



# **We create a material difference**

**2024 ANNUAL REPORT WITH SUSTAINABILITY REPORT**

# Table of contents

- HEXPOL in brief .....3
- A message from the CEO .....4
- The year in brief .....6
- HEXPOL as an investment .....7
- Global trends .....8
- Purpose, vision, mission and business model .....10
- Strategy .....12
  - Well positioned for continued growth .....14
- Targets and outcomes in 2024 .....18
- The HEXPOL share .....20
- Group summary .....22
  - Business area HEXPOL Compounding .....24
  - Business area HEXPOL Engineered Products .....26
- HEXPOL's platform for sustainable development .....30
- Chairman of the Board .....36
- Corporate governance report .....37
  - Internal control .....42
  - Board of Directors .....44
  - Group management .....45
- Board of Directors' report .....48
  - Risks and risk management .....52
- Financial reports .....56
  - Group accounts .....57
  - Group notes .....61
  - Parent Company accounts and notes .....76
- Statement by the Board of Directors .....82
- Auditor's report .....83
- Sustainability Report .....87
  - General information .....88
  - Environmental information .....95
  - Social responsibility .....110
  - Business ethics .....116
- Financial definitions and glossary .....122
- Multiannual summary .....124
- Shareholder information .....126

## 2024 OPERATIONS, STRATEGY AND SUSTAINABLE DEVELOPMENT

## CORPORATE GOVERNANCE, MANAGEMENT REPORT, RISK AND RISK MANAGEMENT

## FINANCIAL INFORMATION AND SUSTAINABILITY REPORTING

## OTHER INFORMATION

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

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, 2023, unless otherwise stated.

HEXPOL reports sustainability for 2024 according to the Global Reporting Initiative (GRI) standards for sustainability reporting (GRI Universal Standard).

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.

The Annual Report is produced by HEXPOL in collaboration with RHR Corporate Communication. Graphic design by G-byrån Sverige. Printed by TMG Tabergs on paper from Arctic Paper Munkedals, one of the most environmentally friendly paper mills in the world. The paper is made from raw materials from sustainable forestry and meets the requirements for both FSC, PEFC and the EU Ecolabel. The printed matter is labelled with the Nordic Swan Ecolabel.

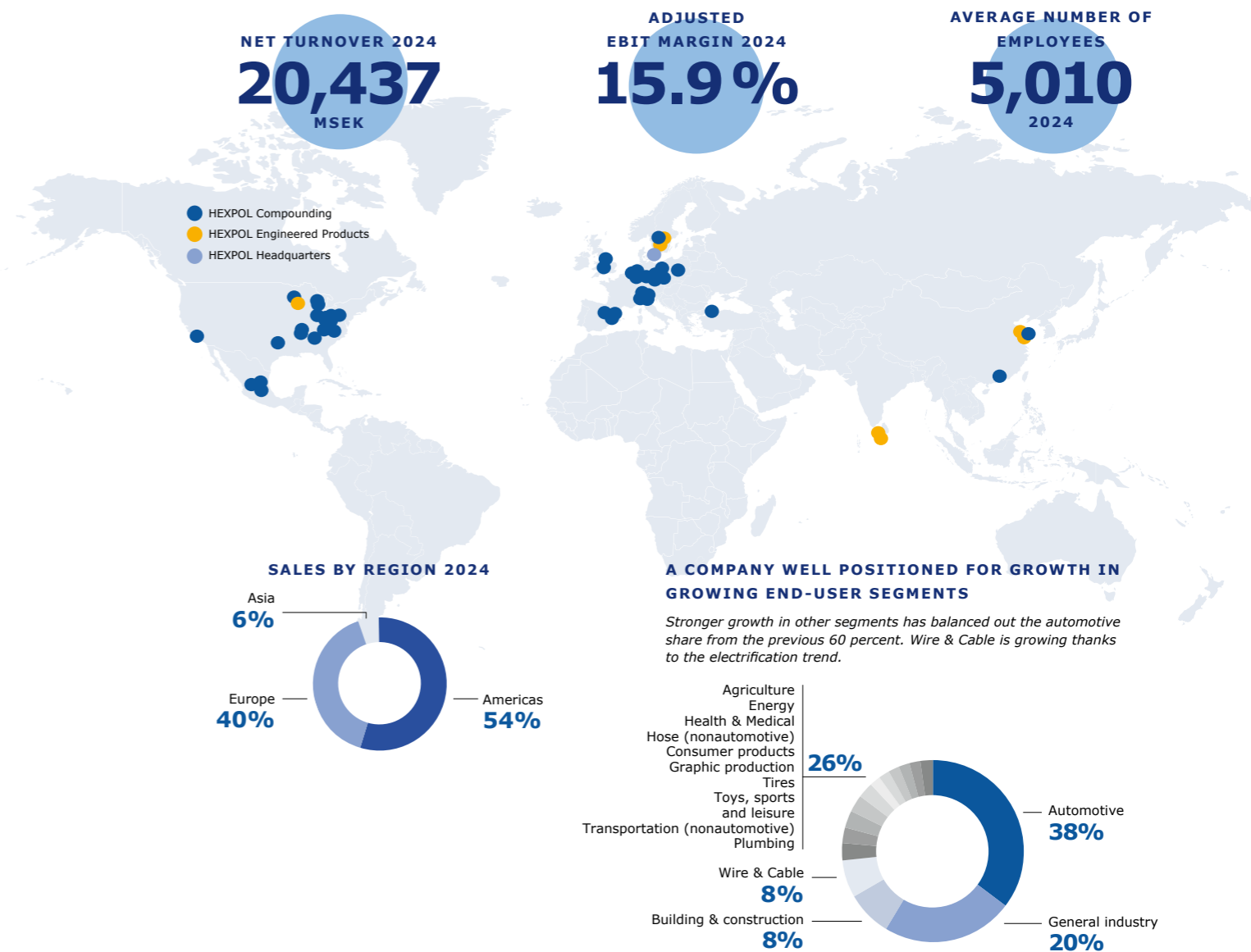


# A Material Difference – expertise in advanced polymer materials

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 demanding and expect flexible and fast delivery of customized solutions for demanding environments and with a high sustainability perspective.

Today's society could not function without advanced polymer materials. Electrification and energy savings are just a few areas that are critically dependent on polymer materials to seal and protect. Another area is medical technology.

HEXPOL's strengths are its global delivery capacity and locally rooted entrepreneurial spirit, each unit having in-depth knowledge of the market, cutting-edge expertise and development capabilities in advanced polymers, with a strong focus on more recycled materials and products for sustainable development. The Group is organized in two business areas, HEXPOL Compounding and HEXPOL Engineered Products.





# A strong year in a turbulent world

We wind up 2024 as a good year for HEXPOL. We are financially strong and have a leading position in many of our markets. This gives us good opportunities for continued growth both organically and through acquisitions.

It has been eight months since I took over as CEO of HEXPOL. During this time, I have had the privilege of visiting many of our subsidiaries and seeing how a strong corporate culture is combined with deep professionalism. This culture is a crucial competitive advantage and a key factor in a world of uncertainty and change.

The global economy is going through a turbulent period of geopolitical conflicts, inflationary fluctuations and changing trading conditions. Although we are now seeing a decline in inflation and interest rates, demand has not yet fully recovered. Through our decentralized organization, we have a strong market presence, good customer knowledge, and we follow developments closely.

## A strong year for the Group

Despite a challenging market, especially in the automotive sector, we look upon 2024 as a strong year for HEXPOL. Our financial position remains strong, and we are leaders in our key markets. Group sales fell slightly compared to the record years of 2022 and 2023, mainly affected by a decline in the automotive sector in Europe and the United States, our largest segment. This decline was particularly evident in the fourth quarter, partly driven by customers shutting down production earlier than normal ahead of the Christmas break.

At the same time, we see positive developments in medical technology and building and construction, where demand continues to grow. This reinforces our strategic direction to diversify our business and reduce our dependence on individual segments.

Profitability fell slightly but remained at a high level despite slightly lower sales. A result of efficiency improvements and a continuous focus on cost control.

## Streamlining and strategic acquisitions

During the year, we implemented several important structural changes to strengthen our operational efficiency. In the United States, we divested our production facility in Muscle Shoals, Alabama, and decided to close our plant in Kennedale, Texas, in the second quarter of 2025. These measures improve our supply chain, reduce fixed costs, and allow us to focus on our core business.

At the same time, we continued to grow through strategic acquisitions. During the year, we acquired 80% of Piedmont Resin Supply, a leading player in technical nylon compounds in the US, strengthening our product portfolio and broadening our market position. Additionally, Star Thermoplastic changed its name in January 2025 to HEXPOL TPE Americas, to highlight our brand and offering in the region.

## Culture as a success factor

A culture in which employees feel safe and involved contributes to higher engagement, better decision-making and faster change journeys. Before each acquisition, we carry out cultural due diligence to ensure that new companies fit into our Group structure and to make integration processes more successful. We are convinced that a strong and inclusive corporate culture is an important part of reaching our full potential and ultimately a more profitable business.

## Sustainability as a strategic driver

We continue to invest in sustainable materials and processes to reduce our carbon footprint. Our goal is to reduce carbon emissions by 75 percent by the end of 2025, compared to the 2018–2019 average. In parallel, we continue to develop sustainable materials with low climate impact, not least in our HEXGREEN portfolio. Each HEXGREEN compound is customized for the customer and is based on either bio-based, recycled or mass balanced raw materials, or a combination thereof. During the year, we also inaugurated a new devulcanization line in the Czech Republic, enabling increased use of recycled raw material (see page 29).

We closely follow upcoming legislation, such as the European Commission's rules on the management of end-of-life vehicles, and adapt our range of materials accordingly. The collaboration between almaak International and HEXPOL TPE in two-component combinations for the automotive industry is another example of how we are future-proofing our product development. In the long term, demand for materials with a lower proportion of primary raw materials will increase significantly.

## Expansion through organic growth and acquisitions

HEXPOL has grown rapidly over many years, and we continue to see great growth opportunities, organically as well as through acquisitions. Our strong balance sheet and proven acquisition model give us the flexibility to act on attractive opportunities in our fragmented market. We see opportunities for acquisitions in three main areas: Geographical expansion, consolidation of existing markets, and acquisition of new technologies and materials. In 2024, work started on our long-term strategy for continued profitable growth. This includes reviewing the conditions for organic growth in our various markets. Acquisitions are also an important part of our continued growth, and by continuing to streamline our operations, we ensure good profitability.

## A clear direction forward

I look forward to continuing to lead HEXPOL on our continued growth journey. With a strong financial position, a technologically leading product portfolio and a dynamic corporate culture, we are well positioned to further strengthen our positions in 2025 and thus create value for all our stakeholders.

I would like to thank our employees, customers, suppliers and shareholders for your commitment and support. Together, we are building on HEXPOL's success and taking the next step towards an even stronger future.

Malmö, March 2025

Klas Dahlberg, President & CEO

“We see opportunities for acquisitions in three main areas: Geographical expansion, consolidation of existing markets, and acquisition of new technologies and new materials.”

*Klas Dahlberg, President & CEO*



# Significant events in 2024

## Financial performance

- HEXPOL Group's sales in 2024 amounted to MSEK 20,437 (22,046). Sales were affected by, among other things, lower sales to automotive-related customers, particularly visible in the North American market.
- Adjusted EBIT amounted to MSEK 3,247 (3,659). The corresponding operating margin amounted to 15.9 percent (16.6). The EBIT margin was negatively affected mainly in the last quarter of the year with lower demand and a negative mix.
- Operating cash flow amounted to MSEK 3,012 (3,994). The net debt to EBITDA ratio was 0.59 (0.38), which includes the impact of the acquisition of Piedmont Resin Supply in the last quarter of 2024.

## Sustainable development

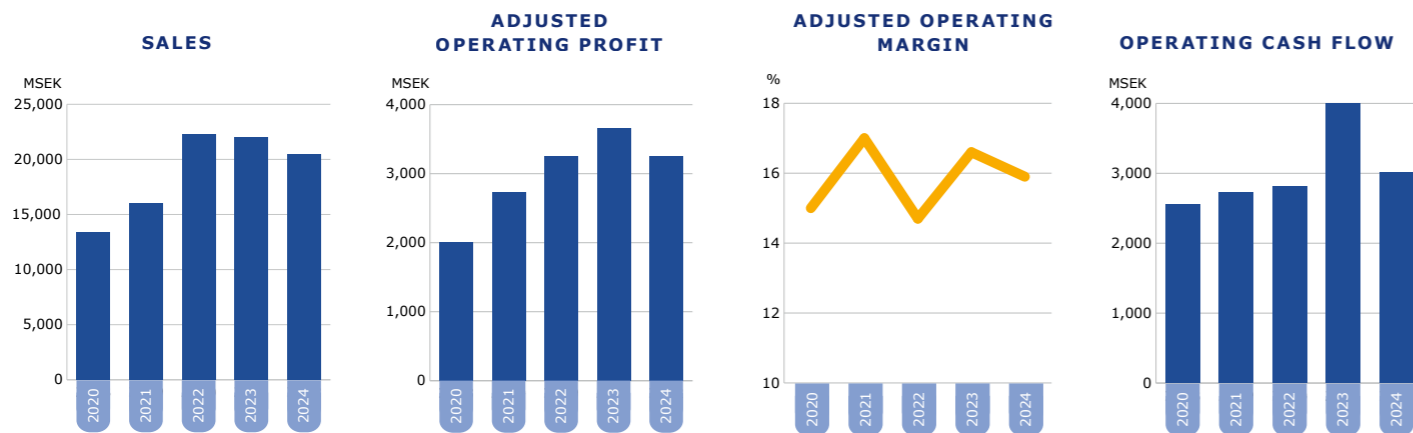
- The launch of new TPE materials with higher levels of recycled content continues. HEXPOL now offers recycled content of between 20–75 percent. Compared to equivalent virgin TPE grades, these allow for a reduction of the product's carbon footprint (PCF) of up to 35 percent.
- HEXPOL Compounding Americas strengthens rubber quality control with new technology. By implementing state-of-the-art testing processes in all our laboratories, we can provide more reliable, predictive results of different rubber compounds.
- HEXPOL Compounding Lesina, Czech Republic, has installed its own devulcanization line that enables the recycling of rubber residues and scrap, which are unavoidable byproducts in the manufacture of polymeric applications. Partially blending devulcanized rubber into new polymer compounds reduces the amount of virgin raw materials, which is one way to reduce the carbon footprint of new polymer applications. Read more on page 29.

## Acquisitions

- In October, HEXPOL acquired 80 percent of the shares of Piedmont Resin Supply LLC, a leading US nylon compounder. The acquisition adds new capabilities, new application know-how and a partly new customer base to HEXPOL Thermoplastic Compounding. Read more about the acquisition on page 16.

## Other significant events

- On July 1, Klas Dahlberg took over as President and CEO of HEXPOL. Klas Dahlberg comes most recently from NIBE Climate Solutions.
- The US company Star Thermoplastic, which was acquired by HEXPOL in 2023, will change its name to HEXPOL TPE Americas LLC as of January 2025.
- Decisions on changes in production capacity and the product portfolio in HEXPOL Americas were made at the end of the year. The decision is in line with HEXPOL's business model, which includes focusing on core business and optimizing efficiency.



# Well positioned for growth in growing end-user segments

Continued strong execution of our business model with high customer focus, our leading polymer expertise, and our ability to offer fast and stable deliveries and implementation of price adjustments is the key to HEXPOL's financial success. This, together with our geographical coverage, which allows manufacturing to be close to the customer, strengthens our delivery capacity.

Since its IPO, HEXPOL has generated shareholder value by means of a steady return on equity. The aim is to use 40–60 percent of profit after tax for dividends.

The Group works continuously to create value for all its stakeholders, including through active and integrated sustainability work.

## Strong growth orientation

HEXPOL has a history that clearly shows that the strategy of growing both organically and through acquisitions with good margins and strong operating cash flows works well. The HEXPOL Group has gone from sales of just under MSEK 500 in 2001 to MSEK 20,437 in sales in 2024. With a strong and resilient business model and a strong financial position, there is great opportunity for continued expansion and stable results.

## Global market positions

HEXPOL has strong global market positions with the ambition of being the market leader in select technical or geographical segments. With 52 units in Europe, America and Asia, HEXPOL can deliver flexible solutions to both local and global customers. We are active in most growth industries that require leading polymer expertise. These include the automotive and engineering sector, general industry, and the health and medical technology segment.

## Advanced polymer solutions for demanding customer applications

HEXPOL's customers have high demands for new and more climate-smart solutions, often in demanding environments. Through enterprising technological development, cutting-

edge knowledge in polymer materials, solid application know-how, and the best service on the market, HEXPOL strengthens its customers' competitiveness, often in direct collaboration with the customers' own development departments. Long-term customer relationships and close innovation partnerships with renowned industry players are among the reasons why the barriers to entry for new players are high.

## Contribution to sustainable development and sustainable communities

Sustainability is an integral part of HEXPOL's business, and the Group has set clear targets, including a reduction in carbon dioxide emissions.

Reduced climate impact from raw materials, production sites and products, as well as preparing for the impact of climate change on the Group's value chain are highly strategic issues and drive technological development in a positive direction.

Interest in products containing bio-based and/or recycled raw materials continues to grow. Creating a more circular economy is a strong driver for HEXPOL and its business partners. Today, HEXPOL has a range of proprietary materials to reduce dependence on fossil raw materials and thus contribute to more sustainable development. Read more about these and HEXPOL's sustainability efforts on pages 87–121.

Contributing to socially sustainable work is key to creating a fair and inclusive society. For HEXPOL, this means investing in education, healthcare and providing financial support in the regions in which we operate. By promoting equality and fairness, we create a better future for all.



# Global trends that benefit HEXPOL

In addition to holding strong positions in selected segments, HEXPOL has identified a number of global trends that afford the Group additional business opportunities. These help drive our business model, and we continuously monitor and evaluate them to ensure proper positioning, minimize risks and exploit new business opportunities.

## Critical applications in society

The polymer solutions help save energy and reduce carbon emissions, eliminate noise and vibration, and significantly extend the life cycle of machinery and medical devices. But polymer solutions are also central in strong global trends such as electrification, digitalization and industrial automation. HEXPOL's polymer-based solutions are often crucial to the functionality of customers' end products.

### Increasing electrification drives growth

Electrification is advancing rapidly, indicating pressure for change. The increasing electrification of a growing number of applications in society is becoming evident in pace with the replacement of fossil fuels with renewable ones. This is particularly evident in the expanding segment of electric and hybrid vehicles. The fuel and propellant industry is one of the industries that is perhaps most important for the transition, as many of the products it develops, manufactures and delivers are necessary for mobility in society. They can enable other sectors to succeed in their transition to climate neutrality while maintaining competitiveness. HEXPOL has a comprehensive and broad offering in the wire and cable

industry, which is an important part of enabling electrification, but also material knowledge to develop lighter and more resilient applications for a sustainable future.

Often the production of electric vehicles involves completely new designs and therefore there is an opportunity to make radical changes to the material. Often, polymers and polymer compounds can have better properties than the sheet metal and metal that have traditionally been used, at a much lower weight and cost. Increased focus on recycled raw materials and sustainable production processes also benefits polymer materials.

### Clear business opportunities in sustainable development

Limiting climate impact is a big challenge for society and most businesses. This affects the Group's entire value chain, and customers' interest in the climate impact of products is increasing. Therefore, many activities are ongoing within HEXPOL to shift towards renewable raw materials and energy sources, and to develop products with as limited a carbon footprint as possible. By increasing the use of bio-based and recycled raw materials and through resource-efficient processes and products, we can contribute to

sustainable development. The Group offers a wide range of products in the field of sustainability; read more about examples of these on page 33.

HEXPOL's business model and production process are not affected by any switch to new raw materials or a more circular business. Our machines are modern, and production changeovers are easy. Instead, the transformation rate depends on customer demand and supplier availability of recycled raw materials.

### Short supply chains are business critical for customers

Proximity with shorter distances and response times have become critical for HEXPOL customers. Global unrest and increased trade barriers are examples that drive this trend. With global operations in Europe, America and Asia, HEXPOL is a flexible and reliable partner with a local presence through 52 units around the world.

The proximity of production to customers also shortens both lead times and transport distances, which has a positive impact on the climate by reducing carbon dioxide emissions in the transport chain.
















### Growing need for advanced materials for the segment Health & Medical Technology

Human health is a global priority. An ageing population is an irreversible trend that has brought fundamental changes to our society. The UN estimates an additional one billion people on the planet by 2037. An ageing population, welfare diseases but also increased awareness of health issues are strong trends. HEXPOL's advanced polymer solutions are increasingly sought after for applications in the health and medical technology segment.

*Today's society could not function without advanced polymer materials. Medical technology is just one of the areas that are critically dependent on polymer materials to seal and protect.*



## E-MOBILITY INCREASES HEXPOL'S BUSINESS OPPORTUNITIES

HEXPOL's Main Applications <small>Percentage of HEXPOL Compounding sales to automotive industry</small>	Plug-in Hybrid	Electric car
 <b>WEATHERSTRIP</b>		 <ul style="list-style-type: none"> <li>Increased demand for noise cancellation</li> <li>Light weighting for range extension</li> </ul>
 <b>SUSPENSION &amp; DAMPENING</b>		 <ul style="list-style-type: none"> <li>Different load distribution</li> <li>Greater demand for air spring systems</li> <li>New requirements due to higher weight</li> </ul>
 <b>HOSE</b>	 <ul style="list-style-type: none"> <li>Higher temperature requirements</li> <li>Need for high-performance elastomers</li> </ul>	 <ul style="list-style-type: none"> <li>Only cooling hoses and AC (no Turbo, no fuel pipe)</li> <li>Cooling might not need flexible hoses</li> </ul>
 <b>TIRES</b>	 <ul style="list-style-type: none"> <li>Tires have lower weight requirements</li> </ul>	 <ul style="list-style-type: none"> <li>Different design</li> <li>New material requirements</li> </ul>
 <b>BELT</b>	 <ul style="list-style-type: none"> <li>Transmission of auxiliaries via ICE</li> </ul>	 <ul style="list-style-type: none"> <li>E-drives don't need timing belts</li> <li>Cooling &amp; AC systems may also be needed for electric cars</li> </ul>
 <b>WIRE &amp; CABLE</b>		 <ul style="list-style-type: none"> <li>More sensors and more cable</li> <li>Charging cables</li> </ul>

The table shows how some of HEXPOL's applications are affected by increased electrification in the automotive industry.



# Strong core values are the foundation of everything we do

As a company, HEXPOL is propelled forward by its employees and its strong corporate culture with clear values. Our core values form the basis of our way of working and are the natural starting point in the business model. Strong customer focus, combined with geographical proximity to customers, will enable us to manage the uncertainty of the times and further strengthen our market position.



## Our purpose, vision and mission

Our purpose is to make a difference every day, both through our products and through our relationships with customers – We create a material difference. We are driven by our vision of becoming the leading supplier 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.

## Strong core and clear values

HEXPOL is propelled forward by its employees and its strong corporate culture with clear values. Our core values are the foundation of everything we do:

- We are committed – We know our markets, our customers and their end products. This ensures that our customers can grow with us, globally and in all segments, regardless of application.
- We are close to you – Our global footprint with agile 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.

Our core values and beliefs guide our work and approach to what we do – both internally and externally. HEXPOL is a flat organization with short decision-making paths.

## A strong business model drives profitable growth

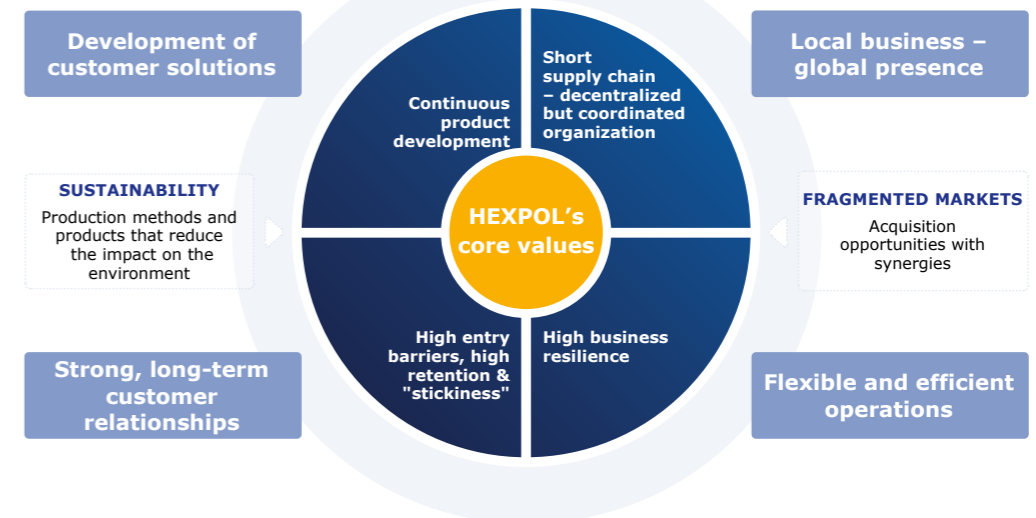
HEXPOL's business model is based on core values and complemented by four cornerstones that build on a strong customer focus: Leading expertise in polymers, Local business – global presence, Flexible and efficient sites, and Strong and long-term customer relationships. This is how we continue to develop the Group organically with strong acquisition-driven growth.

We continuously assess and address product efficiency and cost levels. In the short term, this means strict cost control to counteract uncertainties in the world around us. In the long term, this will allow us to continue to deliver strong results with high profitability.

## Leading expertise in polymers

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. HEXPOL has more than 100 qualified and experienced chemists and application engineers who, often in close innovation

## BUSINESS MODEL WITH A STRONG CUSTOMER FOCUS



collaboration with customers, develop polymer solutions for demanding environments. HEXPOL develops and owns 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 also intensified. This includes the development and marketing of products containing bio-based and recycled polymer raw materials. As part of this, four of HEXPOL's production sites in Europe and America have already been certified for mass balance calculations. The certification allows customers to ensure that bio-based 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-free raw materials to more bio-based 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. But it also creates environmental benefits with shorter transportation distances. HEXPOL is one of the few players with both global and local roots.

## Flexible and efficient operations

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 bio-based and/or recycled raw materials continues to grow. HEXPOL has a growing portfolio of renewable and recycled materials, and the goal is to continuously 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.

# Strategies supporting value generation and profitable growth

HEXPOL's overall objective is to generate value for its stakeholders through profitable growth and sustainable development. To achieve this and to maintain long-term competitiveness, we apply six strategies.

These strategies ensure that HEXPOL, Group-wide and within the business areas, works to optimize its operations, achieve market leadership and pursue appropriate activities and acquisitions.

The strategies are agile and adaptable over time, allowing the business to continuously improve.

## → Strong global market positions

HEXPOL is represented in most industrial segments that demand leading knowledge and development capacity in advanced polymers. The largest segments are the automotive and engineering sectors, together with the building and construction sector. Other key customer segments include transportation, the wire and cable industry, medical device manufacturers, and the energy and consumer sectors.

HEXPOL shall be a market leader, ranking number one or two, in all selected technological or geographical segments.

We use our strong global market positions strategically to coordinate processes such as purchasing, research and development and major global account management. We use our global platform and knowledge-centric organization to increase sales and further strengthen our positions through benchmarking.

As a leading player in advanced polymers, strong positions also afford us a clear advantage when seeking growth opportunities through acquisitions. We are well-acquainted with the market, at the local and global level, and know how to assess opportunities and synergies when seeking acquisition candidates.

## → An efficient supply chain is business-critical

We safeguard an efficient supply chain by continuously focusing on identifying cost-efficient supplier solutions from which benefits can be derived in terms of volume and technology. Global and Group-coordinated procurement processes are in place, providing strategic economies of scale.

The local units ensure delivery quality and raw material supply in their respective markets. Accordingly, maintaining close cooperation with customers by means of a local presence generates opportunities to achieve better cooperation and efficient solutions. Today, a short supply chain and short response times are business-critical components for HEXPOL's customers. Increasing trade barriers and political unrest are current trends driving this development.

## → Highest competence at all levels

HEXPOL has chosen to organize its business operations with a strong, decentralized local focus. Our strengths lie, in part, in our local entrepreneurial spirit whereby each unit possesses excellent market knowledge and can capitalize on close customer relationships.

Short and prompt decision-making processes hasten implementation and boost the organization's capacity. This places great demands on skilled local management teams that assume overall responsibility for their operations. This makes them a strategic asset, supported by Group-wide, coordinated processes and an ongoing exchange of experiences between units, safeguarding development and "best practice" within the Group.

## → Coordination and cooperation for a cost-effective company

The HEXPOL Group is continuously optimizing processes, reducing costs and eliminating waste. Our production sites are well-invested and modern with a high level of technology. This, together with a wide range of expertise in a flat and efficient organization, ensures that we are the most cost-effective company in our industry.

Coordination and cooperation around global supplier agreements, equipment design, communication and digitization are examples of support that help us achieve greater efficiency in unison. A broad-based sharing of knowledge between our units provides opportunities for continuous improvement and a set of "best practice" processes.

*The porous material HexLight provides a lower weight and thus lower fuel consumption when used in the automotive industry. The technology reduces density by about 30%, which is important for the electric car market, in particular.*



## → Capacity for generating customer value

We work with a strong customer focus. Our task is to strengthen customers' competitiveness on their market. They impose rigorous demands and have high expectations in terms of flexible and fast deliveries of customer-specific polymer compounds or polymer components that are to resolve new challenges, often in the most demanding environments.

We meet these high demands through solid know-how in advanced polymers, strong application know-how, technical support, developmental power and excellent service. It is in our close relationships with customers that we gain an in-depth knowledge of the challenges they face, and that we generate long-term success and profitability.



*Water is a precious resource on Earth and every drop counts. An appropriate infrastructure is therefore crucial. The challenges may vary among countries, but polymer compounds are always included in critical applications to safely manage both drinking water and wastewater.*

## → Strategy for sustainable development

The work with sustainable development is focused on solving challenges in the near future but also on building preparedness for future expectations and requirements. An important part of sustainability work is to develop resource-efficient production methods and products with a lower climate impact.

Our society relies heavily on polymer solutions for a wide range of applications and uses. To reduce our dependency on fossil fuels and reduce our environmental impact, it is necessary to move to more sustainable alternatives. By developing and using bio-based and recycled polymer materials, HEXPOL promotes a more circular economy and reduces the negative impact on the environment. HEXPOL already offers a wide range of solutions for sustainable development; read more about it on page 33. However, the pace of transformation is strongly linked to customer demand and the ability of suppliers to deliver recycled and bio-based raw materials.



*The WS and WS+ products are TPE materials with hydrophilic properties. The products swell in contact with water and are used, e.g., in tunnels, sewage systems, water tanks and water treatment plants, that is, equipment able to aid adaptation to climate change among other things.*



# A well-positioned HEXPOL creates conditions for continued growth

HEXPOL has a proven ability to generate strong growth, both organically and through strategic acquisitions. Over the course of the year, about 50 units have been acquired and successfully integrated into the operations, quickly generating synergies for the Group.

Through HEXPOL's ability to analyze and execute the right kind of acquisition for the Group, the growth is a result of internal improvement efforts, where all units are measured and compared to each other, and in this way, through synergies within the Group, improve the operating margins of acquired units.

In 2024, work began on reviewing the conditions for organic growth in our various markets. We are also looking at how we can continue to improve our overall efficiency. We are focused on our acquisition strategy and we are excited about the opportunity to continue acquiring for profitable growth.

## Positioned for profitable growth

HEXPOL is positioned to benefit from development and to grow organically in its principal markets through new innovations, by developing its existing customers, and by expanding in new customer segments. HEXPOL leverages opportunities arising when rubber compounding manufacturers face the decision of whether to switch from proprietary compounding operations to outsourcing.

The Group's strategy is to continue to grow through acquisition in the polymer field, primarily in current business areas but also through a broadening of application areas, types of material and geography. Over the years,

the operations have experienced a strong growth trend, with sales increasing by 52 percent over the past five years.

## Robust and proven acquisition process

The HEXPOL Group has a strong cash flow, a strong financial position and the leadership capacity to capitalize on interesting acquisition opportunities on an ongoing basis. Potential acquisition objects are mapped on an ongoing basis.

Our acquisition model is based on extensive knowledge of current markets and continuous analysis of adjacent markets. We build long-term relationships with many types of businesses, from family businesses to private equity companies and other industrial owners. Our market is still fragmented, which means that there is great opportunity for acquisitions in profitable areas. Together with industry experts, we conduct proactive searches in key areas and maintain an ongoing dialogue with investment banks that are active in the chemicals industry.

We have a good reputation in the market for our experience in acquisitions and are prepared to act on opportunities when they arise. At the same time, we have the patience and experience to wait for the right opportunities to become available.

## Extensive experience of extracting synergies

One of the factors behind HEXPOL's success in combining acquisitions and growth with significantly improved operating margins lies in our extensive experience of integrating acquisitions into the existing structure. Even before an acquisition is completed, distinct plans and processes are in place for how synergies are to be realized.

An example of this is how HEXPOL's position in the Spanish market has been significantly strengthened after the successful integration of the wire & cable compounder VICOM and the rubber compounder Unica. The two Spanish acquisitions are excellent examples of our ability to quickly integrate and extract synergies from acquisitions.

Other examples include the strengthening of the margin of individual units. Both almaak international GmbH and McCann Plastics had a level of profitability below that of the HEXPOL Group, but are now fully integrated with improved margins.

The acquisition of US-based Star Thermoplastics in 2023 is in line with HEXPOL's growth strategy and enables greater geographical reach in the TPE market through a well-established company with a strong product portfolio.

The acquisition of 80 percent of Piedmont Resin Supply LLC in October 2024 is an example of how HEXPOL is broadening its product offering and thus strengthening its application knowledge while gaining access to a partly new customer base in the Americas. Read more about HEXPOL's recent acquisition on page 16.

## A company well positioned for growth in growing end-user segments

The HEXPOL Group is a world leader in advanced polymer compounds and engineered gaskets, seals and wheels. The Group's solutions can be found in a number of selected market niches, automotive and general industry being the dominant ones, followed, e.g., by the cable industry and health & medical technology. Market niches are constantly reviewed to assess how the Group can continue to improve its positions.

### HEXPOL FOR CONTINUED GROWTH

Product area	Customer segment	Market	HEXPOL's position	Growth opportunities
<b>HEXPOL Rubber Compounding</b>		Global market growth. Recovery in the Automotive, Construction and General industry segments.	<ul style="list-style-type: none"> <li>Leading position in Europe and North America</li> <li>Profitable niche position in China</li> </ul>	<ul style="list-style-type: none"> <li>Capture larger market share – new and existing customers</li> <li>New customer solutions</li> <li>The market is fragmented, providing several acquisition opportunities</li> </ul>
<b>HEXPOL High Performance Compounding</b>		Global market with structural growth.	<ul style="list-style-type: none"> <li>Good European position in silicone</li> <li>Improved position in North America and the UK</li> </ul>	<ul style="list-style-type: none"> <li>Capture larger market share – new and existing customers</li> <li>New customer solutions</li> <li>Geographical expansion</li> <li>Attractive acquisition opportunities</li> </ul>
<b>HEXPOL Thermoplastic Compounding</b>		Large global market with structural growth.	<ul style="list-style-type: none"> <li>Favorable position in North America (reinforced PP)</li> <li>Good position in Europe</li> <li>No position in Asia</li> </ul>	<ul style="list-style-type: none"> <li>Capture larger market share – new and existing customers</li> <li>New customer solutions</li> <li>Great acquisition opportunities</li> </ul>
<b>HEXPOL TPE Compounding</b>		Global market with structural growth.	<ul style="list-style-type: none"> <li>Good position in Europe</li> <li>Strengthened position in North America</li> <li>Weak but growing position in Asia</li> </ul>	<ul style="list-style-type: none"> <li>Capture larger market share – new and existing customers</li> <li>New customer solutions</li> <li>Geographical expansion</li> <li>Attractive acquisition opportunities – few sellers</li> </ul>
<b>HEXPOL Wheels</b>		Global market with structural growth driven by e-commerce and material handling. The Asian market, and primarily the Chinese market is considerable and continues to grow faster than the rest of the world.	<ul style="list-style-type: none"> <li>Leading global position in wheels in polymer materials for forklifts and materials handling</li> </ul>	<ul style="list-style-type: none"> <li>Capture larger market share – new and existing customers</li> <li>New customer solutions</li> <li>Market consolidation – acquisition opportunities</li> </ul>
<b>HEXPOL Gaskets and Seals</b>		Global market in growth – driven by energy efficiency, environmental requirements and comfort cooling.	<ul style="list-style-type: none"> <li>Leading position in Europe and Asia (PHE)</li> <li>Positive development in North America</li> </ul>	<ul style="list-style-type: none"> <li>Geographic expansion</li> </ul>





## GROWTH

# New capabilities and complementary application know-how

In October 2024, HEXPOL acquired 80 percent of the US TP Compounder Piedmont Resin Supply LLC. Through the acquisition, HEXPOL establishes itself in technical nylon compounds and thereby strengthens its position in the US market for customers in the automotive, transportation and furniture industries.

The acquisition of Piedmont is fully in line with HEXPOL's growth strategy and strengthens the Group's presence in the US market.

The acquisition complements the HEXPOL TP portfolio in a number of areas. Piedmont has a diversified product portfolio of nylon compounds – a completely new material for HEXPOL – with a strong market presence. The acquisition thus broadens the HEXPOL Group's capabilities in the US market and enables further growth opportunities.

"We see the merger with HEXPOL as the perfect match between two successful companies with similar corporate cultures and ambitions for the future," say Matt Griffith and Paul Daniel in unison. Both founders of Piedmont.

At the time of the acquisition, Piedmont Resin Supply had a turnover of approximately MSEK 600 with a profitability similar to that of the HEXPOL Group. Piedmont operates in Cartersville, Georgia, USA. The site, with about 60 employees, is modern and well-invested and has great growth potential. The main end-customer segments are the automotive, transportation and furniture industries.



# Targets and outcomes in 2024

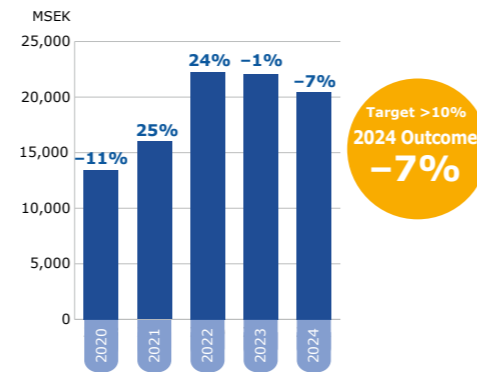
## FINANCIAL TARGETS<sup>1</sup>

### 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.

#### Comments on 2024:

Adjusted for exchange rate effects, sales growth amounted to -7 percent, of which organic growth amounted to -8 percent. Acquisitions contributed an additional one percent growth during the year.

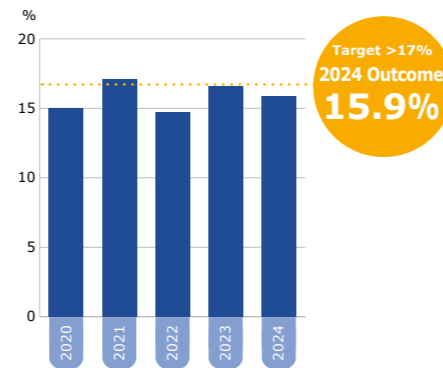


### Operating margin

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.

#### Comments on 2024:

The operating margin, adjusted for nonrecurring items, amounted to 15.9 percent. The EBIT margin was negatively affected mainly in the last quarter of the year with lower demand and a negative mix.

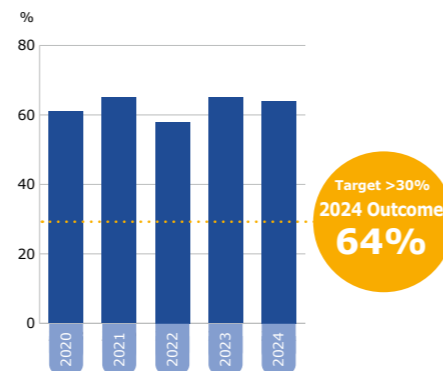


### Equity/assets ratio

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.

#### Comments on 2024:

The equity/assets ratio remained strong at 64 percent (65). The Group's total assets amounted to MSEK 24,884 (22,507). Net debt amounted to MSEK 2,235 (1,575), of which MSEK 484 (452) pertains to financial leasing liabilities in accordance with IFRS 16, which gives a net debt/EBITDA of 0.59 (0.38).



<sup>1</sup> Financial definitions can be found on page 122.

## SUSTAINABILITY TARGETS<sup>1</sup>

### Energy<sup>2</sup>

Energy consumption (GWh/sales) is to be reduced continuously.

Over the year, investments were made in more energy-efficient production equipment, lighting and infrastructure. Compared to the previous year, the key figure for energy use increased by 7 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 37 percent.

### ENERGY IN RELATION TO SALES<sup>2</sup>

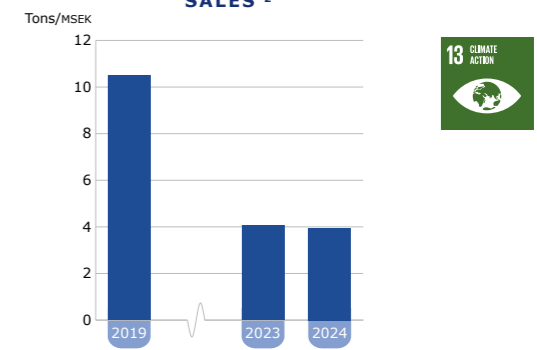


### Climate<sup>2</sup>

Carbon emissions from energy consumption (tons CO<sub>2</sub>e/sales) are to decrease by 75 percent by 2025 compared with the average for 2018–2019.

Compared to the previous year, emissions relative to sales decreased by 3 percent and 65 percent relative to the 2018–2019 baseline year. The explanation is the increase in purchased renewable and nuclear electricity, together with continuous improvement in energy efficiency.

### CLIMATE IMPACT IN RELATION TO SALES<sup>2</sup>

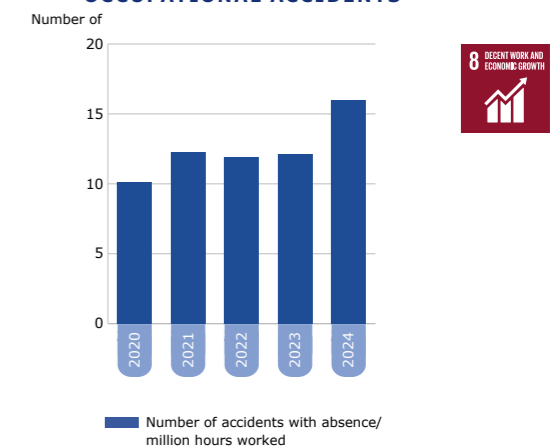


### Safe work environment

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

The frequency of workplace accidents per million hours worked increased during the year compared to previous years. Efforts to reduce accidents are being stepped up with the aim of returning to previous levels and eventually reducing them.

### OCCUPATIONAL ACCIDENTS



<sup>1</sup> Read more about HEXPOL's sustainability-related targets on page 32.

<sup>2</sup> 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, the previous year 2023 and the current year 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.



# The HEXPOL share and shareholders

## Share price development and share turnover

In 2024, the price paid for HEXPOL's B share decreased by just over 15 percent (+10), compared with OMX Stockholm Basic Materials, which decreased by 10 percent (+10). The Stockholm exchange as a whole, Nasdaq Stockholm, rose by 6 percent (15).

The highest price paid for HEXPOL's B-share was recorded on April 10 at SEK 139.00, and the lowest price paid was recorded on October 25 at SEK 99.50 .

In 2024, 85 million (116) HEXPOL shares were traded in the amount of MSEK 9,893. On average per trading day, 339,769 shares (461,107) were traded for an average of SEK 39,412,482 per day. HEXPOL's total return was about -12 percent during the year, compared to the OMX Stockholm GI<sup>1</sup>, which increased by 9 percent. Over the past five year period, HEXPOL's Class B share has had an average total return of over 7 percent per year. The corresponding figure for OMX Stockholm GI is 12 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, 2024, HEXPOL AB had 12,542 (12,166) 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 32 percent (37) of the capital. The twenty largest shareholders accounted for 75 percent (74) of the capital and 82 percent (81) 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 2024, the Board of Directors proposes an ordinary dividend of SEK 4.20 (4.00) per share. The dividend corresponds to approximately 63 percent of net profit for the year, adjusted for items affecting comparability.

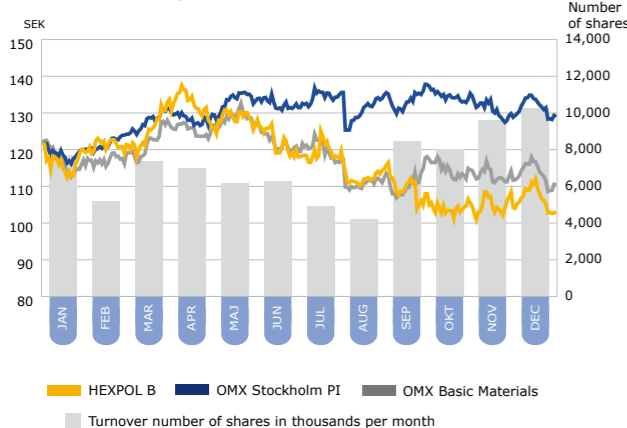
## Shareholder value and analysts

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.

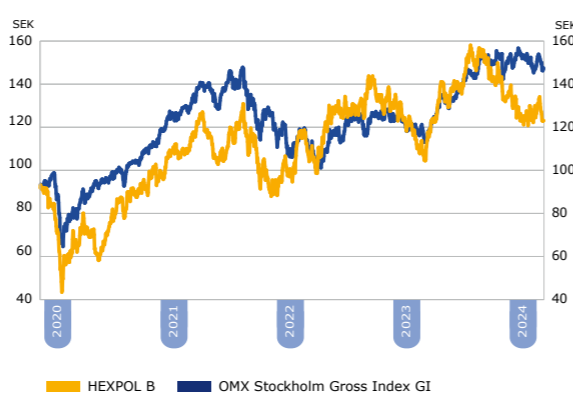
Responsible for IR matters at HEXPOL is Peter Rosén, Deputy CEO and CFO: +46 40-25 46 60, ir@hexpol.com.

For a current list of the analysts who continuously monitor HEXPOL, visit [www.hexpol.com](http://www.hexpol.com).

SHARE PRICE TREND AND TRADING VOLUME, JAN 1–DEC 31, 2024



TOTAL RETURN 2020–2024



<sup>1</sup> OMX Stockholm Gross Index, the average trend on OMX Stockholm, including dividends.

## KEY PERFORMANCE INDICATORS PER SHARE<sup>1</sup>

SEK	2024	2023	2022	2021	2020
Adjusted profit	6.70	7.51	7.14	6.09	4.26
Outcome	6.45	7.33	7.21	6.85	4.09
Shareholders' equity	46.29	42.32	39.97	33.82	26.53
Dividend	6,00 <sup>2</sup>	3.60	6,00 <sup>3</sup>	2.30	2.30
Closing price, Class B share, December 31	102.80	122.00	111.10	121.30	88.00
Cash flow from operating activities	7.83	10.23	7.53	6.99	6.90

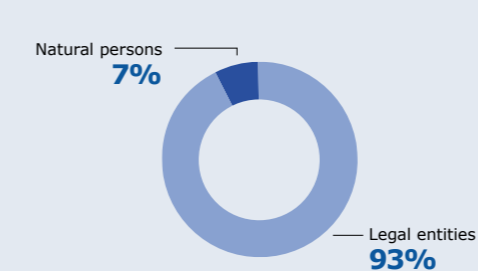
## MAJOR SHAREHOLDERS

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	31,448,810	9.1	6.6
Alecta Tjänstepension Ömsesidigt	0	18,750,000	5.4	3.9
Lannebo Asset Management	0	17,061,216	5.0	3.6
JP Morgan Chase Bank NA, W9	0	12,340,040	3.6	2.6
Första AP-fonden	0	11,645,000	3.4	2.4
Swedbank Robur Fonder AB	0	10,373,690	3.0	2.2
Andra AP-fonden	0	9,149,898	2.7	1.9
Northern Trust Company, London Branch	0	8,989,773	2.6	1.9
Carnegie Fonder AB	0	7,656,166	2.2	1.6
<b>Total of the 10 largest shareholders</b>	<b>14,765,620</b>	<b>198,198,023</b>	<b>61.8</b>	<b>72.5</b>
<b>Total other shareholders</b>	<b>0</b>	<b>131,473,203</b>	<b>38.2</b>	<b>27.5</b>
<b>Total</b>	<b>14,765,620</b>	<b>329,671,226</b>	<b>100.0</b>	<b>100.0</b>

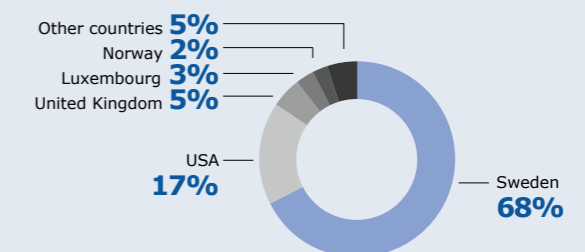
## OWNERSHIP STRUCTURE

Number of shares per shareholder	Number of shareholders	Class A shares	Class B shares
1–500	8,202	0	1,021,791
501–1,000	1,358	0	1,098,569
1,001–5,000	1,989	0	4,673,145
5,001–20,000	655	0	6,444,912
20,001–	338	14,765,620	316,432,809
<b>Total</b>	<b>12,542</b>	<b>14,765,620</b>	<b>329,671,226</b>

SHAREHOLDER CATEGORIES, % OF CAPITAL



SHAREHOLDERS BY COUNTRY, % OF CAPITAL



<sup>1</sup> Adjusted for items affecting comparability.  
<sup>2</sup> Including extra dividend of SEK 2.00 per share.  
<sup>3</sup> Including extra dividend of SEK 3.00 per share.

# Global Group with local presence

HEXPOL's customers impose rigorous demands and have high expectations in terms of flexible and fast deliveries of customer-specific polymer compounds or components designed to resolve challenges, often in the most demanding environments. Other requirements include development skills and high delivery capacity. THE HEXPOL Group's strengths are its locally rooted entrepreneurial spirit, with its 52 units having excellent familiarity with the local markets, cutting-edge knowledge and development capabilities.

The Group consists of two business areas: HEXPOL Compounding and HEXPOL Engineered Products. Combined, they have sales of MSEK 20,437, 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 Compounding business area is divided into three regions; Americas, Europe, Asia and three product areas: High Performance, Thermoplastic and TPE. The business area comprises a total of 44 business units around the world.

The operations of the HEXPOL Engineered Products business area includes two product areas: Gaskets and Seals, and Wheels. In total, the business area has eight business units strategically located on three continents.

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.

Thanks to its customer order-steered and/or batch production, HEXPOL's production organization is flexible. 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.

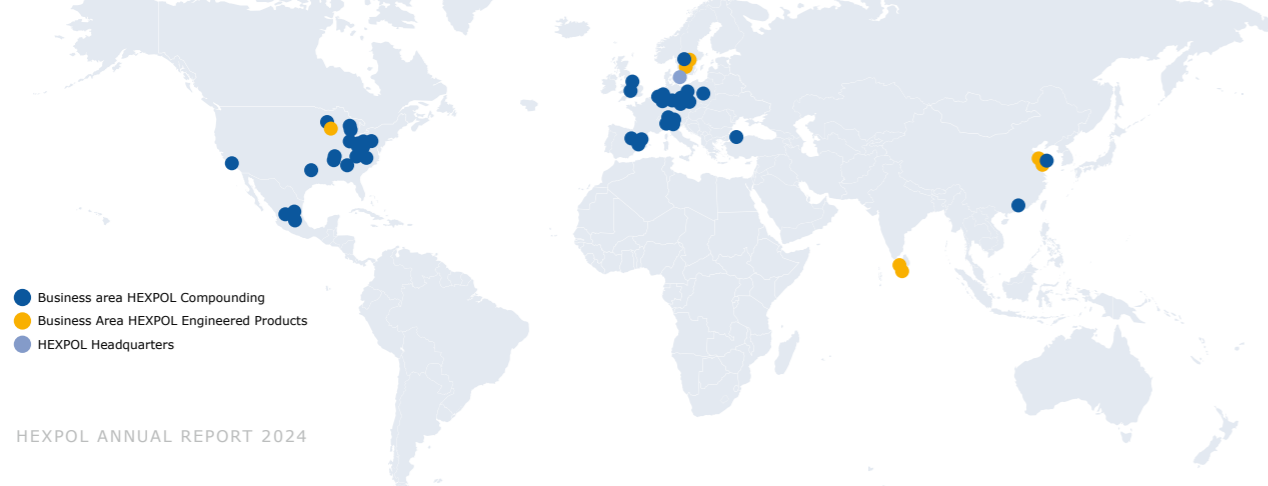
### Strong culture that fosters customer partnerships

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.

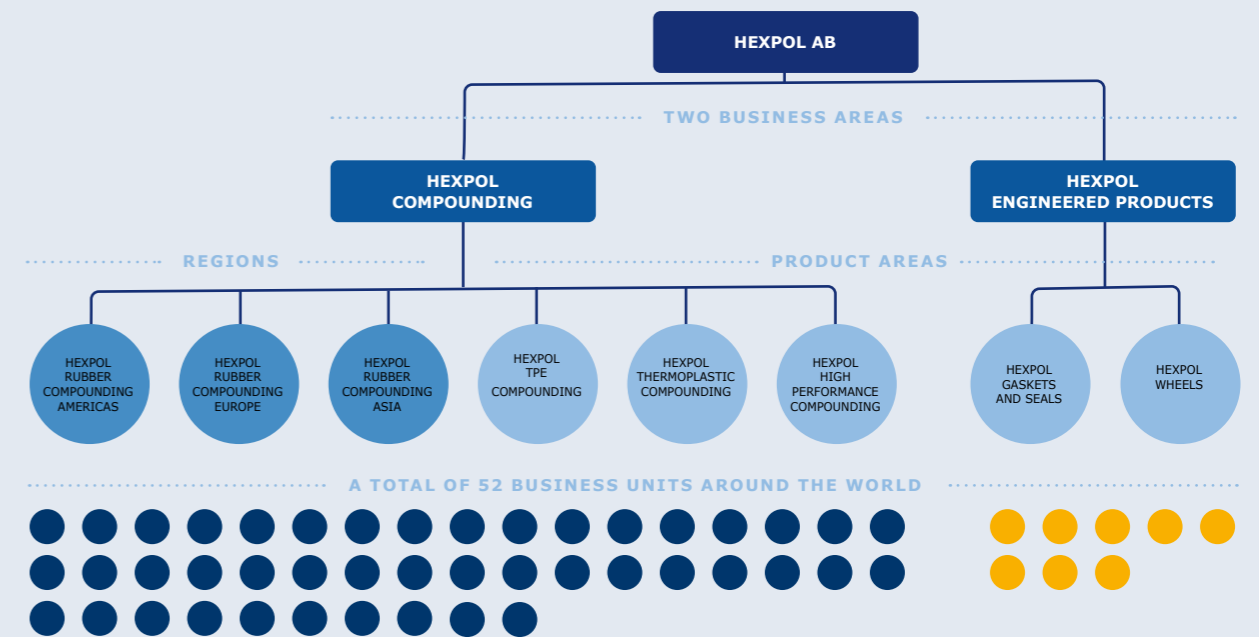
### Leading global market positions

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 attractive niches with growth opportunities for HEXPOL are the transportation sector, such as the railroad, aviation and space industries.

### A TOTAL OF 52 PRODUCTION UNITS STRATEGICALLY LOCATED ON THREE CONTINENTS



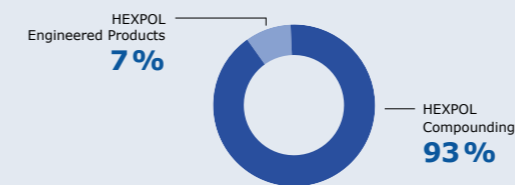
### HEXPOL GROUP ORGANIZATION



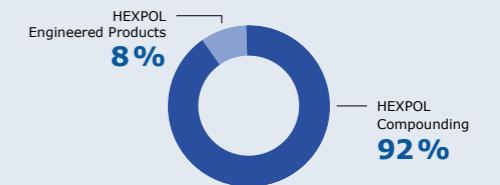
### SENIOR EXECUTIVES WITHIN HEXPOL'S BUSINESS AREAS



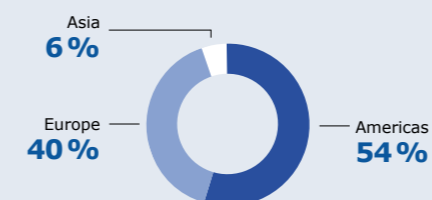
### SALES BY BUSINESS AREA 2024



### ADJUSTED OPERATING PROFIT SHARE GROUP 2024

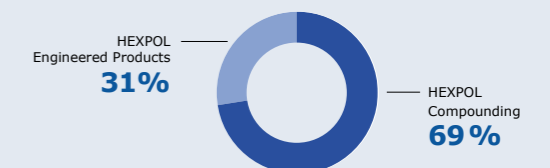


### SALES BY REGION 2024



### EMPLOYEES SHARE GROUP 2024

Calculated on the average number of employees during the year.





**BUSINESS AREA HEXPOL COMPOUNDING:**

# A world-leading player in advanced polymer compounds

HEXPOL Compounding's customers are manufacturers of polymer products and components. They demand high quality, improved features and local delivery capabilities. The market is global and the largest end-customer segments are the automotive and engineering industries, followed by the building and construction sector. Other important customer segments are the transport sector, energy sector, consumer sector, wire and cable industry and medical device manufacturers.

**A decentralized, and highly coordinated organization**

The business area's production is early in the value chain and is mainly customer order-based and focused on a considerable number of selected raw materials that are largely subject to price fluctuations. Customer pricing is therefore renegotiated numerous times each year, generally monthly or quarterly. The key polymer compound formulas are developed in close cooperation with customers and require unique expertise. The unique compounding formulas are largely owned by HEXPOL.

**A customer-specific offering**

Polymer compounds are manufactured through highly technological processes that enhance the properties and performance of the polymers by joining and compounding them with various components, such as additives and stabilizers, to create new, customer-specific material combinations.

Whether a customer needs flame retardant, oil resistant, UV stable or medical technology approved polymer materials, the business area HEXPOL Compounding offers solutions that precisely match application requirements. The aim of the business area is to develop products that can improve our customers' total production costs and contribute to a sustainable development.

**Leading global market positions**

The business area HEXPOL Compounding has leading global market positions in all market areas.

HEXPOL Compounding focuses on being able to deliver the market's best products globally, offering identical quality

regardless of the production unit. This makes the business area a suitable partner for large global industrial groups, but also for smaller local players around the world.

The business area supplies compounds and applications to the health & medical technology, general industry, consumer products and automotive industries, but also to the transportation sector such as the rail, aviation and aerospace industries.

Demand and sales of products that focus on sustainable development are steadily increasing. HEXPOL Compounding has established a strong position in the field, with materials such as Dryflex Circular, RheVision and HEXGREEN, which have a high degree of recycled and/or bio-based raw materials.

**Continued growth through strategic acquisitions and consolidations**

The HEXPOL Compounding business area is well-positioned to increase its shares in existing markets and to leverage its strong global presence and development capability to increase volumes in new markets.

HEXPOL is actively seeking acquisition opportunities in selected technologies and materials. The markets in which HEXPOL Compounding operates are fragmented with few global competitors and many small or medium-sized family-owned local players.

The smaller and medium-sized manufacturers of components find it difficult to maintain proprietary production of rubber compounds long term, choosing therefore to outsource some of this production to HEXPOL, among others, which have an opportunity to offer a competitive global concept and cost-efficient manufacturing.

HEXPOL COMPOUNDING  
SALE 2024

**18,921**  
MSEK

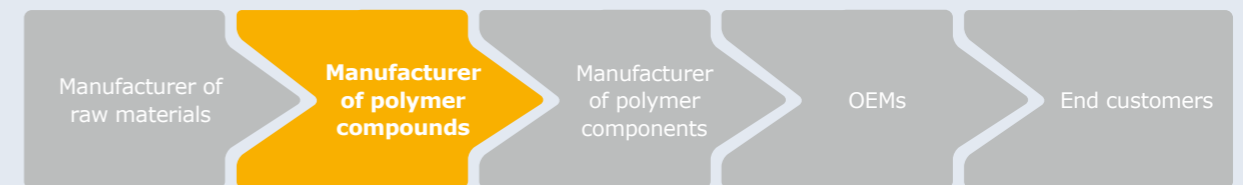
HEXPOL COMPOUNDING ADJUSTED  
OPERATING MARGIN

**15.8%**

HEXPOL COMPOUNDING AVERAGE  
NUMBER OF EMPLOYEES 2024

**3,475**

**BUSINESS AREA HEXPOL COMPOUNDING IN THE VALUE CHAIN**



**PRODUCT AREAS WITH STRONG BUSINESS OPPORTUNITIES**



**HEXPOL Rubber Compounding** develops advanced rubber compounds with an extensive product range for a wide range of customer segments and application areas. HEXPOL Compounding is continuously advancing the technology for producing extremely pure rubber compounds.

- Leading position in Europe and North America
- Profitable niche position in China



**HEXPOL High Performance Compounding** offers applications that are weather resistant, electrically insulating, can withstand strong temperature changes and are low in weight. Other examples are seals for highly demanding environments requiring high chemical resistance and able to withstand extremely high and low temperatures.

- Good European position in silicone
- Improved position in North America and the UK



**HEXPOL Thermoplastic Compounding** offers a broad range, in which each product group has its own portfolio of formulas, customized for specific OEMs, with distinct properties and specific requirements.

- Favorable position in North America (reinforced PP)
- Good position in Europe
- No position in Asia



**HEXPOL TPE Compounding** offers one of the strongest portfolios of TPE compounds in the marketplace. The product area also offers a growing range of bio-based TPE compounds and compounds based on recycled TPE to meet the clearly increased demand for sustainable materials that reduce the use of fossil resources.

- Good position in Europe
- Strengthened position in North America
- Weak but growing position in Asia

**PLAYERS IN THE MARKET**

Other major players and international manufacturers of rubber, TPE and thermoplastic compounds include AirBoss, Teknor Apex, Dynamix, PTE, Multibase, GLS, Kraiburg, A. Schulman and Washington Penn. In addition, there is a large number of smaller, locally active manufacturers and, within rubber compounds, also customers with their own compounding activities.

*There are several reasons why polymer use will increase in the future in the automotive industry. Often the production of electric vehicles involves completely new designs and therefore there is an opportunity to make radical changes to the material. Often, polymers can have better properties than the sheet metal and metal that have traditionally been used, at a lower weight and cost. Increased focus on recycled raw materials and sustainable production processes also benefits polymer materials. The electric vehicle market is a growing niche where HEXPOL products help to protect and seal with reduced weight.*

*Whether a customer needs flame retardant, oil resistant, UV stable or medical technology approved polymer materials, HEXPOL Compounding offers solutions that precisely match application requirements. Rapidly increasing electrification provides favorable growth opportunities in the wire and cable industry, where business area HEXPOL Compounding has combined its offerings for a more powerful impact on the market.*



**BUSINESS AREA HEXPOL ENGINEERED PRODUCTS:**

# Strong growth and global positions in niche areas

HEXPOL Engineered Products supplies major global OEM manufacturers with market leading positions, for whom HEXPOL's products are of vital importance for the quality and service life of the finished product. Technical expertise, a high degree of service and long-term relations are of major importance.

### Synergies strengthen the business

The manufacturing processes of the HEXPOL Engineered Products business area are coordinated and to some extent standardized. The LEAN concept is applied successfully at all eight production sites, ensuring the same superior product quality regardless of where in the world production takes place. All production sites work within a common business system, which forms the basis for efficient processes with less administration.

### Strong product offering for demanding customers 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 technology content is high, and the end product is characterized by high quality requirements. 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. The market is growing as the demand for energy-efficient solutions increases and as an increasing number of customers make demands for sustainable development. HEXPOL's production units and distribution center are strategically well situated in Europe, Asia and North America.

The Swedish business unit conducts research and development of new materials that can withstand higher temperatures, pressure and more aggressive media than what is currently available on the market. It also ensures that the input material has the same properties and that the production process is the same so the gasket has the same final properties, regardless of the place of production. The focus on cost-effectiveness in the refining process is something the business area attaches great importance to.

### Complete customer offering in niche wheels

The product area HEXPOL Wheels offers a complete range of wheels for electric-powered warehouse and hand pallet forklifts and castor wheel applications. Five types of quality products are manufactured in the product area: polyurethane wheels, thermoplastic wheels, rubber wheels and solid rubber tires and various special products in the above materials.

HEXPOL 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 global forklift wheels market has regional differentiation due to varying design requirements, material preferences, and quality standards. The business unit is well-positioned to capture additional market shares by means of its leading-edge expertise and technical support. In the expansive market for electric warehouse trucks and hand trucks, for example, where growth is linked to increasing warehouse automation and e-commerce, demand for HEXPOL's products is increasing.

### 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.

Establishing a European distribution center for wheels has helped HEXPOL Wheels cut delivery times, raise its level of service and become more end-user oriented, fully in line with the HEXPOL Group concept "Think globally, act locally."

### Well positioned for growth

The product area HEXPOL Gaskets and Seals carefully monitors market developments and, thanks to its strategically located units, can quickly expand its capacity when needed. HEXPOL Wheels is also well positioned to take an active role in any structural projects. Continued investment in customer service and product development are critical factors for success. The aftermarket segment for forklift wheels also increased and is dominated by OEM forklift manufacturers and independent distributors. The assessment is that the currently fragmented wheel market will be entering a phase of consolidation.

HEXPOL ENGINEERED PRODUCTS  
SALES 2024

**1,516**  
MSEK

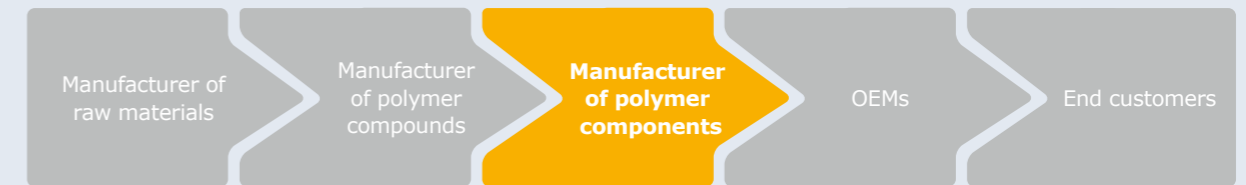
HEXPOL ENGINEERED PRODUCTS  
OPERATING MARGIN

**17.5%**

HEXPOL ENGINEERED PRODUCTS  
AVERAGE NUMBER OF EMPLOYEES 2024

**1,527**

### BUSINESS AREA HEXPOL ENGINEERED PRODUCTS IN THE VALUE CHAIN



### PRODUCT AREAS WITH STRONG BUSINESS OPPORTUNITIES



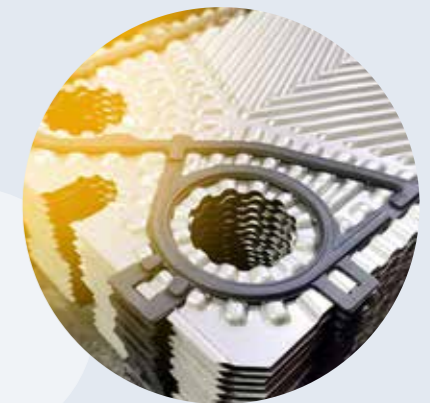
**HEXPOL Wheels** offers a complete range of wheels for electric-powered warehouse forklifts and hand trucks, and castor wheel applications. Five types of quality products are manufactured in the product area: polyurethane wheels, thermoplastic wheels, rubber wheels, solid rubber tires, and various special products comprised of the materials previously mentioned.

- Leading global position in wheels in polymer materials for forklifts and materials handling.



**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 technology content is high, and the end product is characterized by high quality requirements.

- Leading position in Europe and Asia
- Positive development in North America.



HEXPOL is a world leader in the manufacture of gaskets for plate heat exchangers. The level of technology in the seals and gaskets is high, and the end product is characterized by high quality requirements.



HEXPOL is the only truck wheel manufacturer that can meet customers globally with production units in Europe, North America and Asia. This favors cooperation with large global groups.





## SUSTAINABLE DEVELOPMENT

# Contributing to a more circular polymer economy

One of the challenges of the polymer industry is the recycling of materials. Plastics have well-established recycling processes, but rubber recycling is still complicated.

As part of sustainable development, the HEXPOL Compounding business area has integrated devulcanization technology into its business portfolio. Devulcanization is a thermo-mechanical process that breaks down the bonding agents in vulcanized compounds, creating a recycled material with properties close to the original polymer compound.

The technology allows HEXPOL to recycle rubber residues and scrap, which are unavoidable by-products in the manufacture of polymer applications.

Having the process internally strengthens the relationship with our customers, who become active partners in material circularity. Customers' residues are collected for devulcanization. Customers save money on waste disposal, and the volumes that used to go to landfill or incineration can now be recycled, which is also a strong contribution to sustainable development.

Partially blending devulcanized rubber into new polymer compounds reduces the amount of virgin raw materials, which is one way to reduce the carbon footprint of new polymer applications. The effect can be further increased by compounding in other recycled and/or bio-based raw materials into a completely new polymer compound. HEXPOL sells compounds with an alternative raw material base under the brand HEXGREEN®.

The devulcanization line will initially be installed at HEXPOL Compounding Lesina in the Czech Republic. The site was chosen because of its strategic location, which will facilitate service to other HEXPOL sites and customers. By using green energy, the Lesina site will minimize CO<sub>2</sub> emissions associated with the devulcanization process. In addition, the site's existing sustainability certifications – including ISCC+, PEFC and FSC – offer exceptional benefits to customers interested in renewable and sustainable solutions.

Once operational, the site is expected to produce thousands of tons of polymer compounds with a significantly reduced CO<sub>2</sub> footprint.

The approach of actively supporting business partners with recycling options via devulcanization fully contributes to HEXPOL's corporate vision to be the "first choice of supplier for sustainable polymer applications."

# HEXPOL's platform for sustainable development

Responsibility for people and the environment is an integral part of HEXPOL's business concept, and our 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.

## Significant events during the year

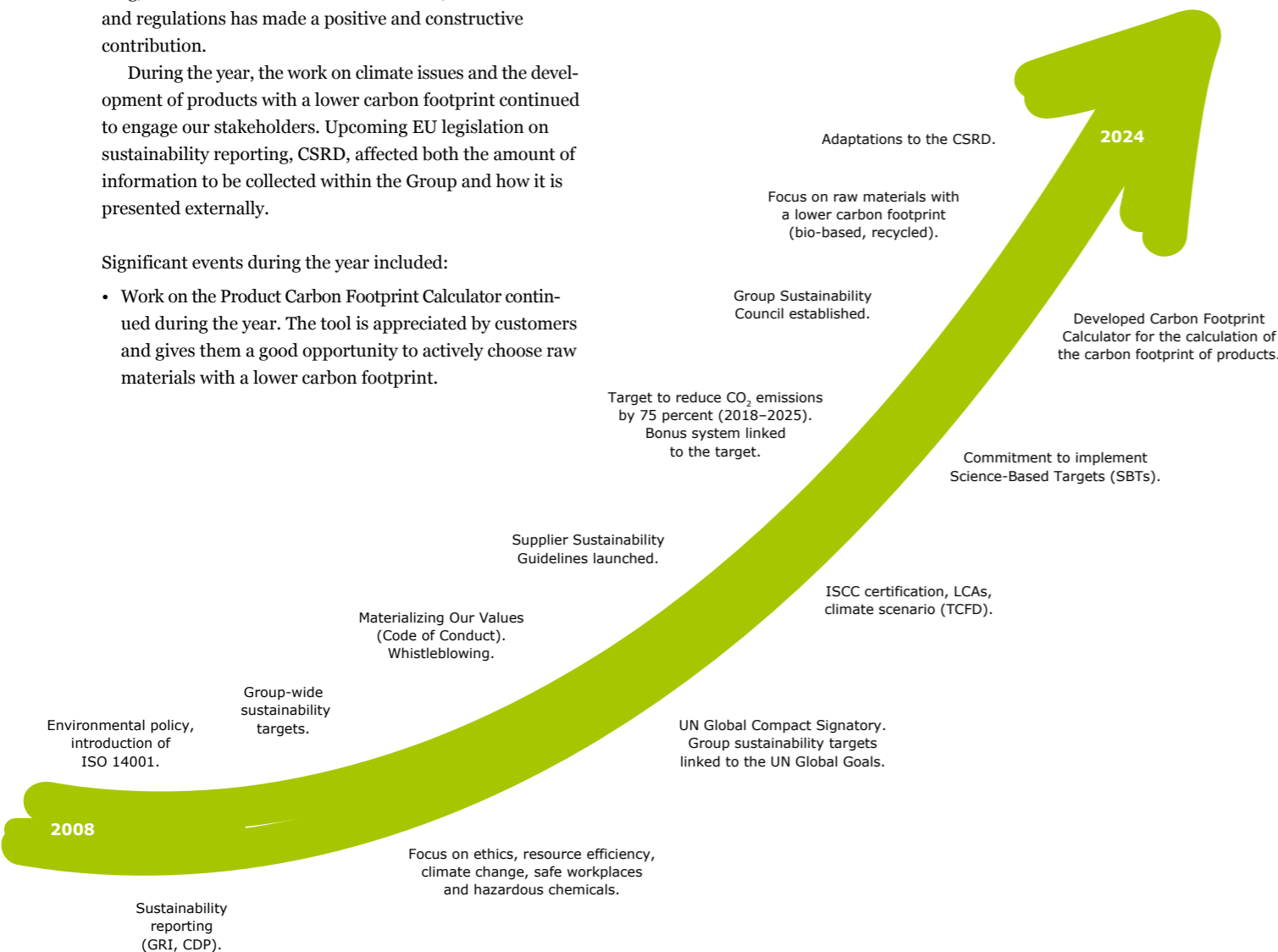
From a historical perspective, the Group has made choices that have created a forward-looking approach to sustainable development. A high level of ambition, combined with increasing demands from various stakeholders, has resulted in an ever more positive shift in the work on sustainable development. In both day-to-day work and strategic planning, adherence to international standards, initiatives and regulations has made a positive and constructive contribution.

During the year, the work on climate issues and the development of products with a lower carbon footprint continued to engage our stakeholders. Upcoming EU legislation on sustainability reporting, CSRD, affected both the amount of information to be collected within the Group and how it is presented externally.

### Significant events during the year included:

- Work on the Product Carbon Footprint Calculator continued during the year. The tool is appreciated by customers and gives them a good opportunity to actively choose raw materials with a lower carbon footprint.

- ISCC+ mass balance certification provides customers with proof of traceability throughout the supply chain. The certification ensures that bio-based or recycled raw materials are present in a defined amount in the products. In total, four sites in Europe and the US are certified.



## KEY PERFORMANCE INDICATORS FOR SUSTAINABLE DEVELOPMENT<sup>1</sup>

	2024	2023
Energy consumption/sales, GWh/MSEK	0.020	0.018
Purchased fossil-free electricity, percent of total electricity use	58	50
CO <sub>2</sub> emissions/sales, tons/MSEK	4.0	4.1
Recycled/bio-based polymer raw materials <sup>2</sup> percent of total polymer use	18	19
Violations of environmental and work environment legislation	1	0
Occupational accidents, number/million hours worked	15.9	12.1
Training of employees, hours/employee	12	18
Proportion of women in local management teams, %	22	27
Human rights violations	0	0
Financial value distributed between stakeholders, MSEK	5,885	5,193

<sup>1</sup> Page 125 provides an overview of the KPIs for sustainable development in a ten-year perspective.

<sup>2</sup> Excluding natural rubber

- Investments in a devulcanization line in Lesina were made during the year. The technology makes it possible to recycle rubber residues from our own production and to recycle customers' residues into new polymer compounds. This reduces the amount of virgin raw materials used and thus also reduces the carbon footprint.
- Carbon dioxide emissions from energy use continued to decrease, which is a result of energy efficiency improvements and increased purchases of fossil-free electricity, among other things.
- Installations of solar panels continued, and currently there is equipment at 12 production sites. The production of self-generated electricity increased by 10 percent during the year.
- The development of products with a lower carbon footprint remained a high priority. The product portfolio includes HEXGREEN, which contains at least 10 percent recycled or bio-based raw materials, or combinations thereof.
- The alignment of sustainability reporting with the EU's Corporate Sustainability Reporting Directive (CSRD/ESRS) continued during the year. The alignment will continue in the coming year to present a full report for 2025.

We have Group-wide targets and key performance indicators related to the environment, management systems, chemical substances, environmentally adapted products and safe work environment. Charts and tables detailing the results can be found on pages 87–121 of the Sustainability Report.



## Focus on climate change

With a focus on reducing the carbon footprint of processes and products, customers and other business partners present ambitious climate targets. These ambitions are largely driven by strong social currents around climate policies, legislative measures and accounting systems. Industry is identified as an important partner in the transition to a society with less dependence on fossil fuels and raw materials.

Climate issues are very important for the Group, and it is important to speed up the development of processes and products that contribute to reducing climate impact. We aim to reduce carbon emissions by 75 percent (scope 1 & 2) by the end of 2025 and have made a commitment to set climate targets in line with the Science-Based Targets initiative. As part of this work, a mapping of CO<sub>2</sub> emissions caused by raw materials, transport, business travel, investments in equipment, use of products and much more (Scope 3 of the Greenhouse Gas Protocol) is underway. The work will be completed in 2025.

## Sustainability objectives

The UN Sustainable Development Goals contribute to the company's sustainable development priorities. An important starting point for achieving the goals is to manage the Group's use of resources in a sustainable way. We do this through innovations, efficiency improvements, investments in new technologies, increased use of renewable energy, and investments in bio-based and recycled raw materials. The Global Goals also provide guidance on measures social responsibility, social engagement and business conduct measures.



**Processes that contribute to a smaller carbon footprint**

The majority of the Group's indirect carbon emissions (Scope 3) are caused by the production of the raw materials originating from fossil oil products. When it comes to both rubber and plastic raw materials, we follow developments in materials and are in regular contact with raw material producers, mostly global chemical companies. Some raw materials are available on the market, but unfortunately in limited quantities and at high prices. Other raw materials are under development and will take a number of years to

become commercially available. Despite these challenging circumstances, the portfolio of products contributing to sustainable development is growing.

Several of HEXPOL's products also contribute indirectly to more sustainable development. Examples include gaskets for plate heat exchangers that reduce energy consumption and climate impact.

HEXPOL also has a number of proprietary materials that contribute to sustainable development. One example is Hexlight, a highly porous, low-density material used to reduce vehicle weight and thus fuel consumption. Another

example is HexFlame – a flame retardant product that does not contain dangerous chemical halogens as many other flame retardant products do.

Another example is HEXGREEN® – compounds with an alternative raw material base of at least 10 percent recycled or bio-based raw materials.

At HEXPOL's plant in Lesina, Czech Republic, HEXPOL is investing in a new devulcanization technology that enables the recovery of rubber residues, which are inevitable by-products in the manufacturing of polymer applications. Partially compounding devulcanized rubber into new polymer

compounds reduces the amount of virgin raw materials, which is one way to reduce the carbon footprint of polymer applications. The effect can be further increased by compounding in other recycled and/or bio-based raw materials into a completely new polymer compound. The devulcanization process saves money on waste disposal, and the volumes that used to go to landfill or incineration can now be recycled, which is also a strong contribution to sustainable development.

**SUSTAINABLE DEVELOPMENT TARGETS**

Target	Global goal	Outcome	Continued measures
<b>Energy</b> Energy consumption (GWh/sales) is to be reduced continuously.	7 AFFORDABLE AND CLEAN ENERGY	Energy surveys were carried out and efficiency measures continued. The installation of energy efficient production equipment, LED lighting, infrastructure and energy monitoring equipment contributed to more efficient energy use. Over the last five years, the energy use ratio has decreased by about 40 percent.	Installation of energy-efficient equipment, lighting and infrastructure will continue.
<b>Climate</b> Carbon emissions (tons CO <sub>2</sub> e/sales) will be reduced by 75 percent by the end of 2025 compared with the average for 2018–2019 (base year). The target relates to CO <sub>2</sub> emissions from energy use (Scope 1 and 2 under the GHG Protocol).	13 CLIMATE ACTION	Measures to reduce the carbon footprint include increased use of biofuels, increased purchases of renewable electricity and energy efficiency. Currently, about 40 percent (33) of energy use consists of renewable electricity and biofuels. Since the base year, the key performance indicator for carbon emissions has decreased by about 65 percent. The climate target has been linked to a bonus system since 2022.	Energy efficiency and purchase of biofuels will continue. The purchase of renewable electricity will be implemented as far as practically possible. The proportion of units with proprietary electricity production using photovoltaic cells will increase. Continued phasing out of fossil fuels.
<b>Environmental management systems</b> All sites are to have certified environmental management systems (ISO 14001). Acquired companies are to introduce ISO 14001 within a period of two years.	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	Two companies were certified to ISO 14001 during the year, and 100 percent (96) of the sites are now certified.	Ensure that future acquisitions meet the target of being certified within two years of becoming part of the HEXPOL Group.
<b>Chemical substances</b> Uses of hazardous chemicals are to be identified and controlled. Where possible, hazardous substances should be phased out.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Work to limit the use of particularly hazardous substances is conducted continuously. During the year, around ten hazardous substances were replaced with alternatives that are better from an environmental and health perspective.	Replacing or reducing the use of hazardous substances is a long-term process that will continue for the foreseeable future. The list includes certain phthalates, nitrosamines, ETUs, lead and flame retardants.
<b>Products</b> HEXPOL should be seen as a front-runner in the polymer industry as a supplier of products that contribute to sustainable development.	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	In 2024, the development and marketing of products that contribute to sustainable development continued (see pages 33 and 105). Around 18 percent of the polymer raw materials were made of recycled or bio-based materials.	In cooperation with customers and suppliers the development of products with a lower climate impact continues. Examples of areas include applications in energy efficiency, environmental technology, electric vehicles, lighter materials, and products containing bio-based and recycled raw materials.
<b>Safe work environment</b> The vision is for no accidents to occur at our workplaces. The target is that the number of accidents will be reduced. Systems for reporting near misses are to be in place in all operations.	8 DECENT WORK AND ECONOMIC GROWTH	The number of accidents with absence was 15.9 per million hours worked. Systems for incident reporting are in place in 84 percent (83) of the units.	The key figure for accidents at work unfortunately shows an increase last year after being stable in recent years. Achieving Vision Zero will require continued and intensified efforts (technical measures, training, and monitoring).

**EXAMPLES OF HEXPOL PRODUCTS THAT CONTRIBUTE TO SUSTAINABLE DEVELOPMENT**



**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 bio-based raw materials – reduced climate impact and circular economy.



**Dryflex® Green – TPE containing bio-based raw material**

Reduced energy consumption – reduced climate impact.



**Dryflex® Circular – TPE containing recycled raw materials**

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



**RheVision® polypropylene**

The bio-based content amounts to about 15 percent and, if this is combined with recycled polypropylene, the carbon footprint of the material is considerably lower compared to traditional plastic products. Reduced climate impact and circular economy.



## SUSTAINABLE DEVELOPMENT

# A portfolio of polymer compounds with less fossil raw material and reduced CO<sub>2</sub> footprint

HEXPOL's vision is to be the preferred choice for sustainable polymer applications. HEXPOL's growing HEXGREEN® portfolio brings the vision one step closer to reality.

Each HEXGREEN compound is a tailor-made solution specifically developed to meet customer requirements. It can be based on bio-based, recycled or mass-balanced raw materials – or a combination of the categories. The combination possibilities are endless and constantly growing, with an increasing range of alternative raw materials becoming available. As long as the share of nonfossil raw materials is above 10 percent, the compound can be called HEXGREEN.

The new HEXGREEN compounds have strict technical and product functionality requirements while offering the same processing performance as the original formulas. Fortunately, HEXPOL's development team has extensive experience in adjusting formulas to meet both sustainability and technical requirements.

Renewable energy in the compounding process contributes to low emissions, but it is the knowledge of alternative raw materials that makes the big difference for HEXGREEN applications.

HEXPOL Compounding in Europe is currently able to offer compounds with a sustainability rate of up to 40 percent, but is constantly striving for more. Most in demand are compounds based on recycled raw materials. In particular, devulcanized rubber is a clear trend that opens up the circular economy in the rubber industry. A recipe based on recycled raw materials can already reduce the product's carbon footprint by a third compared to the traditional fossil-based version.

HEXGREEN compounds work well in a number of different applications in segments such as automotive, construction, energy, and general industry. Wire and cable manufacturers are also interested in converting their existing formulas into HEXGREEN formulas.





## Chairman of the Board

“In an uncertain world, there are more opportunities than risks for a highly competent and capable organization.”

*Alf Göransson, Chairman of the Board*



In 2024, HEXPOL once again delivered good results with strong margins and good cash flow in a market with difficult challenges and a never-ending stream of unlikely external changes.

The misery cocktail contains many ingredients, with unpredictability as the common denominator. Significant challenges to Europe's competitiveness, volatile energy prices, threat of trade barriers, impact on supply chains, increased sovereign debt, wars in Europe and the Middle East, increased segregation and domestic political polarization in many countries. It is not an encouraging list.

Several of these dark clouds have become increasingly visible. Not least in Germany, where the electricity-intensive industry has been hit hard by high electricity prices, which negatively affects the willingness to invest in new capacity. The important German automotive industry, like many European competitors, is experiencing increased Chinese competition that is changing the industrial landscape in Europe. How this affects component suppliers and, in turn, their subcontractors is uncertain. It requires attention, vigilance and agility from HEXPOL, as the map of significant parts of European industry is likely to be redrawn in the coming years.

We realized years ago that the consequence for HEXPOL must be to reduce our dependence on the automotive industry. In parallel, we need to grow organically and through acquisitions in other segments, and increasingly focus on recycling. In our ongoing strategic review, it will be crucial to identify the areas where our direction will be more defensive, focusing mainly on increased efficiency, and the areas where we can invest more offensively through acquisitions, new technology, organic growth, increased investment in material development, and more sustainable material choices.

My belief is that agility, flexibility, courage and adaptability are increasingly important features of a company's business model. It is not easy to put into practice in larger companies, but the advantage of something that is difficult is that few people will dare to try, and even fewer will succeed so that it makes a difference in the eyes of customers. HEXPOL has the best conditions. For many years, we have had a well-tuned business model and a culture with high levels of decentralized responsibility but with globally coordinated processes.

We are well positioned for the future and we are continuing our growth journey by using our strong cash flow for further acquisitions. In an uncertain world and a market that is difficult to assess, there are more opportunities than risks for an organization with a high level of expertise and great ability to quickly meet customer needs.

*Malmö, March 2025*

*Alf Göransson, Chairman of the Board*

## 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<sup>1</sup>).

### Ownership structure and share

On December 31, 2024, 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 2024 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 20–21.

### 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

A 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



#### 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).

<sup>1</sup> The Code is available at [www.bolagsstyrning.se](http://www.bolagsstyrning.se)

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 Annual General Meeting is usually held in Malmö, Sweden, although, in accordance with the Articles of Association, it may also be held in Stockholm, and is usually held in April or May. Among other matters, the AGM passes resolutions such as the adoption of the income statement and balance sheet, the dividend to be paid, amendments to the company's Articles of Association, discharge from liability for the board and CEO, election of board members and auditors, the setting of remuneration for the board members and auditors and approval of the remuneration report.

#### Annual General Meeting 2024

The 2024 AGM was held on April 26, 2024. 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 79 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.

For the fiscal year 2023, the AGM approved the Board's proposal for a dividend of SEK 6.00 per share, of which SEK 4.00 as an ordinary dividend and an extra dividend of SEK 2.00. 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 2023.

#### Annual General Meeting 2025

HEXPOL's Annual General Meeting 2025 will be held on April 25, 2025, in Malmö, Sweden. For information about the AGM, refer to page 126 and the company's website <https://investors.hexpol.com/en/corporate-governance/annual-general-meeting>.

#### Nomination 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 2024 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 Annual General Meeting 2024, it was decided that HEXPOL is to 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 Hjalmar Ek representing Lannebo foundations and new election of Jan Dworsky representing Swedbank Robur Fonder will be members of the Nomination Committee for the 2025 Annual General Meeting. Should a shareholder who is represented by one of the members of the Remuneration Committee cease being one of the largest shareholders in HEXPOL, or should a member of the committee no longer be employed by such a shareholder or for any other reason leave the committee prior to the AGM 2025, 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 meetings at which minutes were recorded. The Committee discussed the desired changes and decided on proposals to be submitted ahead of the 2025 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 26, 2024, 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 2025 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 44. 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 44, 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 over-all 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.

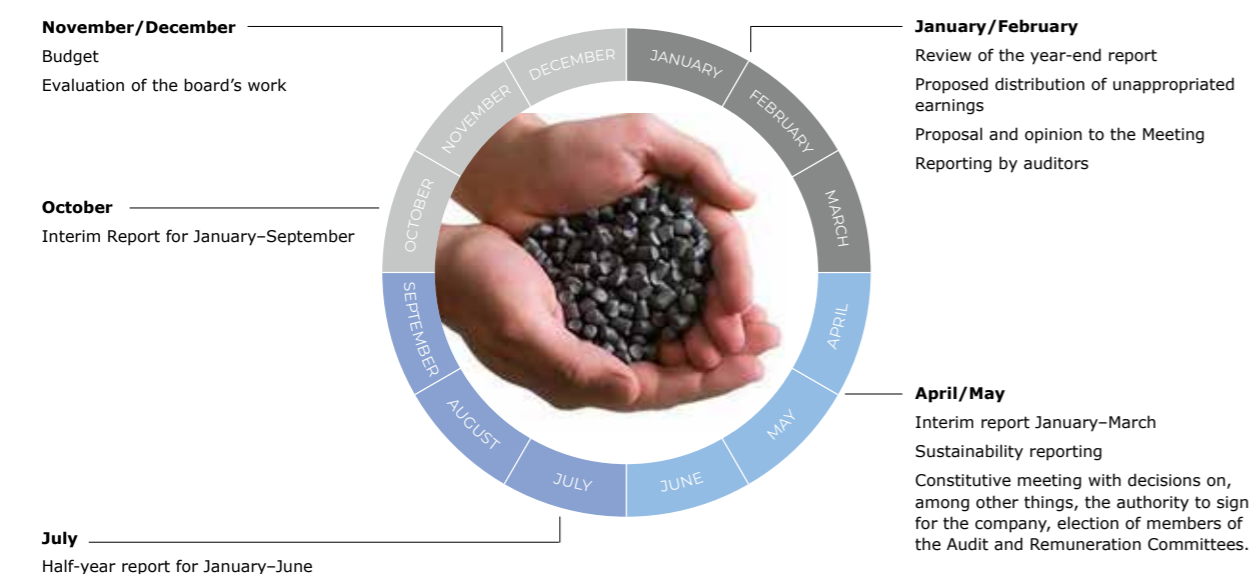
The evaluation is coordinated by the Chairman of the Board. In 2024, the Chairman conducted a written questionnaire-based survey of all board members. The results of the evaluation have been reported and discussed by the board and the Nomination Committee.

#### 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

#### WORK OF THE BOARD OF DIRECTORS IN 2024





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 2024, 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, salaries, 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 2024, the Remuneration Committee consisted of Alf Göransson (Chairman) and Märta Schörling Andreen. The Remuneration Committee held one minuted meeting during the year, attended by both of the members.

#### Board activities in 2024

During the year, the board held a total of six 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 investment, interim

reports, the annual report, sustainability work, acquisitions and the auditors' report on the audit work. In 2024, all of the board members elected by the Annual General Meeting attended all board meetings.

#### 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 2024 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. The auditors for the subsequent term will be elected at the 2025 AGM.



#### Joakim Falck

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

**Born:** 1972

**Nationality:** Swedish

**Other roles:** Nolato AB, ITAB Shop Concept AB, Absolent Group AB



#### Karoline Tedevall

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

**Born:** 1978

**Nationality:** Swedish

**Other roles:** Nolato AB and Tetra Pak 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 2025.

#### 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 45, 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 page 64.

#### 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 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

INFORMATION INCLUDING THE FOLLOWING CAN BE FOUND ON THE COMPANY'S WEBSITE: [WWW.HEXPOL.COM](http://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 2025 Annual General Meeting



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 contin-

uously. 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 2024 corporate governance statement on pages 37–43 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, March 24, 2025

Joakim Falck  
Authorized Public Accountant

Karoline Tedevall  
Authorized Public Accountant



# Board of Directors



## Alf Göransson

Chairman  
**Elected:** 2007  
**Born:** 1957  
**Nationality:** Swedish  
**Education:** International B.Sc. (Econ.)  
**Other assignments:** Chairman of the Board of Loomis AB, NCC AB and Axfast AB. Member of the board 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  
**Committee:** Chairman Remuneration Committee  
**Own holding and holdings of related parties:** 10,000 Class B shares



## Malin Persson

Member  
**Elected:** 2007  
**Born:** 1968  
**Nationality:** Swedish  
**Education:** M. Sc. (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  
**Committee:** Audit Committee  
**Own holding and holdings of related parties:** 5,000 Class B shares



## Jan-Anders E. Månson

Member  
**Elected:** 2008  
**Born:** 1952  
**Nationality:** Swedish  
**Education:** 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  
**Committee:** –  
**Own holding and holdings of related parties:** –



## Märta Schörling Andreen

Member  
**Elected:** 2014  
**Born:** 1984  
**Nationality:** Swedish  
**Education:** B.Sc. (Econ)  
**Other assignments:** Member of the boards of Melker Schörling AB, Hexagon AB, Absolent Group and AAK AB.  
**Independent in relation to the company and management:** Yes  
**Independent in relation to major shareholders:** No  
**Committee:** Audit Committee and Remuneration Committee.  
**Own holding and holdings of related parties:** 14,765,620 Class A shares and 70,783,430 Class B shares through Melker Schörling AB.



## Klas Dahlberg

President and CEO  
**Year employed:** 2024  
**Born:** 1964  
**Nationality:** Swedish  
**Education:** M. Sc. (Eng.)  
**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 for the last 7 years.  
**Other assignments:** –  
**Own holding and holdings of related parties:** 45,000 Class B shares



## Peter Rosén

CFO, Deputy CEO and IR Manager  
**Year employed:** 2019  
**Born:** 1968  
**Nationality:** Swedish  
**Education:** B.Sc. (Econ)  
**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.  
**Other assignments:** Board member of Novotek AB  
**Own holding and holdings of related parties:** 17,000 Class B shares



## Magnus Berglund

Senior Vice President, Strategy, M&A  
**Year employed:** 2008  
**Born:** 1971  
**Nationality:** Swedish  
**Education:** 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



## Kerstin Lindell

Member  
**Elected:** 2016  
**Born:** 1967  
**Nationality:** Swedish  
**Education:** 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  
**Committee:** –  
**Own holding and holdings of related parties:** 5,000 Class B shares



## Nils-Johan Andersson

Member  
**Elected:** 2023  
**Born:** 1962  
**Nationality:** Swedish  
**Education:** B.S. (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  
**Committee:** Chairman Audit Committee  
**Own holding and holdings of related parties:** 1,600 Class B shares



## Henrik Elmin

Member  
**Elected:** 2023  
**Born:** 1970  
**Nationality:** Swedish  
**Education:** 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  
**Committee:** –  
**Own holding and holdings of related parties:** –

Shareholding based on data as of March 14, 2025.

# Group Management



## Ralph Wolkener

President HEXPOL Compounding Europe/ASIA, HEXPOL TPE and HEXPOL HP Compounding  
**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 TPE and HEXPOL HP Compounding, HEXPOL Ccompounding 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

Shareholding based on data as of March 14, 2025.

## SUSTAINABILITY

# HEXPOL successfully develops ultra-low carbon footprint TPE material for Polestar

In 2022, HEXPOL TPE was announced as a partner in the Polestar 0 project. Polestar's moonshot goal of creating a truly climate neutral car by 2030. Exceedingly difficult but extremely important.

HEXPOL are supporting the project with knowledge and capabilities in thermoplastic elastomer (TPE) compounding. The TPE materials HEXPOL supply will be used for applications such as interior parts, including floor and inlay mats. They must meet strict automotive requirements for odour and emissions to support vehicle interior air quality.

The focus is to develop TPEs with ultra-low Product Carbon Footprint (PCF) while ensuring they meet performance, product safety and application requirements. HEXPOL have been testing different combinations of raw materials, switching to biomass sources where possible. The project's scope also involved value chain mapping to identify all root sources of emissions.

Production and end-of-life treatment are also important. The TPE materials need to be efficient to process. Keeping valuable materials in circulation and minimising waste are also considerations, with Polestar emphasising design for recycling and material loops.

HEXPOL have submitted several TPE materials for testing, and together with Polestar achieved very good new results.

“It has been great to be part of this project.

It shows the importance of working with companies both up and down the polymer value chain. It's inspiring to work with like-minded companies such as Polestar. We strive to achieve what has, so far, been impossible and always ask ourselves what can be changed with even better materials.”

*Klas Dannäs, Sustainability Manager for HEXPOL TPE*





# 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 2024 fiscal year. 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 in the Large Cap segment of the Nasdaq Stockholm exchange. HEXPOL AB had 12,542 shareholders on December 31, 2024. The largest shareholder is Melker Schörling AB, with 25 percent of the capital and 46 percent of the voting rights. The 20 largest shareholders own 75 percent of the capital and 82 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 forklifts 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. The Group is organized in two business areas: HEXPOL Compounding and HEXPOL Engineered Products, and had 4,961 employees in 14 countries at the end of the year.

## FISCAL YEAR 2024

### Sales and operating profit

The HEXPOL Group's sales during the year amounted to MSEK 20,437 (22,046), including negative currency effects of MSEK 95. Besides the currency effects, sales were positively impacted, one percent, by acquisitions.

Sales in Asia increased by 5 percent. In Americas, sales fell by 10 percent, and in Europe by 5 percent, both compared to the previous year.

Operating profit amounted to MSEK 3,172 (3,576), and the operating margin was 15.5 percent (16.2).

The result includes MSEK -75 (-83) of items affecting comparability mainly related to the closure of the production facility in Kennedale, Texas, where all operations will be moved to other North American sites (see also note 2). Over the year, exchange rate fluctuations had a negative impact of MSEK 12 on operating profit.

The HEXPOL Compounding business area's sales during the year amounted to MSEK 18,921 (20,581). Operating profit decreased by 12 percent and amounted to MSEK 2,907 (3,318) and the operating margin amounted to 15.4 percent (16.1).

Business area HEXPOL Engineered Products' sales increased by 3 percent during the year to total MSEK 1,516 (1,465). Operating profit amounted to MSEK 265 (258), corresponding to an increase of 3 percent, and the operating margin was 17.5 percent (17.6).

For significant events in 2024, please see page 6, and for the ten-year financial overview, please see page 124.



## Financial income and expenses

Consolidated net financial items amounted to MSEK -171 (-230), including interest costs and exchange-rate gains and losses.

## Tax expenses

The consolidated tax expense amounted to MSEK 781 (822), corresponding to a tax rate of 26.0 percent (24.6).

## Profit for the year

Profit before tax for the year amounted to MSEK 3,001 (3,346). Profit after tax amounted to MSEK 2,220 (2,524), and earnings per share were SEK 6.45 (7.33). Profit after tax includes items affecting comparability of MSEK -88 (-64) attributable to the restructuring carried out in the US. See also Note 2.

## Investments, depreciation and amortization

The Group's investments amounted to MSEK 610 (684) during the year. For the same period, depreciation and impairment totaled MSEK 588 (544), of which MSEK 88 (82) relates to leased assets according to IFRS 16.

## Profitability

Return on capital employed amounted to 16.9 percent (19.0). The return on shareholders' equity amounted to 14.5 percent (17.1).

## Cash flow

Operating cash flow amounted to MSEK 3,012 (3,994). Cash flow from operating activities amounted to MSEK 2,696 (3,525).

## Financial position

The equity/assets ratio amounted to 64 percent (65). The Group's total assets amounted to MSEK 24,884 (22,507). Net debt amounted to MSEK 2,235 (1,575). HEXPOL has implemented the The Annual General Meeting, held on April 26, 2024, approved a dividend of MSEK 2,067 (1,240), corresponding to a dividend of SEK 6.00 per share, of which SEK 4.00 was an ordinary dividend and SEK 2.00 was an extraordinary dividend.

The Group has the following major credit agreements with Nordic banks as of December 31, 2024:

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

The Group uses commercial papers as part of its financing, and as at December 31, these totaled MSEK 2,989 (1,880). 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, 2024, consolidated goodwill and intangible assets totaled MSEK 14,284 (12,501).

## Financial targets

The Group has 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](http://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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions.

For senior executives, pension benefits are to be paid no 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 sustainability, 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 guidelines for remuneration of senior executives are intended to apply until further notice, and the board will not propose any changes to the guidelines to the 2025 Annual General Meeting.

### Research and development

HEXPOL's research and development expenditure over the year totaled MSEK 136 (152), 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

HEXPOL has signed an agreement to acquire 80 percent of the shares of Kabkom Kimya Sanayi ve Ticaret Anonim Sirketi (Kabkom). The company specializes in advanced thermoplastic and thermoset compounds for the rapidly growing wire and cable market. The company has a turnover of more than MEUR 30 and a higher profitability than the HEXPOL Group. The acquisition price amounts to approximately MEUR 54 at a debt-free basis and is funded by a combination of existing cash and bank facilities. The agreement will be finalized after approval from the relevant authorities. Under the agreement, HEXPOL has an option to acquire the remaining shares, and the founders have an option to sell their remaining shares to HEXPOL.

### Proposed distribution of unappropriated earnings

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

TSEK	
Total dividend from profit brought forward	1,446,635
To be carried forward	3,727,154
<b>Total unrestricted funds</b>	<b>5,173,789</b>



# 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
<b>Cyclical sensitivity</b>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>HEXPOL has flexible production that can adapt to changed customer requirements.</p>
<b>Competition and price pressure</b>	<p>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.</p> <p>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.</p>	<p>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.</p>
<b>Acquisitions and integration</b>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
<b>Supply chain disruptions</b>	<p>The supply chain has continued to be in greater focus in 2024, as a result of global supply disruptions and supply impacts due to, e.g., external uncertainties and geopolitical concerns.</p>	<p>HEXPOL has well-established tools that ensure parallel supply and evaluates and balances purchases between local and global suppliers, limiting disruptions.</p>
<b>Global crises</b>	<p>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.</p>	<p>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.</p>

## STRATEGIC AND OPERATIONAL RISK MANAGEMENT

Risk	Description	Risk management
<b>Customers</b>	<p>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.</p>	<p>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.</p>
<b>Products</b>	<p>If HEXPOL's products do not meet customer requirements, complaints and recalls may occur.</p>	<p>HEXPOL uses quality systems to ensure that the product complies with specified requirements.</p>
<b>Suppliers</b>	<p>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.</p>	<p>HEXPOL has a favorable risk diversification in terms of suppliers and the Group is not, to any significant extent, dependent on any single supplier.</p>
<b>Key individuals</b>	<p>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.</p>	<p>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.</p>
<b>Production disruptions</b>	<p>Damage to production facilities caused, for example, by fire, flood, mechanical damage, natural disaster, can lead to interruption of business and affect customer deliveries.</p>	<p>HEXPOL has many units, which provides some flexibility in terms of supporting production. HEXPOL works regularly on risk prevention.</p>
<b>Raw materials</b>	<p>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.</p>	<p>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.</p>
<b>Cyberattack risk</b>	<p>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.</p>	<p>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.</p>

## LEGAL RISK MANAGEMENT

Risk	Description	Risk management
<b>Legislation and regulation</b>	<p>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.</p>	<p>HEXPOL complies in all respects with the applicable laws, regulations and ordinances in each market and aims for quick adaptation to identified future changes in the area. 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.</p>
<b>Tax risk</b>	<p>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.</p>	<p>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.</p>
<b>Intellectual property rights</b>	<p>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.</p> <p>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.</p>	<p>HEXPOL has an ongoing dialogue with the license owner.</p>

**CONT. LEGAL RISK MANAGEMENT**

Risk	Description	Risk management
<b>Health, safety and the environment</b>	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 fulfils 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																				
<b>Currency risk</b>	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 1,827, operating profit by MSEK 258 and equity by MSEK 2,011. <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>1,007</td> <td>186</td> <td>1,570</td> </tr> <tr> <td>EUR</td> <td>689</td> <td>87</td> <td>238</td> </tr> <tr> <td>Other</td> <td>131</td> <td>-15</td> <td>203</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,827</b></td> <td><b>258</b></td> <td><b>2,011</b></td> </tr> </tbody> </table>	Currency	Sales	Operating profit	Shareholders' equity	USD	1,007	186	1,570	EUR	689	87	238	Other	131	-15	203	<b>Total</b>	<b>1,827</b>	<b>258</b>	<b>2,011</b>
Currency	Sales	Operating profit	Shareholders' equity																			
USD	1,007	186	1,570																			
EUR	689	87	238																			
Other	131	-15	203																			
<b>Total</b>	<b>1,827</b>	<b>258</b>	<b>2,011</b>																			
<b>Interest-rate risk</b>	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, 2024, external liabilities totaled MSEK 3,473 (2,683). A one percentage point change in the interest rate on the Group's closing liabilities for 2024 would impact the full-year earnings by approximately MSEK 35 before tax.																				
<b>Credit risk</b>	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.																				
<b>Financing and liquidity risk</b>	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.																				
<b>Insurable risks</b>	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.																				

**SUSTAINABLE DEVELOPMENT RISK MANAGEMENT**

Risk	Description	Risk management
<b>Environmental, health and safety, and other sustainable development legislation</b>	Developments in environmental legislation affect the Group in both the short and long term. Changes in legislation, regulation and supervision that give rise to higher or changing requirements in the area of sustainability may require investments and lead to increased costs. Legislative amendments and changes in regulations could also impede or limit the company's operations. Climate change is an area where additional legislation, charges and taxes have been or will be introduced. In the area of chemicals, the EU's REACH Regulation is highly influential. The Group uses substances listed by REACH as SVHCs (Substances of Very High Concern), and it is likely that demands that these be phased out (or that other risk mitigation measures be introduced) will increase. The Group uses PFAS substances in high performance elastomers. The new EU directive on sustainability reporting (CSRD) and the upcoming sustainable development due diligence (CSDDD) require increased efforts from the Group.	The Company works continuously to identify new and amended environmental and health and safety legislation. In the short term, we have not identified significant changes in the requirements for the operation of production facilities. The units hold current environmental permits, and only minor updates are expected. The units are under the supervision of the authorities, and internal and external environmental audits are conducted through the environmental management system ISO 14001. With respect to REACH, the development departments have reformulated several formulas in which hazardous substances have been phased out or where their use has decreased. This work is ongoing and includes PFAS substances. Adaptation to the requirements of the CSRD is ongoing, as indicated in the Sustainability Report. Detailed information can be found in the Sustainability Report on pages 87-121.
<b>Contaminated soil</b>	No emissions or accidents of significance for the soil or groundwater were registered in 2024. There is limited soil pollution at one facility. The pollution is of a historical nature and remediation measures are carried out by thermal oxidation. In Sweden, the environmental authority has requested an in-depth investigation of possible soil pollution at a production facility. Such an investigation was carried out, and no pollution was detected.	Regular assessments of the risk for soil pollution and other environmental damage are made in conjunction with acquisitions. Where deemed necessary, tests are carried out on soil and groundwater. Through risk analysis and preventive measures within the framework of environmental legislation and ISO 14001, the probability and consequences of uncontrolled emissions are minimized. Detailed information can be found in the Sustainability Report on pages 87-121.
<b>Hazardous substances in buildings</b>	The roofs of certain buildings consist of Eternit tiles containing asbestos. The risks are considered minor and do not require action to be taken until the roofs are to be replaced. Small amounts of asbestos are also present in pipework at a few sites. Under Swedish legislation, the Group performed an inventory of the properties with respect to PCBs (polychlorinated biphenyls). Some small amounts of PCBs were found in window seams in a number of buildings, and the caulking compound will be remedied as the windows are gradually replaced. The risks to humans and the environment are very low.	Regular assessments of the presence of asbestos and PCBs are made in conjunction with acquisitions. In accordance with the legislation in different countries inventories has been carried out and relevant precautions have been taken. No further measures are currently relevant.
<b>Climate change</b>	The Group emits significant amounts of carbon dioxide through its energy consumption. In addition, most of the products are based on fossil raw materials. Demanding emissions policies and accounting systems are being introduced in an increasing number of countries. In the EU, the Group is affected by, among other things, the Sustainability Reporting Directive (CSRD), where climate issues have been given considerable prominence. Furthermore, customers demand increased use of products with a low carbon footprint. Requirements for disclosure of the climate impact of products are also increasing.	The Group works actively to chart and mitigate emissions of gases affecting the climate and originating from our production facilities and products. Comprehensive scenario analyses have been conducted on how the Company is affected by physical climate change (acute, chronic), political decisions, legislation and changing customer behavior. The analyses have followed the guidelines of the TCFD. In the context of mergers and acquisitions and supplier assessments, climate-related risks are taken into account. Detailed information can be found in the Sustainability Report on pages 87-121.
<b>Occupational health and safety risks</b>	A poor work environment in production facilities can cause ill health and accidents at work, with significant consequences for individual employees. The working environment is also important for the well-being and retention of employees.	The Group has a zero vision for work-related accidents and pursues an active and systematic work environment policy to reduce the risk of work-related illnesses and accidents. Prevention is particularly important. Detailed information can be found in the Sustainability Report on pages 87-121.
<b>Environmental and climate adaptation of products</b>	Interest in environmentally adapted products is increasing in many industries, and many of the customers set requirements regarding phasing out hazardous substances and other properties that are of significance to health and the environment, particularly mitigation of the climate impact. If the requirements are not met, there is a risk that the deal will be lost.	The Group is taken an active role in the area and offers knowledge that contributes to environmental friendly product development. The Group's portfolio of sustainable products is growing and shows good potential for business development. Examples of sustainable products can be found on page 33 and in the Sustainability Report on pages 87-121.
<b>Human rights</b>	The risk for any violation of human rights in our own production facilities is considered low. Human rights issues are included in the Supplier Sustainability Guideline, where suppliers are required to report codes of conduct and policies. Most of the Group's suppliers of raw materials are global chemical companies, and there the risks relating to human rights are considered low. The Group has identified natural rubber suppliers as a potential area of environmental and human rights risk. Formal sustainability audits have therefore been performed at natural rubber plantations in Sri Lanka. The situation regarding human rights there was assessed as good.	Materializing Our Values states how human rights are viewed. In the collected data for the annual Sustainability Report, all companies must state their position on questions regarding human rights in their own operation and among the suppliers. The whistleblowing system makes it possible for employees to sound the alarm regarding possible irregularities. Detailed information can be found in the Sustainability Report on pages 87-121.
<b>Business conduct and anti-corruption</b>	Unethical behavior or poor management of business conduct risks can damage the company's brand and credibility. The company may also be subject to fines and other legal sanctions. HEXPOL operates in many parts of the world. No matter where the operations are, there is a risk of sound business principles not being applied. The message from the Group management is that zero tolerance is applied for anticorruption and deficient business conduct.	Materializing Our Values provides employees with guidance on what is and is not allowed when dealing with business partners. Training on business conduct and anticorruption is carried out regularly. The whistleblowing system makes it possible for employees to sound the alarm if irregularities are suspected. Detailed information can be found in the Sustainability Report on pages 87-121.



# Financial reports

## TABLE OF CONTENTS

Consolidated income statements .....	57
Consolidated statement of comprehensive income.....	57
Consolidated balance sheets .....	58
Consolidated changes in shareholders' equity .....	59
Consolidated cash flow statements.....	60
Group notes .....	61-75
Note 1 Accounting policies.....	61
Note 2 Segment reporting .....	63
Note 3 Related-party transactions .....	64
Note 4 Employees and personnel expenses.....	64
Note 5 Fees and reimbursement of costs to auditors .....	65
Note 6 Expenses broken down by nature of cost.....	65
Note 7 Financial income and expenses .....	66
Note 8 Taxes.....	66
Note 9 Goodwill and Intangible fixed assets .....	67
Note 10 Carrying amount, tangible fixed assets.....	68
Note 11 Right-of-use assets .....	69
Note 12 Inventories.....	69
Note 13 Accounts receivable.....	70
Note 14 Shareholders' equity.....	70
Note 15 Interest-bearing liabilities.....	71
Note 16 Pension provisions.....	71
Note 17 Provisions .....	72
Note 18 Accrued expenses .....	72
Note 19 Pledged assets and contingent liabilities .....	72
Note 20 Cash flow statement.....	72
Note 21 Financial instruments and risk management .....	73
Note 22 Acquisitions.....	74
Note 23 Events after the balance sheet date.....	75
Parent Company income statements .....	76
Parent Company balance sheets .....	77
Parent Company changes in shareholders' equity.....	78
Parent Company cash flow statements .....	78
Parent Company notes .....	79-82
Note 24 Sales.....	79
Note 25 Employees and personnel expenses.....	79
Note 26 Fees and cost remuneration paid to auditors.....	79
Note 27 Financial income and expenses .....	79
Note 28 Taxes .....	80
Note 29 Intangible fixed assets.....	80
Note 30 Accrued expenses and prepaid revenues .....	80
Note 31 Interest-bearing liabilities.....	80
Note 32 Parent Company holdings of shares and participations in Group companies ...	81
Note 33 Pledged assets and contingent liabilities .....	82
Note 34 Proposed distribution of unappropriated earnings .....	82

## CONSOLIDATED INCOME STATEMENTS

MSEK	Note	2024	2023
Sales	2	20,437	22,046
Cost of goods sold		-16,063	-17,186
<b>Gross profit</b>		<b>4,374</b>	<b>4,860</b>
Selling expenses		-236	-243
Administrative expenses		-868	-905
Research and development costs		-136	-152
Other operating income		63	67
Other operating expenses		-25	-51
<b>Operating profit</b>	2, 3, 4, 5, 6, 9, 10, 11	<b>3,172</b>	<b>3,576</b>
Financial income	7	103	78
Financial expenses	7	-274	-308
<b>Profit before tax</b>		<b>3,001</b>	<b>3,346</b>
Tax	8	-781	-822
<b>Profit after tax</b>		<b>2,220</b>	<b>2,524</b>
of which, attributable to Parent Company shareholders		2,220	2,524
Earnings per share, SEK		6.45	7.33

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	2024	2023
Profit after tax	2,220	2,524
<b>Items that will not be reclassified to the income statement</b>		
Remeasurement of defined-benefit pension plans	13	3
Income tax relating to items that will not be re-classified to the Income Statement	-	-
	<b>13</b>	<b>3</b>
<b>Items that may be reclassified to the income statement</b>		
Translation difference	1,205	-473
	<b>1,205</b>	<b>-473</b>
<b>Other comprehensive income after tax</b>	<b>1,218</b>	<b>-470</b>
<b>Total comprehensive income</b>	<b>3,438</b>	<b>2,054</b>
of which, attributable to Parent Company shareholders	3,438	2,054

**CONSOLIDATED BALANCE SHEETS**

MSEK	Note	2024	2023
<b>ASSETS</b>			
<b>Fixed assets</b>			
Goodwill and intangible fixed assets	9	14,284	12,501
Tangible fixed assets and right-of-use assets	10, 11	3,779	3,500
Financial fixed assets	21	5	5
Deferred tax assets	8	99	97
<b>Total fixed assets</b>		<b>18,167</b>	<b>16,103</b>
<b>Current assets</b>			
Inventories	12	2,224	2,092
Accounts receivable	13, 21	2,674	2,575
Current tax receivables		349	429
Other current receivables		146	123
Prepaid expenses and accrued income		91	82
Cash and cash equivalents	21	1,233	1,103
<b>Total current assets</b>		<b>6,717</b>	<b>6,404</b>
<b>TOTAL ASSETS</b>		<b>24,884</b>	<b>22,507</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital		69	69
Other capital contributions		619	619
Reserves		3,996	2,778
Profit brought forward including profit of the year		11,261	11,111
<b>Total equity attributable to Parent Company shareholders</b>	14	<b>15,945</b>	<b>14,577</b>
Attributable to noncontrolling interests		0	0
<b>Total shareholders' equity</b>		<b>15,945</b>	<b>14,577</b>
<b>Noncurrent liabilities</b>			
Interest-bearing liabilities	15, 21	350	685
Other liabilities	21	310	422
Deferred tax liabilities	8	966	832
Pension provisions	16	62	69
<b>Total noncurrent liabilities</b>		<b>1,688</b>	<b>2,008</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	15, 21	3,123	1,998
Accounts payable	21	2,557	2,737
Current tax liabilities		194	339
Other current liabilities	21	503	99
Other provisions	17	35	70
Accrued expenses	18, 21	839	679
<b>Total current liabilities</b>		<b>7,251</b>	<b>5,922</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>24,884</b>	<b>22,507</b>

**CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY**

MSEK	Attributable to Parent Company's shareholders				Total
	Share capital	Other capital contributions	Reserves	Profit brought forward, including profit for the year	
<b>December 31, 2022</b>	<b>69</b>	<b>619</b>	<b>3,248</b>	<b>9,831</b>	<b>13,767</b>
<b>2023</b>					
<b>Comprehensive income</b>					
Profit after tax	-	-	-	2,524	2,524
Other comprehensive income	-	-	-470	-	-470
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-470</b>	<b>2,524</b>	<b>2,054</b>
<b>Transactions with shareholders</b>					
Dividend	-	-	-	-1,244	-1,244
<b>December 31, 2023</b>	<b>69</b>	<b>619</b>	<b>2,778</b>	<b>11,111</b>	<b>14,577</b>
<b>2024</b>					
<b>Comprehensive income</b>					
Profit after tax	-	-	-	2,220	2,220
Other comprehensive income	-	-	1,218	-	1,218
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,218</b>	<b>2,220</b>	<b>3,438</b>
<b>Transactions with shareholders</b>					
Dividend	-	-	-	-2,070	-2,070
<b>December 31, 2024</b>	<b>69</b>	<b>619</b>	<b>3,996</b>	<b>11,261</b>	<b>15,945</b>



**CONSOLIDATED CASH FLOW STATEMENTS**

MSEK	Note	2024	2023
<b>Cash flow from operating activities</b>	20		
Operating profit		3,172	3,576
Adjustment for noncash items		588	544
Financial payments, net		-175	-249
Tax paid		-751	-904
<b>Cash flow from operations before changes in working capital</b>		<b>2,834</b>	<b>2,967</b>
<b>Cash flow from changes in working capital</b>			
Changes in operating receivables		194	827
Changes in operating liabilities		-332	-269
<b>Cash flow from operating activities</b>		<b>2,696</b>	<b>3,525</b>
<b>Investing activities</b>			
Investments in tangible fixed assets		-594	-675
Sales of tangible fixed assets		0	0
Investments in intangible fixed assets		-16	-9
Acquisitions of businesses, net of cash	22	-895	-211
<b>Cash flow from investing activities</b>		<b>-1,505</b>	<b>-895</b>
<b>Financing operations</b>	20		
Loans raised		1,213	492
Repayment of liabilities		-351	-2,094
Repayment of lease liabilities		-72	-108
Dividend		-2,070	-1,244
<b>Cash flow from financing operations</b>		<b>-1,280</b>	<b>-2,954</b>
<b>Cash flow for the year</b>		<b>-89</b>	<b>-324</b>
Cash and cash equivalents, January 1		1,103	1,541
Exchange-rate differences in cash and cash equivalents		219	-114
<b>Cash and cash equivalents at year-end</b>		<b>1,233</b>	<b>1,103</b>

**OPERATING CASH FLOW, GROUP**

MSEK	2024	2023
Operating profit	3,172	3,576
Depreciation/amortization/impairment	588	544
Change in working capital	-138	558
Sales of fixed assets	0	0
Investments	-610	-684
<b>Operating cash flow</b>	<b>3,012</b>	<b>3,994</b>

**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, 2024. None of the amendments and interpretations of existing standards be applied as of financial years commencing January 1, 2024, 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 15 percent minimum rate. All companies in the Group have an effective tax rate of more than 15 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, 2025 are expected to have any material impact on the Group's or Parent Company's financial statements. In 2025, the Group will 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.

**Liability to minority shareholders**  
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 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 noncancellable 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 forecast 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 not been discounted in 2024. 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, 2024, Alecta's surplus in the form of the collective consolidation level was, preliminarily, 162 percent (157%).

**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 61

**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	
	2024	2023	2024	2023	2024	2023	2024	2023
Sales, external	18,921	20,581	1,516	1,465	–	–	20,437	22,046
Sales, internal	460	573	127	127	–587	–700	–	–
Operating profit	2,907	3,318	265	258	–	–	3,172	3,576
Operating margin, %	15.4	16.1	17.5	17.6	–	–	15.5	16.2
Net financial items							–171	–230
Tax							–781	–822
<b>Profit for the year</b>							<b>2,220</b>	<b>2,524</b>
Operating assets	22,414	20,242	756	651	–	–	23,170	20,893
Unallocated assets	–	–	–	–	–	–	1,714	1,614
<b>Group total</b>	<b>22,414</b>	<b>20,242</b>	<b>756</b>	<b>651</b>	–	–	<b>24,884</b>	<b>22,507</b>
Operating liabilities	3,712	3,366	213	187	–	–	3,925	3,553
Unallocated liabilities	–	–	–	–	–	–	5,014	4,377
<b>Group total</b>	<b>3,712</b>	<b>3,366</b>	<b>213</b>	<b>187</b>	–	–	<b>8,939</b>	<b>7,930</b>
Investments	570	592	40	92	–	–	610	684
Depreciation/amortization/impairment	555	514	33	30	–	–	588	544

MSEK	HEXPOL Compounding		HEXPOL Engineered Products		Group	
	2024	2023	2024	2023	2024	2023
<b>Nonrecurring items</b>						
Cost of goods sold	–11	–	–	–	–11	–
Administrative expenses	–61	–46	–	–	–61	–46
Other operating expenses	–3	–37	–	–	–3	–37
<b>Operating profit</b>	<b>–75</b>	<b>–83</b>	–	–	<b>–75</b>	<b>–83</b>
Tax					–13	19
<b>Profit for the year</b>					<b>–88</b>	<b>–64</b>

The cost for 2024 is mainly related to the restructuring implemented in the US where one production site has been sold and one production site will be closed in 2025 and transaction costs for Piedmont. The sale of the business has a negative impact on operating profit of approximately MSEK 40 and a positive tax effect of approximately MSEK 50. The cost of the closure amounts to approximately MSEK 20. During a review to optimize the company's legal structure, it was discovered in the US that HEXPOL had underpaid state taxes in some states when selling from one state to another. To ensure correct historical tax payment and no tax risk in the future, we have entered into agreements with the relevant states. This results in a one-off negative tax effect of approximately MSEK 60.

The cost in the year 2023 is attributable to the restructuring carried out in California, USA, where production is being consolidated from two factories to one factory.

MSEK	Sales per recipient country		Fixed assets		HEXPOL Compounding		HEXPOL Engineered Products	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Geographic markets</b>								
Sweden	498	466	392	375				
Europe excl. Sweden	7,601	8,024	6,628	6,704				
USA	8,393	9,257	10,743	8,612				
Americas, excl. USA	2,697	3,112	58	92				
Asia	1,248	1,187	346	320				
<b>Total</b>	<b>20,437</b>	<b>22,046</b>	<b>18,167</b>	<b>16,103</b>				
<b>Sales per geographic market and business area</b>								
Europe	7,451	7,874	648	616				
Americas	10,612	11,884	477	486				
Asia	858	823	391	363				
<b>Total</b>	<b>18,921</b>	<b>20,581</b>	<b>1,516</b>	<b>1,465</b>				



**NOTE 3 Related-party transactions**

Transactions between Group companies are conducted on market-based terms. In 2024, the Group purchased energy for MSEK 20 (18) from the associated company, Megufo AB, in Sweden. On December 31, 2024, the Group had a liability of MSEK 5 (4) to this associated company. See also Note 4.

**NOTE 4 Employees and personnel expenses**

MSEK	2024	2023
<b>Costs of employee remuneration</b>		
Salaries and remuneration, etc.	2,421	2,511
<b>Total</b>	<b>2,421</b>	<b>2,511</b>
Pension costs	38	45
Social security costs	367	357
<b>Total</b>	<b>405</b>	<b>402</b>

	2024		2023		MSEK	2024	2023
<b>Average number of employees</b>	<b>of whom men</b>		<b>of whom men</b>		<b>Personnel costs per country</b>		
Sweden	316	68%	315	69%	Sweden	282	297
Belgium	55	91%	56	89%	Belgium	41	53
Czech Republic	225	89%	229	89%	Czech Republic	112	114
Germany	458	90%	430	90%	Germany	306	281
Mexico	385	85%	416	86%	Mexico	111	111
Luxemburg	5	60%	5	60%	Luxemburg	23	24
USA	1,581	86%	1,626	86%	USA	1,449	1,564
China	313	74%	313	73%	China	76	72
Sri Lanka	1,073	91%	1,061	92%	Sri Lanka	53	44
United Kingdom	186	88%	197	89%	United Kingdom	118	110
Spain	195	85%	197	85%	Spain	135	125
Italy	192	78%	184	78%	Italy	113	112
Turkey	13	77%	10	60%	Turkey	3	2
Poland	13	54%	15	53%	Poland	4	4
<b>Total</b>	<b>5,010</b>	<b>89%</b>	<b>5,054</b>	<b>86%</b>	<b>Total</b>	<b>2,826</b>	<b>2,913</b>

TSEK	Board fee		Committee fee		Total	
	2024	2023	2024	2023	2024	2023
<b>Remuneration of the Board of Directors</b>						
Alf Göransson	1,158	1,063	158	153	1,317	1,216
Kerstin Lindell	468	430	-	-	468	430
Jan-Anders E. Månson	468	430	-	-	468	430
Malin Persson	468	430	137	128	605	558
Märta Schörling Andreen	468	430	191	180	659	610
Henrik Elmin	468	290	-	-	468	290
Nils-Johan Andersson <sup>1</sup>	-	-	-	-	-	-
Gun Nilsson	-	140	-	83	-	223
<b>Total</b>	<b>3,498</b>	<b>3,213</b>	<b>486</b>	<b>544</b>	<b>3,985</b>	<b>3,757</b>

<sup>1</sup> The fee for Nils-Johan Andersson's board and committee work has been invoiced by Melker Schörling AB. This totals TSEK 735, of which TSEK 468 (290) relates to fees as a board member and TSEK 267 (173) relates to fees as chairman of the Audit Committee.



TSEK	Basic salary		Variable salary		Pension cost		Other benefits		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Remuneration of senior executives</b>										
Klas Dahlberg <sup>1</sup>	5,500	-	4,354	-	2,070	-	76	-	12,000	-
Peter Rosén <sup>2</sup>	6,557	5,056	4,057	4,879	1,638	1,379	469	311	12,721	11,625
Georg Brunstam <sup>3</sup>	-	9,180	-	12,135	-	4,686	-	3,963	-	29,964
Other members of Group management, 5 (5) persons	31,608	27,733	18,601	26,861	2,112	2,176	1,909	1,808	54,230	58,578
<b>Total</b>	<b>43,665</b>	<b>41,969</b>	<b>27,012</b>	<b>43,875</b>	<b>5,820</b>	<b>8,241</b>	<b>2,454</b>	<b>6,082</b>	<b>78,951</b>	<b>100,167</b>

<sup>1</sup> Klas Dahlberg was Managing Director from July 1, 2024.

<sup>2</sup> Peter Rosén acting CEO until July 1, 2024.

<sup>3</sup> Georg Brunstam was CEO until September 1, 2023. As of September 1, 2023, Peter Rosén was the acting CEO.

**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 cost remuneration paid to auditors**

MSEK	2024	2023
EY		
Audit engagement	15	15
Audit activities in addition to audit	1	1
Tax consultancy	0	0
Other services	0	0
Other auditors		
Audit engagement	2	2
<b>Total</b>	<b>18</b>	<b>18</b>

**NOTE 6 Expenses broken down by nature of cost**

MSEK	2024	2023
Employee benefits expenses	2,826	2,913
Depreciation/amortization/impairment	588	544
Input costs and other external expenses	13,889	15,029
Other operating expenses	25	51
<b>Total</b>	<b>17,328</b>	<b>18,537</b>

No development expenses were capitalized in 2024 or 2023.

**NOTE 7 Financial income and expenses**

MSEK	2024	2023
<b>Assets and liabilities valued at amortized cost</b>		
Interest income from accounts receivable	0	0
Interest income other financial assets	79	69
<b>Total interest income according to the effective-interest-rate method</b>	<b>79</b>	<b>69</b>
<b>Other financial income</b>		
Exchange rate differences on financial items	19	9
Other financial income	5	-
<b>Total</b>	<b>24</b>	<b>9</b>
<b>Total financial income</b>	<b>103</b>	<b>78</b>
<b>Assets and liabilities valued at amortized cost</b>		
Interest expense liabilities to credit institutions and commercial papers	-208	-214
Interest expenses and other financial liabilities	0	0
<b>Total interest expense according to the effective-interest-rate method</b>	<b>-208</b>	<b>-214</b>
<b>Other financial expenses</b>		
Expected credit losses on financial assets	0	0
Interest expense lease liabilities	-21	-17
Exchange rate differences on financial items	-35	-60
Other	-10	-17
<b>Total</b>	<b>-66</b>	<b>-94</b>
<b>Total financial expenses</b>	<b>-274</b>	<b>-308</b>
<b>Net financial items</b>	<b>-171</b>	<b>-230</b>

**NOTE 8 Taxes**

MSEK	2024	2023
<b>Current tax expense</b>		
Tax expense on profit for the year	-706	-799
<b>Total</b>	<b>-706</b>	<b>-799</b>
<b>Deferred tax expense</b>		
Deferred tax pertaining to temporary differences	-75	-23
Utilized/revaluation of loss carry forwards	0	0
<b>Total</b>	<b>-75</b>	<b>-23</b>
<b>Total reported tax expense</b>	<b>-781</b>	<b>-822</b>

As at 31 December 2024, 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.

MSEK	2024	%	2023	%
<b>Reconciliation of effective tax</b>				
Profit before tax	3,001		3,346	
Tax according to current tax rate for the Parent Company	-618	-21	-689	-21
Effect of other tax rates for foreign subsidiaries	-144	-5	-107	-3
Nondeductible expenses	-43	-1	-24	-1
Nontaxable revenues	67	2	2	0
Deductible goodwill amortization	-2	0	-2	0
Revaluation of tax-loss carry forwards/temporary differences	0	0	0	0
Tax attributable to prior years	-41	-1	-2	0
<b>Total reported tax expense</b>	<b>-781</b>	<b>-26</b>	<b>-822</b>	<b>-25</b>

MSEK	Opening balance		Recognized in profit/loss		Acquisitions		Recognized directly in comprehensive income		Translation differences		Closing balance	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Deferred tax receivables/tax liabilities</b>												
Intangible assets	-589	-561	-14	-28	-5	-	-	-	-39	0	-647	-589
Tangible assets	-218	-250	-49	19	-	-	-	-	-19	13	-286	-218
Right-of-use assets	-106	-99	-9	-7	-	-	-	-	-3	0	-118	-106
Current assets	20	31	-1	-10	-	-	-	-	2	-1	21	20
Operating liabilities	46	51	-11	-4	-	-	-	-	2	-1	37	46
Lease liabilities	112	105	9	7	-	-	-	-	5	0	126	112
Loss carry-forwards	0	0	0	0	-	-	-	-	0	0	0	0
Liabilities	0	0	0	0	-	-	-	-	0	0	0	0
<b>Total</b>	<b>-735</b>	<b>-723</b>	<b>-75</b>	<b>-23</b>	<b>-5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-52</b>	<b>11</b>	<b>-867</b>	<b>-735</b>

**NOTE 9 Goodwill and intangible fixed assets**

MSEK	Goodwill		Other intangible assets		Total	
	2024	2023	2024	2023	2024	2023
<b>Accumulated acquisition value</b>						
Opening balance, January 1	11,684	11,911	1,512	1,363	13,196	13,274
Acquisitions	1,014	88	-	178	1,014	266
Reclassifications relating to acquisitions in previous years	-22	-	22	-	0	-
Investments	-	-	16	9	16	9
Divestments and disposals	-14	-	-23	-	-37	-
Reclassification	-	-	3	-3	3	-3
Translation difference	856	-315	97	-35	953	-350
<b>Closing balance, December 31</b>	<b>13,518</b>	<b>11,684</b>	<b>1,627</b>	<b>1,512</b>	<b>15,145</b>	<b>13,196</b>
<b>Accumulated amortization/depreciation</b>						
Opening balance, January 1	-15	-18	-680	-578	-695	-596
Depreciation according to plan for the year	-	-	-137	-128	-137	-128
Divestments and disposals	-	-	25	-	25	-
Reclassification	-	-	0	8	0	8
Translation difference	-7	3	-47	18	-54	21
<b>Closing balance, December 31</b>	<b>-22</b>	<b>-15</b>	<b>-839</b>	<b>-680</b>	<b>-861</b>	<b>-695</b>
<b>Carrying amount, December 31</b>	<b>13,496</b>	<b>11,669</b>	<b>788</b>	<b>832</b>	<b>14,284</b>	<b>12,501</b>

Other intangible assets pertain mainly to acquired customer relations, and the remaining amortization period is between 1 and 10 years. Other intangible assets do not include any significant amounts in respect of capitalized development costs.

MSEK	2024	2023
<b>Goodwill distributed by operating segment</b>		
HEXPOL Compounding	13,464	11,640
HEXPOL Engineered Products	32	29
<b>Closing balance, December 31</b>	<b>13,496</b>	<b>11,669</b>

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 (8.4) 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 2025 approved by the Board of Directors and the prognosis for the period 2026-2027, 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 9,5 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	
	2024	2023	2024	2023	2024	2023
<b>Accumulated acquisition value</b>						
Opening balance, January 1	1,821	1,688	6,395	6,221	8,216	7,909
Acquisitions	0	63	24	43	24	106
Investments	31	35	450	513	481	548
Divestments and disposals <sup>1</sup>	-88	-3	-454	-138	-542	-141
Reclassification <sup>2</sup>	54	84	-43	-81	11	3
Translation difference	124	-46	471	-163	595	-209
<b>Closing balance, December 31</b>	<b>1,942</b>	<b>1,821</b>	<b>6,843</b>	<b>6,395</b>	<b>8,785</b>	<b>8,216</b>
<b>Accumulated amortization/depreciation</b>						
Opening balance, January 1	-779	-744	-4,169	-4,138	-4,948	-4,882
Depreciation according to plan for the year	-68	-61	-291	-275	-359	-336
Divestments and disposals <sup>1</sup>	51	3	371	132	422	135
Reclassification	-	0	0	-8	0	-8
Translation difference	-56	23	-333	120	-389	143
<b>Closing balance, December 31</b>	<b>-852</b>	<b>-779</b>	<b>-4,422</b>	<b>-4,169</b>	<b>-5,274</b>	<b>-4,948</b>
<b>Accumulated impairment</b>						
Opening balance, January 1	-37	-38	-120	-125	-157	-163
Impairment charge	0	0	-3	2	-3	2
Translation difference	-2	1	-7	3	-9	4
<b>Closing balance, December 31</b>	<b>-39</b>	<b>-37</b>	<b>-130</b>	<b>-120</b>	<b>-169</b>	<b>-157</b>
<b>Carrying amount, tangible fixed assets</b>	<b>1,051</b>	<b>1,005</b>	<b>2,291</b>	<b>2,106</b>	<b>3,342</b>	<b>3,111</b>
Right-of-use assets <sup>3</sup>	394	347	43	42	437	389
<b>Carrying amount</b>	<b>1,445</b>	<b>1,352</b>	<b>2,334</b>	<b>2,148</b>	<b>3,779</b>	<b>3,500</b>

<sup>1</sup> This includes disposals after restructuring in the US of MSEK 41, of which Buildings and land MSEK 26, and Machinery and equipment MSEK 15.

<sup>2</sup> Includes reclassification of spare parts to fixed assets, MSEK 14.

<sup>3</sup> For further information on leased assets, see also Note 11.

MSEK	2024	2023
<b>Distribution of depreciation/amortization/impairment of tangible and intangible and right-of-use assets for the year</b>		
Cost of goods sold	544	506
Selling expenses	5	5
Administrative expenses	36	32
Product development costs	3	3
<b>Total</b>	<b>588</b>	<b>546</b>

**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, 2023	326	42	368	428
Additional agreements	94	33	127	153
Depreciation of right-of-use assets	-59	-23	-82	-
Terminated agreements	-2	-9	-11	-44
Revaluation of agreements	0	0	0	0
Translation difference	-12	-1	-13	-12
Interest expense lease liabilities	-	-	-	19
Lease payments	-	-	-	-96
<b>Closing balance, December 31, 2023</b>	<b>347</b>	<b>42</b>	<b>389</b>	<b>448</b>
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
<b>Closing balance, December 31, 2024</b>	<b>394</b>	<b>43</b>	<b>437</b>	<b>507</b>

The amount that are attributable to leasing activities and are recognized in profit or loss during the year are presented below:

MSEK	2024	2023
Depreciation of right-of-use assets	-89	-82
Interest expense lease liabilities	-21	-19
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
<b>Total expenses related to lease activities</b>	<b>-110</b>	<b>-101</b>

HEXPOL recognizes cash outflow attributable to leases amounting to MSEK 106 (96) for the 2024 fiscal year. For a term analysis of the Group's lease liabilities, see Note 20.

**NOTE 12 Inventories**

MSEK	2024	2023
Raw materials	1,380	1,326
Goods in production	161	193
Finished goods	683	573
<b>Total</b>	<b>2,224</b>	<b>2,092</b>

No significant impairments were recognized in 2024 and 2023.

**NOTE 13 Accounts receivable**

MSEK	2024	2023	MSEK	2024	2023
<b>Age distribution of accounts receivable</b>			<b>Provisions for bad debt losses</b>		
Not past due	2,300	2,262	Opening balance	-44	-42
Past due, 1-30 days	336	287	Provisions	-3	-6
Past due, 31-60 days	33	23	Acquisitions	0	-1
Past due, more than 60 days	5	3	Actual losses	3	0
<b>Accounts receivable</b>	<b>2,674</b>	<b>2,575</b>	Reversal	12	4
			Translation differences	-4	1
			<b>Closing balance</b>	<b>-36</b>	<b>-44</b>

MSEK	Not past due	Past due, 1-30 days	Past due, 31-60 days	More than 60 days past due	Total
<b>December 31, 2023</b>					
Reported amount of accounts receivable - gross	2,262	289	36	32	2,619
Credit loss reserves	0	-2	-13	-29	-44
<b>Closing balance</b>	<b>2,262</b>	<b>287</b>	<b>23</b>	<b>3</b>	<b>2,575</b>

MSEK	Not past due	Past due, 1-30 days	Past due, 31-60 days	More than 60 days past due	Total
<b>December 31, 2024</b>					
Reported amount of accounts receivable - gross	2,306	338	36	30	2,710
Credit loss reserves	-6	-2	-3	-25	-36
<b>Closing balance</b>	<b>2,300</b>	<b>336</b>	<b>33</b>	<b>5</b>	<b>2,674</b>

**NOTE 14 Shareholders' equity**

	Class A shares		Class B shares		Total	
	2024	2023	2024	2023	2024	2023
<b>Changes in the number of shares</b>						
Opening balance, January 1	14,765,620	14,765,620	329,671,226	329,671,226	344,436,846	344,436,846
<b>Closing balance, December 31</b>	<b>14,765,620</b>	<b>14,765,620</b>	<b>329,671,226</b>	<b>329,671,226</b>	<b>344,436,846</b>	<b>344,436,846</b>

	2024	2023	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**

MSEK	2024	2023
<b>Noncurrent liabilities</b>		
Interest-bearing liabilities in addition to leasing	-	350
Liabilities, leasing	350	335
<b>Noncurrent liabilities</b>	<b>350</b>	<b>685</b>
<b>Current liabilities</b>		
Interest-bearing liabilities in addition to leasing	2,989	1,881
Liabilities, leasing	134	117
<b>Current liabilities</b>	<b>3,123</b>	<b>1,998</b>

MSEK	Utilized		Unutilized	
	2024	2023	2024	2023
<b>Noncurrent liabilities</b>				
Bilateral loan, MSEK 1,100	-	1,100	350	750
Bilateral loan, MSEK 1,500	-	1,500	-	1,500
Bilateral loan, MSEK 1,000	-	1,000	-	1,000
Bilateral loan, MEUR 150	-	1,723	-	1,664
Liabilities, leasing	350	-	335	-
<b>Total noncurrent liabilities</b>	<b>350</b>	<b>685</b>	<b>685</b>	<b>685</b>
<b>Current liabilities</b>				
Commercial papers <sup>1</sup>	2,989	-	1,880	-
Other current liabilities	0	-	1	-
Liabilities, leasing	134	-	117	-
<b>Total current liabilities</b>	<b>3,123</b>	<b>1,998</b>	<b>1,998</b>	<b>1,998</b>

The Group has the following major credit agreements with Nordic banks:  
 - A credit agreement with a limit of MSEK 1,500 that falls due in June 2026.  
 - A credit agreement with a limit of MSEK 1,100 that falls due in February 2027.  
 - A credit agreement with a limit of MEUR 150 that falls due in May 2027.  
 - A credit agreement with a limit of MSEK 1,000 that falls due in May 2027.

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, 2024. See also information on changes in liabilities in Note 20, and the maturity analysis in Note 21.

<sup>1</sup> In accordance with the issuance agreement signed in connection with the establishment of the commercial paper program, HEXPOL AB's bilateral credit agreements also as back-up facilities for outstanding commercial paper. As of December 31, 2024, HEXPOL AB had a total credit facility in long-term facilities of MSEK 5,323, of which MSEK 2,989 was reserved for outstanding volumes in the market for commercial papers. In accordance with IAS1, 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**

MSEK	2024	2023
<b>Change in provision</b>		
Opening balance, January 1	69	68
Provisions for the year	-7	1
<b>Closing balance, December 31</b>	<b>62</b>	<b>69</b>

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 programs		Other provisions		Total	
	2024	2023	2024	2023	2024	2023
Opening balance	67	2	3	11	70	13
Provisions for the year	30	65	2	2	32	67
Utilized during the year	-67	0	-1	-10	-68	-10
Translation difference	1	0	0	0	1	0
<b>Closing balance</b>	<b>31</b>	<b>67</b>	<b>4</b>	<b>3</b>	<b>35</b>	<b>70</b>

The 2024 provision for restructuring programs relates to reorganization and concentrations within the business areas.

**NOTE 18 Accrued expenses**

MSEK	2024	2023
Personnel-related expenses	391	481
Accrued expenses for goods and services	363	183
Other	85	15
<b>Total</b>	<b>839</b>	<b>679</b>

**NOTE 19 Pledged assets and contingent liabilities**

MSEK	2024	2023
<b>Pledged assets</b>		
Current assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Contingent liabilities</b>		
Guarantee for the benefit of associated companies	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**NOTE 20 Cash flow statement**

MSEK	2024	2023
<b>Financial items received and paid</b>		
Financial income received	103	68
Financial expenses paid	-278	-317
<b>Total</b>	<b>-175</b>	<b>-249</b>
<b>Adjustments for noncash items</b>		
Depreciation/amortization/impairment	588	544
<b>Total</b>	<b>588</b>	<b>544</b>

Change in liabilities attributable to financing activities	Cash flows	Noncash changes			Jan 1, 2023	Dec 31, 2023
		Acquisitions	Leases	Exchange rate difference		
MSEK						
Interest-bearing liabilities	2,445	-2,094	-	-	0	351
Interest-bearing liabilities, commercial papers	1,520	360	-	-	0	1,880
Interest-bearing liabilities, lease liabilities	428	-96	-	132	-12	452
<b>Liabilities arising from financing activities</b>	<b>4,393</b>	<b>-1,830</b>	<b>-</b>	<b>132</b>	<b>-12</b>	<b>2,683</b>

Change in liabilities attributable to financing activities	Cash flows	Noncash changes			Jan 1, 2024	Dec 31, 2024
		Acquisitions	Leases	Exchange rate difference		
MSEK						
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
<b>Liabilities arising from financing activities</b>	<b>2,683</b>	<b>652</b>	<b>-</b>	<b>104</b>	<b>34</b>	<b>3,473</b>

**NOTE 21 Financial instruments and risk management**

Financial instruments per category and measurement level. As regards the risks and the risk management, see page 54 in the Directors' Report.

December 31, 2024	Amortized cost	Financial assets/liabilities valued at:		Total
		Fair value through profit or loss	Measurement level	
MSEK				
<b>Assets in the balance sheet</b>				
Noncurrent financial assets	5	-		5
Accounts receivable	2,674	-		2,674
Cash and cash equivalents	1,233	-		1,233
<b>Total</b>	<b>3,912</b>	<b>-</b>		<b>3,912</b>
<b>Liabilities in the balance sheet</b>				
Interest-bearing liabilities, noncurrent	0	-		0
Interest-bearing noncurrent lease liabilities	350	-		350
Liability to minority shareholders <sup>1</sup>		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
<b>Total</b>	<b>7,601</b>	<b>638</b>		<b>8,239</b>

December 31, 2023	Amortized cost	Financial assets/liabilities valued at:		Total
		Fair value profit or loss	Measurement level	
MSEK				
<b>Assets in the balance sheet</b>				
Noncurrent 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 liabilities, noncurrent	350	-		350
Interest-bearing noncurrent lease liabilities	335	-		335
Liability to minority shareholders <sup>1</sup>		388	3	388
Interest-bearing liabilities, commercial papers, current	1,881	-		1,881
Interest-bearing current lease liabilities	117	-		117
Accounts payable	2,737	-		2,737
Other liabilities	438	-		438
Accrued expenses	749	-		749
<b>Total</b>	<b>6,607</b>	<b>388</b>		<b>6,995</b>

Fair value is consistent in all material respects with the carrying value in the balance sheet.

<sup>1</sup> Liabilities to minority shareholders are reported in noncurrent liabilities.

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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
MSEK										
<b>Noncurrent liabilities</b>										
Interest-bearing liabilities	0	350	-	-	-	-	0	350	-	-
Liabilities, leasing	466	445	-	-	96	114	179	166	191	165
Liability to minority shareholders <sup>1</sup>	236	388	-	-	-	-	236	388	-	-
<b>Total noncurrent liabilities</b>	<b>702</b>	<b>1,183</b>	-	-	<b>96</b>	<b>114</b>	<b>415</b>	<b>904</b>	<b>191</b>	<b>165</b>
<b>Current liabilities</b>										
Interest-bearing liabilities <sup>2</sup>	2,989	1,881	2,989	1,881	-	-	-	-	-	-
Liabilities, leasing	112	58	112	58	-	-	-	-	-	-
Liability to minority shareholders <sup>1</sup>	402	-	402	-	-	-	-	-	-	-
Accounts payable	2,557	2,737	2,557	2,737	-	-	-	-	-	-
Other current liabilities	697	438	697	438	-	-	-	-	-	-
Accrued expenses	839	679	839	679	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>7,596</b>	<b>5,793</b>	<b>7,596</b>	<b>5,793</b>	-	-	-	-	-	-

<sup>1</sup> Liability to minority shareholders regarding almaak International GmbH is recognized in other current liabilities, as the warrant is expected to be exercised in 2025. The minority interest liability for Piedmont Resin Supply LLC is recognized in other noncurrent liabilities.

<sup>2</sup> 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, 2024, HEXPOL AB had total credit capacity in long-term facilities of MSEK 5,323, of which MSEK 2,989 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. 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 2024

#### Acquisitions in TPE 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 MUSD 60 and profitability at a similar level to the HEXPOL Group. Piedmont Resin Supply LLC Piedmont operates from a well-invested manufacturing site in Cartersville, Georgia, USA with around 60 employees and has additional capacity for growth.

The company is an industry leader in technical nylon compounds in the US market, with customers in the automotive, transportation, and furniture industries. The acquisition price amounted to approximately MUSD 86 a debt-free basis and is funded by a combination of existing cash and existing bank facilities. Under the agreement, HEXPOL has an option to acquire the remaining shares (from 2028 and annually thereafter during the period January 1 to January 31 or between July 1 and July 31) and the founders have an option to sell the remaining shares to HEXPOL (from 2028 and annually thereafter during the period January 1 to January 31 or between July 1 and July 31).

Piedmont was consolidated from November 1, 2024. The purchase price allocation is preliminary as the valuation of intangible assets is ongoing, and the preliminary purchase price allocation for intangible assets in the form of customer relationships, trademarks, technology and goodwill and minority debt may change after the valuation of the subsidiary is finalized.

Sales amounted to MUSD 8.6, and profit after tax, MUSD -0.2 in the period November to December 2024. For the full year 2024, sales were MUSD 59,2, and profit after tax was MUSD 5.2.

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

MSEK	
Purchase consideration	1,176
Fair value of acquired net assets	149
<b>Goodwill</b>	<b>1,027</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 fully 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 includes no estimated value in acquired intangible assets.

The following assets and liabilities were included in the acquisition:

MSEK	Balance sheet at the time of acquisition	Adjustment to fair value	Fair value
Cash and cash equivalents	30	-	30
Accounts receivable	79	-	79
Other current assets	98	-	98
Tangible assets	24	-	24
Accounts payable	-74	-	-74
Current liabilities	-8	-	-8
<b>Acquired net assets</b>	<b>149</b>	<b>-</b>	<b>149</b>

Total purchase considerations	1,176
Liability to minority shareholders	-230

Cash and cash equivalents in acquired operations	30
--	----

<b>Change in the Group's cash and cash equivalents</b>	<b>916</b>
--	------------

Transaction costs for the above acquisition amounted to MSEK 14 and have been reported in operating profit under administrative expenses.

### Acquisitions in 2023

#### Acquisitions in TPE Compounding

In November, the HEXPOL Group acquired 100 percent of the shares in the US company TPE compounder Star Thermoplastic Alloys and Rubbers Inc. Star Thermoplastics operates near Chicago, Illinois, in a well-invested facility with great growth potential. The main end customer segments are automotive, construction, medical technology, industry, electronics and consumer.

The acquisition price amounted to approximately MUSD 26.5 on a cash and debt-free basis and is funded by a combination of cash and existing bank facilities. Star Thermoplastic was consolidated from November 1, 2023.

The acquisition analysis is now final. The changes that have taken place compared to December 31, 2023 amount to: development costs and customer relations have increased by MSEK 25, deferred tax has increased by MSEK 5, and goodwill has thus decreased by MSEK 20. There have also been minor adjustments to the balance sheet, as shown in the table below.

For the full year, sales amounted to MUSD 2 and profit after tax to MUSD -0.3 during the period November to December 2023. For the full year 2022, sales were MUSD 17, and profit after tax was MUSD -3.5.

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

MSEK	
Purchase consideration	221
Fair value of acquired net assets	97
<b>Goodwill</b>	<b>124</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 allows HEXPOL to enter the US TPE market through a well-established company with a strong product portfolio. The fair value of the acquired net assets includes the estimated value of MSEK 26 in acquired intangible assets, of which MSEK 25 was identifiable intangible assets in the form of customer relationships.

The following assets and liabilities were included in the acquisition:

MSEK	Balance sheet at the time of acquisition	Balance sheet adjustment	Adjustment to fair value	Fair value
Cash and cash equivalents	2	-	-	2
Accounts receivable	16	-	-	16
Other current assets	28	2	-	30
Tangible assets	106	3	-	109
Intangible assets	1	-	25	26
Deferred tax	-	-	-5	-5
Noncurrent liabilities	-57	-2	-	-59
Accounts payable	-13	-	-	-13
Current liabilities	-8	-1	-	-9
<b>Acquired net assets</b>	<b>75</b>	<b>2</b>	<b>20</b>	<b>97</b>

Total purchase considerations	221
-------------------------------	-----

Cash and cash equivalents in acquired businesses	2
--	---

<b>Change in the Group's cash and cash equivalents</b>	<b>219</b>
--	------------

Transaction costs for the above acquisition amounted to MSEK 6 and have been reported in operating profit under administrative expenses.

## NOTE 23 Events after the reporting period

HEXPOL has signed an agreement to acquire 80 percent of the shares of Kabkom Kimya Sanayi ve Ticaret Anonim Sirketi (Kabkom). The company specializes in advanced thermoplastic and thermoset compounds for the rapidly growing cable market. The company has a turnover of more than MEUR 30 and a higher profitability than the HEXPOL Group. The acquisition price amounts to approximately MEUR 54 a debt-free basis and is funded by a combination of existing cash and bank facilities. The agreement will be finalized after approval from the relevant authorities. Under the agreement, HEXPOL has an option to acquire the remaining shares, and the founders have an option to sell their remaining shares to HEXPOL.



## PARENT COMPANY INCOME STATEMENTS

MSEK	Note	2024	2023
Sales	24	77	68
Administrative expenses		-89	-93
<b>Operating profit</b>	25, 26	<b>-12</b>	<b>-25</b>
Financial income	27	2,721	2,160
Financial expenses	27	-1,349	-463
<b>Profit after financial items</b>		<b>1,360</b>	<b>1,672</b>
<b>Profit before tax</b>		<b>1,360</b>	<b>1,672</b>
Tax	28	-39	-54
<b>Profit after tax</b>		<b>1,321</b>	<b>1,618</b>

Comprehensive income matches profit after tax.

## PARENT COMPANY BALANCE SHEETS

MSEK	Note	2024	2023
<b>ASSETS</b>			
<b>Fixed assets</b>			
Tangible fixed assets		0	0
Intangible fixed assets	29	0	0
Interest-bearing intra-Group receivables		3,507	3,419
Participations in Group companies	32	9,546	9,826
<b>Total fixed assets</b>		<b>13,053</b>	<b>13,245</b>
<b>Current assets</b>			
Intra-Group operating receivables		285	392
Interest-bearing intra-Group receivables		54	54
Prepaid expenses and accrued income		30	31
Cash and bank balances		381	160
<b>Total current assets</b>		<b>750</b>	<b>637</b>
<b>TOTAL ASSETS</b>		<b>13,803</b>	<b>13,882</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Restricted shareholders' equity</b>			
Share capital		69	69
<b>Total restricted shareholders' equity</b>		<b>69</b>	<b>69</b>
<b>Nonrestricted shareholders' equity</b>			
Share premium reserve		619	619
Profit brought forward		3,234	3,682
Profit for the year		1,321	1,618
<b>Total nonrestricted shareholders' equity</b>		<b>5,174</b>	<b>5,919</b>
<b>Total shareholders' equity</b>		<b>5,243</b>	<b>5,988</b>
<b>Noncurrent liabilities</b>			
Interest-bearing liabilities	31	-	350
Interest-bearing intra-Group liabilities		2,861	2,646
<b>Total noncurrent liabilities</b>		<b>2,861</b>	<b>2,996</b>
<b>Current liabilities</b>			
Accounts payable		6	3
Current tax liabilities		28	27
Intra-group operating liabilities		-	9
Interest-bearing intra-Group liabilities		2,628	2,918
Interest-bearing liabilities	31	2,989	1,880
Other current liabilities		0	2
Accrued expenses and prepaid income	30	48	59
<b>Total current liabilities</b>		<b>5,699</b>	<b>4,898</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>13,803</b>	<b>13,882</b>

## PARENT COMPANY CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Profit brought forward	Total
MSEK				
<b>December 31, 2022</b>	<b>69</b>	<b>619</b>	<b>4,922</b>	<b>5,610</b>
<b>2023</b>				
<b>Comprehensive income</b>				
Profit after tax	-	-	1,618	1,618
<b>Transactions with shareholders</b>				
Dividend	-	-	-1,240	-1,240
<b>December 31, 2023</b>	<b>69</b>	<b>619</b>	<b>5,300</b>	<b>5,988</b>
<b>2024</b>				
<b>Comprehensive income</b>				
Profit after tax	-	-	1,321	1,321
<b>Transactions with shareholders</b>				
Dividend	-	-	-2,067	-2,067
<b>December 31, 2024</b>	<b>69</b>	<b>619</b>	<b>4,555</b>	<b>5,243</b>

## PARENT COMPANY CASH FLOW STATEMENTS

MSEK	2024	2023
<b>Cash flow from operating activities</b>		
Operating profit	-12	-25
Adjustment for noncash items, depreciations	0	0
Financial income received	321	265
Financial expenses paid	-390	-471
Tax paid	-39	-17
<b>Cash flow from operations before changes in working capital</b>	<b>-120</b>	<b>-248</b>
<b>Cash flow from changes in working capital</b>		
Changes in current receivables	-119	246
Changes in current liabilities	-20	0
<b>Cash flow from operating activities</b>	<b>-259</b>	<b>-2</b>
<b>Investing activities</b>		
Change in interest-bearing receivables	26	279
Dividends from subsidiaries	891	1,473
Group contributions received	391	145
Acquisitions of companies	0	0
<b>Cash flow from investing activities</b>	<b>1,308</b>	<b>1,897</b>
<b>Financing operations</b>		
Loans raised	12,429	14,370
Repayment of liabilities	-11,082	-15,355
Dividend	-2,067	-1,240
<b>Cash flow from financing operations</b>	<b>-720</b>	<b>-2,225</b>
<b>Cash flow for the year</b>	<b>329</b>	<b>-330</b>
Cash and cash equivalents, January 1	160	468
Exchange-rate differences in cash and cash equivalents	-108	22
<b>Cash and cash equivalents at year-end</b>	<b>381</b>	<b>160</b>

## NOTE 24 Sales

Of the Parent Company's net sales, 100 percent pertains to sales of services to other Group companies and of the Parent Company's purchases, a small portion pertains to purchases from other Group companies.

## NOTE 25 Employees and personnel expenses

	2024	2023	MSEK	2024	2023
<b>Average number of employees</b>			<b>Wages/salaries, other remunerations and social-security costs</b>		
Women	3	3	Board of Directors	5	4
Men	5	4	CEO and Deputy CEO	21	35
<b>Total</b>	<b>8</b>	<b>7</b>	Other employees	15	8
			Social security costs, pension costs and payroll tax	18	20
			<b>Total</b>	<b>59</b>	<b>67</b>

## NOTE 26 Fees and cost remuneration paid to auditors

MSEK	2024	2023
EY		
Audit engagement	2	1
Audit activities in addition to audit	0	0
Other services	0	0
<b>Total</b>	<b>2</b>	<b>1</b>

## NOTE 27 Financial income and expenses

MSEK	2024	2023
Dividend	2,122	1,473
Group contributions	278	391
Interest income	69	63
Interest income from Group receivables	252	233
Exchange-rate gains	0	0
Other financial income	0	0
<b>Financial income</b>	<b>2,721</b>	<b>2,160</b>
Interest expenses	-208	-213
Interest expense from Group liabilities	-283	-237
Exchange-rate loss	0	-4
Other financial expenses	-858	-9
<b>Financial expenses</b>	<b>-1,349</b>	<b>-463</b>

**NOTE 28 Taxes**

MSEK	2024	2023	MSEK	2024	2023
<b>Current tax expense</b>			<b>Reconciliation of effective tax</b>		
Tax expense for the year	-39	-54	Profit before tax	1,360	1,672
<b>Deferred tax expense</b>			Tax according to current tax rate for the Parent Company	-280 -21%	-345 -21%
Deferred tax pertaining to temporary differences	-	0	Nondeductible expenses	-198 -14%	-14 -1%
<b>Total reported tax expense</b>	<b>-39</b>	<b>-54</b>	Nontaxable revenues	439 32%	305 19%
			<b>Total reported tax expense</b>	<b>-39 -3%</b>	<b>-54 -3%</b>

**NOTE 29 Intangible fixed assets**

MSEK	Other intangible		Total		MSEK	Other intangible		Total	
	2024	2023	2024	2023		2024	2023	2024	2023
<b>Accumulated cost</b>					<b>Accumulated amortization/depreciation</b>				
Opening balance, January 1	3	3	3	3	Opening balance, January 1	-3	-3	-3	-3
Investments	-	-	-	-	Depreciation for the year	-	0	-	0
<b>Closing balance at December 31</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>Closing balance at December 31</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>
					<b>Carrying amount, December 31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**NOTE 30 Accrued expenses**

MSEK	2024	2023
Personnel-related expenses	41	53
Other	7	6
<b>Total</b>	<b>48</b>	<b>59</b>

**NOTE 31 Interest-bearing liabilities**

MSEK	2024	2023
<b>Noncurrent liabilities</b>		
Interest-bearing liabilities	-	350
<b>Noncurrent liabilities</b>	<b>-</b>	<b>350</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	2,989	1,880
<b>Current liabilities</b>	<b>2,989</b>	<b>1,880</b>
Bilateral loan, MSEK 1,100	-	350
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>350</b>
Commercial papers*	2,989	1,880
<b>Total current liabilities</b>	<b>2,989</b>	<b>1,880</b>

The Group uses commercial papers as part of its financing, and as at December 31, these totaled MSEK 2,989. In accordance with IAS1, the outstanding volume is reported in the balance sheet as current liabilities, but as HEXPOL's bilateral credit agreements also serve as back-up facilities for outstanding commercial paper, they are mainly of a long-term nature.

**NOTE 32 The Parent Company's 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
			2024	2024	2023	2023
Gislaved Gummi AB	556112-2382	Gislaved, Sweden	100	101	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. <sup>1</sup>		Sri Lanka	99.6	58	99.6	58
Gislaved Gummi Lanka (Pvt) Ltd.		Sri Lanka	100		100	
Elastomeric Tools & Dies (Pvt) Ltd. <sup>2</sup>		Sri Lanka	100		100	
HEXPOL Compounding HQ Sprl		Belgium			100	702
HEXPOL Compounding Sprl		Belgium			100	
HEXPOL Compounding Sprl <sup>3</sup>		Belgium	100	344	100	
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. <sup>4</sup>		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	
HEXPOL Compounding Viersen Verwaltungs GbmH		Germany	100		100	
Stellana Deutschland GmbH		Germany	100		100	
almaak International GmbH		Germany	70	524	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
Unión de Industrias 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	
MESGO SpA		Italy	100	2,066	100	2,066
MESGO Irìde Colors Srl		Italy	100		100	
3A MCOM Srl		Italy	100		100	
MESGO Polska		Poland	100		100	
MESGO Asia		Turkey	100		100	
HEXPOL Finance UK Ltd		United Kingdom			100	0
HEXPOL Holding Inc.		USA	100	3,683	100	3,683
Piedmont Resin Supply LLC		USA	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	
Robbins LLC		USA			100	
Synpol LLC		USA			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	
HEXPOL UK Ltd		United Kingdom			100	
Stellana U.S. Inc.		USA	100		100	
GoldKey Processing Inc.		USA	100		100	
HEXPOL Compounding NC Inc.		USA	100		100	
HEXPOL Compounding LLC		USA	100		100	
HEXPOL Compounding (UK) Ltd		United Kingdom			100	
Chase Elastomer (UK) Ltd.		United Kingdom	100		100	
HEXPOL Compounding (UK) Ltd <sup>5</sup>		United Kingdom	100	78	100	
HEXPOL Compounding Services Queretaro S.A. de C.V. <sup>6</sup>		Mexico	100		100	
HEXPOL Compounding Queretaro S.A. de C.V. <sup>7</sup>		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	
				<b>9,546</b>		<b>9,826</b>

<sup>1</sup> Gislaved Gummi AB owns 200 shares included in this holding. The remaining 0.4 percent of the shares is owned by the external parties.

<sup>2</sup> Gislaved Gummi Lanka (Pvt) Ltd. owns 69.6 percent and Elastomeric Engineering Company Ltd 30.4 percent of the shares.

<sup>3</sup> Upon reorganization, HEXPOL Compounding HQ Sprl was liquidated and the shares were distributed to HEXPOL AB.

<sup>4</sup> HEXPOL AB owns 99 percent and HEXPOL Holding AB owns 1 percent of the shares.

<sup>5</sup> The shares in HEXPOL Compounding UK Ltd were distributed to HEXPOL AB.

<sup>6</sup> HEXPOL Compounding LLC owns 99 percent and HEXPOL Compounding Queretaro S.A. de C.V. owns 1 percent of the shares.

<sup>7</sup> HEXPOL Compounding LLC owns 99 percent and HEXPOL Compounding Services Queretaro S.A. de C.V. owns 1 percent of the shares.



MSEK	2024	2023
<b>Participations in Group companies</b>		
Opening balance	9,826	9,826
Distribution of shares in subsidiaries	571	-
Impairment of shares in subsidiaries	-851	-
Acquisitions of companies	0	0
<b>Carrying amount</b>	<b>9,546</b>	<b>9,826</b>

**NOTE 33 Pledged assets and contingent liabilities**

MSEK	2024	2023
Sureties for subsidiaries	29	61
<b>Total</b>	<b>29</b>	<b>61</b>

**NOTE 34 Proposed appropriation of earnings**

The following unrestricted funds in the Parent Company are at the disposal of the Annual General Meeting (TSEK):

Profit brought forward	3,234,093
Share premium reserve	618,728
Profit for the year	1,320,968
<b>Total unrestricted funds</b>	<b>5,173,789</b>

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	3,727,154
<b>Total</b>	<b>5,173,789</b>

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.

Malmö, March 21, 2025

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 March 21, 2025. 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 April 25, 2025, for adoption.

Our audit report was submitted on March 24, 2025

Joakim Falck  
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 2024. The annual accounts and consolidated accounts of the company are included on pages 48-86 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 2024 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 2024 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. 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 2024 amounts to MSEK 13 496 in the consolidated balance sheet, which represents 54 percent of total assets. Participations in group companies amounts to MSEK 9 546 in the parent company's balance sheet, which represents 69 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 1-47 and 87-127. 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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

#### Report on the audit of the administration and the proposed appropriations of the company's profit or loss

##### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of HEXPOL AB (publ) for the year 2024 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

##### 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 2024.

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.

Joakim Falck, 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.

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.

Malmö, March 24, 2025

Joakim Falck  
Authorized Public Accountant

Karoline Tedevall  
Authorized Public Accountant



# Sustainability Report

## Table of contents

- About the Sustainability Report .....88
- Scope .....88
- Accounting policies ..... 88
- Sustainability management ..... 89
- Stakeholders ..... 91
- Value chain ..... 92
- Materiality analysis ..... 93
- Sustainability strategy ..... 93
- Sustainable development targets ..... 94
- Environmental responsibility ..... 95
- Climate change ..... 95
- Pollution ..... 100
- Water and marine resources ..... 102
- Biodiversity and ecosystems ..... 102
- Resource use and circular economy ..... 103
- EU taxonomy ..... 107
- Social responsibility ..... 110
- Own workforce ..... 110
- Workers in the value chain ..... 113
- Affected communities..... 113
- Consumers and end-users ..... 114
- Business conduct ..... 116
- GRI index ..... 118
- Global Compact ..... 121
- Ten principles of corporate responsibility ..... 121
- Communication on Progress (COP) ..... 121



# About the Sustainability Report

## Scope

The Group's sustainability report is an important tool for communicating sustainability performance. Since sustainability work is integrated into the company's operations, it is natural that we have chosen to fully integrate the report into the annual report. The 2024 report is based on the requirement for a statutory sustainability report (Annual Accounts Act Chapter 6, Section 11), GRI Standards and Communication on Progress (UN Global Compact). The Sustainability Report has been prepared as a separate report from the Directors' Report and has been submitted to the auditor for review at the same time as the Annual Report. The auditor's opinion on the statutory Sustainability Report can be found on page 121.

The Sustainability Report includes all sustainability disclosures for the entire HEXPOL Group. Several of the sustainability issues addressed are strategic for HEXPOL and are thus integrated into the business model and operations and are therefore included in other parts of the annual report by reference. The report covers environmental, health and safety, social and business conduct aspects. The ambition is that the report, in addition to fulfilling legal requirements, should provide employees and external stakeholders with a transparent picture of the company's activities in the field of sustainability and how these interact with the business operations.

Area	Pages
Business model	10–11
Policies, frameworks, stakeholders and material topics	88–94
Environmental responsibility	95–109
Personnel conditions and social responsibility	110–115
Human rights	110
Corruption prevention	116–117
Risks and risk management	52–55, 98–99
Diversity in board and management	38, 44–45, 111

Preparations are ongoing to implement and comply with the sustainability reporting requirements of the EU directive (CSRD) and reporting standards (ESRS) that entered into force on July 1, 2024 and which are to be reported on from fiscal year 2025 for the HEXPOL Group. Among other things, HEXPOL has regular reconciliations with external auditors as part of its preparation.

The consolidated sustainability report covers the calendar year ended December 31, 2024, unless otherwise stated. The production sites that were part of the Group throughout 2024 are included in the report. In total, 51 (48) entities contributed data.

Scenario analyses according to the TCFD can be found on pages 98–99, and reporting according to the EU taxonomy,

which covers all six climate objectives, can be found on pages 107–109. The sustainability report also covers the GRI standard from 2021 and covers the period January 1 to December 31, 2024. The GRI index can be found on pages 118–120 and provides references to relevant pages in the annual report for better understanding.

## Accounting policies

Each production unit contributes quantitative and qualitative information in accordance with the Group's form for sustainability reporting. In cases where several Group companies operate at the same site, they report jointly as one geographic unit. The illustration shows the annual reporting cycle. The head of each company/unit is responsible for the quality assurance of the data submitted. This year's performance is compared with and verified against the preceding year's data. Additional quality controls are performed in connection with interviews and site visits.

Greenhouse gas emissions, such as carbon dioxide (CO<sub>2</sub>), sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>), are accounted for in accordance with the GHG Protocol and its scope 1 and 2 emissions. Calculation of energy content and greenhouse gas emissions linked to the energy use of fuels, electricity and refrigerants at HEXPOL units is done using conversion factors from internationally recognized databases, primarily those of the International Energy Agency (IEA), the Environment Protection Agency (EPA) in the USA and the Department for Energy Security & Net Zero in the UK. Where specific information on emissions and energy mix is available from a specific energy supplier, this information is used for the calculations for the specific unit. To ensure the origin of renewable electricity, Energy Attribute Certificates (EACs)



are used, such as Guarantees of Origin (GOs) in the EU, Renewable Energy Certificates (RECs) in the US, and International Renewable Energy Certificates (IRECs) in Mexico. Scope 2 emissions from energy secured with Energy Attribute Certificates (EAC) count as 0 tons CO<sub>2</sub>e/MWh. Information on emissions of VOCs (solvents) are based mainly on mass balance calculations and on data on the efficiency of the treatment plants.

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 years 2018–2019 (baseline year for Group CO<sub>2</sub> emission targets), the previous year 2023 and the current year 2024. Due to this limitation, energy and climate data are not reported for other years within a 10-year horizon. Due to the inclusion of historical data for acquired companies, 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. Additional terms and definitions used in the Sustainability Report can be found in the Glossary and definitions section on pages 122–123.

## Sustainability management

HEXPOL's sustainability work is based on our 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. The values are expressed in HEXPOL's Code of Conduct and policies that, combined, form "Materializing Our Values". The values and working methods are based on international initiatives, guidelines and standards, such as ISO environmental and health and safety standards, the UN Global Compact, the UN Sustainable Development Goals, GRI, CDP, and TCFD. Other bases for the values and working methods are the external requirements imposed on HEXPOL by laws and regulations.

### Governance and organization

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 monitoring of sustainability work follows the Group's procedures for self-monitoring and internal control, as described in the Corporate Governance

## INTERNATIONAL STANDARDS AND INITIATIVES

In sustainable development, HEXPOL works according to international standards, initiatives, conventions and guidelines.



**ISO STANDARDS** Certified management systems for quality, environment, health and safety, and energy are in place at the production units (pages 96, 101). At the Group level, the social responsibility standard (ISO 26000) provides guidance in strategic sustainability work.



**GLOBAL COMPACT** 2017, the company joined the Global Compact, a UN initiative for corporate responsibility. We have thus committed to ten principles in the areas of human rights, labor, the environment and anti-corruption: Read more on page 121.



**GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT** The UN's Sustainable Development Goals help us identify areas of importance within sustainable development and we have identified seven goals with a clear bearing on the Group's operations. Read more on pages 31–32 and 94.



**GREENHOUSE GAS PROTOCOL** The GHG Protocol is an established standard and guideline for measuring and accounting for greenhouse gases from private and public sectors and their value chains.



**GRI** Accounting policies and indicators set out by the Global Reporting Initiative (GRI) are used as the standard for sustainability reporting. Read more on pages 118–120.



**CDP** Since 2011, the Group has been reporting separately on climate change under CDP. Through CDP, we also report specific climate information to customers who request it.



**NASDAQ ESG TRANSPARENCY PARTNER** The Group is certified as a Nasdaq ESG Transparency Partner. The certificate is awarded to companies that signal transparency to the market and contribute to higher environmental standards.



**TCFD** The Task force on Climate related Financial Disclosures (TCFD) is a market-driven initiative. The guidelines describe how companies should manage their climate-related data, including risks and opportunities. Read more on pages 98–101.

Report (pages 37–45), and in the internal document “Sustainability Management System – Group Manual.”

The Board approves policies, goals and strategies, regularly monitors results and approves the sustainability report. Within the board, the Audit Committee has special responsibility for sustainability issues. In the event of serious events, the entire board is informed without delay.

The CEO has overall responsibility 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 Compounding business area has 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 TPE and a corresponding function for HEXPOL Compounding Americas.

HEXPOL Engineered Products has also appointed a sustainability director who will take up the position in the first half of 2025.

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 environmental and health and safety activities. 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.

In connection with the Sustainability Report, an in-depth analysis is conducted of compliance with legislation and how targets, performance and key performance indicators have developed over the year. The Group’s Sustainability Council is tasked with deepening and further developing the strategic sustainability efforts. The council is led by the CEO and, among other things, works to disseminate knowledge, support new initiatives, and contribute to integrating sustainability issues into the business model. In addition to the CEO, the CFO and the Director of Sustainability, the Council includes senior executives in production, product development, sales, sustainability, communications and purchasing. In addition, HEXPOL TPE and HEXPOL Compounding Americas have their own Sustainability Council focusing on issues specific to their business.

*Policies and management systems*

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. Entities may supplement 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 and internal channels.

Certified management systems for the environment (ISO 14001), quality (ISO 9001), health and safety (ISO 45001) and energy (ISO 50001) are cornerstones of the Group’s sustainability work. We have a target of all units being certified in accordance with the environmental standard ISO 14001. The structure and content of the management systems create good conditions for meeting the ESRS requirements on governance, competence, documentation and follow-up at local level. At Group level, the “Sustainability Management System – Group Manual” describes the management system at Group level and how it interacts with the local management systems.

Guiding internal policies and frameworks:

- Code of Conduct – Materializing Our Values
- Environmental Policy
- Business Ethics Guidelines
- Health & Safety Policy
- Supplier Sustainability Guidelines
- Sustainability Management System – Group Manual

*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. We are also committed to assessing the sustainability performance of our 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 are to be informed of our Code of Conduct and are expected to introduce equivalent undertakings within their own 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 we feel uncertain about the supplier’s sustainability efforts or has identified significant risks, targeted audits are conducted.







*Remunerations*

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. The total remuneration of senior executives should 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 dioxide emissions (scopes 1 and 2) in relation to targets set by the Board. Read more about HEXPOL’s current principles for remuneration of senior executives on pages 49–51.

**Stakeholders**

We are influenced by 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

Stakeholder groups	Key topics, demands and expectations	Examples of types of stakeholder dialogues
<b>CUSTOMERS</b> 	Customer demands in climate, environment, human rights and business conduct remain high. Interest in bio-based and/or recycled raw materials increased during the year. Demand increased for life cycle assessments and data on the carbon footprint of products.	<ul style="list-style-type: none"> <li>• Dialogues related to the purchase and use of our products.</li> <li>• The Group’s sustainability performance is regularly evaluated by customers through surveys and audits.</li> </ul>
<b>EMPLOYEES</b> 	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.	<ul style="list-style-type: none"> <li>• Employee surveys.</li> <li>• Performance reviews and development plans.</li> <li>• In the context of training activities.</li> <li>• At departmental meetings.</li> <li>• Cooperation with trade unions.</li> </ul>
<b>SUPPLIERS</b> 	We strive 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.	<ul style="list-style-type: none"> <li>• Supplier dialogues.</li> <li>• Contract negotiations.</li> <li>• Assessments of suppliers (Supplier Sustainability Guideline).</li> </ul>
<b>SHAREHOLDERS</b> 	Growth, profitability and total return are at the heart of value creation for our 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.	<ul style="list-style-type: none"> <li>• Shareholder meetings and the annual general meeting.</li> <li>• Capital Markets Day.</li> <li>• Board meetings.</li> <li>• Dialogues with banks and investors.</li> <li>• Answering questionnaires from banks and investors.</li> </ul>
<b>SOCIETY AND AUTHORITIES</b> 	Community involvement is part of the Group’s culture and something that is expected in the local communities where we operate. As a global company, we are expected to implement actions that contribute to national and global sustainable development goals. Meeting legal requirements in sustainable development is crucial to the business.	<ul style="list-style-type: none"> <li>• Local social commitment.</li> <li>• Dialogue with regulatory authorities (environment, health and safety).</li> <li>• Contacts with neighbors in relation to disturbances and complaints.</li> </ul>
<b>UNIVERSITIES AND SCHOOLS</b> 	Students and pupils show interest in the Group’s impact on sustainable development and request opportunities for thesis work and internships. From our perspective, it is important to inform students and generate interest in the Group as a future workplace.	<ul style="list-style-type: none"> <li>• Study visits.</li> <li>• Research projects.</li> <li>• Guest lectures.</li> <li>• Degree projects and scholarships.</li> <li>• Workplace training.</li> </ul>

satisfaction surveys, analyst meetings, discussions with investors, and partnerships with customers, suppliers and contractors. Areas to which special attention was paid in 2024 are:

- Managing climate change issues – risks, opportunities and adaptation to a changing climate.
- Contributions to the circular economy – development of materials and products with a lower carbon footprint that can be reused or recycled in circular systems.
- The impact of sustainable development legislation: The proposed phase-out of PFAS substances and the forthcoming EU directive on deforestation (EUDR) have been brought to the attention of the Group and remedial action has been taken where possible. Furthermore, the EU Directive on mandatory sustainability reporting (CSRD) continues to attract the attention of several stakeholders.

We have identified the following stakeholders (see table on previous page) 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 our activities, products and our business model. Dialogue and communication is conducted regularly to ensure that we can meaningfully discuss and address the issues that concern us and our stakeholders.

**Value chain**

*Upstream* – The Group’s largest business area (Compounding) produces mixtures of polymer products. The main raw materials originate from crude oil that is refined via chemical processes into the components of synthetic rubber, plastics 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, cork, etc.) 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. Compounding uses significant amounts of recycled plastic and, to a lesser extent, recycled rubber. Upstream in the value chain, several of the links include transport.

*Own operations* – At the Group’s production sites, raw materials and other ingredients are mixed according to thousands of different formulas, depending on the technical and other performance requirements.

*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 transport both upstream and downstream of your own operations.

Products from Engineered Products are mainly wheels and tires (rubber, polyurethane, thermoplastics), gaskets for heat exchangers, and profiles for seals such as windows. The position in the value chain is therefore closer to the end customer, but the impact on sustainable development will in many respects be identical to the situation in Compounding. The use of metals for wheels, as well as solvents (VOC) in

the production of polyurethane tires, are aspects where the value chain differs slightly between the business areas.

**Materiality analysis**

The materiality analysis aims to identify the most important sustainability areas and thus forms the basis for priorities, targets and action plans, as well as reporting on sustainable development. It focuses on two perspectives (double materiality), which means that we consider:

- How the Group’s operations, products and value chain impact sustainable development (ESG) issues. This includes negative and positive impacts on the environment, climate, the work environment and social conditions.
- How stakeholders’ views and demands in the area of sustainable development impact the Group’s operations, competitiveness and financial performance. In this context, we regard the environment as a stakeholder and take into account, for example, how climate change may impact operations and profitability. The same applies to access to natural resources and other external factors.

The analysis is based on knowledge of the company’s and the industry’s current impact on the environment and climate through resource use, emissions and waste. Similarly, the impact on people’s health, working conditions and social situation is evaluated. Issues of business conduct and corruption are included in the evaluation. In each area, trends, risks and opportunities are identified. Stakeholder perspectives on sustainable development are evaluated through the demands and expectations expressed by customers,

consumers, employees, investors, owners and other stakeholders. We also draw on the results of ESG assessments and trends in business, politics and society at large.

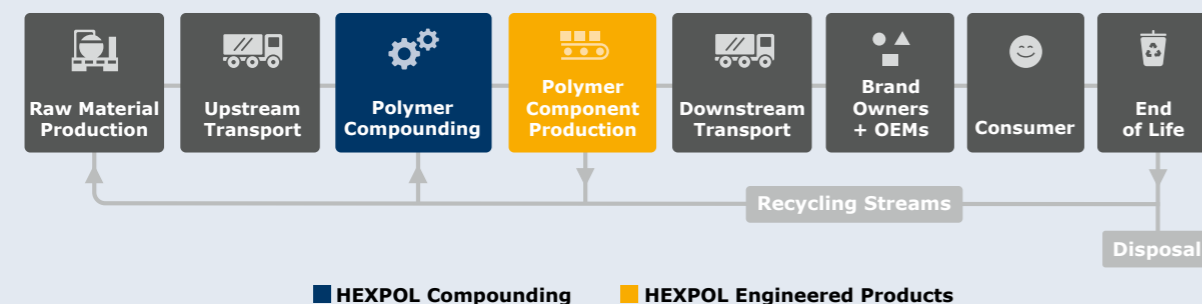
The Group has conducted materiality assessments for the last 10 years according to the guidelines of the GRI Standards. The Corporate Sustainability Reporting Directive (CSRD) affects the current methodology for materiality analysis and adaptation to the new requirements has therefore been initiated. This means that the following topics of the reporting standards have been considered: Climate change, Pollution, Water and marine resources, Biodiversity and ecosystems, Resource use and circular economy, Own workforce, Workers in the value chain, Impacted communities, Consumers and end-users, and Business conduct.

The material topics (important, very important) are presented in the diagram in three different categories which, together, form an overall sustainability agenda:

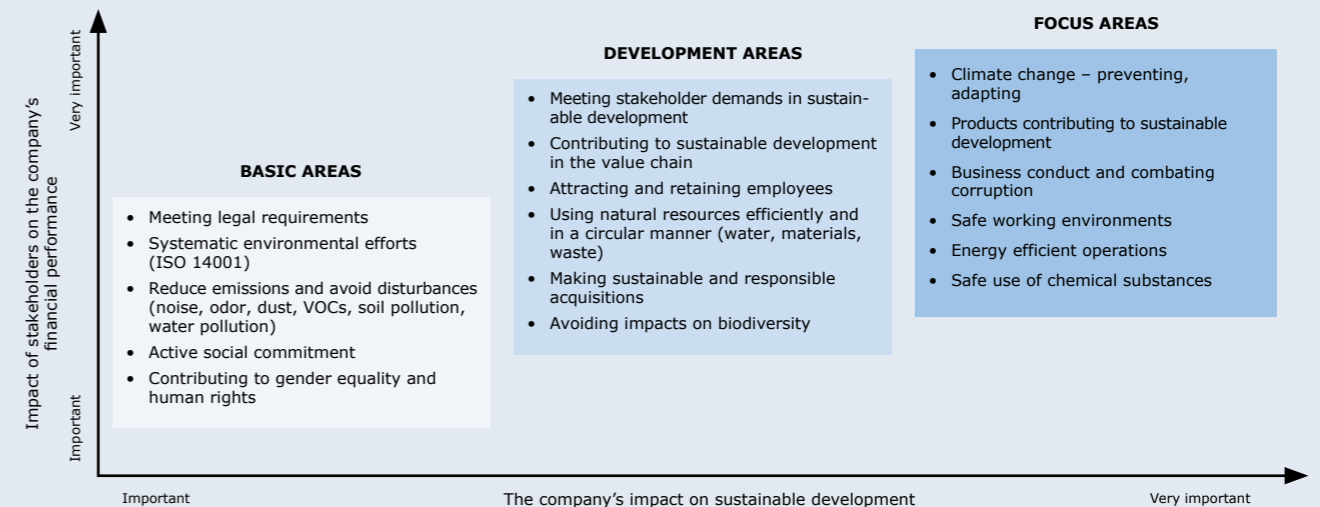
- **Basic Areas:** Aspects where we maintain a high level of ambition through governance, current actions, monitoring and reporting.
- **Development Areas:** Aspects where we raise the level of ambition through governance, further actions, monitoring and reporting.
- **Focus Areas:** Aspects to which we give top priority through sustainability goals, governance, further actions, monitoring and reporting.

The outcome of material issues, as well as the link to GRI indicators, is presented in the following sections of the sustainability report.

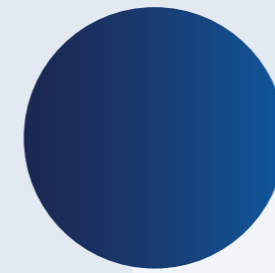
**HEXPOL IN THE VALUE CHAIN**



**MATERIALITY ANALYSIS**







# Environmental information

Key environmental aspects for the Group include the consumption of resources in the form of polymer raw materials, chemical products, energy and water. Climate impacts and how climate change affects the operations and the business model, are other important areas. By increasing energy efficiency and reducing the use of fossil energy sources, climate impact is reduced. Increased use of recycled and bio-based raw materials are other measures that are positive from the perspective of climate. Environmentally compatible product development is therefore a priority area in which the Group's expertise and technology can contribute to the customers' climate work.

## Sustainability strategy

Sustainable development (ESG) is an integral part of HEXPOL's operations and long-term strategy. Through preventive and goal-oriented efforts, we generate value for our stakeholders and for society at large. By using resource-efficient production methods, as well as investing in products with a lower climate impact, we achieve both environmental and business benefits. The overall strategy focuses on the main sustainability issues and influences the strategies and objectives of the local companies in a decentralized manner. The strategy aims for the Group to:

- Reduce risks and costs through preventive measures, risk assessments and investments in effective technical solutions.
- Generate business opportunities through responsible conduct, and developing resource-efficient production methods and products. An important component of the strategy is that the view of circular business models permeates decisions and actions at different levels of the Group.
- Apply a goal-oriented and systematic approach aided by certified management systems in the areas of the environment, quality, work environment and energy.
- Be an attractive employer and an active member of society.
- Apply sound business conduct, comply with laws and regulations and prevent corruption.
- Communicate openly regarding targets and outcomes in sustainable development.
- Measures to reduce carbon emissions from energy use, including increased energy efficiency, phasing out of fossil fuels, installation of solar panels and increased purchasing of fossil-free electricity.
- Developing products with smaller carbon footprints, such as through the use of bio-based and recycled raw materials and strategic cooperation with suppliers regarding materials and processes.
- Activities that contribute to an in-depth understanding of how climate change may affect facilities, manufacturing processes and the business model. For example, we carry out scenario and risk analyses.

## Sustainable development targets

As part of the 2030 Agenda, the UN published the Sustainable Development Goals (SDG:s) in 2017. The 17 goals provide a clear and useful framework for meeting global challenges and has achieved considerable impact in society. They also serve to inspire innovation and business opportunities in the area of sustainability.

Based on the materiality analysis and the global goals, we have prioritized our sustainability work. Key objectives are to reduce environmental impact, contribute to good working conditions, combat corruption, and create business opportunities. From a broader perspective, all the SDGs have some kind of link to the Group's activities. However, we have chosen to start with the goals that most clearly affect the Group's operations, which means we have introduced Group-wide sustainability goals in five areas (SDG:s 7, 8, 9, 12 and 13). These targets relate to energy, climate, environment, environmental management systems, chemicals, products and health and safety. For another two of the SDG:s – gender equality (SDG 5) and anticorruption (SDG 16) – the Group has a high level of ambition, but has chosen not to formulate measurable targets. Targets and results are presented in the following sections of the Sustainability Report.



## Climate change

With a focus on reducing the carbon footprint of processes and products, customers and other business partners present ambitious climate targets. These ambitions are largely driven by strong social currents around climate policies, legislative measures and accounting systems. Industry is identified as an important partner in the transition to a society with less dependence on fossil fuels and raw materials. A commitment to climate impact is included in the environmental policy that is part of Materializing Our Values.

### Materiality analysis

The materiality analysis (page 93) classifies the following areas related to climate change:

- Climate change – preventing, adapting.
- Products contributing to sustainable development.
- Energy efficient operations.
- Meeting legal requirements.
- Systematic environmental efforts (ISO 14001).
- Contributing to sustainable development in the value chain.

As a result of the analysis, the above areas are classified as important/very important and, according to the Group's terminology, fall into the categories "Basic Areas", "Development Areas," and "Focus Areas."

### Processes that contribute to a smaller carbon footprint

The carbon reduction target (Scope 1, 2) is affected by the Group's long-term decisions and investments. Actions such as the phasing out of fossil fuels, increased use of biofuels, the purchase of certified fossil-free electricity, energy efficiency measures, the installation of solar cells and bonus systems to achieve the climate target are examples of decisions that reduce the Group's climate impact. The state of the world's energy markets is difficult to assess, however, and the availability of fossil-free fuels and electricity may be limited in the short term, which could negatively affect carbon emissions.

### Products that contribute to a smaller carbon footprint

The majority of HEXPOL's indirect carbon emissions (Scope 3) are caused by the production of the raw materials originating from fossil oil products. We are working to map emissions and replace certain raw materials with recycled or bio-based alternatives. When it comes to polymer raw materials, we follow developments in materials and are in regular contact with raw material producers, mostly global chemical companies. Some raw materials are available on the market, but unfortunately in limited quantities and at high prices. Other raw materials are under development and will take a number of years to become commercially available.

The portfolio of climate-friendly TPE products is growing, and customer interest is increasing. Dryflex Green contains bio-based polymers. Lifocork is a composite material in which raw material from cork oak is combined with TPE. Dryflex Circular and Dryflex Circular MWR are examples of TPE materials that contain recycled polymers, resulting in a smaller carbon footprint. The Anjaeco product family from almaak contains recycled textile fibers and HEXPOL RheTech uses recycled polymers in its products. The RheVision product line contains natural fibers from bio-based raw materials, such as waste products from cactus, coconut and rice. The bio-based raw material can account for around 15 percent, and in combination with recycled polypropylene, the material's carbon footprint is low compared to traditional polymer products. The porous material HexLight has about 30 percent lower density, which contributes to lower weight and lower energy consumption in vehicles.

Other examples of products that contribute to reducing climate impact are gaskets in plate heat exchangers. Gaskets from HEXPOL Engineered Products contribute to reduced energy consumption and climate impact.

### Emissions in the supply chain

Carbon emissions in the supply chain occur at several stages, with the production of raw materials and transport being particularly important. Most of the emissions arise in connection with the production of fossil-based polymers,

fillers, process oils and other chemical products. During the year, we therefore continued to work with raw material suppliers to increase the use of raw materials with a smaller carbon footprint. Via the Supplier Sustainability Guideline, we set general requirements for suppliers' sustainability work, but at present we do not set specific climate requirements or collect data on energy consumption and carbon dioxide emissions.

**Transportation**

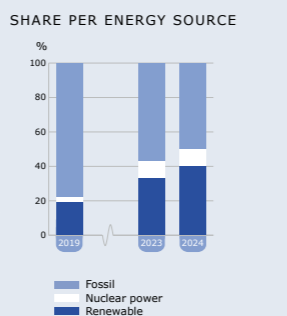
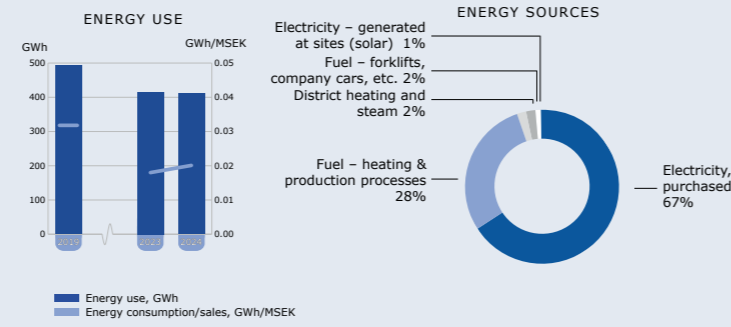
The Group works continuously to reduce the environmental impact of freight transport and business travel. Some examples of measures implemented in recent years follow below:

- Group companies are taking advantage of the opportunities for digital meetings and conferences, which increased significantly during the pandemic and continue to be used after the pandemic.

- When replacing vehicles and company cars, models that consume less fossil fuels are chosen, such as hybrid or electric cars. The number of facilities for charging electric cars has been increased at several sites.
- Many of the companies work to optimize their transport, for example by filling trucks to a greater extent, coordinating transport and using environmentally friendly routes.
- Setting environmental requirements for transportation companies reduces the carbon footprint of transportation. The requirements may, for example, relate to the choice of fossil-free fuels, such as HVO100 (renewable fuel for diesel engines).

The ongoing project to map Scope 3 emissions will provide a clearer picture of the climate impact of transport.

Area	Results and comments
<b>ENERGY</b>	Mixing equipment, presses and other production equipment contribute greatly to energy consumption. Building heating and supporting systems (compressed air, ventilation, lighting) are also important in terms of energy use.
<b>Energy targets</b>	The goal is for energy consumption (GWh/sales) to be reduced continuously. In practice, this means improving energy efficiency. The ratio shows a downward trend until 2023, but increased this year due to the difference in behavior between different product areas based on sales, not poorer energy efficiency.
<b>Energy use</b>	In 2024, energy consumption totaled 410 GWh (414).
<b>Forms of energy</b>	The Group mainly uses energy in the form of electricity for production processes and fuels for heating buildings (natural gas, fuel oil, and biomass).
<b>Renewable energy</b>	The share of renewable energy amounted to 40 percent (33%). Of these, purchased renewable electricity accounts for 29 percentage points, biomass combustion for 10 percentage points, and solar panels on production plants for 1 percentage point. Solar panels are present at 12 (9) sites and generated 4.3 (4.1) GWh.
<b>Energy mix purchased electricity, market-based</b>	Of the electricity purchased, 44 percent is renewable, 14 percent nuclear, and 42 percent fossil.
<b>Energy management system</b>	Certified energy management systems according to ISO 50001 are in place at 7, or 14 percent, of the production units (7).



**Energy measures during the year**

The aim is to increase energy efficiency and, in line with the Group's climate targets, the share of fossil-free energy is to be increased. High energy costs reinforce the importance of energy efficiency and choice of forms of energy. Various efficiency projects are carried out at the production units every year, and some examples follow:

- Five entities in the EU and two entities in Sri Lanka have implemented energy management systems (ISO 50001) and seven entities have conducted energy audits, to comply with the EU Energy Efficiency Directive.
- Of the electricity purchased, the share of renewable and nuclear electricity increased to 58 percent compared to 50 percent in the previous year. Purchases were made

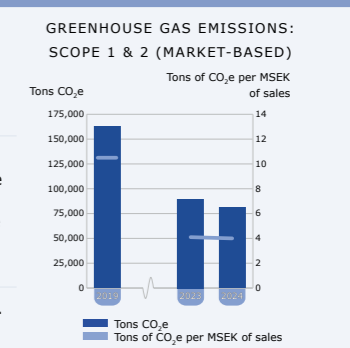
through direct contracts with the electricity supplier or through the purchase of certificates (GO, REC, EFEC, IREC).

- Improved control of the speed at which rubber mixing equipment operates reduces energy consumption. Shorter cycles in mixing also help reduce energy consumption. Purchase of more energy-efficient pumps, motors and extrusion machines and other equipment.
- Improved insulation of buildings was implemented during the year.
- Energy-efficient LED lamps replace older lighting systems. Detectors are installed that turn off the lighting when not needed. Increased use of daylight in ware-

houses. Installation of energy-efficient cooling systems and compressors. Gas-powered forklifts are being replaced by electric ones.

- Investments in solar panels were made, and the number of units with solar panels increased to 12, compared to 9 in the previous year.
- Installation of sensors to be able to monitor in detail energy use in equipment and processes.
- Installing steam traps on presses and thermally insulating furnaces reduces energy losses and creates a better work environment.

Area	Results and comments
<b>CLIMATE IMPACT</b>	Greenhouse gas emissions arise from energy use, raw material production, and transportation.
<b>Climate targets</b>	Carbon dioxide emissions (tons CO <sub>2</sub> /sales) will be reduced by 75 percent by the end of 2025, compared with the average for 2018–2019 (base year). The target refers to CO <sub>2</sub> emissions from energy consumption (Scopes 1 and 2 in accordance with the GHG Protocol). In a five-year perspective, the key figure for climate impact (tons CO <sub>2</sub> e/sales) shows a positive development and since the base year, emissions have been reduced by 65 percent.
<b>Incentive system</b>	A bonus system has been introduced focusing on the Group's climate targets.
<b>CLIMATE CHANGE ADAPTATION</b>	We have identified physical and transition risks that require adaptation to climate change, especially in the medium and long term. For details, see "Climate-related risks and opportunities" below.



GREENHOUSE GAS EMISSIONS	Emissions of greenhouse gases tons CO <sub>2</sub> e	2024	2023	Baseline 2018–2019 (average)	Comments
Scopes 1 & 2 (market-based)		80,763	89,653	163,179	
Scope 1		18,918	20,215	19,872	There has been a marginal decrease due to the gradual reduction of fossil fuels by, e.g., replacement of natural gas boilers with heat pumps, better insulation, and electrification of vehicles.
Scope 2 (location-based)		103,367	106,766	143,994	The reasons for the decrease are a general increase in renewable and nuclear electricity in some countries where HEXPOL operates, as well as a decline in energy use.
Scope 2 (market-based)		61,845	69,438	143,306	The reasons for the decrease are primarily increases in the purchase of renewable and nuclear electricity.
Scope 3 – Category 3 Fuel and energy-related emissions		26,661	27,339	38,298	The reasons for the reduction are lower energy use and a decrease in fuel and energy-related emissions on average in the countries where HEXPOL operates.
Scope 3 – Other categories		N/A	N/A	N/A	Work is underway to map the remaining scope 3 emissions as part of the project to set new climate targets in line with the Science Based Targets initiative.

- Heat recovery and leak detection increase the energy efficiency of compressed air equipment.
- Agreements with energy companies optimize access to electricity and reduce costs.

purchase of district heating & steam (2%), and refrigerant leakage (<1%). The key performance indicator is affected by both positive and negative factors, for example:

- Measures to increase energy efficiency helped reduce CO<sub>2</sub> emissions.
- Increased purchases of fossil-free electricity reduced carbon dioxide emissions.

**Energy measures during the year**

Carbon dioxide emissions arise primarily from purchased electricity (75%) and the combustion of fossil fuels, such as natural gas, fuel oil and propane (23%), and partly from the

- The development of products with a smaller carbon footprint reduces emissions on the customer level. Using the Group's Product Carbon Footprint calculator (PCF), the carbon footprint of more than 1,100 products has been calculated. The tool provides valuable support for us and our customers in selecting raw materials for different products.
- Four units are ISCC+ certified, demonstrating the sustainable origin of bio-based raw materials throughout the production and supply chain. A total of eight products or product groups are certified.
- During the year, work continued on setting new climate targets in line with the Science Based Targets initiative and the associated mapping of carbon emissions under Scope 3 of the GHG Protocol.
- Training on climate impact continues to be carried out within the Group. One example is a training initiative at HEXPOL TPE in Manchester (UK), carried out in collaboration with the Carbon Literacy Project. The aim of the training was to increase employees' knowledge and awareness of climate change and reduce the carbon footprint of the business. HEXPOL TPE has the "Bronze level Carbon Literate Organization" certificate.
- The majority of company acquisitions are in countries whose energy systems are largely based on fossil fuels. Here, HEXPOL benefits by gradually switching to renewable energy as part of HEXPOL's climate agenda.

*Climate-related risks and opportunities*

The Task Force on Climate-related Financial Disclosures (TCFD) is a market-driven initiative launched in 2017. The purpose is to develop recommendations for voluntary and consistent reporting of climate-related financial risks and opportunities. Below is the company's scenario analysis mainly based on the TCFD guidelines.

*Climate scenario*

Climate risks are worsening as the rate of global warming increases. According to UN reports published in 2022, the science is sending a clear message that climate action is insufficient (Adaptation Gap Report 2022: Too little, too slow: Climate adaptation failure puts world at risk). It is noted that ambitions in many countries are high but implementation of relevant measures is too slow. The last ten years were the warmest on record, and in 2024 the global average temperature was 1.55°C higher than the average for 1850–1900<sup>1</sup>. The UN notes that if climate action is not stepped up, a temperature increase will exceed the Paris Agreement target, meaning that the rise in the global temperature will not be kept below 2°C and limited to 1.5°C. This is likely to further accelerate regulatory action by governments and increase transition risks in the short to long term.

Area	TCFD recommendations	Comments
<b>GOVERNANCE</b>	<ul style="list-style-type: none"> <li>• Describe the Board's understanding and management of climate-related risks and opportunities.</li> <li>• Describe the role of management in assessing and managing climate-related risks and opportunities.</li> </ul>	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.
<b>STRATEGY</b>	<ul style="list-style-type: none"> <li>• Describe the climate-related risks and opportunities the organization had identified over the short, medium, and long term.</li> <li>• Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</li> <li>• Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</li> </ul>	HEXPOL has identified a number of climate-related risks and opportunities. 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 bio-based 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.
<b>RISK MANAGEMENT</b>	<ul style="list-style-type: none"> <li>• Describe the organization's processes for identifying and assessing climate-related risks.</li> <li>• Describe the organization's processes for managing climate-related risks.</li> <li>• Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.</li> </ul>	Climate-related risks and opportunities have been identified as part of the Group's risk management process.
<b>METRICS AND TARGETS</b>	<ul style="list-style-type: none"> <li>• Disclose the metrics used by the organization to assess climate-related risk and opportunities in line with its strategy and risk management process.</li> <li>• Disclose Scope 1, Scope 2 and Scope 3 greenhouse gas emissions, and the related risks.</li> <li>• Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</li> </ul>	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.

<sup>1</sup> WMO confirms 2024 was the warmest year, with temperatures 1.55°C higher than pre-industrial levels.

*Risks*

In our climate scenario, we have assumed that the world fails to limit emissions and that the temperature increase will be at least 2.5°C by 2100. Climate action is being implemented in politics and business but at too slow a pace. Dependence on fossil fuels is decreasing but greenhouse gas emissions remain too high. Likely impacts include extreme weather, floods, droughts, forest fires, water shortages, rising

sea levels and ecosystem change. Based on these conditions, we have made a general assessment of how the business may be affected by physical climate risks (acute, chronic), as well as by the transition processes implemented in society (political decisions, legislation, development of technologies, changes in markets). With regard to physical risks at production sites, the Group's "Risk Grading Matrix" is an important source of information.

**PHYSICAL RISKS THAT CAN BE CAUSED BY GLOBAL TEMPERATURE INCREASE (>2.5°C)**

Risk	Event	Consequences	Current situation	Future situation
<b>ACUTE</b>	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.
<b>CHRONIC</b>	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.

**TRANSITION RISKS THAT CAN BE CAUSED BY GLOBAL TEMPERATURE INCREASE (>2.5°C)**

Risk	Consequences	Current situation	Future situation
<b>POLITICAL DECISIONS AND LEGISLATION</b>	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.
<b>TECHNOLOGY-DEVELOPMENT</b>	Increased use of raw materials and processes with lower climate impact.	The Group is investing in bio-based and recycled raw materials. Limited supply and high prices are slowing down the transition.	It is positive if the global supply of bio-based and recycled raw materials increases. On the positive side, existing production processes and equipment work well with bio-based and recycled raw materials. A 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.
<b>ACCESS TO FOSSIL-FREE ENERGY</b>	Increasing access to fossil-free 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 fossil-free 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 fossil-free energy sources is continuing. Continued high price levels affecting energy, raw material and transportation costs.
<b>MARKET AND TRUST</b>	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.



*Preventive measures and opportunities*

The most important preventive measures include:

- Regular inventory of climate-related risks.
- Reduction in emissions by improving energy efficiency and increasing the use of fossil-free energy sources.
- Development of products with a smaller carbon footprint.
- Batch production, which means that acute climate-related disruptions at one facility can be offset by equivalent production at another unit.

Climate change also brings potential competitive advantages to the Group:

- Greater cost-effectiveness through energy efficiency.
- Product development focused on bio-based and recycled raw materials.

**Pollution**

The pollution accounting standard affects the Group's operations in several ways, including compliance with environmental legislation, environmental management systems, emissions to the atmosphere and water, soil pollution issues, and the use of raw materials and chemical products. These issues are highly relevant in the context of acquisitions of other companies. Commitments on pollution and the use of chemical products can be found in the environmental policy that is part of Materializing Our Values.

*Materiality analysis*

The materiality analysis (page 93) classifies the following areas related to pollutants:

- Using natural resources efficiently and in a circular manner (water).
- Safe use of chemical substances.
- Meeting legal requirements.
- Systematic environmental efforts (ISO 14001).
- Reduce emissions and avoid disturbances (noise, odor, dust, VOCs, soil pollution, water pollution).
- Making sustainable and responsible acquisitions.

As a result of the analysis, the above areas are classified as important/very important and, according to the Group's terminology, fall into the categories "Basic Areas", "Development Areas" and "Focus Areas".

*Environmental legislation*

The Group is affected by national and international environmental legislation. The majority of the producing units require various types of permits and all the facilities in Sweden are subject to official approval or reporting pursuant to the Swedish Environmental Code. The units in the Czech Republic, Belgium, Spain, Italy, the US, Mexico, Sri Lanka and China have environmental licenses that either cover all areas of their operations or that apply to specific environmental aspects, for example, emissions to the atmosphere. A few operations in Poland, Germany and Turkey are not subject to any specific environmental permits.

Environmental legislation in the form of EU directives (REACH, RoHS, CLP, WEEE, energy optimization, sustainability reporting; see glossary) or other national/international legislation affects most of the Group's operations and products. About 40 percent of the units are subject to producer responsibility legislation for packaging waste.

*Environmental management systems*

Implementation of the ISO 14001 environmental management standard is an important part of the Group's sustainability strategy. One of the main purposes of the standard is to identify the significant environmental aspects and systematically reduce risks and impacts on the environment. Another important aim is to help companies identify and manage legal and other requirements.

*Emissions to the atmosphere*

Emissions of solvents (VOC) and isocyanate emissions occur during the production of polyurethane wheels. Emissions are regulated by limit values in each country's environmental legislation and treatment equipment is installed. Emissions from the vulcanization processes (vulcanization smoke) in the production of rubber profiles at a plant in Sweden are regulated through permit conditions and treatment equipment. Emissions that can affect local residents are dust and odorous substances, which occasionally cause complaints. Dust filters are installed at those sites where this is relevant. The use of fossil fuels (oil, natural gas) gives rise to emissions of sulfur dioxide (SO<sub>2</sub>) and nitrogen dioxide (NO<sub>x</sub>). Emissions to the atmosphere can also occur during accidents or other uncontrolled situations.

*Discharge to water*

Discharge of pollutants to waste water are limited and mainly comprise organic substances and nutrients from cleaning and sanitation. The waste water is treated at municipal treatment plants or similar facilities. At some units, cooling water, which has not been in direct contact with products, is released to nearby watercourses. Measurements of pollutants in water are carried out at some sites, but at most units the environmental authorities, or we ourselves, have not found it necessary to carry out regular sampling.

To reduce the risk of unwanted discharges to water, preventive measures have been implemented, such as oil separators and collecting chemical products and oils. Decontamination equipment is available and personnel receive regular training in its use. Discharge to water can also result from accidents, fires or other uncontrolled situations.

*Contaminated land and buildings*

Contaminated soil and groundwater can cause significant costs associated with remediation requirements. There is limited soil pollution at one site (1). The pollution is of a historical nature and soil remediation is ongoing. Three uncontrolled discharge or accidents of significance for the soil or groundwater were registered in 2024. One was at a site in Italy, where a dust filter broke as a result of a power outage. The other two were at a site in Sweden. There was a very small

release of carbon black in conjunction with an unloading. The second was an oil spill during the filling of one of the oil tanks.

The roofs of certain buildings consist of Eternit tiles containing asbestos. The risks are considered minor and do not require action to be taken until the roofs are to be replaced. Small amounts of asbestos are also present in pipework at a few sites. Under Swedish legislation, the Group performed an inventory of the properties with respect to PCB:s (polychlorinated biphenyls). Some small amounts of PCBs were found in window seams in a number of buildings, and the caulking compound will be remedied as the windows are gradually replaced. The risks to humans and the environment are very low.

Regular assessments of the risk for soil pollution, contaminated buildings, and other environmental damage are made in conjunction with acquisitions. Where it is considered necessary, sampling of soil and groundwater is conducted.

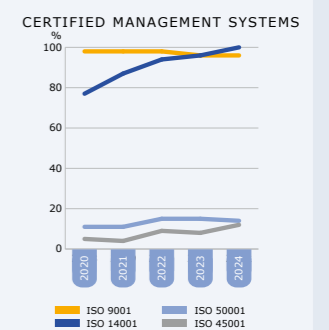
*Chemical substances*

Within the Group, thousands of formulas are used to manufacture compounds with different technical properties. These formulas include a significant number of chemical substances and the Group's objective is to mitigate the risks of hazardous substances and, where possible, to phase out such substances. Compliance with EU chemicals legislation (REACH), and similar requirements regarding risk mitigation and labelling in other countries/regions, is obviously important for the Group's production units. In addition to direct 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. The Group does not use chemical substances in quantities exceeding the limits listed in Annex II Regulation (EC) No. 166/2006. During the year, PFAS substances have been highlighted and five Member States have proposed to phase out all substances (more than 10,000) in this category. PFAS agents are present in tens of thousands of products worldwide but unfortunately have properties that make them considered "perpetual chemicals", i.e., they do not break down by natural processes in nature. The proposal has been presented to the European Chemicals Agency (ECHA) for further consideration. The Group uses PFAS substances in high-performance elastomers (e.g., fluorinated rubber) and we are currently investigating the possibilities to phase out PFAS. Through industry associations, the Group is involved in the consultation process on ECHA's handling of the case.

In the absence of globally harmonized chemicals legislation, work on phasing out hazardous substances can be complicated. Some chemicals may be banned in one region but, at the same time, permitted elsewhere. An example is certain types of highly aromatic oils (process oils), with a content of PAHs exceeding three percent, banned in the EU but allowed in China, Mexico and the United States. Regardless of different requirements in different countries, we strive to give customers the opportunity to choose products with as little impact on health and the environment as possible. Frequently asked questions from customers concern the Group's possible use of conflict minerals (see Glossary). Such minerals are used at only one plant where control mechanisms have been put in place.

Area	Results and comments
<b>ENVIRONMENTAL LEGISLATION</b>	One breach (zero) of environmental legislation was recorded during the year.
<b>ENVIRONMENTAL MANAGEMENT SYSTEM - Targets</b>	All sites are to have certified management systems (ISO 14001). Acquired companies are to introduce ISO 14001 within a period of two years.
<b>Certified operations</b>	During the year, the last remaining units were certified – one unit in Italy and one in the United States. All HEXPOL production sites are now ISO 14001-certified. The occupational health and safety management standard (ISO 45001) has been introduced at 6 units (4) in Sri Lanka, the UK, the US, and the Czech Republic. Seven sites (7) in Sri Lanka, the Czech Republic and Germany are certified to the energy management system standard (ISO 50001). All but two of the production sites (both in the US) are certified to ISO 9001 (quality).
<b>DISCHARGE TO WATER</b>	Discharge of pollutants to water are low under normal production conditions. Within the framework of ISO 14001, procedures are in place to prevent pollution and manage accidents, leaks, spills and other unplanned events.
<b>ACCIDENTS, COMPLAINTS</b>	There were three accidents (0) affecting the environment during the year. One complaint (1) from nearby residents regarding disturbance from noise was registered.
<b>CHEMICAL SUBSTANCES - Targets</b>	Uses of hazardous chemicals are to be identified and controlled. Where possible, hazardous substances should be phased out.
<b>SVHC substances</b>	During the year, almost 2,500 tons of chemical substances classified as SVHC (Substances of Very High Concern) were used. The substances included cyclic siloxanes, some phthalates, ETU:s, and lead compounds.
<b>Phasing out of chemical substances</b>	In 2024, around ten SVHC substances were replaced by alternatives that are better from an environmental and health point of view.



*Actions during the year*

The following events related to environmental legislation and ordinances occurred during the year:

- Compliance with permits and emission conditions is monitored through measurements and inspections, and 43 companies (42) submitted specific environmental reports to supervisory authorities. The supervisory authorities conducted inspections at 24 sites (25). No significant discrepancies were found.
- Environmental measurements, risk analysis and mapping were carried out at 36 sites (37).
- The EU directive on energy efficiency affects 14 entities and energy audits were carried out at three sites during the year.

**Water and marine resources**

The standard on water and marine resources affects the Group's activities to a limited extent and only in relation to the use of water. Commitment to the management of natural resources can be found in the Environmental Policy, which is part of Materializing Our Values.

*Materiality analysis*

The materiality analysis (page 93) classifies the following areas related to Water and Marine resources:

- Using natural resources efficiently and in a circular manner (water).
- Systematic environmental efforts (ISO 14001).

Area	Results and comments
<b>WATER</b>	Water is used mainly for cooling, cleaning and sanitary purposes. Good water stewardship is a commitment in the Group's environmental policy.
<b>Water use</b>	In 2024, total water consumption was 1.4 million m <sup>3</sup> (1.5 million m <sup>3</sup> ). The historical lower water consumption in 2020–2022 is due to the fact that historical data on water consumption was not collected from acquisitions made after each year.
<b>Water reuse</b>	Just under half of the sites have some form of water reuse or recirculation, mainly cooling water.

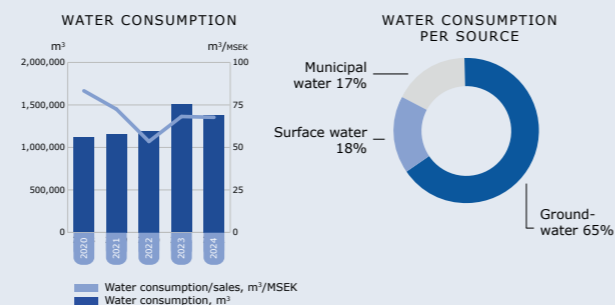
As a result of the analysis, the above areas are classified as important and, according to the Group's terminology, fall into the categories "Basic Areas," and "Development Areas."

*Water*

Access to quality water is important, and there are many good reasons to save water. The majority of units are located in areas that do not suffer from water scarcity or where aquatic ecosystems are under threat. The exception is eight sites where there is a medium to high water-related risk. However, water consumption at sites is relatively low, so the impact is considered low to negligible. Closed cooling systems with recirculating water are installed at most of the production facilities, but a handful of units use water from wells and watercourses without recirculation.

*Actions during the year*

Total consumption is affected by fluctuations in production volumes as well as by temporary leaks and other disturbances. To reduce water consumption, various measures are regularly implemented, such as technical solutions, leak detection, improved consumption measurement systems, and reduced outdoor irrigation. Furthermore, training activities are carried out to raise awareness of water issues.



**Biodiversity and ecosystems**

The biodiversity and ecosystem standard relates to the Group's use of natural rubber and bio-based raw materials. Commitment to the management of natural resources can be found in the Environmental Policy, which is part of Materializing Our Values.

*Materiality analysis*

The materiality analysis (page 93) classifies the following areas related to biodiversity and ecosystems:

- Avoiding impacts on biodiversity.
- Meeting stakeholder demands in sustainable development.

As a result of the analysis, the above areas are classified as

important and, according to the Group's terminology, fall into the category "Development Areas".

*Natural rubber*

Natural rubber is extracted from the viscous sap (latex) of several species of trees, among which the rubber tree, *Hevea Brasiliensis*, is the most important. The rubber tree grows in regions with a tropical climate and about 90 percent of global production comes from Southeast Asia. There are also plantations in South America and Africa. About 70 percent of global production is used in the tire industry.

The large-scale cultivation of rubber trees on plantations can have an impact on local ecosystems, displacing the natural rainforest, for example, and replacing it with monocultures.

Other negative environmental aspects include the use of pesticides and the impact on watercourses. Positive aspects include the fact that natural rubber is a renewable raw material and that interest in more sustainable, small-scale cultivation methods is increasing.

The Group does not have its own rubber plantations; all raw materials are purchased through independent distributors. Natural rubber is used in compounds produced at 27 plants around the world. During the year, natural rubber accounted for about 7 percent (7) of total polymer use.

For the purchase of renewable raw materials, compliance with the EU Deforestation Regulation (EUDR) is ensured. A small portion (1%) of the natural rubber used at the Lesina plant (Czech Republic) is PEFC (Programme for the Endorsement of Forest Certification) and FSC-certified (Forest Stewardship Council). Furthermore, eight products using bio-based plastics are certified under ISCC+.

*Other bio-based raw materials*

Dryflex Green contains bio-based polymers and Lifocork is a composite material combining raw material from cork oak with TPE. The RheVision product line contains natural fibers from bio-based raw materials, such as waste products from cactus, coconut and rice. The bio-based raw material can account for around 15 percent, and in combination with recycled polypropylene, the material's carbon footprint is low compared to traditional polymer products. The use of raw materials of biological origin remains unchanged and represents a modest share of the total use of raw materials.

*Actions during the year*

During the year, contact with suppliers continued regarding the availability of bio-based and recycled materials. Products with bio-based content were also actively marketed to customers, especially in Europe. However, progress in increasing the share of bio-based in the product portfolio is slow, largely due to a higher price that customers do not want to pay. Purchases of such materials are gradually increasing, but at a slow pace.

*Planned actions*

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. These include rubber and plastic polymers from bio-based raw materials (for example from forest raw material or sugar cane), as well as process oils that are produced from biological materials and/or manufactured using methods with a small climate footprint. We are pursuing a continuous dialogue with various chemical and recycling companies and subsequently test many of the products. However, a number of questions remain about technical characteristics, production volumes and costs.

**Resource use and circular economy**

The Resource Use and Circular Economy standard addresses the Group's use of natural resources in the form of raw materials (including recycled raw materials), the generation

of waste, and the development of products that contribute to sustainable development. Commitments on the management of natural resources and the development of products that contribute to the circular economy can be found in the environmental policy included in Materializing Our Values.

*Materiality analysis*

The materiality analysis (page 93) classifies the following areas related to Resource use and circular economy:

- Using natural resources efficiently and in a circular manner (materials, waste).
- Products contributing to sustainable development.
- Meeting legal requirements.
- Systematic environmental efforts (ISO 14001).
- Contributing to sustainable development in the value chain.
- Meeting stakeholder demands in sustainable development.

As a result of the analysis, the above areas are classified as important/very important and, according to the Group's terminology, fall into the categories "Basic Areas," "Development Areas," and "Focus Areas."

*Polymer raw materials*

The manufacture and use of polymer products affect the environment. The various stages in the life-cycle of the products contribute to their environmental impact. The table on next page provides examples of the environmental aspects that can be associated with the raw materials most common within the Group. The impact is not exclusively negative and polymer materials can, for example, contribute to energy savings, noise attenuation, water management, reduced fuel consumption in vehicles and much more besides. In terms of volume, synthetic polymers dominate but some compounds use natural rubber (see Biodiversity and ecosystems). Thermoplastic elastomers (TPE), thermoplastics (TP), polyurethane plastics, metals and paints are other examples of key raw materials.

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). We work 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.

Several of the Group's recent acquisitions have involved companies that use recycled polymer materials as raw materials (almaak, McCann). Starting at a facility in the Czech Republic, we are now installing technology for recycling rubber waste via devulcanization.

*Other raw materials*

The production of rubber compounds uses a wide range of other raw materials and chemicals, such as carbon black,

process oils, plasticizers, antioxidants, fillers, reaction agents, solvents, paints and metals. The solvents are mainly used in the production of polyurethane wheels.

Polymer	Description	Impact on sustainable development
<b>Synthetic rubber</b>	About 60 percent of the world's production of synthetic rubber is used by the tire industry. The raw materials for the production of synthetic rubber derive from the petroleum industry (crude oil). Many different types of polymers are used at HEXPOL, including EPDM, SBR and NBR.	The environmental aspects of the manufacture and use of synthetic rubber are primarily energy consumption, the use of fossil raw materials, emissions to air and water, and waste. Examples of positive environmental aspects include rubber's capacity to contribute to lower energy consumption and to reduce noise and vibrations. Synthetic rubber can be recycled, but large volumes of rubber waste are still used as fuel (e.g., in the cement industry) or landfilled.
<b>Thermoplastic elastomers</b>	Thermoplastic elastomers (TPE) are a family of materials that share properties with rubber (flexibility, softness), while also offering typical plastic properties (versatility, recycling, advantages in processing). These materials are used in medical technology applications, for example, as well as in toys, vehicles and electronics.	Conventional TPE is produced from fossil raw materials (crude oil). The most important environmental aspects are the use of nonrenewable raw materials, emissions of gases that impact the climate, and waste. A positive environmental aspect is that TPE can be recycled as material. As described elsewhere in the sustainability report, TPE can contain bio-based and recycled raw materials.
<b>Thermoplastics</b>	Thermoplastics (TP) offer the advantage of melting when heated and solidifying when cooled. They can be remelted several times and are fully recyclable. Thermoplastics are easily processed using different production technologies, such as injection molding. Polyethylene (PE), polypropylene (PP) and polyvinyl chloride (PVC) are examples of thermoplastics.	Conventional thermoplastics are made from fossil petroleum products (for environmental aspects, see TPE). The Group manufactures products containing recycled thermoplastics and bio-based raw materials.

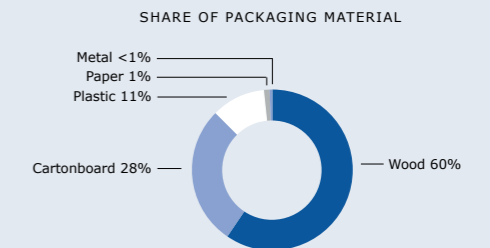
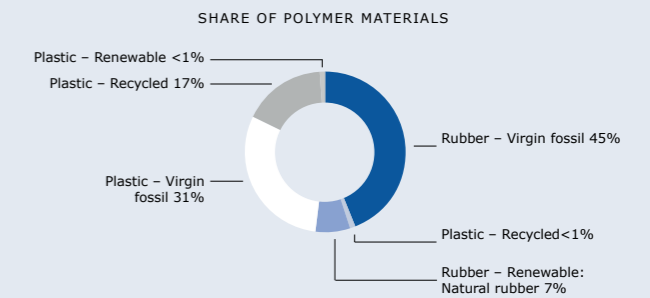
Material group	Material use (tons)	2024	2023
<b>Rubber</b>	Virgin fossil	102,255	100,220
	Recycled	1,137	982
	Renewable: Natural rubber	15,740	17,799
	Renewable: Other	0	34
<b>Plastic</b>	Virgin fossil	69,480	66,283
	Recycled	39,088	42,858
	Renewable	39	15
<b>Carbon black</b>	Virgin fossil	76,713	81,211
	Recycled	276	244
<b>Other product materials</b>	Process oils	53,470	52,843
	Solvents	138	121
	Paint and glue	49	37
	Metal	5,460	3,504
<b>Packaging materials</b>	Cardboard	4,275	8,143
	Paper	104	67
	Wood	9,060	Data not available
	Plastic	1,637	2,680
	Metal	28	Data not available

**Products**

The Group's product portfolio includes several products that contribute to the circular economy (see table below).

Products/product groups	Contributing to the circular economy
Dryflex Circular (TPE containing recycled raw materials). Dryflex Circular MWR (TPE containing nylon from recycled fishing nets).	Reducing the use of fossil resources. The Dryflex Circular MWR contributes to the reduction of marine litter.
RheVision products are made of polypropylene plastic reinforced with natural fibers from plant waste (rice, coconuts, hemp). RheVision also includes products with recycled propylene plastic.	In addition to the contribution to the circular economy, the content of bio-based raw materials (up to 15 percent) and recycled plastic raw material significantly reduces the carbon footprint of the products compared to traditional plastic products.
Up to 100 percent of Anjaeco's raw materials for Anjaeco products are recycled fiber materials (PA6, PA6.6, PET).	almaac purchases waste materials (such as used carpets) and recycles the components in its recycling equipment.
Truck wheels with recycled polypropylene plastic and natural fibers.	Recycling of fossil raw materials and reduction of climate impact.
Long-life polyurethane forklift wheels.	Reduces the need for replacement wheels and reduces climate impact.
The entire TPE product range is recyclable.	The possibility of recycling is one of the advantages of TPE. However, most countries lack effective recycling systems for TPE, which reduces recycling rates.
Products (envelopes) for retreading rubber tires.	Extends tire life.
Recycled rubber raw materials in products for the automotive industry (splash guards, floor mats, bumpers)	Reduces the need for newly manufactured raw materials.

Area	Results and comments
<b>PRODUCTS – Targets</b>	HEXPOL should be a frontrunner in the polymer industry as a supplier of products that contribute to sustainable development.
<b>Activities</b>	Work to further develop the portfolio of products that contribute to the circular economy continued.
<b>RAW MATERIALS – Polymers</b>	The use of polymer materials amounted to almost 228,000 (240,000) tons. The use of recycled polymers totaled 40,000 (44,000) tons. The volume of bio-based raw materials (excluding natural rubber) amounted to 39 (49) tons.
<b>Other raw materials</b>	Other raw materials used during the year include carbon black (about 81,000 tons), process oils (about 53,000 tons), and a large number of chemical substances. Furthermore, about 138 tons of solvents (VOC) (121), 49 tons of paints (37) and about 5,500 tons of metals (3,500) were used.
<b>Packaging</b>	Purchases of packaging materials amounted to approx. 4,300 tons of cardboard, approx. 100 tons of paper and approx. 1,600 tons of plastics.





**Waste**

From an environmental perspective, it is positive that the proportion of waste that is recycled is increasing. This is a result of more demanding legislation in many countries, but can ultimately be linked to a number of preventive measures at the Group's facilities. The systematics in ISO 14001, Lean Manufacturing and 5S are important tools in reducing spoilage and production of waste.

Key components in our sustainability work include using raw materials in a resource-efficient manner and reducing the volume of waste produced. The sorting of waste at

source for external recycling, as well as the internal reuse of plastic waste and carbon black are some examples of measures being conducted on an ongoing basis. The volume of waste sent to landfill has increased in recent years, which is mainly due to the number of production facilities in the US having increased, where landfill is an accepted method of waste disposal.

Nearly 40 percent of the production sites have take-back systems for wooden pallets, containers and other product transport packaging.

Waste classification (tons)	2024	2023
<b>Nonhazardous waste</b>	23,912	22,613
<b>Hazardous waste</b>	1,518	1,759
<b>Total</b>	<b>25,430</b>	<b>24,372</b>

Waste category by external treatment method (tons)	2024	2023
<b>Reuse</b>	1,834	Data not available
<b>Recycling</b>	9,499	9,711
<b>Other "recovery operation"</b>	1,359	Data not available
<b>Incineration with energy recovery</b>	2,179	3,767
<b>Incineration without energy recovery</b>	677	42
<b>Landfill</b>	9,178	8,272
<b>Other waste disposal, including storage</b>	705	821

Area	Results and comments
<b>WASTE</b>	Reducing the volume of waste is a commitment in the Group's environmental policy. Within the frameworks of ISO 9001 and ISO 14001, many of the production units have their own targets and plans to reduce discards and the volume of waste.
<b>Hazardous waste</b>	Hazardous waste amounted to 1,518 tons (1,759) and accounted for 6 percent (7) of the total waste volume.

**EXTERNAL WASTE TREATMENT  
% OF TOTAL WASTE VOLUME**

Treatment Method	Percentage
Recycling	37%
Landfill	36%
Incineration with energy recovery	9%
Other "recovery operation"	5%
Incineration without energy recovery	3%
Other waste disposal, including storage	3%
Reuse	7%

**Actions during the year**

During the year, the Group's waste reporting was updated and made more granular in line with EU ESRS requirements. As a result, reuse and recovery operations other than recycling and reuse are now also monitored. Comparisons with the previous year are therefore not fully comparable. However, one difference that can be discerned is that less waste is sent to incineration (10% compared to 16% in the previous year). Another is that more waste ended up in landfills (38% compared to 34% in the previous year). Work

on local waste targets and action plans continued during the year. This includes focusing on increasing waste sorting, increasing recycling and evaluation of the possibilities of selling certain waste fractions.

**Planned actions, costs and investments**

Measures to increase the use of recycled raw materials will continue, including investment in in-house recycling equipment for rubber waste. Efforts to reduce spills and waste will remain a high priority.

**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. Companies with more than 500 employees must report their turnover, 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.

**PROPORTION OF SALES**

Economic activities	Code	Sales	Proportion of sales, year 2024	Substantial contribution criteria						Criteria relating to Do No Significant Harm (DNSH)						Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) revenue, year 2023	Category enabling activity	Category transitional activity
				Climate change mitigation	Climate change adaptation (CCA)	Water	Pollution	Circular economy	Biodiversity or biological diversity	Climate change mitigation	Climate change adaptation (CCA)	Water	Pollution	Circular economy	Biodiversity or biological diversity				
<b>A. A. TAXONOMY – ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>																			
<b>Turnover from environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		0																	
Including enabling activities																		E	
Including transitional activities																		T	
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																			
<b>Turnover of taxonomy-eligible but not environmentally sustainable (not taxonomy-aligned) (A.2)</b>		0																	
<b>Turnover from taxonomy-eligible activities (A.1+A.2)</b>		0																	
<b>B. TAXONOMY – NONELIGIBLE ACTIVITIES</b>																			
<b>Turnover from nontaxonomy eligible activities</b>		20,437	100																
<b>TOTAL (A+B)</b>		20,437	100																

The total sales corresponds to the sales in the Group's annual report.

Area	Share of sales/total sales	
	Taxonomy eligibility per target	Targets covered by the taxonomy
<b>CCM</b>	0 %	0 %
<b>CCA</b>	0 %	0 %
<b>WTR</b>	0 %	0 %
<b>CE</b>	0 %	0 %
<b>PPC</b>	0 %	0 %
<b>BIO</b>	0 %	0 %

To influence development in the direction of net-zero CO<sub>2</sub> emissions, in an initial stage, the regulation emphasizes activities of particular importance from the perspective of climate. The EU taxonomy is still evolving, but the Regulation does not currently cover all business activities and sustainability initiatives. The consequence of the taxonomy's focus is that polymer companies such as HEXPOL are not covered in any material way by the taxonomy's current guidelines and criteria. The proportion of economic activity that is

either potentially eligible or fully aligned with the taxonomy is zero or minimal. The Group's share of sales covered by the Taxonomy Regulation is thus 0 percent. The share of capital expenditure (CAPEX) and operating expenses (OPEX) is also 0 percent.

In our view, the Group's product portfolio includes products that contribute to sustainable development. Read more about this on pages 31–33.

### Accounting policies

In the absence of regulatory guidance in many respects regarding the taxonomy, HEXPOL has found that there is a wide scope for interpretation in several parts of the taxonomy. Because of this, we have made our own internal considerations regarding interpretations. The current interpretations made for 2024 may therefore change in

the future if new guidance is added and market practice develops. The extension of the taxonomy presented in 2023 includes activities linked to the SDGs water and marine resources, circular economy, pollution prevention, and biodiversity and ecosystems. Our interpretation is that none of the Group's activities are covered by the extension of the taxonomy.

### PROPORTION OF CAPITAL EXPENDITURE (CAPEX)

Economic activities	Code	Capital expenditure	Proportion of CAPEX, year 2024	Substantial contribution criteria						Criteria relating to Do No Significant Harm (DNSH)						Minimum safeguards	Proportion of taxonomy-aligned (A.1) or eligible (A.2) revenue, capital expenditure, year 2023	Category enabling activity	Category transitional activity	
				Climate change mitigation	Climate change adaptation (CCA)	Water	Pollution	Circular economy	Biodiversity or biological diversity	Climate change mitigation	Climate change adaptation (CCA)	Water	Pollution	Circular economy	Biodiversity or biological diversity					
		MSEK	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
<b>A. A. TAXONOMY – ELIGIBLE ACTIVITIES</b>																				
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>																				
Turnover from environmentally sustainable activities (taxonomy-aligned) (A.1)		0																	E	
Including enabling activities																				
Including transitional activities																				T
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																				
Capital expenses for taxonomy-eligible companies that are not environmentally sustainable (not taxonomy-aligned) (A.2)		0																		
CapEx of taxonomy-eligible activities (A.1+A.2)		0																		
<b>B. TAXONOMY – NONELIGIBLE ACTIVITIES</b>																				
CapEx of no-taxonomy eligible activities		637	100																	
<b>TOTAL (A+B)</b>		<b>637</b>	<b>100</b>																	

Total capital expenditure includes investments in tangible fixed assets, intangible assets and right-of-use assets before depreciation and revaluation. Capital expenditures also include investments in tangible fixed assets, intangible assets and right-of-use assets that come from business combinations.

Area	Share of capital expenditure/total capital expenditure	
	Taxonomy eligibility per target	Targets covered by the taxonomy
CCM	0 %	0 %
CCA	0 %	0 %
WTR	0 %	0 %
CE	0 %	0 %
PPC	0 %	0 %
BIO	0 %	0 %

### PROPORTION OF OPERATING EXPENSES (OPEX)

Economic activities	Code	Operating expenditure	Share of OpEx year 2024	Substantial contribution criteria						Criteria relating to Do No Significant Harm (DNSH)						Minimum safeguards	Share of taxonomy-aligned (A.1) or eligible (A.2) OpEx year 2023	Category enabling activity	Category transitional activity	
				Climate change mitigation	Climate change adaptation (CCA)	Water	Pollution	Circular economy	Biodiversity or biological diversity	Climate change mitigation	Climate change adaptation (CCA)	Water	Pollution	Circular economy	Biodiversity or biological diversity					
		MSEK	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
<b>A. A. TAXONOMY – ELIGIBLE ACTIVITIES</b>																				
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>																				
Turnover from environmentally sustainable activities (taxonomy-aligned) (A.1)		0																		
Including enabling activities																				E
Including transitional activities																				
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																				
Operating expenses for taxonomy-eligible companies that are not environmentally sustainable (not taxonomy-aligned) (A.2)		0																		
OpEx for taxonomy eligible activities (A.1+A.2)		0																		
<b>B. TAXONOMY – NONELIGIBLE ACTIVITIES</b>																				
OpEx for nontaxonomy eligible activities		950	100																	
<b>TOTAL (A+B)</b>		<b>950</b>	<b>100</b>																	

The total operating expenditure correspond to costs for research and development, maintenance and repair as well as all other costs relating to the daily maintenance of tangible fixed assets.

Area	Share of operating expenditure/total operating expenditure	
	Taxonomy eligibility per target	Targets covered by the taxonomy
CCM	0 %	0 %
CCA	0 %	0 %
WTR	0 %	0 %
CE	0 %	0 %
PPC	0 %	0 %
BIO	0 %	0 %

### MANDATORY INFORMATION ON NUCLEAR AND FOSSIL GAS-RELATED ACTIVITIES

Nuclear-related activities	Y/N	Fossil gas-related activities	Y/N
The company conducts, finances or has exposure to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO	The company undertakes, finances or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The company undertakes, finances or has exposures to the construction and safe operation of new nuclear facilities to produce electricity or process heat, including for district heating or industrial processes such as hydrogen production, as well as safety upgrades thereto, using best available techniques.	NO	The company undertakes, finances or has exposures to the construction, refurbishment and operation of cogeneration plants using fossil gaseous fuels.	NO
The company performs, finances or has exposures for the safe operation of existing nuclear facilities producing electricity or process heat, including for district heating or industrial processes such as hydrogen production from nuclear energy, as well as safety upgrades thereof.	NO	The company undertakes, finances or has exposure to the construction, refurbishment and operation of heat generation plants that produce heat/cooling using fossil gaseous fuels.	NO

# Social responsibility

Materializing Our Values applies equally across the globe and the Group is committed to being a good corporate citizen and providing safe and stimulating working environments. Work environment efforts are focused on preventive measures with the vision of zero accidents occurring.

## Own workforce

As an important part of our sustainable development strategy, we aim to attract, develop and retain committed and skilled employees. Commitments on health and safety and human rights can be found in the Code of Conduct and the Health and Safety Policy, which are part of Materializing Our Values.

### Materiality analysis

The materiality analysis (page 93) classifies the following areas related to Own workforce:

- Safe working environments.
- Attracting and retaining employees.
- Meeting legal requirements.
- Contributing to gender equality and human rights.

As a result of the analysis, the above areas are classified as important/very important and, according to the Group's terminology, fall into the categories "Basic Areas," "Development Areas," and "Focus Areas."

### Employees

Job satisfaction, personal development, pay and career opportunities are important factors for many employees. Each Group company is responsible for managing human resources issues in accordance with the Group's guidelines and with the laws and culture of the country concerned. The employees are entitled to form and join trade unions and have the right to collective bargaining. They also have complete insight into and the right of codetermination in accordance with the provisions of national legislation. There is a Group-wide equal opportunity policy, and this serves as a clear message from Group Management to strive for a higher proportion of females in connection with external and internal recruitment to various positions.

The Group offers remuneration that, at a minimum, meets the minimum requirements in the legislation and is fully adapted to the market in the countries where we operate. Variable remuneration based on sustainability performance occurs in parts of the Group.

### Health and safety

The emphasis in occupational health and safety efforts is on preventive measures, such as risk analyses, systems for reporting incidents, training, occupational health and safety management systems (ISO 45001) and technical measures. Responsibility for fostering a favorable work environment lies with the local managements, and improvement programs are designed in collaboration with the 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," where key components of the program are the sharing of best practices, and the analysis and rapid dissemination of lessons learned from accidents and incidents.

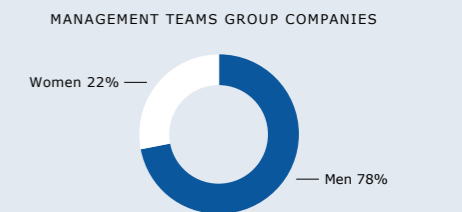
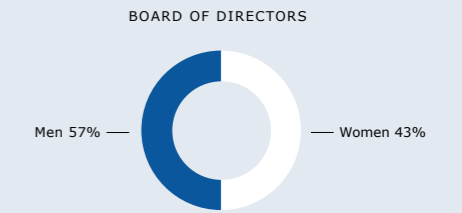
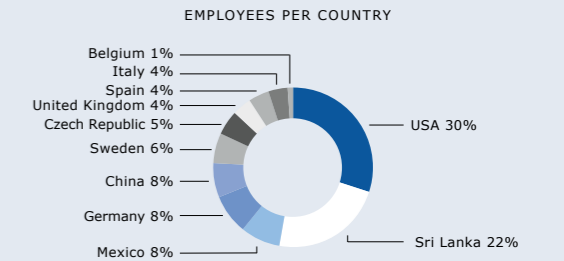
### Human rights

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 due to gender, religion, age, physical or mental disability, sexual orientation, nationality, political opinions or origin.

The Group's values recognize 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.

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.

Area	Results and comments
<b>EMPLOYEES</b>	The average number of employees (FTE) during the fiscal year was 4,960 (5,050), of which 3,440 (3,533) worked in the HEXPOL Compounding business area and 1,520 (1,514) in HEXPOL Engineered Products. The Parent Company had 8 employees (7). HEXPOL is a global Group and 94 percent (94) of the employees work outside Sweden.
<b>Part-time employees</b>	35 women and 39 men worked part-time during the year.
<b>Nonemployee workers</b>	64 women and 187 men were nonemployee workers during the year.
<b>Distribution of men and women</b>	The proportion of women among employees was 15 percent (14) during the year. Women make up 43 percent (50) of the HEXPOL Board of Directors and in Group Management 0 percent (0). Among the other members of the local management team, 39 (71) are women, which corresponds to 22 percent (27).
<b>Age distribution</b>	20 percent (22) of employees were <30 years old, 54 percent (54) between 30 and 50 years and 26 percent (24) >50 years.
<b>Employees with disabilities</b>	23 employees had some form of disability.
<b>Staff turnover</b>	The staff turnover rate was 23 percent (23). In total, 1,137 people left the company during the year.
<b>Pay, social and pension costs</b>	During the year, personnel costs totaled MSEK 2,826 (2,913).
<b>Pay, men and women</b>	In about 50 percent of the units in the Group, there was no difference or less than 10 percent difference in pay between men and women. In about half of the units, women were paid more than men.
<b>Adequate wages</b>	All employees had salaries/wages that exceeded the definitions of adequate wages under forthcoming EU directives.
<b>Pay gap highest paid person / all employees</b>	For information on the annual total remuneration ratio of the highest paid person in relation to the average total pay, please refer to the information in Note 4 of the financial statements.
<b>Training and personal development</b>	The number of training hours was about 60,000 (87,600), of which production staff 30,400 hours, officials 18,900, and managers 10,300 hours. This corresponds to 11 hours (17.5) per employee. On average, men and women had the same number of training hours per employee.
<b>Training on the Code of Conduct</b>	49 percent (60) of employees (2,400 people) participated in information or training on Materializing Our Values. Information is ongoing, with new recruits as a key target group, and 871 new employees participated.
<b>Career development reviews</b>	3,282 employees participated in (3,929) career development reviews or other performance appraisals. 495 women and 2,787 men participated.
<b>Employee surveys</b>	During the year, employee surveys were conducted at 21 units (19). Examples of views and wishes expressed by employees concerned personal development, training, internal communications and team building.
<b>Work-life balance</b>	Family-related leave can include parental leave and care of dependents. Within the Group, these types of leave are available according to the legislation in each country.

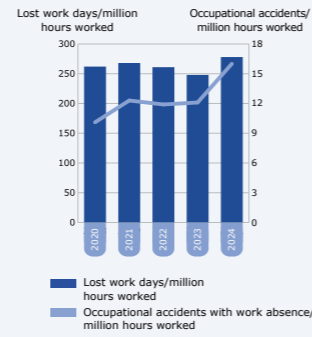




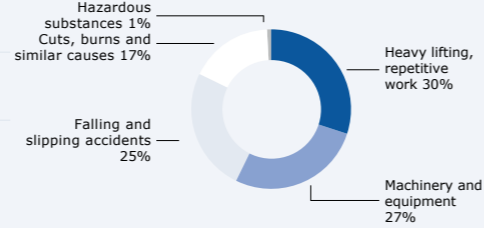


Area	Results and comments
<b>HEALTH AND SAFETY – Targets</b>	The vision is for no accidents to occur at our workplaces. The target is that the number of accidents will be reduced. Systems for reporting near misses are to be in place in all operations.
<b>Fatal accidents</b>	There were no fatal accidents involving own employees (0) during the year. There were no fatal accidents involving contractors during the year.
<b>Lost workday cases (LWC)</b>	During the year, there were 160 workplace accidents (123) with at least one day of absence. One accident (5) occurred for contractors. Approximately 40 percent (33) of the units reported zero accidents during the year. During the year, the accident rate (LWC/million hours worked) increased compared to recent years.
<b>Lost work days (LWD)</b>	Occupational accidents caused a total number of 2,775 lost workdays (2,502).
<b>Work-related diseases</b>	Three cases of skin and respiratory diseases (allergy, eczema), nine cases of skeletal and muscular diseases, and two cases of psychosomatic disease registered during the year.
<b>Safety Committee</b>	Safety committees, which are important in preventive efforts, are located at 92 percent (94) of the sites.
<b>Near misses</b>	Systems for reporting near misses have been introduced at 84 percent (83) of the sites. During the year, 381 risk situations (422) were registered, which in many cases resulted in preventive measures being implemented.
<b>Certified health and safety management systems</b>	Some form of work environment management system is in place at all Group companies and, in many instances, these systems build directly on requirements under national law. In six cases (4), the company has elected to apply for certification in accordance with ISO 45001 (UK, US, Czech Republic, and Sri Lanka).
<b>Training in health and safety</b>	Health and safety training is carried out in the units, and during the year, it totaled 8 hours per employee (7). New employees are an important target group. First aid, ergonomics and the handling of hazardous substances are some examples of areas covered in this training.
<b>Risk analysis, work environment measurements, medical examinations</b>	During the year, 98 percent of the units carried out health and safety measurements (such as noise, dust and chemical substances), risk analyses and medical examinations (such as hearing tests).
<b>Inspections by health and safety authorities</b>	In the field of health and safety at work, 16 units (16) were inspected by the health and safety authorities. Improvement measures were implemented as required by the authorities.
<b>Violations of health and safety legislation</b>	No breaches of health and safety legislation (0) were recorded during the year.
<b>Incentive program</b>	About 40 percent of the production units (40) have introduced reward programs for positive initiatives in the areas of health, safety and the environment.
<b>HUMAN RIGHTS</b>	During the year, 0 deviations (0) attributable to human rights were registered at the Group's units, or among suppliers.
<b>Freedom of association</b>	All employees have the right to be represented by trade unions, as well as the right to collective bargaining. On average, 44 percent 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.
<b>Child labor, forced labor</b>	0 cases of child labor and forced labor (0) were recorded. This also includes suppliers.
<b>Gender equality and counteracting discrimination</b>	Formal gender equality plans are in place at 40 percent (42) of units. During the year, 21 units (19) implemented measures to promote gender equality, for example in the recruitment and hiring of employees with disabilities. Three cases (5) of discrimination were recorded during the year.
<b>Violence and harassment</b>	2 incidents (11) of violence and harassment were recorded during the year.

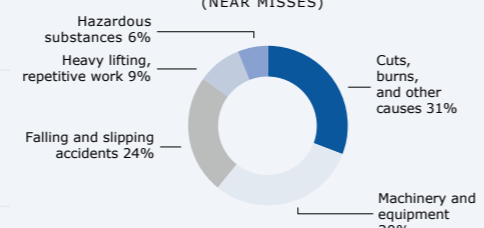
OCCUPATIONAL ACCIDENTS



CAUSES OF OCCUPATIONAL ACCIDENTS



REGISTERED INCIDENTS (NEAR MISSES)



*Actions during the year*

The Group's Code of Conduct and policies (Materializing Our Values) provide guidance to the Group companies and the practical implementation is mainly at the production units. As shown in the table above, a large number of actions relating to the workforce were implemented during the year, such as training measures, meetings of safety committees, health and safety measurements, employee surveys and much more. This shows a committed and systematic approach to issues related to staff well-being, motivation and safety.

In some areas, the outcome points to conditions that require more attention. For example, the key performance indicator for occupational accidents was higher in 2024 compared to the last five years, and staff turnover was higher in some entities.

*Planned actions, costs and investments*

Attracting and retaining committed employees is a fundamental requirement for successful business operations. Measures to contribute to employees' job satisfaction, personal development, pay and career opportunities therefore remain important. The same applies to activities that contribute to the promotion of gender equality and the protection of human rights.

Prevention efforts to create safer working environments will continue for the foreseeable future. Achieving the zero vision of no work-related accidents requires systematic work, for example through technical measures, training and follow-up.

**Workers in the value chain**

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 Guideline. We are also committed to assessing the sustainability performance of our suppliers.

*Materiality analysis*

The materiality analysis (page 93) classifies the following areas related to Workers in the value chain:

- Contributing to sustainable development in the value chain.
- Contributing to gender equality and human rights.

As a result of the analysis, the above areas are classified as important/very important and, according to the Group's terminology, fall into the categories "Basic Areas" and "Development Areas."

*Guidelines for suppliers*

The Group has thousands 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 are to be informed of our Code of Conduct and are expected to introduce equivalent undertakings within their own 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 we feel uncertain about the supplier's sustainability efforts or has identified significant risks, targeted audits are conducted.

*Actions during the year*

As part of the internal collection of data 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.

In 2024, around 1,600 supplier evaluations (1,700) were sent out via questionnaires and 39 audits or site visits were carried out (42). Since the introduction of the Supplier Sustainability Guideline, more than 15,000 suppliers have received the Group's guidelines (Step 1). In Step 2, selected suppliers are asked to make a self-declaration. More than 50 percent (based on purchasing costs) have done so and certified that they accept the Group's Code of Conduct.

*Planned actions, costs and investments*

We plan to continue our efforts to evaluate and assess the risk levels of our suppliers through our work on the Supplier Sustainability Guideline. This applies in particular to the first tier of suppliers.

**Affected communities**

In Materializing Our Values, we are committed to minimizing impacts and disturbances in the vicinity of production facilities. Furthermore, the Group aims to be a good corporate citizen and contribute to positive social development in the places we operate.

*Materiality analysis*

The materiality analysis (page 93) classifies the following areas related to Affected communities:

- Reduce emissions and avoid disturbances (noise, smell, dust).
- Active social commitment.

As a result of the analysis, the above areas are classified as important and, according to the Group's terminology, fall into the categories "Basic areas".

**Impact on communities**

We have not identified any negative impact on indigenous populations caused by the Group's production facilities or products. In terms of upstream in the supply chain, it is likely that some negative impact is caused by first tier suppliers. Impacts through the extraction and production of certain raw materials cannot be excluded either. At present, we have not conducted a detailed risk analysis on this issue.

In terms of impact and disturbance to residents living near the production units, there are occasional emissions of dust or odorous substances. The causes can be a failure of a dust filter or some other technical circumstance. Occasional noise disturbances may also occur. Over five years, we have received a total of 19 complaints from local residents. In 2024 one complaint was received about noise and excessive sound levels. The ambition is always to implement improvement measures as quickly as possible. Emissions to air and water from the production facilities are small and it is assessed that this does not cause any negative impact on human health.

**Actions during the year**

We participate actively in the community, including through collaborations with universities, study visits from schools, 'open days' for employees and their families, and financial support for healthcare, sports and cultural events. In 2024, we can cite the following activities:

- At eight sites, open house days were held with a total of around 700 participants.
- Seven of the units performed activities at local schools, including exchanging knowledge and providing information about the operations. Around 175 students and teachers participated in these activities.
- More than 19 units participated in teaching and development projects at universities, including degree projects, internships and research projects. RheTech LLC continued its participation in a collaboration between universities and businesses (Center for Bio plastics and Bio composites) on sustainable solutions for industrial companies, such as biocomposites. For a longtime, the Group has been collaborating with the International Institute for Industrial

Environmental Economics (IIIEE) at Lund University in Sweden.

- About ten of the units participate in local and national networks and industry associations on sustainable development, for example, on standardization, development of net-zero emission vehicles (Polestar Project), climate change (Carbon Literacy Project) and use of bio-based raw materials (Nordic Bioplastic Organization).
- The Group provides financial support to local schools, to healthcare initiatives, sports and social activities. In many cases, the commitment is long-term and centered on something that engages the Group's employees.

**Distributed financial value**

The Group creates economic value that is shared among various stakeholders, including the local communities where we operate. These are employees (pay and benefits), shareholders (dividends), creditors (interest expenses) and society (tax). In 2024, MSEK 5,885 (5,193) was distributed. Supplier costs are not included.

**Consumers and end-users**

The Group's direct contacts with consumers and end-users are very limited. The finished polymer compounds from HEXPOL Compounding are purchased by industrial customers who usually process the material further. Customers include manufacturers of components for the automotive, engineering and construction industries. The polymer materials end up in thousands of different applications with end customers, often after a multi-stage production chain leading to their use in a final product.

Products from HEXPOL Engineered Products are mainly wheels and tires (rubber, polyurethane, thermoplastics), gaskets for heat exchangers, and profiles for seals such as windows. The position in the value chain is therefore closer to the end customer.

**Materiality analysis**

The materiality analysis (page 93) classifies the following areas related to Consumers and end-users:

- Contributing to sustainable development in the value chain.
- Using natural resources efficiently and in a circular manner (materials, waste).
- Meeting legal requirements.

**PERCENT OF PRODUCTION UNITS REPORTING CUSTOMERS' SUSTAINABILITY REQUIREMENTS**

Demands and expectations, %	2024	2023	2022	2021	2020
Phasing out of hazardous chemical substances	35	38	40	31	36
Implementation of ISO 14001	65	69	66	51	45
Environmental declaration of products	43	50	43	33	36
Bio-based and recycled raw materials	41	40	53	24	27
Information about the products' carbon footprint	53	33	30	20	23
Code of Conduct	69	56	68	56	45
Conflict minerals	82	69	74	58	61
Supply chain Code of Conduct	31	35	32	47	20

As a result of the analysis, the above areas are classified as important and, according to the Group's terminology, fall into the categories "Basic Areas," and "Development Areas." *Customer requirements within sustainable development* Over a ten-year perspective, customers' activities in the field of sustainable development have changed, and customer requirements now cover many different areas. Some requirements originate from environmental legislation, such as legal requirements for product safety data sheets (MSDS) and compliance with the REACH chemicals legislation. Other requirements reflect customers' increasing ambitions in sustainable development. Interest in products containing bio-based and/or recycled raw materials has increased and questions about the carbon footprint of products have become more prevalent.

**Actions during the year**

At 36 production facilities, customers assessed our sustainability performance through audits and questionnaires. Overall, the results of the evaluations were good.

During the year, a number of customers used the CDP reporting system to obtain detailed information on the carbon footprint of manufacturing their products at our production facilities. Customers also use other independent evaluation platforms, such as Ecovadis, where three Group units were rated "Bronze," two units were awarded "Silver" and one unit received "Gold," and our TPE unit in the UK received "Platinum."

To help customers choose polymer compounds with a lower carbon footprint, the "Product Carbon Footprint Calculator" has been launched and well received by customers. Using the tool or other calculation methods, the carbon footprint of more than 1,100 products has been calculated and around 100 reports have been shared with customers. Life cycle assessments (LCA) have been carried out for some products. For more information on green product development projects, see pages 31–33 and 105.

**Planned actions, costs and investments**

The actions outlined above will continue for the foreseeable future and will most likely increase in the coming years.

**FINANCIAL VALUE DISTRIBUTED BETWEEN STAKEHOLDERS, MSEK**

	2024	2023	2022	2021	2020
Employees	2,826	2,913	2,443	2,073	1,994
Shareholders	2,070	1,244	2,066	792	792
Credit provider	208	214	84	31	41
Society	781	822	761	673	446
<b>Total</b>	<b>5,885</b>	<b>5,193</b>	<b>5,354</b>	<b>3,569</b>	<b>3,273</b>

# Business conduct

The company's business principles are to be characterized by integrity, responsibility and good ethics – fundamental principles that we share with suppliers, customers and other stakeholders affected by our activities. Preventing corruption is a high priority. 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.

### Materiality analysis

The materiality analysis (page 93) classifies the following areas related to business conduct:

- Business conduct and combating corruption.
- Contributing to sustainable development in the value chain.
- Meeting legal requirements.

As a result of the analysis, the above areas are classified as important and, according to the Group's terminology, fall into the categories "Basic Areas", "Development Areas" and "Focus Areas".

Area	Results and comments
<b>GOOD BUSINESS CONDUCT - bribery, corruption, cartelization</b>	0 cases of bribery, corruption or creation of cartels (0) were registered during the year.
<b>Training activities</b>	More than 2,400 employees, including 870 new hires, participated in training on Materializing Our Values during the year. Around 95 percent of the units provided targeted training on anticorruption, competition law, contract management and other relevant topics. A group-wide training program was also launched during the year.
<b>Internal evaluation</b>	The management of all production units carried out self-assessments on anticorruption according to Global Compact checklists. The 2024 results show that the Group companies: <ul style="list-style-type: none"> <li>• Build on the commitments in Materializing Our Values in internal policy work.</li> <li>• Declare zero tolerance of bribery.</li> <li>• Provide training and information on topics relevant to anticorruption and promoting good business conduct.</li> <li>• Has identified positions where there may be a risk of corruption and ensures training for people in these positions.</li> <li>• Have introduced procedures for payments, gifts and donations.</li> <li>• Require relevant employees to confirm in writing that they comply with anticorruption principles. Have put in place a system of sanctions in case of noncompliance.</li> <li>• Have put in place procedures for monitoring anticorruption measures.</li> <li>• Informs supplier of the anticorruption principles and terminate contracts with suppliers if the principles are not followed.</li> </ul>
<b>Whistleblowing - number of cases</b>	In 2024, one report (1) for further processing and investigation was received. Relevant actions have been taken.

### Business conduct and combating corruption

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 the management teams of the Group's companies are responsible for disseminating the values within their organizations. There is training program for relevant executives.
- We continuously monitor costs, expenditure and revenues.
- 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, we will decline the transaction or take other relevant measures. Suppliers must declare their compliance with our Code of Conduct.
- With the help of checklists from the Global Compact, annual assessments are made of how the companies work to prevent corruption and how they then improve the preventive measures.

### Whistleblowing

Compliance with Materializing Our Values is monitored through internal controls. Employees are encouraged to report suspected violations to their managers or other representatives of management. Where reporting to a superior is out of the question, or is not taken seriously, it is possible to report suspected violations for external assessment via a whistleblower function (Whistleblower Policy). This can be 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.

### Actions during the year

As shown in the table above, training was provided for new employees and for positions where there may be a risk of corruption and other forms of business ethics violations. In the Group companies' self-assessment, the majority of company managements consider that they have worked on business conduct issues with the same level of ambition as in previous years.

A group-wide training program was launched in 2024, and around 400 employees have completed the training so far.

### Planned actions, investments and costs

Measures promoting good business ethics will be very important. The rollout of the Group-wide training program will continue in 2025.



# GRI Index

The organization behind the GRI (Global Reporting Initiative) has established voluntary global guidelines for how companies and other organizations should report on their activities in sustainable development. Reporting according to GRI must focus on sustainability aspects that are of material importance for the organization and its stakeholders. It must include both positive and negative aspects. As required by the GRI, HEXPOL publishes an index showing the standards and the disclosures included in the Sustainability Report. The page references are to HEXPOL's Annual and Sustainability Report 2024.

Statement on use: HEXPOL reports according to GRI Standards for the period January 1, 2024, to December 31, 2024.

Use of GRI: Universal Standard.  
Applicable GRI Standards: GRI 1 (Foundation 2021), GRI 2 (General Disclosures), GRI 3 (Material Topics), and Topic Standards.

## 1. THE ORGANIZATION AND ITS ACCOUNTING POLICIES

GRI Standard/ Other source	Disclosures	Page/comments	Omitted information
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	3, 14–15, 22	
	2-2 Entities included in the organization's sustainability reporting	81, 88	
	2-3 Reporting period, frequency and contact point	88	
	2-4 Restatements of information	89	
	2-5 External assurance	121	

## 2. ACTIVITIES AND STAFF

GRI Standard/ Other source	Disclosures	Page/comments	Omitted information
<b>GRI 2: General Disclosures 2021</b>	2-6 Activities, value chain and other business relationships	3, 7, 24–27, 92	
	2-7 Employees	111	
	2-8 Nonemployed workers	111	The Group uses local contractors but does not have a system to track the number of individuals. The number of occupational accidents involving contractors is monitored and included in the Sustainability Report.

## 3. GOVERNANCE

GRI Standard/ Other source	Disclosures	Page/comments	Omitted information
<b>GRI 2: General Disclosures 2021</b>	2-9 Governance structure and composition	37–41	
	2-10 Nomination and selection of the Board	38–39	
	2-11 Chairman of the Board	39	
	2-12 Role of the highest governance body in overseeing the management of impacts on environment, finance and people	40, 89–90	
	2-13 Delegation of responsibility for managing impacts on environment, finance and people	89–90	

GRI Standard/ Other source	Disclosures	Page/comments	Omitted information
<b>GRI 2: General Disclosures 2021</b>	2-14 Role of the Board of Directors in the sustainability reporting	89–90	
	2-15 Conflicts of interest	39	
	2-16 Communication of serious events to the Board	89–90	
	2-17 The Board's collective knowledge of sustainable development	44	
	2-18 Assessment of the Board's performance on sustainable development	39	
	2-19 Principles of remuneration	50–51	
	2-20 Process for determining remuneration	51	
	2-21 Ratio of the highest paid person in the organization to the average remuneration of all employees	64–65, 111	

## 4. STRATEGY, POLICIES AND APPLICATIONS

GRI Standard/ Other source	Disclosures	Page/comments	Omitted information
<b>GRI 2: General Disclosures 2021</b>	2-22 Statement on the Sustainable Development Strategy	93–94	
	2-23 Commitments in policies	90	
	2-24 Application of policy commitments	90	
	2-25 Processes for restoring negative impact	98–99, 102–107, 113–117	
	2-26 Mechanisms for seeking advice and raising questions	113–115	
	2-27 Compliance with laws and regulations	100, 112, 116, 126	
	2-28 Membership of organizations	89	

## 5. STAKEHOLDER RELATIONS

GRI Standard/ Other source	Disclosures	Page/comments	Omitted information
<b>GRI 2: General Disclosures 2021</b>	2-29 Stakeholder dialogue	91–92	
	2-30 Collective agreements	112	

## 6. MATERIAL AREAS

GRI Standard/ Other source	Disclosures	Page/comments	Omitted information
<b>GRI 3: Material Topics 2021</b>	3-1 Process for identifying significant topics	93	
	3-2 List of material topics	93	
<b>ENVIRONMENT</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of significant areas	95–109	
	<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	103–105
301-2 Recycled input materials used		104	

GRI Standard/ Other source	Disclosures	Page/comments	Omitted information
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization 302-3 Energy intensity 302-4 Reduction of energy consumption 302-5 Reduction in energy requirements of products and services	96-97 96 96-97 95	
<b>GRI 303: Water and effluents 2018</b>	303-3 Water withdrawal 303-5 Water consumption	102 102	
<b>GRI 304: Bio-diversity 2016</b>	304-2 Significant impacts of activities, products and services on biodiversity	102-103	
<b>GRI 305: Emissions 2016</b>	305-1-305-7 Greenhouse gas emissions and other emissions	97, 100-101	Emissions for a limited part of the activity are reported. Total Scope 3 emissions are being determined.
<b>GRI 306: Effluents and waste 2016</b>	306-1 Water discharge by quality and destination 306-2, 306-3, 306-4 Waste, spills and transport of hazardous waste	100-101 106	
<b>GRI 308: Supplier environmental assessment</b>	308-1 New suppliers that were screened using environmental criteria	113	
<b>EMPLOYEES</b>			
<b>GRI 403: Occupational health and safety 2018</b>	403-1-403-2, 403-4-403-6, 403-8-403-9 Management systems, risk assessments, participation, training, work-related injuries	112	
<b>GRI 404: Training and education 2016</b>	404-1, 404-3 Hours of training per employee, career development reviews	111	
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1 Diversity of governance bodies and employees 405-2 Ratio of basic salary and remuneration of men and women	111 111	
<b>GRI 406: Nondiscrimination</b>	406-1 Incidents of discrimination and corrective actions taken	112	
<b>ECONOMY AND SOCIETY</b>			
<b>GRI 201: Economic performance 2016</b>	201-1 Direct economic value generated and distributed	114	
<b>GRI 205: Anticorruption 2016</b>	205-2 - 205-3 Communication and training. Incidents and actions taken	116-117	
<b>GRI 206: Anticompetitive behavior 2016</b>	206-1 Legal actions for anticompetitive behavior, antitrust, and monopoly practices	116-117	
<b>GRI 413: Local communities 2016</b>	413-1 Participation in local community activities	114	

# Global Compact

## Ten principles of corporate responsibility

HEXPOL joined the UN initiative for corporate responsibility, the Global Compact, in 2017. The Group thus became part of a worldwide network that today consists of more than 22,000 companies and organizations, including more than 550 in Sweden. The Group takes part as a Signatory.

Through the Global Compact, the company supports ten fundamental principles in respect of human rights, labor, the environment and anticorruption. The ten principles are based on various UN conventions, such as the Declaration of Human Rights and the Convention against Corruption. Nowadays, the global goals that the UN presented in the



autumn of 2015 are also attached to the Global Compact. In 2016, HEXPOL linked the Group targets to the Global Goals.

## Communication on Progress (COP)

It is a requirement that organizations that have joined the Global Compact must compile an annual report (Communication on Progress; COP) on how the ten principles are met. To simplify Communication on Progress, we use GRI Standards, and the cross-reference table below shows which indicators are relevant in this context.

Global Compact	GRI indicators
<b>HUMAN RIGHTS</b>	
1. Companies must support and respect internationally proclaimed human rights	103-2, 412-2, 413-1
2. Companies must ensure that they are not involved in human rights violations	103-2, 414-1
<b>WORKING CONDITIONS</b>	
3. Companies must maintain freedom of association and recognize the right to collective bargaining	103-2, 102-41, 407-1
4. Companies must work for the abolition of all forms of forced labor	103-2, 409-1
5. The companies must work for the abolition of all child labor	103-2, 408-1
6. Companies must work for the elimination of all discrimination in employment and professional practice	103-2, 102-8, 406-1
<b>ENVIRONMENT</b>	
7. Companies must support the precautionary principle with regard to environmental risks	103-2, 102-11, 301-1
8. Companies must take initiatives to promote greater environmental responsibility	103-2, 301-1, 302-4, 302-5
9. Companies must encourage the development and dissemination of environmentally friendly technology	103-2, 301-2, 302-4, 305-5
<b>CORRUPTION</b>	
10. Companies must counteract all forms of corruption, including extortion and bribery	103-2, 102-16, 205-2, 205-3

The Board of Directors gives an assurance that the sustainability report on pages 87-121 has been prepared in accordance with the Swedish Annual Accounts Act and that it gives a true and fair view of the Group's sustainability work and outcomes for the fiscal year 2024.

Malmö, March 21, 2025  
Board of Directors

## THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

### Engagement and responsibilities

The Board of Directors is responsible for the statutory sustainability report for 2024 on pages 87-121 and for it being prepared in accordance with the Annual Accounts Act.

### Focus and scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with Inter-

national Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Malmö, March 24, 2025

Joakim Falck  
Authorized Public Accountant

Karoline Tedevall  
Authorized Public Accountant

# Financial definitions and glossary

## Financial definitions

**AVERAGE SHAREHOLDERS' EQUITY** Average of the last four quarters' shareholders' equity.

**AVERAGE CAPITAL EMPLOYED** Average of the last four quarters' capital employed.

**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.

**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, NET CASH** Interest-bearing liabilities less cash and cash equivalents and interest-bearing assets.

**NET DEBT/EQUITY RATIO** Interest-bearing liabilities less cash and cash equivalents and interest-bearing assets divided by shareholders' equity.

**OPERATING CASH FLOW** Operating profit excluding nonrecurring items less depreciation/amortization and investments, and after change in working capital.

**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.

**CFCs/HFCs** Gases containing chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HFCs) and compounds containing fluorine have negative effects on the environment through their ozone-depleting properties and impact on the climate.

**CODE OF CONDUCT** Guidelines for HEXPOL's employees and suppliers concerning business conduct, environment, health, safety and social responsibility. The Group's code of conduct is called Materializing Our Values.

**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 (CO<sub>2</sub> 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 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 14067** International standard for estimating greenhouse gases – Climate impact of products.

**ISO 50001** International standard governing energy 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.

**OEM** Original Equipment Manufacturer is a term for companies that manufacture the end-product to be sold on the open market.

**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.

**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.

**SO<sub>2</sub>** 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.

## Glossary

**CARBON DIOXIDE (CO<sub>2</sub>)** Carbon dioxide is formed in all processes involving the burning of carbon containing material, such as from the burning of fossil fuels. CO<sub>2</sub> emissions increase global warming (the greenhouse effect). Carbon dioxide equivalent (CO<sub>2</sub>e) is a measure used to compare emissions of different greenhouse gases by taking into account their ability to contribute to global warming. By converting greenhouse gas emissions into carbon dioxide equivalents, it is possible to compare and sum up the effect of the emissions of individual gases. The only greenhouse gas relevant to HEXPOL's activities is carbon dioxide.

**CDP** An organization that provides information to global investors and financial institutions about how climate change affects business. The information is collected through voluntary contributions from companies.

**CLP** Classification, Labelling and Packaging, EU legislation addressing the danger of chemical substances and mixtures, and the manner in which users should be informed about them.





# Financial ten-year overview

MSEK	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>INCOME STATEMENTS, condensed</b>										
Sales	20,437	22,046	22,243	16,005	13,424	15,508	13,770	12,230	10,879	11,229
Operating expenses	-17,265	-18,470	-18,953	-12,931	-11,489	-13,465	-11,620	-10,244	-8,958	-9,265
<b>Operating profit</b>	<b>3,172</b>	<b>3,576</b>	<b>3,290</b>	<b>3,074</b>	<b>1,935</b>	<b>2,043</b>	<b>2,150</b>	<b>1,986</b>	<b>1,921</b>	<b>1,964</b>
Net financial items	-171	-230	-46	-43	-80	-35	11	-18	-8	-21
<b>Profit before tax</b>	<b>3,001</b>	<b>3,346</b>	<b>3,244</b>	<b>3,031</b>	<b>1,855</b>	<b>2,008</b>	<b>2,161</b>	<b>1,968</b>	<b>1,913</b>	<b>1,943</b>
Tax	-781	-822	-761	-673	-446	-466	-515	-441	-516	-550
<b>Profit after tax</b>	<b>2,220</b>	<b>2,524</b>	<b>2,483</b>	<b>2,358</b>	<b>1,409</b>	<b>1,542</b>	<b>1,646</b>	<b>1,527</b>	<b>1,397</b>	<b>1,393</b>
<b>BALANCE SHEETS, condensed</b>										
<b>Assets</b>										
Fixed assets	18,167	16,103	16,019	12,236	10,817	12,116	9,698	7,048	6,423	5,868
Current assets	5,484	5,301	5,993	4,407	3,056	3,685	3,594	2,489	2,128	1,877
Cash and cash equivalents	1,233	1,103	1,541	1,320	1,200	1,624	1,164	813	1,297	978
<b>Total assets</b>	<b>24,884</b>	<b>22,507</b>	<b>23,553</b>	<b>17,963</b>	<b>15,073</b>	<b>17,425</b>	<b>14,456</b>	<b>10,350</b>	<b>9,848</b>	<b>8,723</b>
<b>Shareholders' equity and liabilities</b>										
Shareholders' equity	15,945	14,577	13,767	11,650	9,133	9,756	8,592	7,010	7,559	6,233
Interest-bearing liabilities	3,473	2,683	4,393	2,222	2,796	4,003	2,332	840	29	524
Other liabilities and provisions	5,466	5,247	5,393	4,091	3,144	3,666	3,532	2,500	2,260	1,966
<b>Total shareholders' equity and liabilities</b>	<b>24,884</b>	<b>22,507</b>	<b>23,553</b>	<b>17,963</b>	<b>15,073</b>	<b>17,425</b>	<b>14,456</b>	<b>10,350</b>	<b>9,848</b>	<b>8,723</b>
<b>CASH FLOW STATEMENTS, condensed</b>										
Cash flow from operating activities	2,696	3,525	2,593	2,406	2,376	2,361	1,806	1,699	1,710	1,760
Net investments in tangible and intangible fixed assets	-610	-684	-659	-304	-253	-286	-207	-195	-150	-118
Acquisitions of operations	-895	-211	-1,512	-558	-412	-2,204	-2,190	-1,081	-295	-1,043
Cash flow from financing operations	-1,280	-2,954	104	-1,366	-1,978	427	775	-823	-1,075	-479
<b>Cash flow for the period</b>	<b>-89</b>	<b>-324</b>	<b>526</b>	<b>178</b>	<b>-267</b>	<b>298</b>	<b>184</b>	<b>-400</b>	<b>190</b>	<b>120</b>
Cash and cash equivalents, January 1	1,103	1,541	1,320	1,200	1,624	1,164	813	1,297	978	826
Exchange-rate differences in cash and cash equivalents	219	-114	-305	-58	-157	162	167	-84	129	32
<b>Cash and cash equivalents at year-end</b>	<b>1,233</b>	<b>1,103</b>	<b>1,541</b>	<b>1,320</b>	<b>1,200</b>	<b>1,624</b>	<b>1,164</b>	<b>813</b>	<b>1,297</b>	<b>978</b>
<b>KEY RATIOS</b>										
Average shareholders' equity, MSEK	15,295	14,797	12,992	10,642	10,135	9,534	8,077	6,871	6,826	5,887
Average capital employed, MSEK	19,167	18,884	17,399	13,491	13,332	13,484	9,678	7,898	7,186	6,861
Return on shareholders' equity, %	14.5	17.1	19.1	22.2	13.9	16.2	20.4	22.2	20.5	23.7
Return on capital employed, %	16.9	19.0	19.2	22.8	14.3	15.2	22.5	25.1	26.8	28.6
Sales growth excl currency effects, %	-7	-6	25	25	-11	7	9	12	-4	11
Operating margin, %	15.5	16.2	14.8	19.2	14.4	13.2	15.6	16.2	17.7	17.5
Profit margin before tax, %	14.7	15.2	14.6	18.9	13.8	12.9	15.7	16.1	17.6	17.3
Earnings per share, before dilution SEK <sup>1</sup>	6.45	7.33	7.21	6.85	4.09	4.48	4.78	4.44	4.06	4.05
Earnings per share, after dilution SEK <sup>1</sup>	6.45	7.33	7.21	6.85	4.09	4.48	4.78	4.44	4.06	4.05
Net cash, MSEK	-2,235	-1,575	-2,845	-899	-1,593	-2,376	-1,143	-27	1,268	454
Net debt/equity ratio, multiple	-0.1	-0.1	-0.2	-0.1	-0.2	-0.2	-0.1	0.0	0.0	0.0
Equity/assets ratio, %	64	65	58	65	61	56	59	68	77	72
Shareholder's equity per share, SEK <sup>1</sup>	46.29	42.32	39.97	33.82	26.53	28.34	24.96	20.37	21.96	18.11
Dividend, MSEK	2,067	1,240	2,067	792	792	774	671	1,635	585	413
Dividend per share, SEK	6.00	3.60	6.00	2.30	2.30	2.25	1.95	4.75	1.70	1.20
Operating cash flow, MSEK	3,012	3,994	2,813	2,731	2,548	2,607	2,019	2,001	2,057	2,185
Cash flow from operating activities, MSEK	2,696	3,525	2,593	2,406	2,376	2,361	1,806	1,699	1,710	1,760
Cash flow from operating activities per share, SEK <sup>1</sup>	7.83	10.23	7.53	6.99	6.90	6.86	5.25	4.94	4.97	5.11
Average number of employees	5,010	5,054	5,101	4,688	4,657	4,844	4,454	4,326	4,028	3,858
Number of employees, end of period	4,961	5,055	5,084	4,771	4,550	5,061	4,640	4,389	4,140	3,867
Sales per employee, MSEK	4.08	4.36	4.36	3.41	2.88	3.20	3.09	2.83	2.70	2.91

<sup>1</sup> Data per share is adjusted for 10:1 share split in May 2015.

# Sustainability in a ten-year perspective

AREA		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>ENVIRONMENT</b>											
Compliance	Number of violations of environmental legislation	1	0	2	1	1	3	2	3	1	2
Energy <sup>1</sup>	Energy use, GWh	410	414			493					
	Energy consumption/sales, GWh/MSEK	0.020	0.019			0.032					
Climate <sup>1</sup>	Energy from renewable sources (electricity, biomass, biogas, photovoltaic cells), % of total energy use	40	33			19					
	CO <sub>2</sub> emissions from energy consumption, tons <sup>2</sup>	80,763	89,653			163,179					
Water	CO <sub>2</sub> emissions/sales, tons/MSEK	4.0	4.1			11.2					
	Water consumption, thousands of m <sup>3</sup>	1,400	1,504	1,191	1,160	1,106	1,106	718	735	884	700
Waste	Water consumption/sales, m <sup>3</sup> /MSEK	68	68	54	72	82	71	54	60	81	68
	Volume of waste, tons	25,431	24,372	24,850	25,130	22,950	26,500	23,100	22,000	19,800	16,000
Raw materials	Amount of waste/sales, tons/MSEK	1.3	1.1	1.1	1.6	1.7	1.7	1.8	1.8	1.8	1.6
	Recycled/bio-based polymer materials, % of total use (excluding natural rubber)	18	19	16	10	8	8	15	15	18	1
Management systems	ISO 14001 certified facilities, % of total number	100	96	94	87	77	76	97	92	89	93
<b>PEOPLE</b>											
Employees	Number of employees (average)	4,960	5,050	5,101	4,688	4,657	4,844	4,454	4,326	4,028	3,858
Compliance	Number of significant violations of health and safety legislation (fines, sanctions)	0	0	3	2	0	3	0	0	1	0
Health and safety	Occupational accidents, lost work days, number/million hours worked	15.9	12.1	11.9	12.3	10.1	12.9	12.8	15.2	15.1	15.9
Diversity	Proportion of women on the Board of Directors of the Group, %	43	50	67	67	57	57	57	57	43	29
	Proportion of women in local management teams, %	22	27	28	27	24	18	18	14	15	12
Training	Training of employees, hours/employee	11	18	22	20	17	32	26	22	19	23
Management systems	ISO 45001 certified sites, % of total number	12	8	9	4	5	9	11	11	9	7
Code of Conduct	Reported human rights violations, number	0	0	0	0	0	2	1	1	1	0
	Discrimination, number of reported cases	3	5	1	2	2	2	1	1	1	0
<b>FINANCE</b>											
	Sales, MSEK	20,437	22,046	22,243	16,005	13,424	15,508	13,770	12,230	10,879	11,229
	Financial value distributed between stakeholders, MSEK <sup>3</sup>	5,885	5,193	5,354	3,569	3,273	3,357	2,989	3,658	2,559	2,366
	Taxes paid, MSEK	781	822	761	673	446	466	516	441	515	550

<sup>1</sup> 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, the previous year 2023 and the current year 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.

<sup>2</sup> 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).

<sup>3</sup> Compensation to suppliers is not included.

# Shareholder information

## Annual General Meeting

The Annual General Meeting will be held on April 25, 2025, 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 15, 2025,
- 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 17, 2025.

Shareholders whose shares are registered with a trustee must temporarily reregister the shares in their own name not later than April 15, 2025, 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 17, 2025, 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 2025 Annual General Meeting on April 25.

## 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.

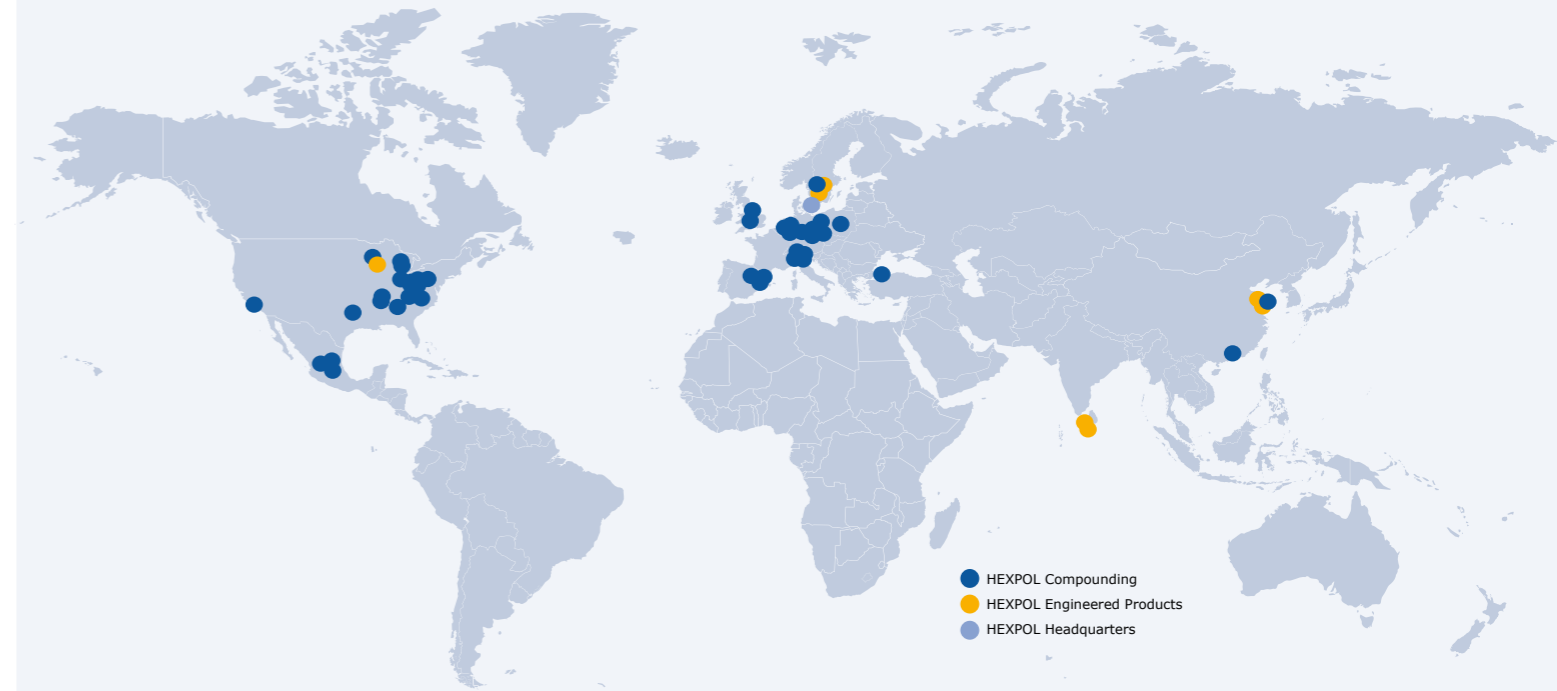
## Calendar for financial information

HEXPOL AB will publish financial information on the following dates:

ACTIVITY	DATE
Interim report January–March 2025	April 25
Annual General Meeting 2025	April 25
Half-year report January–June 2025	July 18
Interim report January–September 2025	October 23
Year-end report 2025	January/February 2026



## HEXPOL – A GLOBAL GROUP WITH A LOCAL PRESENCE



## PRODUCTION UNITS AND HEADQUARTERS

AMERICAS			EUROPE		
●	HEXPOL Aguascalientes	Aguascalientes, Mexico	●	3A MCOM S.r.l	Grigno, Italy
●	HEXPOL Akron	Akron, OH, USA	●	almaak international	Doberlug-Kirchhain, Germany
●	HEXPOL Burton	Burton, OH, USA	●	almaak international	Krefeld, Germany
●	HEXPOL Compounding – Querétaro	Querétaro, Mexico	●	Berwin Rubber Ltd	Dukinfield, UK
●	HEXPOL Compounding Statesville	Statesville, NC, USA	●	Gislaved Gummi AB	Gislaved, Sweden
●	HEXPOL Dyersburg	Dyersburg, TN, USA	●	HEXPOL AB	Malmö, Sweden
●	HEXPOL Huntingdon	Huntingdon, TN, USA	●	HEXPOL Compounding SRL	Eupen, Belgium
●	HEXPOL Kennedale	Kennedale, TX, USA	●	HEXPOL Compounding S.R.O	Unicov, Czech Republic
●	HEXPOL Long Beach	Long Beach, CA, USA	●	HEXPOL Compounding GmbH	Hückelhoven, Germany
●	HEXPOL Middlefield	Middlefield, OH, USA	●	HEXPOL Compounding (Lesina) S.R.O	Lesina, Czech Republic
●	HEXPOL San Luis Potosi	San Luis Potosi, Mexico	●	HEXPOL Compounding SLU	Barcelona, Spain
●	HEXPOL Tallapoosa	Tallapoosa, GA, USA	●	HEXPOL TPE GmbH	Lichtenfels, Germany
●	HEXPOL TPE Americas LLC	Broadview, IL, USA	●	HEXPOL TPE AB	Åmål, Sweden
●	HEXPOL Whitewater	Whitewater, WI, USA	●	HEXPOL TPE Ltd	Manchester, UK
●	McCann Plastics	North Canton, OH, USA	●	MESGO ASIA (KAUCUK)	Sekerpınar, Cayirova, Turkey
●	Preferred Compounding – Barberton	Barberton, OH, USA	●	MESGO Iride Colors S.r.l	Garlasco, Italy
●	RheTech Colors	Sandusky, OH, USA	●	MESGO POLSKA Sp. Z o.o	Tomaszow Masowiecki, Poland
●	RheTech Compounding	Fowlerville, MI, USA	●	MESGO S.p.A	Carobbio degli Angeli, Italy
●	RheTech Compounding	Whitmore Lake, MI, USA	●	MESGO S.p.A	Gorlago, Italy
●	RheTech Engineered Plastics	Whitmore Lake, MI, USA	●	Stellana GmbH	Krefeld, Germany
●	Stellana US	Lake Geneva, WI, USA	●	Stellana AB	Laxå, Sweden
			●	Unión de industrias C.A. S.A.	Corella, Spain
			●	Vicom 2002 S.L.	Olderola, Spain
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			



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 two business areas, HEXPOL Compounding and HEXPOL Engineered Products. The HEXPOL Group generated sales of MSEK 20,437 in 2024, and the Group had some 5,000 employees in 14 countries.



HEXPOL AB (publ), Skeppsbron 3, SE-211 20 Malmö, Sweden.

Telephone +46 040-25 46 60.

[www.hexpol.com](http://www.hexpol.com)