66	1,74	7,51	7,14
Earnings per share, SEK	1,47	1,81	7,33	7,21
Equity/assets ratio, %			65	58
Return on capital employed, % R12			19,0	19,2
Operating cash flow	1 390	1 366	3 994	2 813



## Group development

### October - December 2023

#### Sales

The HEXPOL Group's sales amounted to 4,868 MSEK (5,495) during the fourth quarter, a decrease by 11 percent compared with the corresponding quarter previous year. The sales were positively affected by currency effects of 31 MSEK. In addition to the positive currency effects, the sales were positively affected by acquisitions (McCann and Star ThermoPlastics) with 2 percent.

The HEXPOL Compounding business area's sales amounted to 4,511 MSEK (5,148) which corresponds to a decrease by 12 percent. Exchange rate changes had a positive effect on sales with 27 MSEK. Adjusted for currency effects, the sales amounted to 4,484 MSEK. In addition to the positive currency effects, the sales were positively affected by acquisitions (McCann and Star Thermoplastics) with 2 percent.

Sales to automotive-related customers show an improvement but still varies from market to market. Sales to customer within building and construction are significantly lower in virtually all markets driven by lower activity levels in construction. We also see lower sales to consumer related end customer segments, driven by generally lower demand.

In relation to the corresponding quarter previous year, the raw material prices have dropped. At the same time we note that the trend of falling raw material prices is flattening out.

The HEXPOL Engineered Products sales increased compared to the corresponding quarter 2022, and amounted to 357 MSEK (347). The operations in America developed positively during the quarter.

From a geographical perspective the group sales decreased compared to the corresponding quarter previous year. In America, the sales decreased by 13 percent, in Europe by 10 percent and in Asia by 7 percent, all compared with the corresponding quarter previous year.

#### Earnings

Adjusted EBITA increased to 872 MSEK (837), which meant a corresponding EBITA margin of 17.9 percent (15.2).

The adjusted EBIT increased by 3 percent to 838 MSEK (811). Negative currency effects of 8 MSEK are included. The corresponding operating margin amounted to 17.2 percent (14.8). The higher adjusted EBIT margin is mainly driven by better product- and price mix. The non-recurring items of an expense 83 MSEK (income 30) are related to the consolidation of operations in California, US. EBIT amounted to 755 MSEK (841).

The Group's net financial items amounted to an expense of 58 MSEK (expense 31). Profit before tax amounted to 697 MSEK (810), profit after tax amounted to 507 MSEK (624) and earnings per share 1.47 SEK (1.81).

Sales  
**4,868 MSEK**

Adjusted EBIT  
**838 MSEK**

Adjusted EBIT-  
margin  
**17.2%**

## January – December 2023

### Sales

During the period, our sales once again increased compared to the corresponding period previous year. The HEXPOL Group's sales were in line with previous period and amounted to 22,046 MSEK (22,243) during the period, including positive currency effects of 1,124 MSEK. In addition to the positive currency effects, the sales were positively affected by acquisitions (almaak, McCann and Star Thermoplastics) with 3 percent.

The HEXPOL Compounding business area's sales amounted to 20,581 MSEK (20,834) and decreased slightly during the period, compared to the corresponding period 2022. Positive currency effects of 1,064 are included in the sales. Adjusted for these, the sales amounted to 19,517 MSEK. In addition to the positive currency effects, the sales were positively affected by acquisitions with 3 percent.

Sales to automotive-related customers show an improvement but still varies from market to market. Sales to customer within building and construction are significantly lower in virtually all markets driven by lower activity levels in construction. We also see lower sales to consumer related end customer segments, driven by generally lower demand.

During the period we have seen falling raw material prices, but which flattening out in the second half of the year.

The HEXPOL Engineered Products sales increased during the period, and amounted to 1,465 MSEK (1,409), an increase of 4 percent. The operations in Asia and Americas developed positively during the period.

From a geographical perspective the group sales decreased in Europe by 4 percent compared to the corresponding period previous year. In America, the sales increased slightly and in Asia the sales increased by 7 percent, both compared with the corresponding period previous year.

### Earnings

Adjusted EBITA increased to 3,787 MSEK (3,358), which meant a corresponding EBITA margin of 17.2 percent (15.1).

Adjusted EBIT increased by 12 percent to 3,659 MSEK (3,260). Positive currency effects of 128 MSEK are included. The corresponding operating margin amounted to 16.6 percent (14.7). The higher EBIT margin is mainly driven by better product- and price mix. The non-recurring items of an expense 83 MSEK (income 30) are related to the consolidation of operations in California, US. EBIT amounted to 3,576 MSEK (3,290).

The Group's net financial items amounted to an expense of 230 MSEK (expense 46). Profit before tax amounted to 3,346 MSEK (3,244), profit after tax amounted to 2,524 MSEK (2,483) and earnings per share 7.33 SEK (7.21).

Sales  
**22,046 MSEK**

Adjusted EBIT  
**3,659 MSEK**  
**+12%**

Adjusted EBIT-  
margin  
**16.6%**

## Financial overview

### Equity/assets ratio

The equity/assets ratio remains strong at 65 percent (58). The Group's total assets amounted to 22,507 MSEK (23,553). Net debt amounted to 1,575 MSEK (2,845) whereof 452 MSEK (428) relates to financial leasing liabilities according to IFRS 16, which gives a net debt/EBITDA of 0.38 (0.75).

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

- A credit agreement with a limit of 1,100 MSEK due in February 2027
- A credit agreement with a limit of 1,000 MSEK due in May 2026
- A credit agreement with a limit of 150 MEUR due in May 2026
- A credit agreement with a limit of 1,500 MSEK due in June 2026

The Group use commercial papers as part of the company's financing and as of December 31 they amounted to 1,880 MSEK. In accordance with IAS1, outstanding volumes are reported in the balance sheet as current liabilities, but since HEXPOL's bilateral credit agreements also function as back-up facilities for outstanding commercial papers, they are of a non-current nature.

### Cash flow

The operating cash flow for the Group amounted to 1,390 MSEK (1,366) in the quarter and cash flow from operating activities amounted to 1,273 MSEK (1,437). Operating cash flow for the Group amounted to 3,994 MSEK (2,813) for the period January - December, while cash flow from operating activities amounted to 3,525 MSEK (2,593) for the same period.

### Investments, depreciation and amortisation

The Group's investments amounted to 195 MSEK (243) for the quarter. At the same time, depreciation, amortization and impairment amounted to 146 MSEK (140) whereof 22 MSEK (22) refers to leased assets according to IFRS 16. The Group's investments amounted to 684 MSEK (659) during the period January - December. Depreciation, amortization and impairment amounted to 544 MSEK (492) for the same period, whereof 82 MSEK (85) refers to leased assets according to IFRS 16.

### Tax expenses

The Group's tax expenses amounted to 190 MSEK (186) for the fourth quarter 2023, which corresponds to a tax rate of 27.3 percent (23.0). The Group's tax expenses for the period January-December amounted to 822 MSEK (761) which corresponds to a tax rate of 24.6 percent (23.5). The increased tax rate in the quarter and full year is driven by larger profits in countries with higher tax rates as well as the impact of smaller one-time items.

Net debt/EBITDA  
**0.38**

Operating cashflow  
**3,994 MSEK**

## Profitability

The return on average capital employed, R12, amounted to 19.0 percent (19.2).

The return on shareholders' equity, R12, amounted to 17.1 percent (19.1).

## Parent Company

The Parent Company's profit after tax for the fourth quarter amounted to 1,477 MSEK (1,274). Profit after tax for the period January-December amounted to 1,618 MSEK (1,430). Shareholders' equity amounted to 5,988 MSEK (5,610).



## HEXPOL Compounding

### October - December 2023

The sales decreased during the fourth quarter 2023 by 12 percent, compared to the corresponding quarter previous year. The sales amounted to 4,511 MSEK (5,148) including positive currency effects of 27 MSEK. Adjusted for these, the sales amounted to 4,484 MSEK. In addition to positive currency effects, the sales were positively affected by acquisitions (McCann and Star Thermoplastics) with 2 percent.

Sales to automotive-related customers show an improvement but still varies from market to market. Sales to customer within building and construction are significantly lower in virtually all markets driven by lower activity levels in construction. We also see lower sales to consumer related end customer segments, driven by generally lower demand.

Compared to the corresponding quarter previous year, the raw material prices have decreased. At the same time we note that the trend of falling raw material prices is flattening out.

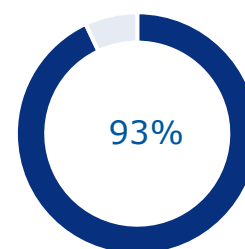
Adjusted EBIT increased to 783 MSEK (737) and the corresponding operating margin amounted to 17.4 percent (14.3). The higher EBIT margin is mainly driven by better product- and price mix.

### January - December 2023

The sales for HEXPOL Compounding decreased slightly compared to the corresponding period previous year and amounted to 20,581 MSEK (20,834). Adjusted EBIT increased during the period to 3,401 MSEK (2,982) and the corresponding operating margin amounted to 16.5 percent (14.3). The higher EBIT margin is mainly driven by better product- and price mix.

### Share of the Group's sales

January - December 2023



### About HEXPOL Compounding

The business area is one of the world's leading suppliers in development and manufacturing of advanced, high-quality polymer compounds for demanding applications and demanding end users. Customers are manufacturers of polymer products and components who impose rigorous demands on performance and global delivery capacity. The market is global and the largest end-customer segments are the automotive and engineering industries, followed by the building and construction sector. Other key segments are transportation sector, energy sector, consumer sector, cable industries and manufacturers of medical equipment.

### HEXPOL Compounding

MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2023	2022	2023	2022
Sales	4 511	5 148	20 581	20 834
EBIT, adjusted	783	737	3 401	2 982
EBIT-margin, adjusted, %	17,4	14,3	16,5	14,3
EBIT	700	767	3 318	3 012



## HEXPOL Engineered Products

### October – December 2023

The business area's sales increased compared to the same quarter previous year and amounted to 357 MSEK (347). The increase include positive currency effects of 4 MSEK. Adjusted for these, the sales amounted to 353 MSEK. EBIT amounted to 55 MSEK (74) which correspond to an operating margin of 15.4 percent (21.3). The lower profit and margin are explained entirely by negative currency effects related to Sri Lanka.

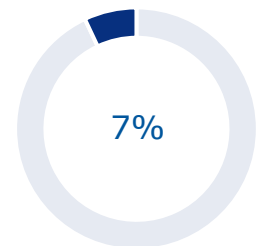
Wheels increased the sales compared to the same quarter previous year. The remaining product areas showed slightly lower sales for the same period. The operations in Asia and Americas developed positively during the quarter.

### January – December 2023

The sales for HEXPOL Engineered Products increased by 4 percent to 1,465 MSEK (1,409), during the period. EBIT decreased at the same time to 258 MSEK (278) and the corresponding operating margin amounted to 17.6 percent (19.7). The lower EBIT margin is explained by negative currency effects related to Sri Lanka.

### Share of the Group's sales

January - December 2023



### About HEXPOL Engineered Products

The business area has operations in a number of niche areas with strong global positions in gaskets for plate heat exchangers (Gaskets and Seals) and wheels of polymer materials for forklifts and material handling (Wheels). The market for gaskets and wheels is global. Gaskets customers include manufacturers of plate heat exchangers and wheel customers are manufacturers of forklifts and castor wheels.

### HEXPOL Engineered Products

	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
MSEK	2023	2022	2023	2022
Sales	357	347	1 465	1 409
EBIT	55	74	258	278
EBIT-margin, %	15,4	21,3	17,6	19,7

## After the end of the period

### Significant events

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

## Other information

### Risk factors

The Group's and Parent Company's business risks, risk management and management of financial risks are described in detail in the 2022 Annual Report. HEXPOL's global operation entails a risk that the company is affected by events in the global environment, beyond the company's direct control. Examples of this could be changed geopolitical situations or changes in the supply chain. It is high on the agenda of both the management and The Board to monitor events in the global environment in order to be able to act quickly in situations that can have a significant impact on HEXPOL.

### Accounting policies

This year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company's financial statements have been prepared in compliance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Reporting for Legal Entities. The accounting and measurement policies as well as the assessment bases, applied in the 2022 Annual Report have also been applied in this year-end report. No new or revised IFRS that came into force 2023 have had any significant impact on the Group's financial reports.

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

### Alternative Performance Measures (APMs)

ESMA (European Securities and Markets Authority) guidelines on alternative performance measures are effective from 2016. HEXPOL presents financial definitions and reconciliations of alternative performance measures in this report. HEXPOL presents alternative performance measures as these provide valuable additional information to investors and the company's management as they allow evaluation of the company's performance.

## Personnel

The number of employees at the end of the period was 5,055 (5,084). The decrease, compared to the corresponding period previous year, is explained by adaptation of production planning.

Number of  
employees  
**5,055**

## Ownership structure

HEXPOL AB (publ.) with Corporate Registration Number 556108-9631 is the Parent Company of the HEXPOL Group. HEXPOL's Class B shares are listed on Nasdaq Stockholm, Large Cap. HEXPOL AB had approximately 12,200 shareholders on December 31, 2023. 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 68 percent of the capital and 77 percent of the voting rights.

## Invitation to presentation of the report

A presentation of this report will be held through a webcasted conference call on January 26, 2024 at 02:00 p.m. CET. The presentation, as well as information concerning participations, is available at [www.hexpol.com](http://www.hexpol.com).

## Annual General Meeting, April 26 2024

The Annual General Meeting will be held on April 26, 2024 in Malmö, Sweden. The Annual Report for 2023 will be available on HEXPOL's website and at the head office no later than April 5, 2024. Shareholders who wish to participate in the AGM must be registered in the shareholder's register maintained by Euroclear Sweden AB no later than April 18, 2024 and notify their intention to participate alternatively cast their postal vote no later than April 22, 2024. Shareholders whose shares are registered with a trustee must temporarily register the shares in their own name no later than April 18, 2024 to be entitled to participate in the AGM.



## Financial calendar

HEXPOL AB publish financial information on the following dates:

- |   |                  |
|---|------------------|
| - Interim report January-March          | April 26, 2024   |
| - Annual General Meeting 2024           | April 26, 2024   |
| - Half-year report 2024                 | July 17, 2024    |
| - Interim report January-September 2024 | October 25, 2024 |

Financial information is also available in Swedish and English on HEXPOL AB's website – [www.hexpol.com](http://www.hexpol.com).

This year-end report for 2023 has not been audited by HEXPOL AB's auditors.

Malmö, Sweden January 26, 2024

HEXPOL AB (publ.)

Peter Rosén

Acting CEO and CFO

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This report may contain forward-looking statements. When used in this report, words such as “anticipate”, “believe”, “estimate”, “expect”, “plan” and “project” are intended to identify forward-looking statements. Such statements could encompass risks and uncertainties pertaining to product demand, market acceptance, effects of economic conditions, impact of competitive products and pricing, foreign currency exchange rates and other risks. These forward-looking statements reflect the views of HEXPOL's management as of the date made with respect to future events but are subject to risks and uncertainties. While all of these forward-looking statements are based on estimates and assumptions made by HEXPOL's management and are believed to be reasonable, they are inherently uncertain and difficult to predict. Actual results and experience could differ materially from the forward-looking statements. HEXPOL disclaims any intention or obligation to update these forward-looking statements.

This information is information that HEXPOL AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 01:00 p.m. CET on January 26, 2024. This report has been prepared both in Swedish and English. In case of any divergence in the content of the two versions, the Swedish version shall have precedence.

## Summary financial information

### Condensed consolidated income statement

<b>MSEK</b>	<b>Oct-Dec 2023</b>	<b>Oct-Dec 2022</b>	<b>Jan-Dec 2023</b>	<b>Jan-Dec 2022</b>
Sales	4 868	5 495	22 046	22 243
Cost of goods sold	-3 757	-4 390	-17 186	-17 899
<b>Gross profit</b>	<b>1 111</b>	<b>1 105</b>	<b>4 860</b>	<b>4 344</b>
Selling and administrative cost, etc.	-356	-264	-1 284	-1 054
<b>Operating profit</b>	<b>755</b>	<b>841</b>	<b>3 576</b>	<b>3 290</b>
Financial income and expenses	-58	-31	-230	-46
<b>Profit before tax</b>	<b>697</b>	<b>810</b>	<b>3 346</b>	<b>3 244</b>
Tax	-190	-186	-822	-761
<b>Profit after tax</b>	<b>507</b>	<b>624</b>	<b>2 524</b>	<b>2 483</b>
- of which, attributable to Parent Company shareholders	507	624	2 524	2 483
Earnings per share, SEK	1,47	1,81	7,33	7,21
Shareholders' equity per share, SEK			42,32	39,97
Average number of shares, 000s	344 437	344 437	344 437	344 437
Depreciation, amortisation and impairment	-146	-140	-544	-492

### Condensed statement of comprehensive income

<b>MSEK</b>	<b>Oct-Dec 2023</b>	<b>Oct-Dec 2022</b>	<b>Jan-Dec 2023</b>	<b>Jan-Dec 2022</b>
Profit after tax	507	624	2 524	2 483
<b>Items that will not be reclassified to the income statement</b>				
Remeasurements of defined benefit pension plans	3	5	3	5
<b>Items that may be reclassified to the income statement</b>				
Translation differences	-1 150	-546	-473	1 696
<b>Comprehensive income</b>	<b>-640</b>	<b>83</b>	<b>2 054</b>	<b>4 184</b>
- of which, attributable to Parent Company's shareholders	-640	83	2 054	4 184

## Condensed consolidated balance sheet

MSEK	Dec 31	Dec 31
	2023	2022
Intangible fixed assets	12 501	12 678
Tangible fixed assets	3 500	3 232
Financial fixed assets	5	7
Deferred tax asset	97	102
<b>Total fixed assets</b>	<b>16 103</b>	<b>16 019</b>
Inventories	2 092	2 454
Accounts receivable	2 575	3 078
Other receivables	552	384
Prepaid expenses and accrued income	82	77
Cash and cash equivalents	1 103	1 541
<b>Total current assets</b>	<b>6 404</b>	<b>7 534</b>
<b>Total assets</b>	<b>22 507</b>	<b>23 553</b>
Equity attributable to Parent Company's shareholders	14 577	13 767
<b>Total shareholders' equity</b>	<b>14 577</b>	<b>13 767</b>
Interest-bearing liabilities	685	1 822
Other liabilities	422	348
Provision for deferred tax	832	825
Provision for pensions	69	68
<b>Total non-current liabilities</b>	<b>2 008</b>	<b>3 063</b>
Interest-bearing liabilities	1 998	2 571
Accounts payable	2 737	3 111
Other liabilities	438	342
Accrued expenses, prepaid income, provisions	749	699
<b>Total current liabilities</b>	<b>5 922</b>	<b>6 723</b>
<b>Total shareholders' equity and liabilities</b>	<b>22 507</b>	<b>23 553</b>

## Condensed consolidated changes in shareholders' equity

MSEK	Dec 31, 2023		Dec 31, 2022	
	Attributable to Parent Company shareholders	Total equity	Attributable to Parent Company shareholders	Total equity
<b>Opening equity</b>	<b>13 767</b>	<b>13 767</b>	<b>11 650</b>	<b>11 650</b>
Comprehensive income	2 054	2 054	4 184	4 184
Dividend	-1 244	-1 244	-2 067	-2 067
<b>Closing equity</b>	<b>14 577</b>	<b>14 577</b>	<b>13 767</b>	<b>13 767</b>

## Changes in number of shares

	Total number of Class A shares	Total number of Class B shares	Total number of shares
Number of shares at January 1	14 765 620	329 671 226	344 436 846
<b>Number of shares at the end of the period</b>	<b>14 765 620</b>	<b>329 671 226</b>	<b>344 436 846</b>

## Condensed consolidated cash-flow statement

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Cash flow from operating activities before changes in working capital	589	809	2 967	2 903
Changes in working capital	684	628	558	-310
<b>Cash flow from operating activities</b>	<b>1 273</b>	<b>1 437</b>	<b>3 525</b>	<b>2 593</b>
Acquisitions	Note 3	-216	-1 126	-211
Cash flow from other investing activities	-195	-243	-684	-659
<b>Cash flow from investing activities</b>	<b>-411</b>	<b>-1 369</b>	<b>-895</b>	<b>-2 171</b>
Dividend	-	-	-1 244	-2 067
Cash flow from other financing activities	-830	-58	-1 703	2 167
<b>Cash flow from financing activities</b>	<b>-830</b>	<b>-58</b>	<b>-2 947</b>	<b>100</b>
<b>Change in cash and cash equivalents</b>	<b>32</b>	<b>10</b>	<b>-317</b>	<b>522</b>
Cash and cash equivalents at January 1	1 290	1 674	1 541	1 320
Exchange-rate differences in cash and cash equivalents	-219	-143	-121	-301
<b>Cash and cash equivalents at the end of the period</b>	<b>1 103</b>	<b>1 541</b>	<b>1 103</b>	<b>1 541</b>

## Operating cash flow, Group

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Operating profit	755	841	3 576	3 290
Depreciation/amortisation/impairment	146	140	544	492
Change in working capital	684	628	558	-310
Sale of fixed assets	0	0	0	0
Investments	-195	-243	-684	-659
<b>Operating Cash flow</b>	<b>1 390</b>	<b>1 366</b>	<b>3 994</b>	<b>2 813</b>

## Other key figures, Group

	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Profit margin before tax, %	14,3	14,7	15,2	14,6
Return on shareholders' equity, % R12			17,1	19,1
Interest-coverage ratio, multiple			15	34
Net debt, MSEK			-1 575	-2 845
Sales growth adjusted for currency effects, %	-12	18	-6	25
Sales growth adjusted for currency effects and acquisitions, %	-14	10	-9	17
Cash flow per share, SEK	3,70	4,17	10,23	7,53
Cash flow per share before change in working capital, SEK	1,71	2,35	8,61	8,43



## Condensed income statement, Parent Company

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Sales	2	18	68	68
Administrative costs, etc.	-4	-28	-93	-109
<b>Operating loss</b>	<b>-2</b>	<b>-10</b>	<b>-25</b>	<b>-41</b>
Financial income and expenses	1 558	1 308	1 697	1 488
<b>Profit after financial items</b>	<b>1 556</b>	<b>1 298</b>	<b>1 672</b>	<b>1 447</b>
<b>Profit before tax</b>	<b>1 556</b>	<b>1 298</b>	<b>1 672</b>	<b>1 447</b>
Tax	-79	-24	-54	-17
<b>Profit after tax</b>	<b>1 477</b>	<b>1 274</b>	<b>1 618</b>	<b>1 430</b>

## Condensed balance sheet, Parent company

MSEK	Dec 31 2023	Dec 31 2022
Fixed assets	13 246	13 767
Current assets	636	703
<b>Total assets</b>	<b>13 882</b>	<b>14 470</b>
<b>Restricted shareholders' equity</b>		
Share capital	69	69
<b>Total restricted shareholders' equity</b>	<b>69</b>	<b>69</b>
<b>Non-restricted shareholders' equity</b>		
Share premium reserve	619	619
Accumulated earnings	3 682	3 492
Profit after tax	1 618	1 430
<b>Total non-restricted shareholders' equity</b>	<b>5 919</b>	<b>5 541</b>
<b>Total shareholders' equity</b>	<b>5 988</b>	<b>5 610</b>
Non-current liabilities	2 996	3 786
Current liabilities	4 898	5 074
<b>Total shareholders' equity and liabilities</b>	<b>13 882</b>	<b>14 470</b>

## Notes to the financial reports

### Note 1 Financial instrument per category and measurement level

MSEK	Financial assets/liabilities measured at:			
	Amortized costs	Fair value through profit or loss	Measur. level	Total
<b>Dec 31, 2023</b>				
<b>Assets in the balance sheet</b>				
Non-current financial assets	5	-		5
Accounts receivable	2 575	-		2 575
Cash and cash equivalents	1 103	-		1 103
<b>Total</b>	<b>3 683</b>	<b>-</b>		<b>3 683</b>
<b>Liabilities in the balance sheet</b>				
Interest-bearing non-current liabilities	350	-		350
Interest-bearing non-current lease liabilities	335	-		335
Liabilities to minority shareholders*		388	3	388
Interest-bearing current liabilities	1 881	-		1 881
Interest-bearing current lease liabilities	117	-		117
Accounts payable	2 737	-		2 737
Other liabilities	438	-		438
Accrued expenses, prepaid income, provisions	749	-		749
<b>Total</b>	<b>6 607</b>	<b>388</b>		<b>6 995</b>

MSEK	Financial assets/liabilities measured at:			
	Amortized costs	Fair value through profit or loss	Measur. level	Total
<b>Dec 31, 2022</b>				
<b>Assets in the balance sheet</b>				
Non-current financial assets	7	-		7
Accounts receivable	3 078	-		3 078
Cash and cash equivalents	1 541	-		1 541
<b>Total</b>	<b>4 626</b>	<b>-</b>		<b>4 626</b>
<b>Liabilities in the balance sheet</b>				
Interest-bearing non-current liabilities	1 494	-		1 494
Interest-bearing non-current lease liabilities	328	-		328
Liabilities to minority shareholders*		290	3	290
Interest-bearing current liabilities	2 471	-		2 471
Interest-bearing current lease liabilities	100	-		100
Accounts payable	3 111	-		3 111
Other liabilities	342	-		342
Accrued expenses, prepaid income, provisions	699	-		699
<b>Total</b>	<b>8 545</b>	<b>290</b>		<b>8 835</b>

\*Liabilities to minority shareholders are recognized as other non-current liabilities.

## Note 2 Non-recurring items in the income statement

MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Costs of goods sold	-	-	-	-
Other operating income	-	30	-	30
Other operating expense	-83	-	-83	-
<b>Profit before tax</b>	<b>-83</b>	<b>30</b>	<b>-83</b>	<b>30</b>
Tax	19	-6	19	-6
<b>Profit after tax</b>	<b>-64</b>	<b>24</b>	<b>-64</b>	<b>24</b>

The expense during the period October-December 2023 is attributable to the restructuring carried out in California where production is, among other things, consolidated from two factories to one factory.

## Note 3 Acquisition

Acquisition within TPE Compounding 2023

HEXPOL has in November acquired 100% of the shares in the American TPE Compounder Star Thermoplastic Alloys and Rubbers Inc from Thomas A. Dieschbourg. Star Thermoplastic has during the last 12 months delivered sales of some 17 MUSD with at profitability level below that of HEXPOL Group. Star Thermoplastics has its operations near Chicago Illinois, US at one well invested location with plenty of growth capacity and has some 30 employees. The main end customer segment are automotive, building & construction, medical, industrial, electronics and consumer. The acquisition price amounts to 26,5 MUSD on a cash and debt free basis and is funded by a combination of cash on hand and existing bank facilities. Star Thermoplastic has been consolidated from November 1 2023.

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

<b>MSEK</b>	
Purchase consideration	218
Fair value of acquired net assets	73
<b>Goodwill</b>	<b>145</b>

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 will enable HEXPOL to enter the American TPE market through a well-established company with a strong product portfolio. The fair value of the acquired net assets includes 1 MSEK for the estimated value of the acquired intangible assets.

The following assets and liabilities were included in the acquisition:

<b>MSEK</b>	<b>Balance sheet at the time of acquisition</b>	<b>Adjustment to fair value</b>	<b>Fair value</b>
Cash and cash equivalents	2	-	2
Accounts receivable	16	-	16
Current assets	27	-	27
Tangible assets	106	-	106
Intangible assets	1	-	1
Non-current liabilities	-58	-	-58
Accounts payable	-13	-	-13
Current liabilities	-8	-	-8
<b>Acquired net assets</b>	<b>73</b>	<b>-</b>	<b>73</b>

Purchase considerations	218
Cash and cash equivalents in acquired operations	2
<b>Change in Group's cash and cash equivalents</b>	<b>216</b>

Transaction costs for the above acquisition amounted to 6 MSEK and has been reported in the operating profit.

# Segment reporting and distribution of revenues

## Quarterly data, Group

### Sales per business area

MSEK	2023					Full Year	2022				Full Year
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4		
HEXPOL Compounding	5 617	5 354	5 099	4 511	20 581	4 841	5 291	5 554	5 148	20 834	
HEXPOL Engineered Products	373	373	362	357	1 465	332	363	367	347	1 409	
<b>Group total</b>	<b>5 990</b>	<b>5 727</b>	<b>5 461</b>	<b>4 868</b>	<b>22 046</b>	<b>5 173</b>	<b>5 654</b>	<b>5 921</b>	<b>5 495</b>	<b>22 243</b>	

### Sales per geographic region

MSEK	2023					Full Year	2022				Full Year
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4		
Europe	2 407	2 208	1 972	1 903	8 490	2 118	2 341	2 281	2 109	8 849	
Americas	3 300	3 221	3 186	2 663	12 370	2 815	3 059	3 354	3 061	12 289	
Asia	283	298	303	302	1 186	240	254	286	325	1 105	
<b>Group total</b>	<b>5 990</b>	<b>5 727</b>	<b>5 461</b>	<b>4 868</b>	<b>22 046</b>	<b>5 173</b>	<b>5 654</b>	<b>5 921</b>	<b>5 495</b>	<b>22 243</b>	

### Sales per geographic region HEXPOL Compounding

MSEK	2023					Full Year	2022				Full Year
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4		
Europe	2 231	2 050	1 837	1 756	7 874	1 963	2 168	2 123	1 958	8 212	
Americas	3 189	3 104	3 058	2 533	11 884	2 715	2 950	3 237	2 958	11 860	
Asia	197	200	204	222	823	163	173	194	232	762	
<b>Group total</b>	<b>5 617</b>	<b>5 354</b>	<b>5 099</b>	<b>4 511</b>	<b>20 581</b>	<b>4 841</b>	<b>5 291</b>	<b>5 554</b>	<b>5 148</b>	<b>20 834</b>	

### Sales per geographic region HEXPOL Engineered Products

MSEK	2023					Full Year	2022				Full Year
	Q1	Q2	Q3	Q4	Q1		Q2	Q3	Q4		
Europe	176	158	135	147	616	155	173	158	151	637	
Americas	111	117	128	130	486	100	109	117	103	429	
Asia	86	98	99	80	363	77	81	92	93	343	
<b>Group total</b>	<b>373</b>	<b>373</b>	<b>362</b>	<b>357</b>	<b>1 465</b>	<b>332</b>	<b>363</b>	<b>367</b>	<b>347</b>	<b>1 409</b>	

### EBIT per business area

MSEK	2023					Full Year*	2022				Full Year*
	Q1	Q2	Q3	Q4*	Q1		Q2	Q3	Q4*		
HEXPOL Compounding	873	883	862	783	3 401	721	759	765	737	2 982	
HEXPOL Engineered Products	73	62	68	55	258	54	77	73	74	278	
<b>Group total</b>	<b>946</b>	<b>945</b>	<b>930</b>	<b>838</b>	<b>3 659</b>	<b>775</b>	<b>836</b>	<b>838</b>	<b>811</b>	<b>3 260</b>	

### EBIT-margin per business area

%	2023					Full Year*	2022				Full Year*
	Q1	Q2	Q3	Q4*	Q1		Q2	Q3	Q4*		
HEXPOL Compounding	15,5	16,5	16,9	17,4	16,5	14,9	14,3	13,8	14,3	14,3	
HEXPOL Engineered Products	19,6	16,6	18,8	15,4	17,6	16,3	21,2	19,9	21,3	19,7	
<b>Group total</b>	<b>15,8</b>	<b>16,5</b>	<b>17,0</b>	<b>17,2</b>	<b>16,6</b>	<b>15,0</b>	<b>14,8</b>	<b>14,2</b>	<b>14,8</b>	<b>14,7</b>	

\*Adjusted EBIT for HEXPOL Compounding

# Reconciliation alternative performance measures

## Sales

MSEK	2023					2022					2021				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
Sales	5 990	5 727	5 461	4 868	22 046	5 173	5 654	5 921	5 495	22 243	3 810	4 002	4 108	4 085	16 005
Currency effects	463	383	247	31	1 124	363	516	709	681	2 269	-412	-405	-55	58	-814
<b>Sales excluding currency effects</b>	<b>5 527</b>	<b>5 344</b>	<b>5 214</b>	<b>4 837</b>	<b>20 922</b>	<b>4 810</b>	<b>5 138</b>	<b>5 212</b>	<b>4 814</b>	<b>19 974</b>	<b>4 222</b>	<b>4 407</b>	<b>4 163</b>	<b>4 027</b>	<b>16 819</b>
Acquisitions	338	128	124	100	690	242	400	249	308	1 199	33	109	210	217	569
<b>Sales excluding currency effects and acquisitions</b>	<b>5 189</b>	<b>5 216</b>	<b>5 090</b>	<b>4 737</b>	<b>20 232</b>	<b>4 568</b>	<b>4 738</b>	<b>4 963</b>	<b>4 506</b>	<b>18 775</b>	<b>4 189</b>	<b>4 298</b>	<b>3 953</b>	<b>3 810</b>	<b>16 250</b>

## Sales growth

%	Oct-Dec 2023		Oct-Dec 2022	
	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Sales growth excluding currency effects	-12	18	-6	25
Sales growth excluding currency effects and acquisitions	-14	10	-9	17

## EBITA, adjusted, %

MSEK	Oct-Dec 2023		Oct-Dec 2022	
	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Sales	4 868	5 495	22 046	22 243
Operating profit	755	841	3 576	3 290
Non-recurring items	83	-30	83	-30
Amortisation and impairment of intangible assets	34	26	128	98
<b>Total EBITA, adjusted</b>	<b>872</b>	<b>837</b>	<b>3 787</b>	<b>3 358</b>
<b>EBITA, adjusted, %</b>	<b>17,9</b>	<b>15,2</b>	<b>17,2</b>	<b>15,1</b>

## EBITA, %

MSEK	Oct-Dec 2023		Oct-Dec 2022	
	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Sales	4 868	5 495	22 046	22 243
Operating profit	755	841	3 576	3 290
Amortisation and impairment of intangible assets	34	26	128	98
<b>Total EBITA</b>	<b>789</b>	<b>867</b>	<b>3 704</b>	<b>3 388</b>
<b>EBITA%</b>	<b>16,2</b>	<b>15,8</b>	<b>16,8</b>	<b>15,2</b>

## Capital employed

MSEK	2023				2022			
	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Total assets	24 075	24 806	24 225	22 507	19 941	22 400	23 783	23 553
Provision for deferred tax	-795	-866	-853	-832	-612	-665	-705	-825
Accounts payable	-3 316	-3 247	-2 925	-2 737	-3 073	-3 479	-3 450	-3 111
Other liabilities	-375	-449	-405	-438	-457	-335	-354	-342
Accrued expenses, prepaid income, provisions	-598	-718	-776	-749	-546	-651	-777	-699
<b>Total Group</b>	<b>18 991</b>	<b>19 526</b>	<b>19 266</b>	<b>17 751</b>	<b>15 253</b>	<b>17 270</b>	<b>18 497</b>	<b>18 576</b>

## Return on capital employed, R12

MSEK	Dec 31 2023	Dec 31 2022
Average capital employed	18 884	17 399
Profit before tax	3 346	3 244
Interest expense	239	98
<b>Total</b>	<b>3 585</b>	<b>3 342</b>
<b>Return on capital employed, %</b>	<b>19,0</b>	<b>19,2</b>

## Interest-coverage ratio, multiple

MSEK	Jan-Dec 2023	Jan-Dec 2022
Profit before tax	3 346	3 244
Interest expense	239	98
<b>Total</b>	<b>3 585</b>	<b>3 342</b>
<b>Interest-coverage ratio, multiple</b>	<b>15</b>	<b>34</b>

## Shareholders' equity

MSEK	2023				2022			
	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31
Shareholders' equity	14 547	14 848	15 217	14 577	12 449	12 069	13 684	13 767

## Return on equity, R12

MSEK	Dec 31 2023	Dec 31 2022
Average shareholders' equity	14 797	12 992
Profit after tax	2 524	2 483
<b>Return on equity, %</b>	<b>17,1</b>	<b>19,1</b>

## Net debt

MSEK	Dec 31 2023	Dec 31 2022
Financial assets	5	7
Cash and cash equivalents	1 103	1 541
Non-current interest-bearing liabilities	-685	-1 822
Current interest-bearing liabilities	-1 998	-2 571
<b>Net debt</b>	<b>-1 575</b>	<b>-2 845</b>

## Net debt/EBITDA

MSEK	Dec 31 2023	Dec 31 2022
Net debt	-1 575	-2 845
EBITDA, R12	4 120	3 782
<b>Net debt/EBITDA, multiple</b>	<b>-0,38</b>	<b>-0,75</b>

## Equity/assets ratio

MSEK	Dec 31 2023	Dec 31 2022
Shareholders' equity	14 577	13 767
Total assets	22 507	23 553
<b>Equity/assets ratio, %</b>	<b>65</b>	<b>58</b>



## Financial definitions

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