

INTERIM REPORT

JANUARY–JUNE 2023



SECURED FINANCING AND NEW MILESTONES REACHED

SIGNIFICANT EVENTS DURING THE QUARTER

Sweden

Permit applications submitted for two offshore wind farms, Mareld of 2,500 MW and Cirrus of 2,000 MW.

Technology

Patent authorities dismissed objections on Hexicon's patent regarding the TwinWind™.

Hexicon

Secured development loan of EUR 45 million for projects with Glennmont Partners.

SIGNIFICANT EVENTS AFTER THE QUARTER

Hexicon

After the period convertible loans of SEK 82.5 million were repaid with interest by utilising the development loan facility.

Hexicon

Secured financing of SEK 75 million through a revolving credit facility which is complementary to the development loan facility.

APRIL – JUNE 2023

- Net revenue amounted to SEK 2.5 (2.8) million
- Operating profit/loss was SEK -75.9 (-44.0) million
- Profit/loss before tax for the period was SEK -65.5 (-44.5) million
- Earnings per share basic and diluted was -0.18 (-0.12) SEK
- Cash flow from operating activities was SEK 16.9 (-27.5) million

JANUARY – JUNE 2023

- Net revenue amounted to SEK 4.2 (8.5) million
- Operating profit/loss was SEK -130.4 (-63.4) million
- Profit/loss before tax for the period was SEK -112.8 (-62.9) million
- Earnings per share basic and diluted was -0.31 (-0.17) SEK
- Cash flow from operating activities was SEK -23.9 (-49.3) million

Hexicon is a technology and project developer in the floating offshore wind industry. As a first mover in the industry Hexicon has managed to develop a vast project portfolio and a promising twin turbine technology. The nature of the business is to heavily invest in project and technology assets, developing losses in the group while building significant value to be materialised once divested. The progress in Sweden together with further developments in Italy during the year has increased our net project portfolio to 6,300 MW (2,000 MW), and our net prospect portfolio to 4,400 MW (4,000 MW).

SIGNIFICANT EVENTS APRIL – JUNE 2023

SWEDEN

The Swedish joint venture Freja Offshore submitted the application for the floating wind farm Mareld, on the West Coast of Sweden, to the Swedish government. This marks a significant milestone in the home market.

HEXICON

Accepted to the Business Accelerator Program Southeast Asia (BAPSEA) facilitated by the Swedish Energy Agency and Business Sweden. This grants Hexicon access to a wide range of resources, expert guidance, and networking prospects.

SWEDEN

The Swedish joint venture Freja Offshore submitted the application for the offshore wind-farm Cirrus, located of the south cost of Sweden.

HEXICON

The Board rejected an indicative bid from a European actor, since the level of the bid, in combination with other specified conditions regarding upcoming milestones, did not match the value of the company's project portfolio.

APRIL

MAY

JUNE

SIGNIFICANT EVENTS AFTER THE PERIOD

HEXICON

Secured a development loan agreement of up to EUR 45 million with Glennmont. The funding will facilitate the development of multiple projects and enable early repayment of existing convertible loans.

TECHNOLOGY

The Swedish Patent and Registration Office (PRV) dismissed a competitor's objection regarding the TwinWind™ design. This validation reaffirms the patent status and future potential of the technology.

HEXICON

Entered an agreement of a credit facility of up to SEK 75 million securing working capital and enabling the company to execute the growth strategy.

CEO COMMENTS

SECURED FINANCING AND 4.5 GW OF NEW APPLICATIONS IN SWEDEN



Last quarter has been very eventful for Hexicon. We have managed to secure flexible financing alongside pushing the project portfolio forward with several important milestones reached, solidifying our position as a leading player in the floating wind sector.

Our business model is to develop projects over several years before divesting them. Up to that point our project spending is taken as cost, and the value created is consequently not visible until a divestment is made. This means that, for accounting reasons, we are incurring losses during the project build-up phase, as visible in this report. Meanwhile we are continuously securing the liquidity required to fund the ongoing project development. In the second quarter we reached a point where we needed to get additional financing. Having secured that, we are now drawing it down at the necessary pace. We remain confident that we will achieve the targeted return on our project portfolio.

A lot of activity in the market

In Sweden, two important applications for ground-breaking projects were submitted to the government by our joint venture Freja Offshore. The first one relates to the Mareld Floating Wind Farm off the west coast boasting a total capacity of 2,500 MW. The second one was the 2,000 MW offshore wind farm Cirrus, located in the Baltic Sea off the south coast. The progress in Sweden together with further developments in Italy during the year has increased our net project portfolio to 6,300 MW (2,000 MW), and our net prospect portfolio to 4,400 MW (4,000 MW), significantly increasing the value of our portfolio.

We see momentum in Sweden where several offshore wind farms recently received permits

from the government. Globally we continue to see political signs of acceleration of offshore wind. For example, the German government recently auctioned out 7 GW of offshore wind for EUR 12.6 billion and in Australia, the Government declared a new offshore wind development area off the east coast. On that note, Hexicon's appetite to utilise its core skillset of originating and early-stage developing projects around the globe remains high.

An important ruling, a catalyst for TwinHub

On the technical side, we received a very important positive ruling during the quarter. The Swedish Patent and Registration Office (PRV) has rejected an objection regarding the patent relevant to Hexicon's TwinWind™ design. This was an expected but still very welcome decision. We also see the decision as supportive of the entire patent family in all national validated patents, which also provides continued motivation in the development of TwinWind™ and related IP as well as the TwinHub Project which continues towards implementation of our technology.

Securing financial flexibility

A significant event in the quarter happened in late May when we entered into a long-term financing agreement with Glennmont Partners of up to EUR 45 million. This agreement offers us the financial flexibility needed to effectively develop our project pipeline and optimise the divestment process. As the Glennmont financing is predominantly used to finance the major projects, an additional credit facility was entered into in July with the Wallenius Group, alongside a few private investors. The credit facility ensures that we have liquidity to cover non-project-related expenses, and together with the Glennmont agreement, it allows us to

progress towards our growth objectives with confidence.

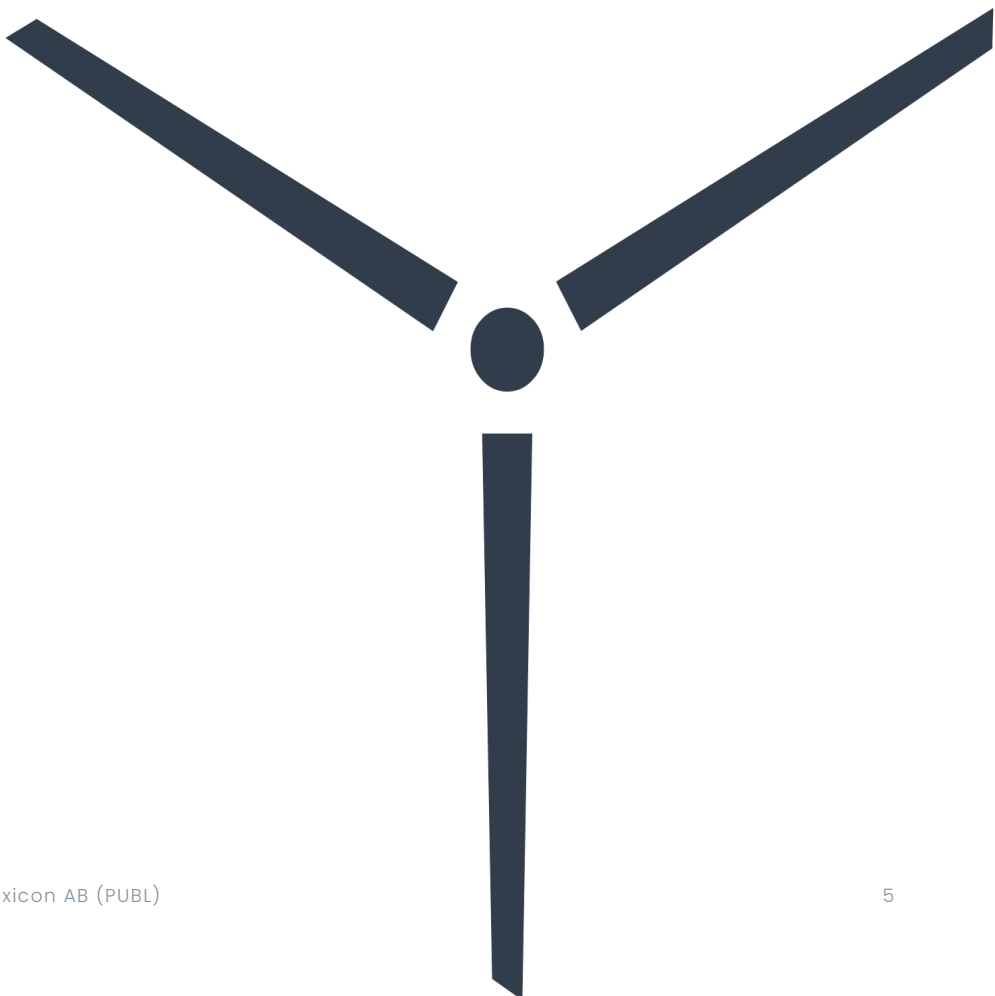
In July, our Board received an indicative and conditional bid for the company at a value corresponding to a share price of 1.5 SEK. Due to the level of the bid and the conditions attached to it, the Board decided to reject it. As one of the conditions of the indicative bid was the recommendation by the Board, this process came to an end.

Promising times ahead

I am proud of what we have achieved during the period. The financing agreements that we have put in place are well suited for where

Hexicon and the market is today. The floating wind industry is closing in on its first commercial scale projects but is also affected by macroeconomic challenges. Amongst other things, this causes longer transaction lead times. It is as such more important than ever to be able to hold the right projects until the right time to realise the significant value they possess. This is what our recent enhanced financing enables, which leads us towards promising times ahead.

Marcus Thor
CEO



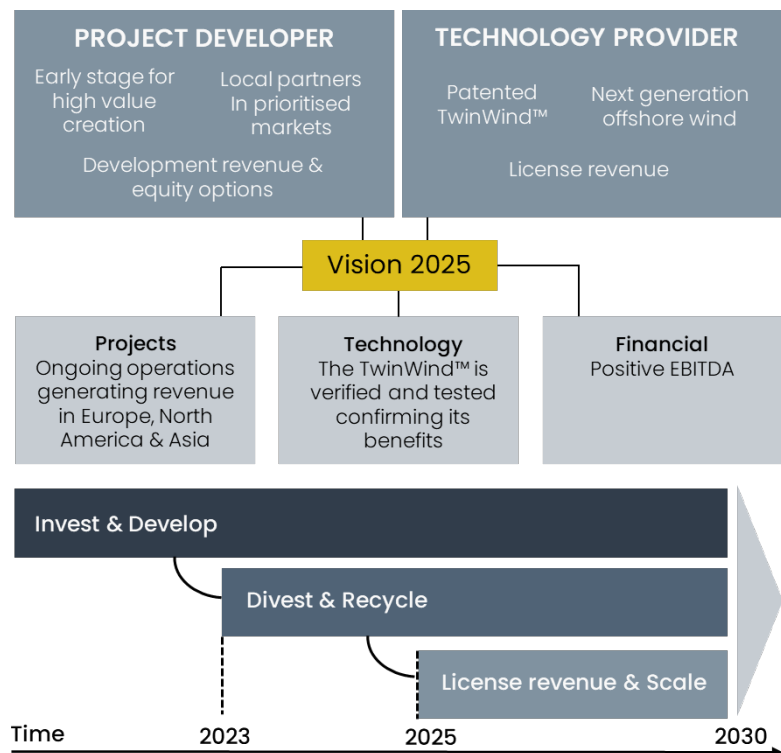
THIS IS HEXICON

Hexicon operates through a dual business model, as a project developer and as a technology provider. By focusing on these two areas, the company can enter new markets early, and subsequently establish its unique TwinWind™ technology.

The project development focuses on initiating and driving projects in new and growing markets, in partnership with both local and global industrial partners. Furthermore, the company has its own patented design, which creates a competitive advantage and allows Hexicon to take on a unique position in the industry. The two business areas are independent of each other, diversifying the business, and generating independent revenue streams. At the same time, synergies are created through Hexicon's experience, expertise, and partnerships. Revenue is achieved through project ownership and divestments, as well as through license fees for the construction and operation of Hexicon's patented technology in wind farms.

VALUE-CREATING FACTORS

-  Drive growth in the project portfolio by initiate new projects and enter new markets.
-  Strive to continue to work with the best-in-class partners in the industry.
-  Further develop, optimise, & scale up our technology and bring it towards commercialisation.



FUTURE OUTLOOK

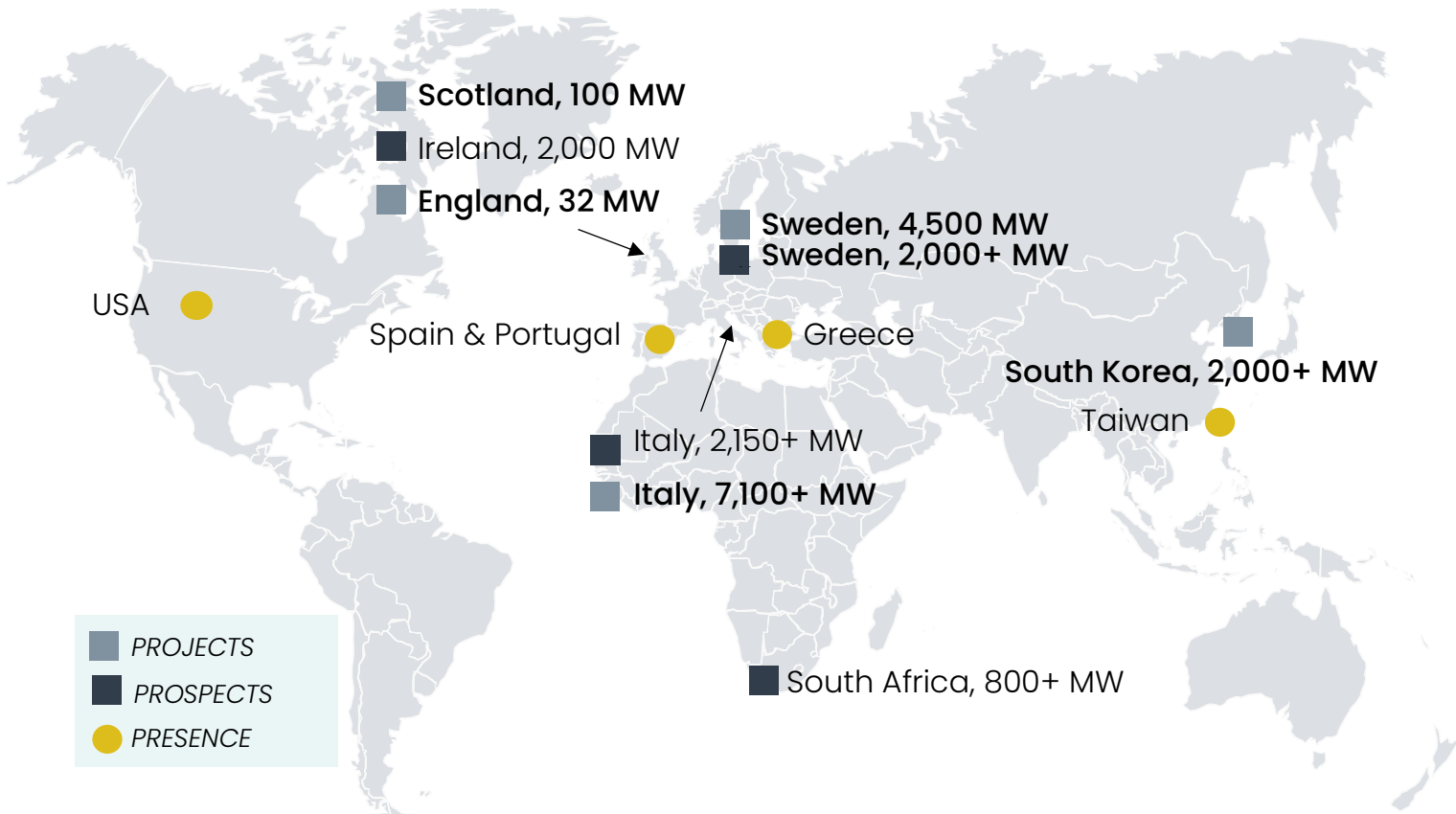
Floating wind power will have an important role in the global energy mix. Hexicon will be one of the leaders in the sector and have a strong position thanks to an early presence in multiple markets and technological advances through TwinWind™. Hexicon's project portfolio is well diversified and will generate profitability through revenues in key regions for offshore wind power - Europe, North America, and Asia. After successful testing and verification according to the technical roadmap, the advantages of TwinWind™ will be confirmed.

PROJECTS

During the second quarter of 2023, we made significant progress in our project portfolio. **In Sweden two applications** were sent in for both the floating wind farm Mareld on the west coast and the offshore wind farm Cirrus on the south coast, with potential to generate a total of 19-22 TWh annually. Furthermore, we continue to develop our projects in Asia. **The MunmuBaram project in South Korea** maintains its way to become the first commercial GW scale floating offshore wind project in the world. Cooperating with two neighbouring windfarms, the project is expected to reach important milestones within the next 9 months. **Within the TwinHub project**, Hexicon will go through the FEED studies to bring the projects to FID, requiring intense engagement with suppliers.

In Italy, together with our JV partner Avapa Energy we are continuing to push the development of the project portfolio forward. The Italian government is expected provide new regulation later this year to add additional guidance and certainty which, we anticipate will bring momentum to our Italian JV. **At Hexicon**, our project portfolio is a key element of our value creation, and we will continue to invest in early markets and projects to drive our growth. Thanks to the exceptional expertise of our employees, successful partnerships, and careful investigation in the early stages, our local teams identify optimal markets for new projects. Hexicon's project portfolio is diversified in terms of project maturity and geography, which not only distributes risks but also allows for successful divestments.

GROSS PORTFOLIO CAPACITY: 20+ GW



PROJECTS & PROSPECTS

PROJECT						
Project info	South Korea	South Korea	Scotland	Sweden	England	Italy
Name	MunmuBaram	Pohang	Pentland Floating Wind Farm	Freja Offshore	TwinHub	AvenHexicon
Location	Ulsan	East coast	Dounreay	Multiple	Cornwall	Multiple
Estimated gross capacity	1,100+ MW	900 MW	100 MW	4,500 MW	32 MW	7,100 MW
Hexicon's stake	20%	29%	10%	50%	100%	50%
Site(s)	Secured	Secured	Secured	Identified	Secured	Secured
Partner(s)	Shell Overseas Investments B.V	Hexicon Korea	CIP	Mainstream Renewable Power	-	Avapa Energy
Target FID¹/COD²	2025/2027	TBA	2024/2026	2027/2029	2024/2025	TBA
					Gross projects: 13,700+ MW Net project ³ : 6,300+ MW	

PROSPECTS				
Project info	South Africa	Ireland	Italy	Sweden
Name	GenesisHexicon	TBA	AvenHexicon	Freja Offshore
Location	Richards Bay	West Ireland	Multiple	Multiple
Estimated gross capacity	~800 MW	~2,000 MW	2,150 MW	2,000+ MW
Hexicon's stake	50%	100%	50%	50%
Site(s)	Identified	Identified	Identified	Identified
Partner(s)	Genesis Eco-Energy	Killybegs Fishermen's Org.	Avapa Energy	Mainstream Renewable Power
			Gross prospect: 6,900+ MW Net prospect: 4,400+ MW	

¹ FID – Final Investment Decision

² COD – Commercial Operational Date

³ Net projects/prospects = Hexicon's stake of ownership

TECHNOLOGY

TwinWind™ – Hexicon’s patented technology

Hexicon’s TwinWind™ technology is a ground-breaking innovation in the offshore wind power industry, enabling the production of more power per sea surface area than single turbine systems. TwinWind™ also minimises impact on the environment and surrounding activities, allowing wind farms to be established in deeper waters far from the coast. The design consists of a triangular, floating steel structure with two turbines that rotate freely with the wind direction.

In 2022, TwinWind™ was approved by the European Patent Office (EPO). EPO’s approval allows Hexicon to drive innovation and commercialisation of the technology within Europe.

The TwinWind™ technology is now patented in over 20 countries, and more national patents are expected to follow.

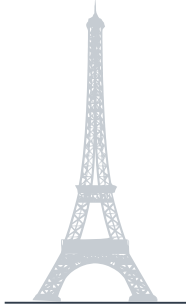
Small carbon footprint

Electricity production with a small carbon footprint that coexists with marine life.

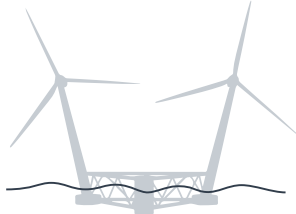
Stable winds

With a capacity factor of 50–60%, high efficiency is achieved.

The Eiffel Tower
Height: 330m



TwinWind™
Hub height: 111 m
Rotor diameter: 180 m
Total height: 200 m



Industrialisation

The market is ready for, and in need of electricity production from floating wind power.

Enormous potential

80% of the best wind resources are found in deep waters areas, where floating technology is the sole option.



FINANCIAL PERFORMANCE

Hexicon's business model is to invest in interesting projects and technology assets in the floating wind industry, either together with co-investors or fully owned assets. The TwinWind™ is a leading technology in the dual turbine segment, and the technology is anticipated to be able to deliver long-term value once demonstrated. The project portfolio on the other hand does not only have the long-term revenue potential but also in the short-term as it can be divested at different stages of maturity.

APRIL-JUNE

Project portfolio

During the quarter we have seen significant progress as our joint-venture Freja Offshore applied for 4,500 MWs of wind farm permits, one of the most significant project milestones in Sweden, while maintaining a vast prospect portfolio of multiple sites. The progress in Sweden together with further developments in Italy during the year has increased our net project portfolio 6,300 MW (2,000 MW), and our net prospect portfolio 4,400 MW (4,000 MW).

Net revenue and earnings

Net revenue for the period April to June amounted to SEK 2.5 (2.8) million. The decrease in revenue is derived from a lower level of consultancy services. The result for the period was SEK -65.3 (-44.4) million. The loss of the period is derived from increased project development costs as the project portfolio matures. The non-technology project costs are mainly developed in associated companies where they are not capitalised, which is why we see a significant result impact from the project development leg of the business.

Cash flow, financing and investments

The group's cash flow from operating activities before changes in working capital amounted to SEK -22.7 (-25.9) million. Cash flow from financing activities amounted to SEK 5.6 (-0.6) million. The investments amounted to SEK -54.9 (-21.5) million which are partly related to activated development expenses in the TwinHub project, and mainly related to investments in the associated companies MunmuBaram and Freja Offshore.

JANUARY-JUNE

Net revenue and earnings

Net revenue for the period January to June amounted to SEK 4.2 (8.5) million. The decrease in revenue is derived from a lower level of consultancy services. The result for the period was SEK -112.6 (-62.6) million. The loss of the period is mainly derived from increased costs for developing the maturing project pipeline, and increasing personnel costs to keep up with the developments. The non-technology project costs are not capitalised.

Cash flow, financing and investments

The group's cash flow from operating activities before changes in working capital amounted to SEK -35.3 (-38.5) million. Cash flow from financing activities amounted to SEK 7.2 (-2.6) million. The investments amounted to SEK -57.9 (-34.3) million which are partly related to activated development expenses in the project portfolio and mainly related to investments in associated companies.

Balance sheet

The group's total assets at the end of the reporting period amounted to SEK 364.3 (391.4) million and equity was SEK 72.2 (259.7) million. The equity/asset ratio was 20 (66) %. The cash balance per June 30 amounted to SEK 12.3 (203.5) million. Intangible assets per June 30, 2023, were SEK 149.3 (97.2) million. The increase is mainly due to investments in the British TwinHub project. The participations in associated companies per 30st of June were SEK 118.2 (12.1) million. The increase in participations in associated companies is mainly attributed to increased ownership in MunmuBaram Co., Ltd.

Parent company

The parent company's net revenue during the second quarter amounted to SEK 2.9 (4.3) million and the result for the second quarter was SEK -13.2 (-30.3) million. The cash balance per June 30 amounted to SEK 9.0 (199.1) million. The total assets at the same date amounted to SEK 331.7 (336.6) million.

OTHER FINANCIAL INFORMATION

Organisation

The group had 31 (33) employees at the end of the reporting period.

Significant events in reporting period

On April 18 Hexicon's Swedish joint venture company Freja Offshore submitted its first site application for the 2,500 MW Mareld windfarm, followed by the 2,000 Cirrus windfarm in June. In May the Swedish Patent and Registration Office dismissed an objection regarding the TwinWind™ design.

Three new companies were opened during the period. Hexicon Holding AB, 100% owned by Hexicon AB, as well as Mareld Green Energy AB and Medvind Green Energy AB both 50% owned by Hexicon Holding AB.

At the end of May, Hexicon entered a 6-year loan agreement with Glennmont Partners of up to EUR 45 million to accelerate project pipeline and make early repayment of convertible loans.

Hexicon group

Hexicon AB is the parent company, and the following subsidiaries are fully consolidated in the group accounts, Sweden: Hexicon Holding AB, Freja Offshore AB, Dounreay Holding AB, USA: Hexicon USA LLC, Hexicon North America LLC, UK: TwinHub Ltd, Wave Hub Ltd, Hexicon Developments UK Ltd, Highland Floating Winds Ltd, Norway: TwinWay AS, Spain: Hexicon Renewable Energy Spain SL, Portugal: Hexicon Portugal Lda. Profit shares from the following joint ventures and related companies are recognised in the group's income statement, South Korea: Hexicon Korea, Co., Ltd., Munmu Baram, Co., Ltd, Sweden: Freja Offshore AB, Mareld Green Energy AB, Medvind Green Energy AB, Italy: AvenHexicon SRL, South Africa: GenesisHexicon Pty, Greece: Hexicon Power S.A, UK: Wave Hub Grid Connection Ltd.

Risks and uncertainty factors

The company's generation 2 platform is being tested. There are risks related to the development pace and competitiveness of the technology. There are also risks connected to the company's dependence on key employees and partnerships. Lastly, as the company is not yet profitable it is dependent on external financing, a dependency that increase with the higher level of activity across many markets. The

extrapolation of current spending levels shows that further funding will be required in the foreseeable future. The management has analysed the company's financial situation and made the assessment that sufficient financing can be obtained to ensure continued operation for the next 12 months

The Swedish Patent and Registration Office (PRV) rejected the objection from Enerocean S.L. regarding the patent relevant to the company's TwinWind™ design in May 2023. This eliminates a previously identified risk.

Related party transactions

There have been no significant changes in the relationships with related parties for the Group or the Parent Company compared to the information provided in the Annual report/last period. During the period, there were no transactions with related parties.

Parent company

Significant events in the parent company during the period are the same as for the group. The risks and uncertainty factors are the same in the parent company as for the group.

Significant events after the reporting period

In July, Hexicon entered into an agreement for a credit facility of up to SEK 75 million, which can be utilized as needed, with disbursements of SEK 10 million at a time. The credit facility is intended to cover Hexicon's working capital. The facility secures liquidity up until the summer 2024. The credit facility is complementary to the EUR 45 million Glennmont development loan which will be used to fund the main projects going forward, part of which has been used to pay the remaining 50% of the acquisition fee for the MunmuBaram purchase in August of USD 3.85 million.

Furthermore, the Board of Directors rejected an indicative bid from a European actor due to level and terms of the bid.

For further information please contact:

The Communications Department,
communications@hexicongroup.com.

Group income statement in summary

MSEK	Note	2023	2022	2023	2022	2022
		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net revenue	4	2.5	2.8	4.2	8.5	11.6
Other operating income		0.8	1.6	2.0	2.5	6.1
Capitalised development	5	7.8	8.0	10.4	18.7	67.5
Raw materials and consumables		-	-	-	-	0.7
Other external expenses		-27.1	-27.1	-42.8	-47.0	-119.7
Personnel costs		-13.9	-11.2	-28.3	-20.7	-49.7
Depreciation/amortisation and impairments	7	-6.6	-10.2	-10.4	-13.0	-35.5
Other operating expenses		-0.1	0.2	-0.2	-	-1.0
Result from share in associated companies		-39.4	-8.1	-65.4	-12.4	-41.1
Operating profit/(loss)		-75.9	-44.0	-130.4	-63.4	-161.2
Net financial income/(expenses)		10.4	-0.5	17.5	0.5	-9.7
Profit/(loss) before tax		-65.5	-44.5	-112.8	-62.9	-170.8
Tax		0.2	0.1	0.2	0.3	0.5
Profit/(loss) for the period		-65.3	-44.4	-112.6	-62.6	-170.3
Profit/ (loss) for the period attributable to:						
Equity holder of the parent company		-65.3	-42.3	-112.5	-60.2	-166.9
Non-controlling interests		-	-2.1	-0.1	-2.4	-3.4

Group statement of comprehensive income

MSEK	Note	2023	2022	2023	2022	2022
		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Profit/(loss) for the period		-65.3	-44.4	-112.6	-62.6	-170.3
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		0.3	-0.7	0.9	-0.6	6.3
Sum other comprehensive income for the period		0.3	-0.7	0.9	-0.6	6.3
Total comprehensive income for the period		-65.0	-45.1	-111.7	-63.2	-164.0
Total comprehensive income for the period at-tributable to:						
Equity holder of the parent company		-65.0	-43.0	-111.6	-60.8	-160.6
Non-controlling interests		-	-2.1	-0.1	-2.4	-3.4
Earnings per share basic and diluted (SEK)		-0.18	-0.12	-0.31	-0.17	-0.46

Group balance sheet in summary

MSEK	2023-06-30	2022-06-30	2022-12-31
ASSETS			
<i>Non-current asset</i>			
Intangible assets	149.3	97.2	131.3
Plant and equipment	54.0	58.8	55.7
Right of use assets	9.7	11.9	10.5
Participations in associated companies	118.2	12.1	145.3
Non-current financial assets	1.8	1.7	1.7
Total non-current assets	332.9	181.7	344.4
CURRENT ASSETS			
Other current assets	19.1	6.2	20.5
Cash & cash equivalent	12.3	203.5	86.6
Total current assets	31.4	209.7	107.2
TOTAL ASSETS	364.3	391.4	451.6
EQUITY AND LIABILITIES			
Share capital	3.6	3.6	3.6
Additional paid-in capital	540.5	540.5	540.5
Reserves	0.9	-0.7	6.3
Contingent consideration	41.0	-	41.0
Retained earnings including profit/(loss) for the period	-513.1	-281.4	-388.6
Equity attributable to equity holders of the parent company	72.9	262.0	202.8
Non-controlling interest	-0.7	-2.3	-3.5
Total equity	72.2	259.7	199.4
NON-CURRENT LIABILITIES			
Provisions	36.1	31.9	32.7
Deferred tax liabilities	4.3	4.2	4.1
Non-current interest-bearing liabilities	2.2	-	2.1
Non-current lease liabilities	6.0	8.3	7.7
Other non-current liabilities	16.1	30.0	16.5
Total non-current liabilities	64.7	74.4	63.1
CURRENT LIABILITIES			
Current interest-bearing liabilities	68.3	0.1	68.5
Current derivative liabilities	1.0	-	19.9
Accounts payable	7.7	10.9	16.9
Other current liabilities	101.7	24.9	58.8
Accrued expenses and deferred income	48.7	21.4	25.1
Total current liabilities	227.4	57.3	189.1
TOTAL EQUITY AND LIABILITIES	364.3	391.4	451.6

Group report on changes in equity in summary

	2023	2022	2023	2022	2022
MSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Opening balance equity attributable to equity holders of the parent company	147.0	305.0	202.8	322.8	322.7
Total result for the period					
Income/(loss) for the period	-65.5	-42.3	-112.5	-60.2	-166.9
Other comprehensive income/(loss)	-8.7	-0.7	-17.5	-0.6	6.1
Total comprehensive income/(loss) for the period	-74.2	-43.0	-130.0	-60.8	-160.9
Contingent consideration	-	-	-	-	41.0
Closing balance equity attributable to equity holders of the parent company	72.9	262.0	72.9	262.0	202.8
Opening balance equity attributable to non controlling interests	-0.6	-0.2	-3.5	-0.1	0.1
Total comprehensive income/ (loss) for the period	0.0	-2.1	-0.1	-2.4	-3.4
Non-controlling interest from business combinations	-0.1	-	2.9	-	-0.2
Closing balance equity attributable to non controlling interests	-0.7	-2.3	-0.7	-2.3	-3.5

Group cash flow statement in summary

	2023	2022	2023	2022	2022
MSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
OPERATING ACTIVITIES					
Operating profit/(loss)	-75.9	-44.0	-130.4	-63.4	-161.1
Adjustment for non-cash-items	54.2	18.3	96.9	25.4	75.8
Interest received	-	-	-	-	-
Interest paid	-0.9	-0.2	-0.9	-0.5	-0.2
Income tax paid	-0.1	-	-0.9	-	-
Cash flow from operating activities before changes in working capital	-22.7	-25.9	-35.3	-38.5	-85.5
Increase (-)/Decrease (+) of operating receivables	1.0	-14.0	2.4	-21.4	-18.3
Increase (+)/Decrease (-) of operating payables	38.7	12.4	9.0	10.6	8.6
Cash flow from operating activities after changes in working capital	16.9	-27.5	-23.9	-49.3	-95.1
INVESTMENT ACTIVITIES					
Acquisition of intangible assets	-8.2	-8.4	-11.4	-19.4	-68.8
Other investments	-46.7	-13.1	-46.5	-14.9	-119.8
Cash flow from investment activities	-54.9	-21.5	-57.9	-34.3	-188.7
FINANCING ACTIVITIES					
Borrowings	-	-	-	-	83.2
Other financing items	5.6	-0.6	7.2	-2.6	-2.5
Cash flow from financing activities	5.6	-0.6	7.2	-2.6	80.7
Cash flow for the period	-32.4	-49.6	-74.5	-86.2	-203.1
Cash at the beginning of the period	44.5	253.0	86.6	289.6	289.6
Exchange-rate difference in cash	0.2	0.1	0.2	0.1	0.1
Cash at the end of the period	12.3	203.5	12.3	203.5	86.6

Parent company income statement in summary

	2023	2022	2023	2022	2022
MSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net revenue	2.9	4.3	5,3	11.5	16.8
Capitalised development	0.1	-	0.3	6.3	6.5
Other operating income	0.0	0.6	0,3	0.6	1.5
Other external expenses	-19.6	-20.7	-28.1	-36.2	-61.8
Personnel costs	-8.3	-8.3	-16.8	-16.0	-33.1
Depreciation/amortisation and impairments	-0.6	-	-1.2	-	-16.0
Other operating expenses	-0.1	0.2	-0.1	-	-1.0
Operating profit/(loss)	-25.5	-23.9	-40.3	-33.8	-87.2
Net financial income/(expenses)	12.5	-6.4	24.1	-6.4	-33.9
Profit/(loss) before tax	-13.0	-30.3	-16.2	-40.2	-121.1
Appropriations	-0.2	-	-0.4	-	0.9
Tax	-	-	-	-	-
Profit/(loss) for the period	-13.2	-30.3	-16.6	-40.2	-120.2

Total comprehensive income for the period in the parent company is the same as profit/loss for the period.

Parent company balance sheet in summary

MSEK	2023-06-30	2022-06-30	2022-12-31
ASSETS			
Non-current asset			
Intangible assets	12.2	27.1	11.9
Plant and equipment	14.2	15.0	15.3
Non-current financial assets	12.1	41.8	187.2
Total non-current assets	38.5	83.9	214.5
Current assets			
Other current assets	284.2	53.6	117.5
Cash & cash equivalent	9.0	199.1	78.8
Total current assets	293.2	252.7	196.3
TOTAL ASSETS	331.7	336.6	410.8
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	3.6	3.6	3.6
Restricted equity for development expenses	12.2	27.1	11.9
Non-restricted equity			
Share premium reserve	538.1	538.1	538.1
Contingent consideration	-	-	41.0
Retained earnings	-308.4	-230.6	-215.5
Profit/(loss) for the period	-16.6	-40.3	-120.2
Total Equity	228.9	297.9	259.0
Current liabilities			
Current interest-bearing liabilities	68.3	-	68.3
Current derivative liabilities	1.0	-	19.9
Accounts payable	0.9	6.7	10.0
Other current liabilities	1.7	17.6	42.5
Accrued expenses and deferred income	30.8	14.4	11.2
Total current liabilities	102.8	38.7	151.9
TOTAL EQUITY AND LIABILITIES	331.7	336.6	410.8

NOTES

Note 1: Accounting principles

This report was prepared in accordance with IAS 34 Interim Financial Reporting and in applicable parts in accordance with Swedish Annual Accounts Act (ÅRL). The interim financial statement for the parent company has been prepared in accordance with Swedish Annual Accounts Act (ÅRL), chapter 9, Interim Financial Reporting, except for the requirement of being in Swedish. The group's and the parent company's accounting principles and basis of computations are unchanged compared to the latest annual report. The figures in all tables are rounded off.

Information applicable to IAS 34.16A§ is disclosed in all parts of the report, in addition to the financial reports and the supporting notes.

Note 2: Estimates and assumptions

The preparation of the financial reports in accordance with IFRS requires estimates and assumptions from the management that effect the accounting principles and the recorded amount of assets, liabilities, revenue, and expenses. The actual value can differ from these estimates and assumptions. The critical assessments and the cause of uncertainty in the estimates are the same as in the latest annual report except the calculation of the fair value of the contingent consideration related to the acquisition of the shares in the associated company MunmuBaram Co., Ltd and the fair value calculation of the derivate debt of the convertible loan issued in November 2022.

The calculation of fair value contingent consideration related to the acquisition of the shares in the associated company MunmuBaram Co., Ltd was made by discounting future expected cash flows related to the contingent consideration. In addition, management has applied judgement when determining that the fair value of the contingent consideration at the date of acquiring the shares should be presented in equity and hence not be subsequently re-measured. The initial acquisition-price amounts to 7.7 MUSD, of which 50% has been paid at acquisition in August 2022 and 50% are included in current liabilities and matures latest August 2023. The contingent consideration relates to profit share agreement which is valued to 3.9 MUSD, SEK 41 million.

The profit share agreement stipulates that, if the company sells of the 20% shares in MunmuBaram, the profit from the sale minus Hexicon's total capital investment (initial purchase price plus remaining expenditure by Hexicon) shall be distributed according to the ratio under separate profit share agreement. The derivate debt, i.e. the fair value of the convertible option from the lenders, is calculated using Black-Scholes model. Input in the model was calculated volatility of 71%.

Note 3: Operating segment

Operating segment is reported in a corresponding method as in the internal reporting to the chief The operating decision-maker (CODM). Hexicon's CEO is the CODM for the group. The company has identified an operating segment that constitutes the business. assessment is based on the basis that the business is regularly reviewed by the management to support decisions on allocation of resources and evaluation of its result. The CODM is the function responsible for allocation of resources and evaluation of the operating segment's result.

Note 4: Distribution of revenue

The group generates revenue primarily through project investments and project development services.

	2023	2022	2023	2022	2022
MSEK	Apr- Jun	Apr- Jun	Jan- Jun	Jan- Jun	Jan- Dec
Net revenue					
Services	2.5	2.8	4.2	8.5	11.6
Total net revenue	2.5	2.8	4.2	8.5	11.6
Allocation per market					
Sweden	2.1	2.5	3.4	8.1	10.7
Rest of Europe	-	-	0,2	-	-
Asia	0.4	0.3	0.6	0.4	0.9
Allocation per point in time					
Recognized over time	2.5	2.8	4.2	8.6	11.6

Note 5: Capitalised development expenses

Other external expenses amounted to SEK 27.1 (27.1) million during the second quarter and out of these SEK 7.8 (8.0) million were capitalised development expenses during the last quarter, mainly related to the TwinHub project.

Note 6: Fair value of financial assets and liabilities

The carrying amount is considered to be a reasonable estimate of the fair value of all financial assets and liabilities. The items that have been measured at fair value are an unlisted shareholding and contingent considerations. All instruments are categorized as Level 3 in the fair

value hierarchy. For the unlisted shareholding, the cost constitutes a reasonable approximation of the fair value on the balance sheet date and current inputs provided by the managing company.

The contingent consideration has been measured as the present value of the amount that the group is expected to pay in accordance with the agreement for the acquisition of Wave Hub Ltd which, as of June 30, 2023, includes a pending contingent consideration of SEK 13.1 million (GBP 1.0 million) if the project reaches Final Investment Decision (FiD). The contingent consideration will not be paid if the milestone is not reached. The opening balance 2023 of contingent considerations was SEK 12.0 million and the closing balance at 30st of June 2023 was SEK 13.1 million (GBP 1.0 million). The change was due to currency fluctuations between SEK and GBP of SEK 1.1 million.

The derivate liability of SEK 1.0 million has been measured at fair value of the option to convert the convertible into shares. The value at year end 2022 was SEK 19.9 million using Black-Scholes model. The change in value of SEK 18.9 million is stated as a financial income in the income statement and is mainly due to changed share price and changed volatility. The volatility in the model is calculated to 71%.

Note 7: Depreciations, amortisations and impairments

The group's depreciations/amortization and impairments was SEK 6.6 (10.2) million during the second quarter. The group management assesses on an ongoing basis indication of impairments and in that case conducts an impairment test.

Note 8: Group key performance indicators

	2023	2022	2023	2022	2022
MSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net revenue	2.5	2.8	4.2	8.5	11.6
Operating profit/(loss)	-75.9	-44.0	-130.4	-63.4	-161.2
Profit/(loss) before tax for the period	-65.5	-44.5	-112.8	-62.9	-170.3
Earnings per share basic and diluted (SEK)	-0.18	-0.12	-0.31	-0.17	-0.46
Cash flow from operating activities	16.9	-27.5	-23.9	-49.3	95.1
	2023-06-30	2022-06-30	2023-06-30	2022-06-30	2022-12-31
Equity at the end of the period	72.2	259.7	72.2	259.7	199.4
Equity/asset ratio at the end of the period (%)*	20%	66%	20%	66%	44%
Cash at the end of the period	12.3	203.3	12.3	203.5	86.6

*Equity / total assets at the end of the period

For definitions of key performance indicators, see Note 40 in the 2022 Annual Report

Note 9: Number of shares

There were 363,802,686 registered shares at the end of the period and on average during the quarter

SIGNATURES

Hans von Uthmann
Chairman

Mia Batljan
Board member

Bjarne Borg
Board member

Vivianne Holm
Board member

Mats Jansson
Board member

Lars Martinsson
Board member

Marcus Thor
CEO

Stockholm 2023-08-31

FINANCIAL CALENDAR

2023-11-17 Q3 2023 Report

This report includes information that Hexicon is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the CEO, at 2023-08-31 08:00 CET.

Hexicon AB (publ.), Östra Järnvägsgatan 27, 111 20, Stockholm, Sweden, www.hexicongroup.com