Annual report

2021

The market for floating wind power is predicted to double annually over the next 20 years.

Based on profound industry knowledge and experience, Hexicon has a strong vision of how to reduce our impact on the planet, minimizing our carbon footprint, and creating clean energy in the emerging renewable energy sector of floating wind. A sector which is set to play a key role as the world transitions to a fossil-free energy supply system.

At Hexicon we are set to enable that shift and support the acceleration of the floating wind industry globally. Together with our partners we are on a journey to change the way renewable energy is produced. We believe that the future of wind power is floating, and our mission is to make this technology widely available around the globe.

About Hexicon

Hexicon focuses on early-stage project developments with a distinct partner strategy in both projects and technology, which is key to Hexicons business model.

Hexicon's global team of experts are driven by a shared passion for renewable energy and making the world greener and cleaner. We develop wind power projects in deep waters internationally and have our own patented technology; TwinWind™ . Sustainability, innovation, and cooperation are at the core of Hexicon's business and floating wind power is a key component as the world transitions to renewables. Our main office is located in Stockholm, Sweden and we have regional teams strategically placed in Europe, Asia and North America.

Early-stage project developer

Floating offshore wind has enormous potential to deliver renewable power, contributing to the fight against climate change. With the significant growth in the market and cost reductions expected in the next few years, this is an exciting and fast-growing sector. Hexicon is currently active in four continents with a gross project and prospect portfolio potential to supply over ten million households with clean energy from floating wind power.

As a leading early-stage developer of floating offshore wind projects, we are constantly exploring new opportunities and expanding our existing market activity. Our regional teams have extensive local knowledge, ensuring that we are identifying the best locations to deploy floating wind power.

The TwinWind™ technology

We have developed the TwinWind™ design for years to optimize its performance. TwinWind™ is a floating wind solution which maximizes energy production with minimal impact on the environment and wildlife and offers tremendous flexibility and optimization in wind farm design. Our floating platforms are stable, efficient and cost-effective and provide unsurpassed freedom of location and possibilities for installation, servicing, and decommissioning of large scale wind turbines. At the same time, Hexicon’s floating wind platform creates new opportunities for a wide range of additional activities, including co-location of storage, solar, desalination, and green hydrogen technologies, among others.

Hexicon's two strategic foundations, early-stage project developments and technology, reinforce each other commercially. We become more relevant as a project partner thanks to TwinWind, while having networks and access to porjects support the commercializing of our technology.

Mission & Vision

Based on profound industry knowledge and experience, we aim to create clean energy and jobs in the energy sector to minimize our carbon footprint and reduce our impact on the planet.

Floating wind power is set to play a key role as the world transitions to a fossil-free energy supply system. At Hexicon we are set to enable that shift and support the acceleration of the floating wind industry globally. Together with our partners we are on a journey to change the way renewable energy is produced. We believe that the future of wind power is floating, and we strive to make this technology widely available around the globe.

With engineering, innovation and collaboration we enable the global and local transformation of the energy supply system, from fossil fuels to carbon-free models through the enormous potential of the ocean winds.

Highlights 2021

January

Completed the sale of a majority interest in the Pentland Floating Offshore Wind project in Scotland to Copenhagen Infrastructure Partners (CIP).

March

Marcus Thor appointed new CEO.

May

Partnering with Bechtel in floating wind project TwinHub. Acquisitioned the Wave Hub test site in Cornwall, England, with the purpose of developing 40 MW on the site.

June

Listed on Nasdaq First North Premier Growth Market.

August

Entered a Joint Venture with Aker Offshore Wind called: Freja Offshore, to develop multiple floating wind sites in Sweden.

September

Formally established the Joint Venture: MunmuBaram between Shell and CoensHexicon to develop a 1,300 MW floating offshore wind project in South Korea.

October

Formal intention granted from the European Patent Office for the TwinWind™ platform. Partnered with Worley for the TwinWind demonstration site in Norway.

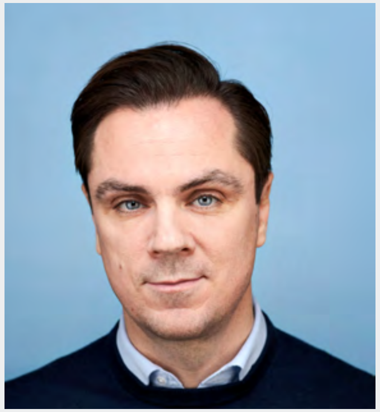
November

The MunmuBaram project secures Electricity Business License (EBL) for Floating Offshore Wind project in South Korea.

December

Formed a Joint Venture with Avapa Energy with the purpose of developing floating wind power projects in Italy.

Huge potential growth is seen for the emerging floating wind sector globally



Marcus Thor
CEO

With several large projects well under way and our patented TwinWind technology being matured towards fabrication, 2021 was truly a remarkable year for Hexicon.

Collaboration and partnership developments are essential to our success. This partnership-based and asset light business model has allowed us to accelerate our growth plan, steadily increasing revenue over the year, and keeping us within the budget that was communicated at the time of the IPO.

I am excited about the current momentum for floating offshore wind, where an increasing number of nations embrace the technology and initiate new auctions. In our home market in Sweden, offshore wind is on top of the agenda with the Swedish Government presenting its first ever offshore wind plans earlier this year. Offshore wind is set to be a hot topic at the upcoming elections later this year.

That's why we go full speed ahead with Freja Offshore, our joint venture together with Norwegian Aker Offshore Wind, focusing on developing three floating sites along Sweden's coast. Our project developments are already generating revenue and we will continue to put effort into expanding this further. We are currently developing both new and existing projects in markets globally, providing revenue in the short to medium term and opportunities to deploy our TwinWind™ technology longer term.

> **"The continued value enhancement of the project portfolio is a strategic priority for Hexicon."**

The continued value enhancement of the project portfolio is a strategic priority for Hexicon. In Italy, we formed a new JV, AvenHexicon, to develop floating wind projects in Italy. It is a great example of our diversified business model where we leverage both our project know-how and technology in a European market that is one of the main recipients of the EU Green Deal.

I am also proud that we have expanded our operations to North America, as a natural step in our global growth strategy. The USA is expected to be one of the world's largest markets for floating wind and it is vital to establish our presence at an early stage to build strategic partnerships that will strengthen our position and support our strategy to develop a successful presence. The floating wind market in South Korea continues to look promising and we have placed first priority on establishing our presence in this country early on.

Our joint venture CoensHexicon, was in its third year of operations profitable in 2021 and recently secured its third and final electricity generation business license, a prerequisite to construct and operate a 1,300 MW floating wind farm.

Deploying our TwinWind™ technology in full scale is a top priority, and we are making good progress in our demonstrator project TwinWay. We have partnered with global contractor Worley to prepare and execute the fabrication planned to start at the end of 2022. In parallel, we have followed the Scotwind auction closely and each new deep water lease is an opportunity to supply our TwinWind™ technology. Our goal is to have deployed the demonstrator in Norway in time for any Scotwind projects' technology decisions.

At Hexicon, we strive for the best mix of skills, expertise and culture in our international team. Over the past year we have managed to recruit some of the brightest minds in terms of technology, industry know-how and project management. Our company is proud to be a diverse team which includes several different nationalities. Hexicon is still a growing company, but we are also involved in some of the world's largest floating wind projects and are experiencing an increasing demand for our skillset.

I would like to thank our team, partners and shareholders for a year with great achievements. The development of floating technology is maturing and forecasts are bright. We are ready to meet the growing demand!

“We have created an early mover position to take part in the first wave of commercial projects that will roll in over the next few years.”

- CEO, Marcus Thor

A diversified business model

hexicon

Early-stage developer

- Origniation and early-stage for high value creation
- Local partners in prioritized markets

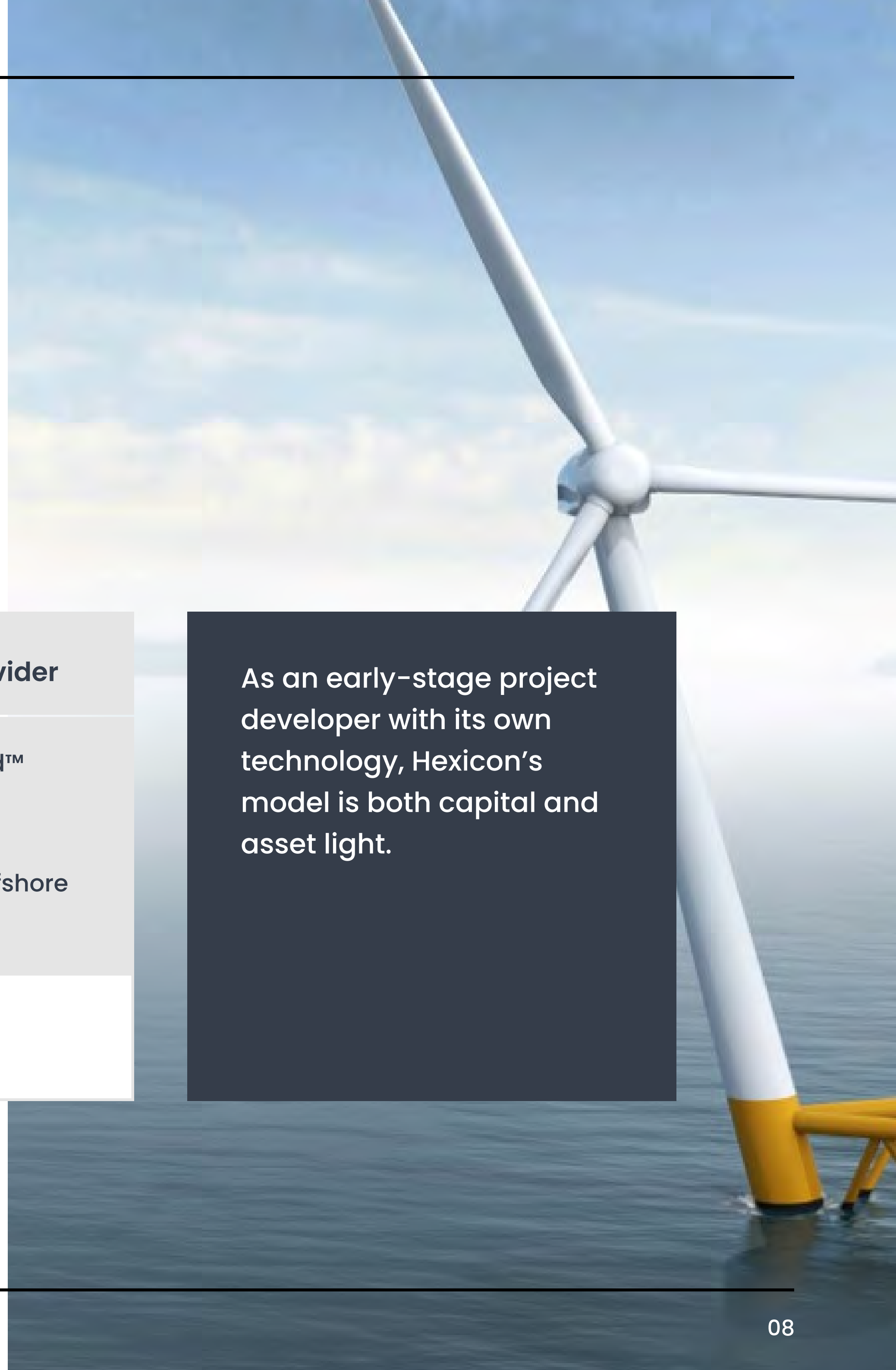
- Development fees, equity options

Technology provider

- Patented TwinWind™ design
- Next generation offshore wind technology

- Licence fees

As an early-stage project developer with its own technology, Hexicon's model is both capital and asset light.



Goals 2025

Projects
Ongoing revenue generating operations in Europe, North America and Asia.

Technology
The TwinWind™ is verified and tested confirming its benefits.

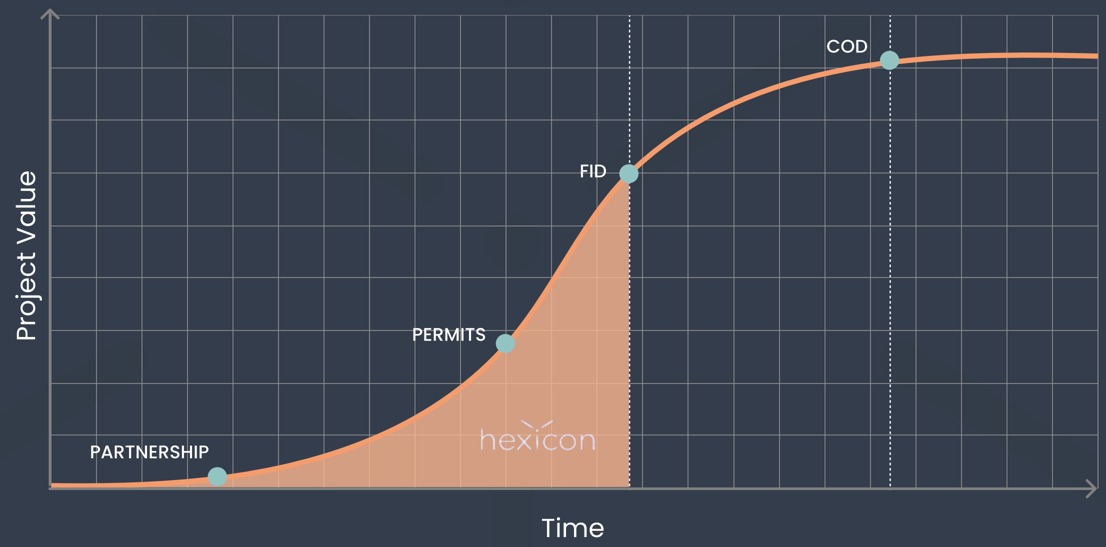
Financial
EBITDA positive.

Building blocks to reach goals

- Strong partnerships
- Maturing, optimizing and scaling the technology
- Extending the organization to key geographies

Project development

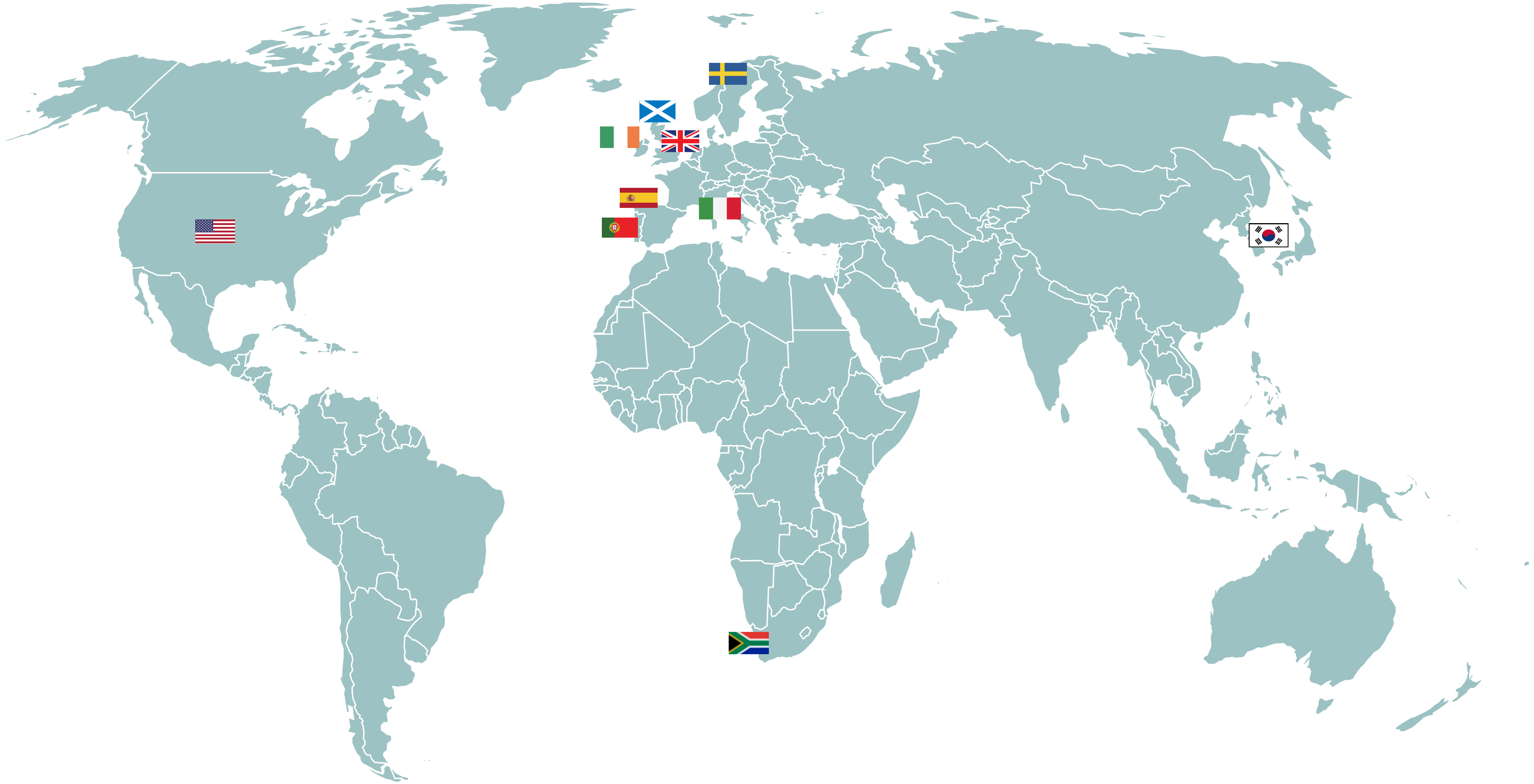
Hexicon is a first mover in the global development of floating wind power, with a well-diversified portfolio of projects in different phases and geographies. The regional teams have extensive local knowledge, ensuring that we are identifying the best locations to deploy floating wind and are at the forefront of a rapidly expanding market. Hexicon builds value through project developments in partnerships with major players such as Shell, Copenhagen Infrastructure Partners, Bechtel and Aker Offshore Wind as well as local partners worldwide. Ownership in projects can be divested at significant premium well before they are completed and even before construction is started. Successful projects are the result of careful planning, attention to detail and strong leadership throughout every phase of the project.



The three key drivers to develop a sizeable project portfolio are:

- To gain revenues in the short to mid-term before our technology is proven. This primarily refers to divestments of projects but also consulting revenues.
- Create future sales for TwinWind™ on a large scale. The projects are normally technology neutral in the early stages but Hexicon's participation significantly increases the opportunity for the TwinWind™ technology to be the choice once matured and proven.
- Build presence, network and knowledge of Hexicon as a leading player in floating wind power globally.

International presence



Project portfolio

	PROJECTS					PROSPECTS				
	South Korea	Scotland	Sweden	England	South Korea	South Africa	Spain / Portugal	South Korea	Ireland	Italy
Name	MunmuBaram	Pentland Floating Wind Farm	Freja Offshore	TwinHub	TBA	TBA	TBA	TBA	TBA	TBA
Location	Ulsan	Dounreay	Multiple	Cornwall	East and SW coast	Richards Bay	Canary Islands, NW Portugal	East and SW coast	West Ireland	TBA
Estimated gross capacity	~1,300 MW	100 MW	+3,000 MW	32 MW	1,700 MW	TBA	TBA	TBA	TBA	TBA
Hexicon's stake	10%	10%	50%	100%	20%	50%	75%	20%	100%	50%
Site	Secured	Secured	Identified	Secured	Secured	Identified	Selection ongoing	Identified	Identified	Selection ongoing
Partner(s)	CoensHexicon, Shell	CIP	Aker Offshore Wind	Bechtel	CoensHexicon	GenesisHexicon	WunderHexicon	CoensHexicon	TBA	AvenHexicon

Gross projects: 6,000 MW
Net projects: 2,000 MW

Gross prospects: 4,000 MW
Net prospects: 2,000 MW

1 MW ≈ 1,000 households, 'rule of thumb' industry standard

The TwinWind™ technology

Wind power is a major player in the rise of renewables as a key source of energy. Wind turbines make use of natural wind resources when providing safe and reliable energy. Wind power in general offers great economic opportunities for markets all over the world. We pride ourselves in providing state-of-the-art and cost effective floating offshore wind platforms, which entails a solid value proposition for our customers.

Hexicon's patented TwinWind™ technology is a game-changer in the offshore wind industry. By utilizing two turbines on one foundation, TwinWind™ enables more power to be produced per sea area when compared to any single-turbine system. This further reduces the levelized cost of energy providing lower electricity prices for consumers whilst minimizing the impact on the environment and surrounding activities. Floating foundations make wind power accessible in deeper waters where the potential is virtually unlimited.

The demonstration site

Hexicon is developing its first full-scale TwinWind™ platform in Norway that will feature large multi-megawatt turbines and be deployed in 2023 at Metcentre's demonstration site off the coast of Stavanger, in waters that are 200 m deep. This is set to be a milestone in Hexicon's journey towards scaling the patented TwinWind™ technology.

Hexicon team in numbers

34
Employees

11
Nationalities

26%
Female employees

70%
Project development

15%
TwinWind™ development

15%
Business development

*per 1 April 2022

Investing in Hexicon

Hexicons vision is to enable the world's transition to a sustainable energy supply system. We do this as an early project-developer in offshore wind, opening new markets in deep water areas, and as a technology provider with a patented floating wind design. Over the coming years, we will invest to become a leading, sustainable and profitable cleantech company that achieves our financial and operational targets.

Investment Case

- As the world transitions to a fossil-free energy supply system floating offshore wind power is set to play a key role.
- Strong customer and brand partnerships are in place.
- Competitive and patented technology ready to scale to meet demand.
- Over a decade of experience in floating wind with a dedicated team committed to delivering on Hexicons goals.
- Established and diversified project portfolio with great potential.

Hexicon’s share

Hexicon's share is listed on the Nasdaq First North Premier Growth Market since June 18, 2021. At the end of 2021, Hexicon's market capitalization amounted to SEK 782 million. The average price until 31 December 2021 from the listing date 18 June 2021 was SEK 2.7. An average of 719,662 shares were traded per day.

Hexicon had 7,467 known shareholders at year-end. Swedish private individuals held 40.6 percent of the capital, Swedish institutional owners 10.1 percent and international institutional investors 14.7 percent. The largest share of foreign owners was based in the US (9.6 percent of capital) and the UK (4.7 percent).

Ticker: HEXI
ISIN code: SE0004898799
Trading location: Nasdaq First North Premier Growth Market
Certified Advisor: FNCA
Number of shares: 363,802,686
Trading item: 1 share
Vote value: 1 vote per share
Stock market value: SEK 782 million

Financial calendar

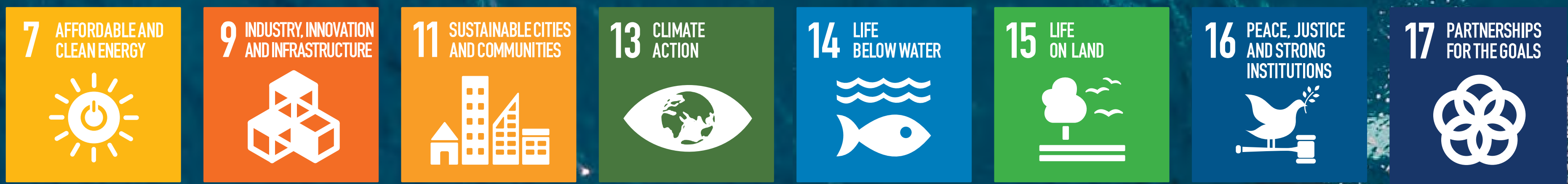
2022-05-11 • Interim report January-March 2022
2022-05-12 • Annual General Meeting
2022-08-18 • Interim report January-June 2022
2022-11-09 • Interim report January-September 2022

Major shareholders:

Name	Quantity	Capital	Votes
Ilija Batljan	36 624 293	10.1%	10.1%
Gulfstream Group LLC	34 865 452	9.6%	9.6%
SEB Trygg Liv	20 916 189	5.7%	5.7%
Helikon Investments	16 666 666	4.6%	4.6%
Nordnet Pensionsförsäkring	16 622 554	4.6%	4.6%
Back in Black Capital Ltd	11 711 532	3.2%	3.2%
Björn Segerblom	10 889 191	3.0%	3.0%
Arne Almerfors	10 574 787	2.9%	2.9%
Skandia Fonder	10 000 000	2.7%	2.7%
Index Equity Sweden AB	9 244 068	2.5%	2.5%
Totalt topp 10	**178 114 732**	**49.0%**	**49.0%**
Övriga	**185 687 954**	**51.0%**	**51.0%**

Source: Monitor by Modular Finance. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen). The verification date may vary for certain shareholders.

Sustainability



Hexicon has an ambition to have a business model in line with the Sustainable Development Goals established by the UN. The business model touches on the above goals.

At the center of the blue economy

At Hexicon, we understand that the ocean is a source of abundant life and deep intrinsic value warranting great care and stewardship. Our approach is founded in deep respect for the ocean's many incumbent users, historical, economic, and cultural uses, and nature. Through the "blue economy", ocean-based activities are a solution for a number of global challenges. With an estimated 10 billion people on this planet in 2050, the pressure on available resources and the environment is likely to increase. The economy of the future emphasizes sustainability, inclusiveness and access to clean water, energy and new technologies. . Hexicon is at the center of this new emerging economy which operates on the ocean working sustainably and symbiotically with the powers of nature.

Our business is a diverse, people-focused and environmentally sensitive model which is charting a path to sustainable economic growth. We have developed a world-leading solution for floating offshore wind technology, capitalizing on the enormous potential that lies offshore, and producing energy in a reliable, sustainable and cost-effective manner. We aim to bring this platform to the world within 2 years and scale it for cost-effective global deployment.

Working with nature

The ocean and its inhabitants have absorbed as much as half of all anthropogenic carbon dioxide emissions in the last two centuries and are among the most important carbon sinks on the planet.
The ocean contains a mind-boggling amount of biodiversity, including somewhere between 500,000 and 10 million different species. As much as 90% of the ocean is still unexplored, making it incredibly difficult to know exactly how many different species exist there. At least 2,000 new species are discovered each year. Floating offshore wind farms can provide advantages for local wildlife through the establishment of 'no fishing zones', and the creation of artificial reefs where marine life can thrive.

Hexicon is committed to promoting environmental protection, making sure the natural ecosystem of marine life is not negatively affected by offshore wind farms. Our floating structures are carefully designed to create a safe habitat for local wildlife, and artificial reefs established to support local biodiversity.

"The blue economy is the sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health."

– The World Bank

"Source: Sustainabledevelopment.un.org"

Hexicon delivers clean energy

The global energy system is locked into a high-carbon trajectory, but there are real solutions to the climate crisis. Expanding access to clean energy while phasing out fossil fuel use is crucial to keeping the world in line with the 1.5°C target of global warming – the upper limit proposed in the Paris Agreement. A rapid shift to fossil free and renewable sources of energy is much needed. To achieve this, several measures must be taken. A strong transition plan and interdisciplinary collaborations across many sectors including; business, government, NGOs and the public sector needs to take place.

With more people and a growing economy, the world will demand significantly more energy by 2050. Today over a billion people still don't have access to electricity and as many as 3 billion rely on wood, coal and charcoal for cooking and heating. Energy is central to nearly every major challenge and opportunity the world faces today. Be it for jobs, security, climate change, food production or increasing incomes.

The more fossil free and renewable energy we create, the better our chances are to achieve the United Nations; SDG 7. Wind power has proven to be an important source of clean energy in doing just that, but there are still plenty of wind power opportunities waiting to be developed and deployed to reduce carbon footprints. This is where floating offshore wind power comes into the picture. The potential is huge and as the technology continues to mature by means of technological advances and reduced costs, floating solutions are expected to become competitive with other sources of renewable energy in the near future.

Collaboration for climate action

Creating shared value is a central aspect of corporate responsibility and embedding the long-term perspective in a sustainable business model. Partnership development, collaboration and problem solving on equal terms are an important part of achieving this and Hexicon aims to be the trusted partner and employer to ensure sustainability in all aspects of our business. We believe that collaboration can unleash innovative ways of working, mobilizing expertise and spark creativity.

The energy industry has a great deal of experience in managing long-lived, large capital projects and is well positioned to participate in the sustainable offshore wind business, and that is also why we partner with traditional oil- and gas companies. Together we can create the shift from fossil energy to renewables.

"Source: Sustainabledevelopment.un.org"

A modern workplace

Guilherme Nunes

Project manager South Korea

"The MunmuBaram-project is set to play a significant role in the progress regarding commercial scaled floating wind farms."

Nabil Munem

Project manager UK

"Working with a global leader in engineering, construction, and project management like Bechtel in our TwinHub project in the Celtic Sea, is key to our success in the area."

Adrienne Downey

Principal engineer and Country manager US & Canada

"Offshore wind is poised to bring tremendous benefits & cost-effective renewable development to the global fight against climate change, & faster deployment of deep-water technology is key to unlocking potential."

Carin S Bauer

Public funding TwinWind demo-site Norway

"The TwinWay™ pilot project at MetCentre in Norway is really exciting to be a part of! It will be the first step towards rapidly scaling up the global market for offshore floating wind technologies."

Eduard Dyachuk

Permitting lead Sweden

"Sweden's plans to produce all its energy from renewable sources by 2040, and to achieve carbon neutrality by 2045, will require a forceful transition where floating wind power will play an important role."

Inclusive and flexible

Equality and diversity

At Hexicon, we welcome diversity in all forms. This diversity is part of who we are as a company and allows us to challenge norms and achieve success together. We consider ourselves a knowledge-based organization with a flexible structure. Our industry has traditionally been dominated by male candidates and employees, that is also the case at Hexicon and we are actively seeking to change that through recruitment, developing employee competencies and promotions.

Another year with Covid-19

As the pandemic situation remains critical in many parts of the world, Hexicon has implemented a series of measures to reduce the spread of the virus. The measures were put into place alongside national recommendations and were designed to maintain productivity and interaction between our employees. Interactive digital meetings are held weekly to keep everyone up to date with company activities and progress across different geographic regions. The year has seen a mix of limited office working with restrictions and mandatory home office. A series of initiatives were introduced to ensure employees stayed connected, such as regular digital coffee breaks, and interactive social gatherings. There have been no work-related injuries in the company in 2021.

Respect for human rights and anti-corruption

Human rights are fundamental rights that everyone has under international law. In some of the countries where we operate, human rights can be violated at an individual level. It is difficult for us to control this at all levels, but we try to deal with it by carefully evaluating our customers, suppliers and partners at an early stage.

At Hexicon, we believe in fair and honest competition, and want to be an ethical player in the energy market. We support efforts that contribute to the creation of sustainable business in general and we believe that initiatives that promote a positive attitude towards various forms of knowledge about justice and sustainable business models not only benefit us but also the world as a whole. At Hexicon, we want all our suppliers to be reliable partners who, just like us, strive to act fairly in the energy market. It is Hexicon's policy to fully comply with applicable competition laws and related regulations in the countries in which we operate, and we will not tolerate any activity that violates these laws and regulations that involves us as a company. We do not tolerate corrupt behavior, whether or not local law allows such acts.

Hexicon prescribes zero tolerance for bribery and corruption. As the company grows, its operations and presence also spread to countries where both legislation and the operating environment can differ and be more challenging than we are used to. This changing landscape has raised the level of risk for the Group's companies, both in terms of increased risk of incidents in these markets and the risk that different cultures have different perceptions of what corruption is and what is considered normal business behavior. Through introduction and information meetings, Hexicon works actively to reduce these risks.

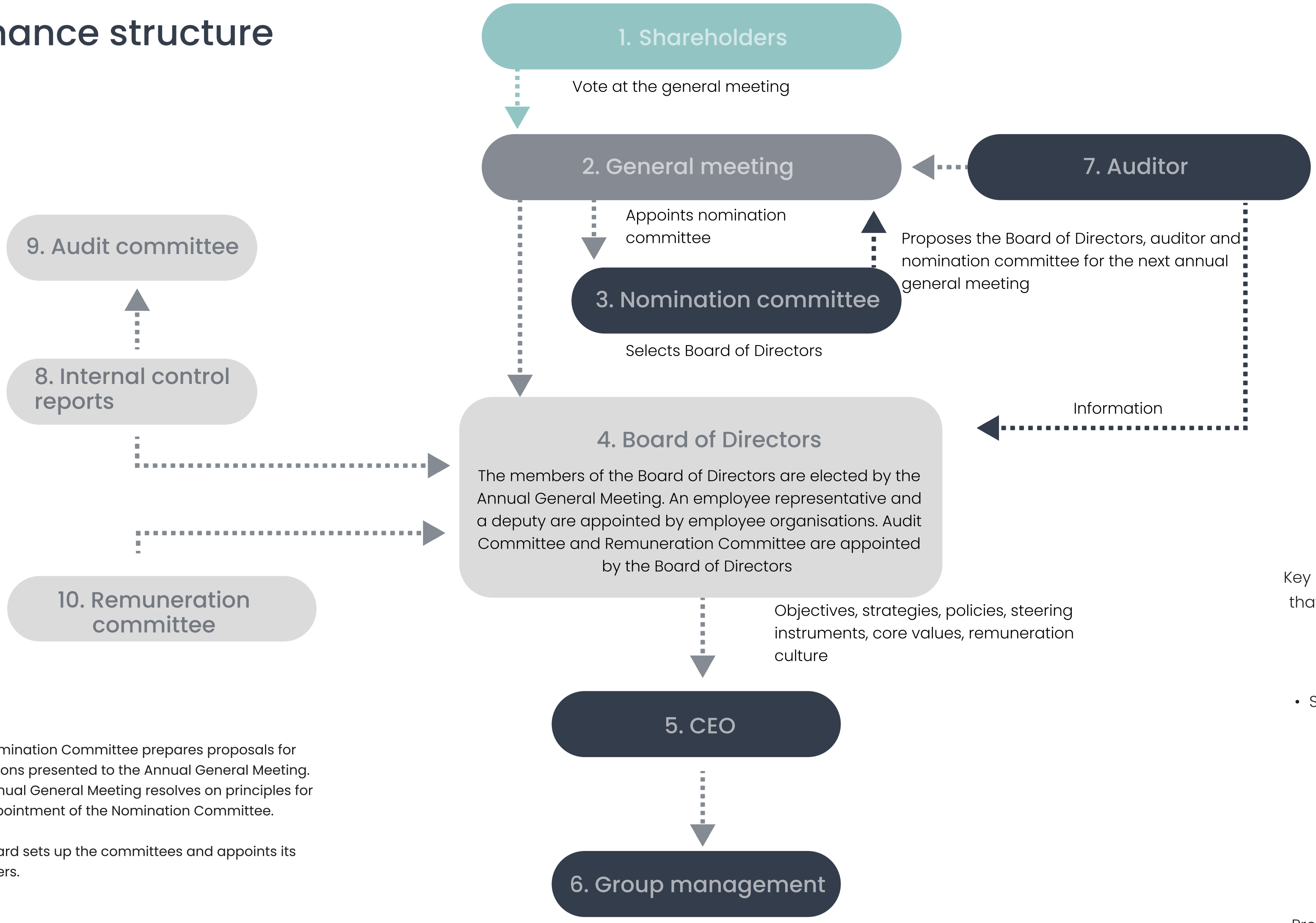
Corporate Governance Report

Hexicon AB is a Swedish public limited company whose shares have been listed on Nasdaq First North Premier Growth Market since June 2021. Hexicon's corporate governance is regulated by the Swedish Companies Act, the Nasdaq Rulebook, the Swedish Code of Corporate Governance (the "Code"), the EU Market Abuse Regulation and other applicable laws and regulations. Furthermore, Hexicon's Articles of Association and its internal governance guidelines, instructions and policies also form the basis for the Company's corporate governance.

Share capital and shareholders

According to the Articles of Association, the share capital must be at least SEK 2,000,000 and at most SEK 8,000,000, denominated as a minimum of 200,000,000 shares and a maximum of 800,000,000 shares. At 31 December 2021, the share capital amounted to SEK 3,638,026.86, denominated as 363,802,686 shares with a quota value of SEK 0.01 per share. All shares entail equal voting rights. At the end of 2021, the ten largest owners controlled 49 per cent of the number of shares and votes. The three largest owners were Ilija Batljan Invest, Gulfstream Group and SEB Trygg Liv.

Governance structure



External control instruments

Key external governance instruments that form the corporate governance framework are:

- Swedish Companies Act, Swedish Annual Report Act, Nasdaq Stockholm regulations

Internal policy documents

Important internal binding policy documents are:

- Articles of Association, Rules of Procedure for the Board of Directors, Instructions for the CEO, Audit Committees and Financial Reporting, Policies

1 The Nomination Committee prepares proposals for resolutions presented to the Annual General Meeting. The Annual General Meeting resolves on principles for the appointment of the Nomination Committee.

2 The Board sets up the committees and appoints its members.

3 The auditor's task is to review Hexicon's annual report and accounts on behalf of the shareholders, as well as the management of the Board of Directors and the CEO. Reports to the Board of Directors and shareholders.

Board of directors

Arne Almerfors, Chairman

Peter M. Anker

Mia Batljan

Bjarne Borg

Vivianne Holm

Mats Jansson

Björn Segerblom

Management team

Marcus Thor, CEO

Niklas Hummel, CTO

James Brown, Countrymanager UK & Ireland

Henrik Baltscheffsky, Business Development Manager

CEO

The CEO is subordinate to the Board of Directors and undertakes the day-to-day management in accordance with the Board's guidelines and instructions. The more detailed division of work between the Board of Directors and the CEO is governed by written CEO instructions adopted by the Board. The CEO is responsible for ensuring that the Board of Directors receives information and the necessary decision-making documents, leads the work of the Group Management and makes decisions after consultation with other members of the Group Management. The CEO also presents a report at Board meetings and must keep the Board informed of matters concerning the Company. The Group Management currently consists of the CEO, Technical Director, Head of UK and Ireland and Head of Business Development. Hexicon's CEO is Marcus Thor.

Remuneration of the Board of Directors and senior executives

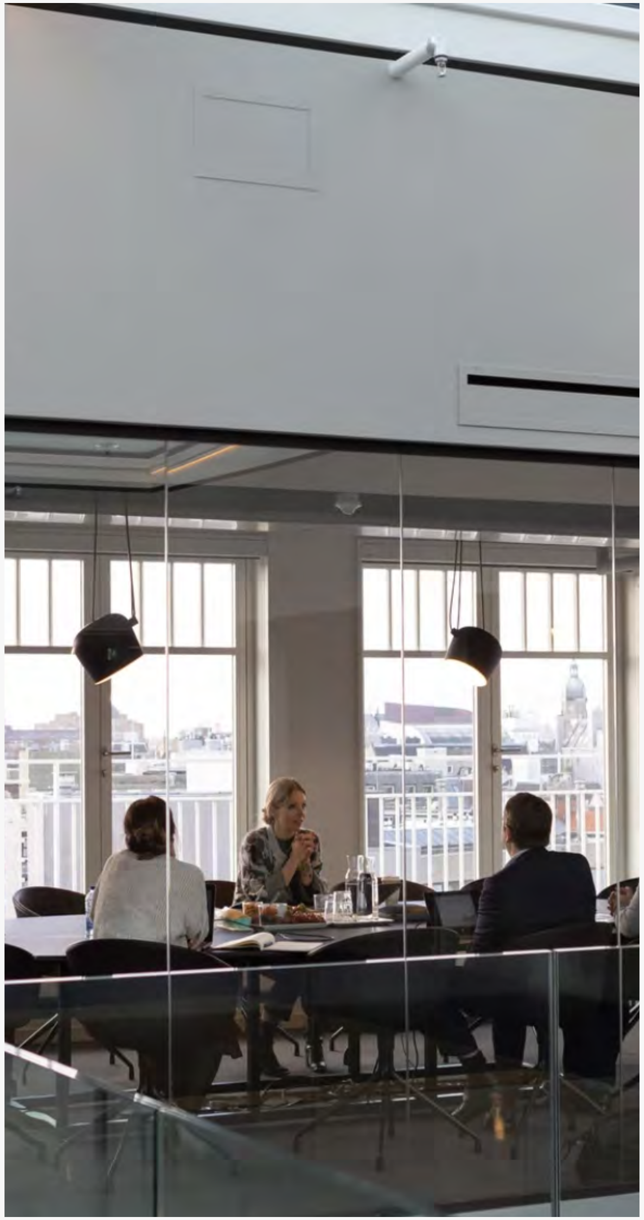
The remuneration of the Board of Directors is adopted by the General Meeting. At the Annual General Meeting held on 3 May 2021 it was adopted that the remuneration of the Board of Directors (plus any social security contributions) would be SEK 75,000 for each elected member and SEK 150,000 for the Chair of the Board.

Remuneration to senior executives may consist of: fixed salary, variable remuneration, pension contributions and other benefits. The 2022 Annual General Meeting will adopt new guidelines for the remuneration of senior executives.

General Meeting

The General Meeting is Hexicon's highest decision-making body, at which shareholders exercise their voting rights to decide on such matters as the adoption of the income statement and statement of financial position (as well as the consolidated income statement and consolidated statement of financial position), the appropriation of the Company's profit or loss and the discharge from liability to the Company for Board members and the CEO. At the General Meeting the shareholders also make decisions in other matters that are important to the Company, such as the election of Board members and auditors and the remuneration to the Board of Directors and the Company's auditor. The Annual General Meeting must be held within six months of the end of each financial year. In addition to the Annual General Meeting, extraordinary General Meetings may also be convened. The notice convening a General Meeting must be given by advertisement in Post- och Inrikes Tidningar (Sweden's official gazette) and must at the same time be published on the Company's website: hexicongroup.com. It must also be advertised in Svenska Dagbladet that the notice convening the General Meeting has been published. The notice must be issued no earlier than six and no later than four weeks prior to the General Meeting.

The right to attend and vote at a General Meeting, either in person or via a representative, is held by any person who is registered as a shareholder in the Company's share register held by Euroclear six banking days before the General Meeting (reconciliation date), and who has notified their intention to attend to the Company by no later than the date specified in the notice convening the General Meeting. Shareholders who wish to have a matter considered at the General Meeting must request this in writing to the Board of Directors. For the matter to be considered at the General Meeting, the request must have been received by the Board of Directors no later than seven weeks before the General Meeting, or in such time that the matter can be included in the notice convening the General Meeting. Notices, communications and minutes, and other material for the General Meeting must be available on Hexicon's website hexicongroup.com.



Nomination Committee

The Nomination Committee is a body of the General Meeting with the sole task of preparing the resolutions of the General Meeting concerning election and remuneration issues and if necessary procedural issues for the next Nomination Committee. At the Extraordinary General Meeting on 31 March 2021, a resolution was adopted to lay down principles for the appointment of and instructions for the Nomination Committee concerning conditional listing of the Company's shares in the marketplace. The Nomination Committee shall consist of the Chair of the Board and three members appointed by the three largest shareholders in terms of voting rights at the end of the third quarter of each year. The "three largest shareholders in terms of voting rights" also refers to known shareholder groups. The Chair of the Board will annually contact the shareholders who are entitled to appoint a member. The Nomination Committee appoints a Chair from among its own members.

The Nomination Committee's task is to submit proposals to the Annual General Meeting regarding:

- election of the Chair of the Board and other Board members,
- decision on Board remuneration,
- election of auditor,
- decision on auditor's fees,
- election of a Chair of the Annual General Meeting, and
- decisions on changes to the Nomination Committee instructions (if the Nomination Committee considers this to be necessary).

The Nomination Committee will apply rule 4.1 in the Code as a diversity policy in conjunction with proposals for members of the Board of Directors, with the aim of achieving a well-functioning Board composition in terms of diversity and breadth, with regard to gender, nationality, age and industry experience.

The Nomination Committee for the 2022 Annual General Meeting consists of:

- Richard Haraldsson (appointed by Gulfstream Group)
- Sanja Batljan (appointed by Ilija Batljan Invest)
- Patrik Jönsson (appointed by SEB Trygg Liv)
- Arne Almerfors (Chair of the Board)

Board of Directors

After the General Meeting, the Board of Directors is Hexicon's highest decision-making body and executive authority. The Chair of the Board of Directors has special responsibility to lead the Board's work and monitor that the Board fulfils its statutory obligations. The Board's tasks include determining Hexicon's overall goals and strategies, monitoring major investments, and ensuring satisfactory control of the Company's compliance with laws and other regulations, as well as internal guidelines. The Board has adopted written rules of procedure for its work, which must be reviewed, updated and adopted once a year. The Board meets regularly according to a programme laid down in the rules of procedure, and as required.

The Board's work in 2021

In 2021, the Board held 26 meetings. In addition to ordinary business, the Board devoted a lot of time to the Company's listing on Nasdaq First North Premier Growth Market.

Board committees

The Board of Directors has established committees with the task of preparing decisions on specific issues. The matters considered at committee meetings must be recorded in the minutes and reported to the Board at the next meeting.

Remuneration Committee

The Remuneration Committee consists of two members: Mia Batljan and Peter Anker. All members of the Remuneration Committee are independent of the Company and the Company management.

The main tasks of the Remuneration Committee are to:

- Prepare the Board's decisions on matters concerning remuneration principles, remuneration and other terms and conditions of employment of the Company's Management
- On an ongoing basis and during the year monitor and assess completed variable remuneration programmes for the Company's Management
- Monitor and evaluate the application of the guidelines for remuneration of senior executives that the Annual General Meeting is required by law to adopt concerning the applicable remuneration structures and remuneration levels in the Company.

The Audit Committee

The Audit Committee consists of three members: Björn Segerblom (Chair), Vivianne Holm and Mats Jansson. All members of the Audit Committee are independent of the Company and the Company management. The committee held five minuted meetings during the year.

The tasks of the Audit Committee include:

- Monitoring the Company's financial reporting and making recommendations and proposals to ensure reliable reporting:
- With regard to financial reporting, monitoring the effectiveness of the Company's internal control, internal audit and risk management:
- Staying informed about the audit of the annual report and consolidated financial statements and of the conclusions of the Swedish Inspectorate of Auditors' quality control:
- Review and monitoring of the external auditor's impartiality and independence, and in particular paying attention to whether the external auditor provides the Company with services other than auditing; and
- Assisting the Nomination Committee in the preparation of proposals for the General Meeting's resolution on the election of auditors.

Incentive programme

The General Meeting held on 30 December 2020 resolved to establish a warrant-based incentive programme for the Board of Directors, senior executives, employees and new recruits to the Company, through a directed issue of a maximum of 13,000,000 warrants, and to approve the transfer of such warrants from the Company. With deviation from the shareholders' preferential rights, 11,999,996 warrants were subscribed for by those so entitled in 2021. The purpose of the incentive programme is to increase incentives for Hexicon's Board of Directors, senior executives, employees and new recruits who are a major contributor to the Company's positive development.

The subscription price and the number of shares to which each warrant gives entitlement are subject to customary conversion provisions in connection with issues, etc. Option rights are represented by option certificates and each earned warrant gives the right to subscribe for one new share in the Company, for cash payment at a subscription price amounting to SEK 2.80 per share. Option rights may be exercised from 30 June 2023 up to and including 30 December 2023, and on the full exercising of option rights to subscribe for new shares, the Company's share capital will increase by SEK 120,000 and the number of shares will increase by 11,999, 996, which corresponds to dilution by approximately 3.4 per cent of the total number of shares in the Company after the Offer, provided that the Offer is fully subscribed and the over-allotment option is exercised in full.

Auditor

The Company's auditor is appointed by the Annual General Meeting. The auditor will: review Hexicon's annual report and accounting records, and the Board of Directors and the CEO's management. The auditor's report to the General Meeting is presented at the Annual General Meeting in the Auditor's Report. According to the Articles of Association, the Company must have one or two auditors, with a maximum of two deputy auditors. At the 2021 Annual General Meeting, KPMG was elected auditor, with Fredrik Wollmann as lead auditor. The auditor is elected for the period up to the end of the Annual General Meeting to be held in 2022.

Internal control

The overall purpose of internal control is to contribute to ensuring that the Company's strategies and objectives can be implemented and to ensure that the financial reporting is prepared in accordance with the law, applicable accounting standards and other requirements for listed companies. In the Board's rules of procedure, in instructions for the CEO and in instructions for financial reporting, all of which are adopted by the Board of Directors, there is specification of the division of roles and responsibilities to contribute to effective management of the Company's risks. The Board of Directors is also responsible for monitoring the Company's financial position, monitoring the effectiveness of the Company's internal control and risk management, staying informed about the audit of the annual report and consolidated financial statements, and reviewing and monitoring the impartiality and independence of the auditor.

Annual report and consolidated accounts

for the financial year 20210101 - 20211231
The Board of Directors and the CEO of Hexicon AB (publ) hereby submit the following annual report and consolidated accounts.

Directors' Report

The Board of Directors and CEO of Hexicon AB (publ), corporate identity number 556795–9894, hereby submit the annual accounts for the group and the parent company for the 2021 financial year. Amounts are reported in SEK thousand unless otherwise stated.

Group

The group structure consists of Hexicon AB as the parent company and the group, which at the end of December 2021 consisted of 8 subsidiaries and 5 associated companies. The 8 subsidiaries operate in Sweden, the USA, the UK and Spain, and the associated companies have operations in Sweden, South Korea, the UK and South Africa.

Hexicon's business concept includes creating jointly owned companies in local markets to enter the markets. Below is a description of the activities of the group's parent company, subsidiaries and associated companies.

Parent company

In 2021, Hexicon continued to develop its patented technology by running a demonstration project in Norway. The aim is to increase technical maturity and to confirm the benefits of Hexicon technology. The location of the planned site is 10 kilometres offshore, where the water depth is 200 metres. The objective is to install a foundation with 2 wind turbines of 3 MW each onboard. Construction of the facility is planned to start in 2022, and the aim is for commissioning of the facility to take place in late 2023.

TwinHub (UK)

In July 2021, Hexicon, through its subsidiary TwinHub, completed the acquisition of Wave Hub, a test site for renewable energy in Cornwall in South West England, including a 30 MW grid connection that can be expanded to 40 MW. The acquisition paves the way for Hexicon's first expansion, planned for 2025, of its TwinWind floating foundation technology in British waters.

Freja Offshore (Sweden)

Hexicon together with Norway's Aker Offshore Wind formed the associated company Freja Offshore in 2021. Freja Offshore is developing three wind power projects in Sweden to position the company on the Swedish market in line with the government's plans to expand the country's electricity system with offshore wind power. Two of the projects are located in the Baltic Sea and one in the Skagerrak strait.

CoensHexicon (South Korea)

In 2021, Hexicon's associated company CoensHexicon divested 80% of the Munmu Baram project to Shell. The purpose of the project is to develop, produce and operate a 1,300 MW floating wind farm outside Ulsan in South Korea, which is expected to be the world's largest floating wind farm. In addition, the associated company CoensHexicon is engaged in the exploration of new projects around South Korea.

Other subsidiaries and associated companies

The Swedish subsidiary Freia Offshore holds Hexicon's patent rights for its unique floating foundation for offshore wind turbines. Spanish subsidiary WunderHexicon is developing offshore wind projects in Spain and Portugal and is investigating the possibility of integrating Hexcion's technology with green hydrogen gas at sea. In South Africa, the associated company GenesisHexicon is developing early-stage projects. Other subsidiaries and associated companies were dormant at year-end.

General information about the business

Hexicon has consolidated its position as a leading developer of floating platform technology with two turbines for deep-water wind farms. Hexicon's solution and design will be used to increase energy production per sea area while reducing the extent of required foundations and cabling. In parallel with technology development, Hexicon is managing project development together with local partners in selected markets to develop commercial wind farms.

Ownership

During the year, the number of outstanding shares in the parent company increased from 254,270,479 to 363,802,686. Each share carries one vote. At the end of 2021, the company had 7,502 shareholders. In addition, the company has a total of 11,999,996 share options outstanding.

The following owners owned more than 10% of the shares as at 31 December 2021:

Ilja Batljan Invest 10%

New share issue

During the year, the parent company carried out an oversubscribed IPO on the Nasdaq First North Premier Growth Market and in connection with this, a new share issue of SEK 345 million including promised over-allotment. In total, the parent company issued 101,269,207 new shares.

During the year, 8,263,000 share options from share-option plans issued in 2019 and 2020 were redeemed for the same number of shares.

Business model

Hexicon's diversified financial model consists of three primary elements: project development, licensing revenues and partnerships, which contribute to Hexicon's ability to create significant value in both the short and long term. At present, project development and project divestments generate revenue for the company.

Project development, in this context, means that Hexicon initiates, manages and implements projects which generate revenue in the form of agreed payments from the respective contracting parties. In the event that the company provides consultancy services, the project owner instead pays for the expert advice provided by Hexicon.

Licensing revenue for the use of Hexicon's patented technology is another source of income.

Ownership of development projects are divested when significant values have been created is the third component. Partnerships are adapted to local conditions for each project and assignment.

Which of these three elements constitute the main source of revenue in a specific project is determined by local conditions and circumstances.

Research and development activities

The accumulated cost of capitalised development costs within the parent company amounted to SEK 20.9 million. The capitalised development costs recognised by the company mainly comprise technological development within the demonstration project in Norway, which continue to mainly include interaction between turbines that are close to each other, the stability of the platform and its anchoring to the seabed. Within the group, the accumulated cost of development costs amounted to SEK 84.5 million. In addition to costs capitalised in the parent company, the total consisted primarily of capitalised development costs in the TwinHub project.

Development of the company's operations, results and financial position

Revenue

In February, 90% of the ownership of the Pentland Floating Wind project in Scotland was transferred to Copenhagen Infrastructure Partners (CIP). The divestment resulted in income of SEK 11.4 million for the group. Of the group's total revenue for 2021 of SEK 23.1 (4.4) million, 11.7 (4.2) was derived from project development services.

Business activities

At the beginning of the year, the Spanish subsidiary WunderHexicon took a leading role in the research project OCEANH2, led by Acciona, one of the world's largest renewable energy companies.

In August, Hexicon's South Korean associated company, CoensHexicon, formed a joint venture (JV) with Shell Overseas Investment, MunmuBaram. The company was established with the aim of developing and operating the world's first large-scale floating offshore wind power project off the south-eastern coast of South Korea. In November 2021, MunmuBaram was awarded an Electricity Business Licence (EBL), which gives the project exclusive rights to develop 420 MW of wind power.

In October 2021, Hexicon's associated company CoensHexicon was given priority to four new water areas in South Korea.

In November, Hexicon entered into a partnership involving the Norwegian demonstration project with Worley, a global engineering company that provides industrial consulting services. Within the framework of the collaboration, Worley will initially be responsible for the so-called "FEED (Front End Engineering Design)" phase and complete the project for construction of the demonstration platform.

In December, Hexicon entered into a shareholder agreement with Avapa Energy to establish a project joint venture with the aim of developing floating wind power projects in Italy. As part of the agreement, Hexicon will license its patented technology to the project joint venture for use in its own projects and at third parties for the Italian market.

Information about risks and uncertainties

Risk related to technical development
The development of the company's generation 2 platform is still in an early phase and there is a risk that the technical development is not going fast enough or that the company's technical solutions are not competitive, which could have an effect on the company's future sales and earnings.

Risks related to key employees
Hexicon is highly dependent on the knowledge, experience and commitment of senior executives and other key personnel. Hexicon's senior executives have over 30 years of experience in the wind power industry. Should one or more of Hexicon's senior executives or other key personnel leave the company, it could have a very significant effect on the company's ongoing operations. The company assesses the probability of the risk occurring, in whole or in part, to be low.

Risks related to key partnerships
Hexicon is to a large extent dependent on the development of the company's central project. A large part of the company's opportunity to develop profitable projects is that the company maintains a good collaboration with its key partners. It is crucial for the company's future operations that Hexicon maintains these existing partnerships agreement and that the result of the respective partnership is satisfactory for both parties.

Staff

At the end of 2021, Hexicon had 32 full-time employees, of whom seven were women.

Sustainability disclosure

The group is not engaged in any activity that is notifiable under the Environmental Code. The group however operates within the technical development of floating offshore wind which decreases the negative environmental impact of the energy production.

With research and technical development the company contributes to the rise of the fossil free society.

In addition, the company has on a voluntary basis chose to present a report on sustainability separate from the annual report. Significant events that occurred during the financial year

- Marcus Thor took over as CEO of the group in March. Marcus has been employed as project manager since 2012 and has been responsible for the company's breakthrough projects in Scotland and South Korea
- In May, Hexicon's stake in Spanish company WunderHexicon increased from 50% to 75%
- Hexicon AB was listed on Nasdaq First North Premier Growth Market on 18 June. The listing involved a new issue of SEK 345 million
- In June, the dormant company Hexicon Malta was liquidated
- In July, the acquisition of 100% of the shares in Wave Hub was completed through Hexicon's UK subsidiary TwinHub
- In September, Hexicon and Aker Offshore Wind entered into a shareholder agreement to establish the Swedish associate Freja Offshore
- In October, the subsidiary Hexicon Developments UK was established to explore project opportunities in the UK
- The COVID-19 pandemic surged again towards the end of the year, but the group's business concept of developing infrastructure-related projects means that the impact of the pandemic has been limited

Significant events that occurred after the end of the financial year

In January, the British subsidiary Wave Hub obtained a marine licence for the TwinHub project, which means that all permits to install and commission the project have been obtained. The project comprises 30-40 MW and uses Hexicon's innovative floating platform with twin turbines.

In January, Hexicon set up the Italian joint venture AvenHexicon with Avapa Energy. The formation of the company was the result of the shareholder agreement entered into in December 2021.

In February, Adrienne Downey was hired as Principal Engineer and Country Manager for the USA and Canada. The recruitment was the next step in building up both a presence and a project portfolio in the North American market.

The wholly-owned Norwegian subsidiary TwinWay was set up in February. The company will comprise the Norwegian demonstrator project that was previously developed in the parent company.

In March, the South Korean project company MunmuBaram, which is 20% owned by the group's associate CoensHexicon, was awarded another two Electricity Business Licenses (EBL). The project has thereby secured a total of three EBLs, which means development rights for the total planned production of 1,300 MW.

Expectations of future developments and going concern

Hexicon is a development company for projects and technology and will generate a deficit again in 2022 due to the expansion plans of the company. The company therefore remains dependent on external financing on short- and mid-term, such as debt financing or equity financing from new or current shareholders. It is not certain that the company can raise capital when needed, or on satisfactory terms. The Board of Directors and the CEO consider the prospects of being able to acquire the capital necessary for continued operation until the company becomes profitable to be good, which is, among other things, proved by the last years electrification of the society as well as the green transition. In addition, there have been several political initiatives to facilitate investments in renewables. However, there may be significant uncertainties regarding the timing of this capital raising and there are no guarantees that new capital can be acquired. Thus, the annual accounts have been prepared on the going concern basis..

Five-year summary, Group

	2021	2020	2019	2018
Net revenue (KSEK)	23 105	4 357	9 846	0
Profit/(loss) after financial items (KSEK)	-50 980	-36 939	-7 976	0
Cash and cash equivalents	289 587	106 595	537	2 993
Total assets (KSEK)	432 182	117 902	28 347	24 486
Equity/assets ratio (%)	74.7%	77.9%	16.9%	6.8%
Average number of employees	27	10	7	5

Five-year summary, Parent company	2021	2020	2019	2018	2017
Net sales (KSEK)	24 059	4 357	9 846	0	58 904
Profit/(loss)after financial items (KSEK)	-27 293	-42 119	-8 885	7 306	-53 807
Total assets (KSEK)	367 843	118 086	29 343	24 362	23 731
Equity/assets ratio (%)	91.9%	78.2%	36.0%	33.6%	Neg.
Average number of employees	17	10	7	5	6

For definitions of key performance indicators, see Note 40.

Proposed appropriation of parent company's profit/loss

The following profits/(losses) (SEK) are at the disposal of the Annual General Meeting:

Share premium reserve	538 057 592
Retained earnings	-188 317 444
Profit/(loss) for the year	**-36 061 212**
Total	**313 678 936**

The Board of Directors proposes that the available profits/(losses) be appropriated as follows:

Carried forward	**313 678 936**
Total	**313 678 936**

With regard to the company's results and financial position in general, please refer to the following financial statements and accompanying notes to the financial statements.

Group income statement (KSEK)

	Note	1 Jan 2021 -31 Dec 2021	1 Jan 2020 -31 Dec 2020
Net revenue	2, 3	23 105	4 357
Other operating income	4	3 069	173
		26 174	**4 530**
Capitalised development		41 887	1 781
Raw materials and consumables		-84	-225
Other external expenses	6, 7	-81 448	-8 451
Personnel costs	8, 9	-27 071	-15 125
Depreciation/amortisation and impairments	16, 17	-4 031	-18 087
Other operating expenses	5	-704	-119
Result from share in associated companies	18	-4 478	-208
Operating profit/(loss)		**-49 754**	**-35 905**
Financial income	11	1 560	41
Financial expenses	12	-2 786	-1 075
Net financial income/(expenses)		**-1 225**	**-1 034**
Profit/(loss) before tax		**-50 980**	**-36 939**
Profit/(loss) for the period	13	119	–
Profit/(loss) for the year		**-50 861**	**-36 939**
Profit/(loss) for the period attributable to:			
Equity holder of the parent company		-50 725	-36 939
Non-controlling interests		-136	–
Earnings/(losses) per share			
Basic and diluted earnings/(losses) per share attributable to Equity holder of the parent company	14	0.16	-0.19

Group statement of comprehensive income (KSEK)

	Note	1 Jan 2021 -31 Dec 2021	1 Jan 2020 -31 Dec 2021
Profit/(loss) for the year		**-50 861**	**-36 939**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Translation differences on translation of foreign operations		-229	54
Other comprehensive income for the year		**-229**	**54**
Total comprehensive income for the year		**-51 089**	**-36 884**
Total comprehensive income for the year attributable to:			
Equity holder of the parent company		-50 955	-36 884
Non-controlling interests		-134	–
		-51 089	**-36 884**

Group balance sheet (KSEK)

ASSETS (KSEK)	Note	31 Dec 2021	31 Dec 2020
Non-current assets			
Intangible assets	15, 16	84 450	7 314
Tangible assets	17	48 622	–
Right-of-use assets	7	–	807
Participations in associated companies	18	6 126	1 420
Financial investments	20	13	12
Receivables from associated companies	21	–	41
Non-current receivables	22	54	49
Total non-current assets		**139 265**	**9 643**
Current assets	**30**		
Accounts receivables	31	–	442
Receivables from associated companies		33	317
Other current receivables		2 059	801
Prepaid expenses and accrued income	23	1 238	104
Cash and cash equivalents	35	289 587	106 595
Total current assets		**292 917**	**108 259**
TOTAL ASSETS		**432 182**	**117 902**

EQUITY AND LIABILITIES (KSEK)	Note	31 Dec 2021	31 Dec 2020
Equity	24		
Share capital		3 638	2 543
Additional paid-in capital		540 458	259 751
Reserves (translation differences)		-174	55
Retained earnings including profit/(loss) for the year		-221 161	-170 498
Equity attributable to equity holders of the Parent Company		**322 760**	**91 851**
Non-controlling interests		92	–
Total equity		**322 852**	**91 851**
Non-current liabilities	30		
Non-current provisions	25	31 350	–
Deferred tax liability	13	4 421	–
Non-current interest-bearing liabilities	26	409	–
Other non-current liabilities	27	30 655	–
Total non-current liabilities		**66 835**	–
Current liabilities	30		
Current interest-bearing liabilities	26	1 501	–
Current lease liabilities	26	–	741
Accounts payables	31	6 913	12 903
Liabilities to associated companies		174	–
Current tax liability		–	4 653
Other current liabilities	28	15 838	2 609
Accrued expenses and deferred income	29	18 069	5 145
Total current liabilities		**42 494**	**26 051**
TOTAL EQUITY AND LIABILITIES		**432 182**	**117 902**

Group report on changes in equity (KSEK)	Share capital	Other paid-in capital	Translation reserve	Retained earnings including profit/(loss) for the year	Total	Non-controlling interests	Total equity
Opening equity, 1 Jan 2020	**1 772**	**136 575**	**1**	**-133 560**	**4 788**	**–**	**4 788**
Profit/(loss) for the year	–	–		-36 939	-36 939	–	-36 939
Other comprehensive income for the year	–	–	54	–	54	–	54
Total comprehensive income for the year	**–**	**–**	**55**	**-36 939**	**-36 885**	**–**	**-36 885**
Transactions with Group owners:							
New share issue	771	133 740	–	–	134 511	–	134 511
Cost attributable to new share issue	–	-10 709	–	–	-10 709	–	-10 709
Issue of share options	–	145	–	–	145	–	145
Total transactions with group owners	**771**	**123 176**	**–**	**–**	**123 948**	**–**	**123 948**
Closing equity, 31 Dec 2020	**2 543**	**259 751**	**55**	**-170 499**	**91 851**	**–**	**91 851**
Opening equity, 1 Jan 2021	**2 543**	**259 751**	**55**	**-170 499**	**91 851**	**–**	**91 851**
Profit/(loss) for the year	–	–	–	-50 725	-50 725	-136	-50 861
Other comprehensive income for the year	–	–	-229	–	-229	1	-229
Total comprehensive income for the year	**–**	**–**	**-229**	**-50 725**	**-50 955**	**-135**	**-51 090**
Transactions with Group owners:							
New share issue	1 013	302 795	–	–	303 808	–	303 808
Cost attributable to new share issue	–	-32 443	–	–	-32 443	–	-32 443
Exercise of share options	83	7 955	–	62	8 100	–	8 100
Issue of share options	–	2 400	–	–	2 400	–	2 400
Non-controlling interests from business combinations	–	–	–	–	–	227	227
Total transactions with group owners	**1 095**	**280 707**	**–**	**62**	**281 865**	**227**	**282 091**
Closing equity, 31 Dec 2021	**3 638**	**540 458**	**-174**	**-221 161**	**322 761**	**92**	**322 852**
Equity is attributable in its entirety to equity holder of the parent company							

Group cash flow statement (KSEK)	Note	1 Jan 2021 -31 Dec 2021	1 Jan 2020 -31 Dec 2021
Operating activities			
Operating profit/(loss)		-49 754	-35 905
Adjustment for non-cash items	35	7 128	18 197
Interest received		1	1
Interest paid		-151	-67
Income tax paid		-3 925	–
Cash flow from operating activities before changes in working capital		**-46 703**	**-17 775**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-7 938	4 291
Increase (+)/Decrease (-) in operating liabilities		1 747	10 104
Cash flow from operating activities		**-52 894**	**-3 380**
Investing activities			
Acquisition of subsidiaries, net liquidity effect	35	-4 979	–
Acquisition of intangible assets	16	-39 478	-4 111
Acquisition of tangible assets	17	-1 954	–
Acquisitions and contributions to associated companies		-1 560	-1 214
Acquisition of financial investments		1	-12
Refunded deposits		–	236
Cash flow from investing activities		**-47 972**	**-5 102**
Financing activities			
New share issue		303 808	116 417
Cost attributable to new share issue		-32 443	-10 709
Exercising share options		8 100	–
Option premiums received		2 400	144
Borrowings		1 536	9 080
Repayment of borrowings		–	-300
Repayment of lease liability		-268	-133
Cash flow from financing activities		**283 133**	**114 499**
Cash flow for the year		**182 267**	**106 017**
Cash and cash equivalents at beginning of year		106 595	537
Exchange difference in cash and cash equivalents		724	41
Cash and cash equivalents at end of year	35	289 587	106 595

Parent company income statement (KSEK)	Note	1 Jan 2021 -31 Dec 2021	1 Jan 2020 -31 Dec 2021
Net revenue	2, 32	24 059	4 357
Capitalised development		17 201	1 780
Other operating income	4	779	173
		42 039	**6 310**
Raw materials and consumables		-84	-225
Other external expenses	6, 7	-54 017	-8 522
Personnel costs	8, 9	-24 834	-15 125
Depreciation/amortisation and impairments	16, 17	-3	-17 947
Other operating expenses	5	-683	-119
Operating profit/(loss)		**-37 582**	**-35 629**
Profit/(loss) from financial income/(expenses)			
Profit/(loss) from participations in group companies	10	9 589	-5 850
Other interest income and similar income statement items	11	834	41
Interest expenses and similar income statement items	12	-134	-683
Profit/(loss) after financial income/(expenses)		**-27 293**	**-42 119**
Group contributions paid		-8 768	–
Tax on profit/(loss) for the year	13	–	–
Profit/(loss) for the year		**-36 061**	**-42 119**

Parent company statement of comprehensive income (KSEK)	Note	1 Jan 2021 -31 Dec 2021	1 Jan 2020 -31 Dec 2021
Profit/(loss) for the year		**-36 061**	**-42 119**
Other comprehensive income		-	-
Total comprehensive income for the year		-36 061	-42 119

Parent company balance sheet (KSEK)	Note	31 Dec 2021	31 Dec 2020
ASSETS (KSEK)			
Non-current assets			
Intangible assets	16	20 873	6 723
Tangible assets	17	1 857	–
Financial assets			
Participations in group companies	34	10 369	100
Interests in associated companies	19	11 255	2 253
Receivables from associated companies	21	–	41
Interests in other companies	20	13	12
Other non-current receivables	22	49	49
Total financial assets		21 686	2 455
Total non-current assets		44 415	9 178
Current assets			
Current receivables			
Accounts receivables	31	–	442
Receivables from group companies		34 743	596
Receivables from associated companies		33	317
Other current receivables		519	801
Prepaid expenses and accrued income	23	809	172
Total current receivables		36 105	2 328
Cash at bank and in hand	35	287 323	106 580
Total current assets		323 428	108 908
TOTAL ASSETS		367 843	118 086

EQUITY AND LIABILITIES (KSEK)	Note	31 Dec 2021	31 Dec 2020
Equity	24		
Restricted equity			
Share capital		3 638	2 543
Fund for development costs		20 873	5 224
		24 511	7 767
Non-restricted equity			
Share premium reserve		538 058	259 177
Retained earnings		-188 317	-132 438
Profit/(loss) for the year		-36 061	-42 119
		313 679	84 620
Total equity		338 190	92 387
Current liabilities			
Accounts payables		4 509	12 903
Liabilities to group companies		11 122	6 584
Liabilities to associated companies		174	–
Other current liabilities	28	3 172	1 608
Accrued expenses and deferred income	29	10 677	4 604
Total current liabilities		29 654	25 699
TOTAL EQUITY AND LIABILITIES		367 843	118 086

Parent company consolidated statement of changes in equity (KSEK)

	Restricted equity		Non-restricted equity			
	Share capital	Fund for development costs	Share premium reserve	Retained earnings	Profit/(loss) for the year	Total equity
Opening equity, 1 Jan 2020	**1 772**	**3 928**	**136 145**	**-122 400**	**-8 885**	**10 559**
Transfer of previous year's profit/(loss)	–	–	–	-8 885	8 885	–
Fund for development costs	–	3 493	–	-3 493	–	–
Reconciliation of development costs	–	-2 196	–	2 196	–	–
Comprehensive income for the year						
Profit/(loss) for the year	–	–	–	–	-42 119	-42 119
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**-42 119**	**-42 119**
Transactions with owners:						
New share issue	771	–	133 740	–	–	134 511
Exercising warrants	–	–	–	–	–	–
Cost attributable to new share issue	–	–	-10 709	–	–	-10 709
Warrant premiums received	–	–	–	145	–	145
Total transactions with owners	**771**	**–**	**123 031**	**145**	**–**	**123 947**
Closing equity, 31 Dec 2020	**2 543**	**5 224**	**259 176**	**-132 437**	**-42 119**	**92 387**
Opening equity, 1 Jan 2021	**2 543**	**5 224**	**259 177**	**-132 438**	**-42 119**	**92 387**
Transfer of previous year's profit/(loss)	–	–	–	-42 119	42 119	–
Fund for development costs	–	15 746	–	-15 746	–	–
Reconciliation of development costs	–	-98	–	98	–	–
Comprehensive income for the year						
Profit/(loss) for the year	–	–	–	–	-36 061	-36 061
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**-36 061**	**-36 061**
Transactions with owners:						
New share issue	1 013	–	302 795	–	–	303 808
Cost attributable to new share issue	–	–	-32 443	–	–	-32 443
Exercising warrants	83	–	8 530	-513	–	8 100
Warrant premiums received	–	–	–	2 400	–	2 400
Total transactions with owners	**1 096**	**–**	**278 881**	**1 887**	**–**	**281 864**
Closing equity, 31 Dec 2021	**3 638**	**20 873**	**538 058**	**-188 317**	**-36 061**	**338 190**

Parent company cash flow statement (KSEK)	Note	1 Jan 2021 -31 Dec 2021	1 Jan 2020 -31 Dec 2021
Operating activities			
Operating profit/(loss)		-37 582	-35 629
Adjustments for non-cash items	35	141	17 850
Interest received		1	1
Interest paid		-104	-64
Income tax paid		–	–
Cash flow from operating activities before changes in working capital		**-37 544**	**-17 842**
Changes in working capital			
Increase/decrease in other current receivables		-41 257	4 069
Increase/decrease in other operating liabilities		-4 872	15 725
Cash flow from operating activities		**-83 674**	**1 953**
Investing activities			
Acquisition of subsidiaries and shareholders' contributions paid		-452	-5 950
Acquisition of intangible assets	16	-14 291	-3 516
Acquisition of tangible assets	17	-1 857	–
Acquisitions and contributions to associated companies		-1 560	-1 214
Acquisition of other investments		-1	-12
Refunded deposits		–	236
Cash flow from investing activities		**-18 161**	**-10 456**
Financing activities			
New share issue		303 808	116 417
Cost attributable to new share issue		-32 443	-10 709
Exercising warrants		8 100	–
Warrant premiums received		2 400	145
Borrowings (convertible bonds)		–	9 079
Repayment of borrowings		–	-300
Cash flow from financing activities		**281 864**	**114 632**
Cash flow for the year		180 030	106 129
Cash and cash equivalents at beginning of year		106 580	410
Exchange difference in cash and cash equivalents		713	42
Cash and cash equivalents at end of year	35	**287 323**	**106 580**

Notes to the group - and parent company financial statements

Note 1: Significant accounting policies

Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The accounting policies described below have been applied in the preparation of the consolidated financial statements for the 2021 financial year and for the 2020 comparative year.

The parent company applies the same accounting policies as the group, except in the cases described below in section

"Parent company's accounting policies".

Measurement bases applied when preparing the financial statements

Assets and liabilities are reported at historical cost, except for financial investments which are valued at fair value.

Functional currency and presentation currency

The parent company's functional currency is Swedish krona (SEK), which is also the presentation currency for the parent company and the group. This means that the financial statements are presented in Swedish krona (SEK). Unless otherwise stated, all amounts are rounded to the nearest thousand.

Assessments and estimates in the financial statements

Preparation of the financial statements in accordance with IFRS requires management to make assessments and estimates and make assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual outcome may deviate from these estimates and assessments.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period the change is made if the change only affects that period, or in the period the change is made and future periods if the change affects both the current period and future periods.

Assessments made by company management in the application of IFRS that have a significant impact on the financial statements and estimates made that may result in significant adjustments to the following year's financial statements are described in more detail in note 38.

Significant accounting policies applied

The accounting policies described below have been applied consistently to all periods presented in the consolidated

financial statements. The group's accounting policies have also been consistently applied by the group's companies.

New IFRS not yet applied

New and amended IFRS with future application are not expected to have any significant effect on the company's financial statements.

Classification, etc.

Non-current assets consist, in all material respects, of amounts that are expected to be recovered or paid after more than twelve months from the balance sheet date, while current assets, in all material respects, consist of amounts that are expected to be recovered or paid within twelve months from the balance sheet date. Non-current liabilities consist, in all material respects, of amounts that Hexicon, at the end of the reporting period, has an unconditional right to defer settlement of for at least twelve months after the end of the reporting period. If Hexicon does not have such a right at the end of the reporting period – or if a liability is held for sale or is expected to be settled within the normal operating cycle – the amount of the liability is recognised as a current liability.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting submitted to the chief operating decision maker. Hexicon's Chief Executive Officer is the group's chief operating decision maker. The company has identified an operating segment which constitutes the group's business operations in their entirety. This assessment is based on the fact that the business as a whole is regularly reviewed by the management team as a basis for decisions on the allocation of resources and assessment of their results. The chief operating decision maker is the function responsible for allocating resources and assessing operating segment performance

Consolidation principles and business combinations

Business combinations

The group assesses each transaction to determine whether it is a business combination or an asset acquisition. A business combination is a transaction where the company obtains control of one or more businesses. A business consists of activities and assets, which as a minimum consist of inputs and substantial processes that are capable of producing goods or services for customers to produce a return in the ordinary operations.

Transactions where, in all material respects, the fair value of the acquired assets consists of an asset or group of similar assets, are, through use of a simplified assessment, recognised as an asset acquisition. The choice to use the simplified assessment is applied on a case-by-case basis.

Subsidiaries

Subsidiaries are companies in which Hexicon has a controlling interest. Control exists if Hexicon has control over the investee, is exposed to, or has rights to, variable returns from its involvement with the investee, and may use its power over the investee to affect those returns. To determine whether control exists, consideration is given to potential voting shares and whether de facto control exists.

Subsidiaries are recognised in accordance with the acquisition method. This method means that the acquisition of a subsidiary is considered to be a transaction whereby the group indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquisition analysis determines the fair value on the acquisition date of acquired identifiable assets and assumed liabilities, as well as any non-controlling interests. Transaction costs, with the exception of transaction costs attributable to the issue of equity or debt instruments, are recognised directly in profit or loss for the year.

In the case of business combinations where the transferred consideration, any non-controlling interests and the fair value of previously-held shares (in acquisitions achieved in stages) exceed the fair value of acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. When the difference is negative, a so-called bargain purchase, this is recognised directly in the profit or loss for the year.

Associated companies

Associated companies are companies in which the group has significant, but not controlling, influence over operating and financial policy decisions, usually through shareholdings of between 20 and 50 % of the voting rights. As of the date when the significant influence is obtained, interests in associated companies are reported in the consolidated financial statements in accordance with the equity method. The equity method means that the carrying amount of the shares in associated companies recognised by the group corresponds to the group's share of the equity of associated companies as well as consolidated goodwill and any other residual values of consolidated surplus and deficit values. The group's share of the profit or loss of associated companies, adjusted for any amortisation/depreciation, impairment and elimination of acquired surplus and deficit values, is recognised in the group's profit or loss for the year as "Share of profit/loss of associated companies". This share of profit/loss, less dividends received from associated companies, constitutes the main change in the carrying amount of interests in associated companies.

The group's share of other comprehensive income of associated companies is recognised on a separate line in the group's statement of other comprehensive income.

Any difference upon acquisition between the cost of the holding and the investor's share of the net fair value of the associated company's identifiable assets and liabilities is recognised according to the same principles as for acquisition of subsidiaries.

Any transaction costs that arise, with the exception of transaction costs attributable to the issue of equity or debt instruments, are included in the cost of the investment. When the group's share of recognised losses in the associated company exceeds the carrying amount of the shares in the group, the value of the shares is reduced to zero.

Offsetting of losses is also made against long-term financial transactions without collateral, which in terms of their economic significance constitute part of the owner company's net investment in the associated company. Continued losses are not recognised unless the group has provided guarantees to cover losses incurred in the associated company. The equity method is applied until the time when the significant influence ceases.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income or expenses and unrealised gains or losses arising from intra-group transactions between group companies are eliminated in their entirety when preparing the consolidated financial statements. Unrealised gains arising from transactions with associated companies and joint ventures are eliminated to an extent corresponding to the group's interest in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no need for impairment.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency using the exchange rate prevailing on the date of the transaction. The functional currency is the currency of the primary economic environments in which the companies conduct their business. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences arising on translation are recognised in profit or loss for the year. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate at the time of the transaction. Non-monetary assets and liabilities recognised at fair value are translated into the functional currency at the rate prevailing at the time of measurement at fair value.

Financial reports of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the foreign operations' functional currency to the group's presentation currency, Swedish krona (SEK), at the exchange rate prevailing on the balance sheet date. Income and expenses in a foreign operation are translated into Swedish krona (SEK) at an average exchange rate that is an approximation of the exchange rates that existed on the respective transaction dates.

Translation differences arising on the translation of foreign operations are recognised in other comprehensive income and accumulated in a separate component in equity, called the translation reserve. If the foreign operation is not wholly owned, the translation difference is allocated to non-controlling interests based on their proportional holdings . When a controlling interest, significant influence or joint control ceases for a foreign operation, the accumulated translation differences attributable to the operation are realised, and they are reclassified from the translation reserve in equity to profit/loss for the year. In the event of disposal where the investor retains a controlling interest, a proportionate share of accumulated translation differences is transferred from the translation reserve to non-controlling interests. On disposal of shares in associated companies and joint ventures where the investor retains significant influence or joint control, a proportionate share of the translation differences is reclassified to profit/loss for the year.

The company has chosen to state that accumulated translation differences attributable to foreign operations at the time of transition to IFRS amount to zero

Revenue

Revenue is measured based on the compensation specified in contracts with customers. The group recognises revenue when control over a good or service is transferred to the customer.

Hexicon's business model consists of three lines of business, two of which currently generate revenue for the group. These two consist of project development services where Hexicon supports the customer in decisions on construction investments and income from divestment of project shares. In addition, the group is expected to generate licensing revenues from the use of Hexicon's patented technology in the future. Invoices for project development services are issued on a monthly basis based on time spent and typically fall due within 30 days. These revenues are recognised over time as the services are performed, which is based on the amount invoiced when it corresponds to the performance obligation delivered to date. A purchase agreement is drawn up in connection with the divestment of a project, which identifies the performance obligations for the specific transaction. Project divestment income is recognised at the time when the agreed performance obligations have been satisfied.

Government support

Government subsidies are recognised when the company fulfils the conditions associated with the subsidies and it can be reliably established that the subsidies will be received. Contributions received are recognised in the balance sheet as prepaid income and are recognised in the period in which the cost to which the contribution relates is recognised.

Hexicon receives state subsidies primarily for the development of renewable energy at sea.

Financial investments

The Group's financial investments are classified as capital instruments measured at fair value through other comprehensive income. Subsequent measurement of these assets is at fair value.

Dividends are recognised as income in the income statement unless it is clear that the dividend represents the recovery of part of the cost of the investment.

Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. The Group accumulates gains/losses in the fair value reserve in equity and transfers these to retained profits when the related instrument is divested.

Leases

When entering into a contract, the Group assesses whether the contract is or contains a lease. A contract is or contains a lease if the contract gives the right to control the use of an identified asset for a period of time in exchange for consideration.

Upon commencement of the lease or on reassessment of a lease that contains several components - lease and non-lease components - the Group allocates the consideration according to the lease to each component based on the stand-alone price

Leases where the group is the lessee

The group recognises a right-of-use asset and a lease liability on the commencement date of the lease. The right-of-use asset is initially measured at cost, which consists of the initial value of the lease liability plus lease payments paid on or before the commencement date plus any initial direct costs. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of the asset's useful life or the end of the lease term, whichever is earlier, and in the group this is normally the end of the lease term.

Lease liabilities - which are divided into long-term and short-term parts - are initially measured at the present value of the remaining lease payments during the estimated lease term. The lease term consists of the non-cancellable period plus additional periods in the agreement if on the commencement date it is deemed reasonably certain that these will be used.

Lease payments are normally discounted using the group's incremental borrowing rate, which in addition to the group's/company's credit risk reflects the lease term, currency and quality of the underlying asset as intended collateral.

The lease liability comprises the present value of the following payments during the estimated lease term:

- fixed payments, including in-substance fixed payments,
- variable lease payments linked to an index or rate, initially valued using the index or rate that applied on the commencement date,
- any residual value guarantees expected to be paid,
- the exercise price of a call option that the group is reasonably certain to exercise, and
- penalties that are payable upon termination of the lease if the estimated lease term reflects the fact that such termination will take place.

The value of the liability is increased by the interest expense for each term and reduced by the lease payments. Interest expense is calculated as the value of the liability multiplied by the discount rate. The lease liability for the group's premises with index-linked rent is calculated on the basis of the rent that applies at the end of each reporting period. At this time, the liability is adjusted by an amount corresponding to adjustment of the carrying amount of the right-of-use asset. Correspondingly, the value of the liability and the asset is adjusted in connection with reassessment of the lease term. This takes place in connection with the deadline for termination notice within the previously assessed lease term for premises having passed, or when there has been a significant event or a significant change in circumstances in a way that is within the group's control and affects the current assessment of the lease term.

For leases with a lease term of 12 months or less or with an underlying asset of low value, less than SEK 50,000, no right-of-use asset and lease liability are recognised. Lease payments for these leases are recognised as an expense on a straight-line basis over the lease term.

Financial income and expenses

The group's financial income and expenses include:

– interest income

– interest expense

– exchange gains/losses on financial assets and financial liabilities

– dividends

Interest income or interest expense are recognised using the effective interest method. Dividends are recognised in profit or loss as of the date on which the group's right to payment is established.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts during the expected term of the financial instrument to:

– the gross carrying amount of the financial asset, or

– the amortised cost of the financial liability.

Interest income and interest expense are calculated by applying the effective interest method to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the financial liability. Interest income for financial assets that have become credit-impaired after initial recognition is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, interest income is recalculated by applying the effective interest rate to the gross carrying amount.

Taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognised in profit or loss for the year except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is tax that is to be paid or received in respect of the current year, with the application of the tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax also includes adjustment of current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the recognised and taxable values of assets and liabilities. Temporary differences arising from investments in subsidiaries and associated companies that are not expected to be reversed in the foreseeable future are not taken into account. Measurement of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated applying the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are only recognised to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

Financial instruments

Recognition and initial measurement

Accounts receivables are recognised when they are issued. Other financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument.

A financial asset (with the exception of accounts receivables that do not have a significant financing component) or financial liability is initially measured at fair value plus, in the case of financial instruments not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue. An accounts receivable without a significant financing component is measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, financial assets are classified into those measured at: amortised cost; fair value through other comprehensive income - debt instrument investment; fair value through other comprehensive income - equity investment; or fair value through profit or loss.

A financial asset must be measured at amortised cost if it meets both of the following conditions and is not identified as measured at fair value through profit or loss:

–it is held within the framework of a business model whose objective is to hold financial assets in order to obtain contractual cash flows, and

–the agreed terms and conditions for the financial asset give rise on specfied dates to cash flows that are solely payments of principal and interest on the outstanding principal amount.

The group's financial assets, except for financial investments, are measured at amortised cost. Subsequent measurement of assets at amortised cost is calculated using the effective interest method. Amortised cost is reduced by impairment. Interest income, exchange gains and losses and impairment losses are recognised in profit or loss. Gains or losses arising from derecognition are recognised in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses
The group's financial liabilities are classified as measured at amortised cost or fair value through profit or loss. Subsequent measurement of financial liabilities takes place at amortised cost using the effective interest method. Interest expense and exchange gains and losses are recognised in profit or loss. Gains or losses on derecognition are also recognised in profit or loss.

Measurement at fair value for financial investments
The group's financial investments are classified as equity instruments measured at fair value through other comprehensive income. Subsequent measurement of these assets is at fair value. Dividends are recognised as income in the income statement unless it is clear that the dividend represents the recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. The group accumulates gains/losses in the fair value reserve in equity and transfers these to retained earnings when the related instrument is divested.

Measurement at fair value of financial liabilities
This category includes non-derivative liabilities that are not recognised at amortised cost. Liabilities are measured both on initial recognition and at subsequent remeasurements at fair value in the balance sheet. This category includes contingent considerations in connection with business acquisitions, where changes in the value of such liabilities are recognised in the income statement. The portions of the change in value relating to interest and exchange rate effects are recognised in net financial items and other changes in fair value in operating income.

Impairment - expected credit losses

Provision for credit losses for accounts receivables is always measured at an amount corresponding to expected credit losses during the outstanding term of the receivable. In accordance with the rules in IFRS 9, the group applies a simplified approach to impairment testing of trade receivables. The simplified approach means that on initial recognition of the receivable, the provision for expected credit losses is calculated based on the credit risk for the entire life of the receivable. To measure expected credit losses, accounts receivables have been grouped based on distributed credit risk characteristics and days past due. The group also uses forward-looking variables for expected credit losses. Expected credit losses are recognised in the consolidated statement of comprehensive income under Other external expenses

Presentation of provisions for expected credit losses in the statement of financial position

Loss provisions for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the group has no reasonable expectations of recovering a financial asset in its entirety or part thereof. The group does not have any expectations of significant recovery of the amounts written off. However, financial assets that are written off may still be subject to enforcement measures to satisfy the group's procedure for recovering past due amounts.

Removal from the statement of financial position (derecognition)

Financial assets
The group removes a financial asset from the statement of financial position when the contractual rights to the cash flows from the financial asset expire or if it transfers the right to receive the contractual cash flows through a transaction in which substantially all the risks and rewards of ownership have been transferred or in which the group does not transfer or retain substantially all the risks and rewards of ownership and does not retain control over the financial asset.

The group enters into transactions in which it transfers assets recognised in the statement of financial position, but retains all or substantially all the risks and rewards associated with the transferred assets. In such cases, the transferred assets are not removed from the accounts.

Financial liabilities
The group derecognises a financial liability from the statement of financial position when the obligations specified in the contract are discharged, cancelled or expire. The group also derecognises a financial liability when the contractual terms and conditions are modified and the cash flows from the modified liability are significantly different. In this case, a new financial liability is recognised at fair value based on the modified terms and conditions.

When a financial liability is derecognised, the difference between the carrying amount that has been derecognised and the consideration that has been paid (including transferred non-monetary assets or assumed liabilities) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities must be offset and recognised at a net amount in the statement of financial position only when the group has a legal right to offset the recognised amounts and intends to settle the items in a net amount or to simultaneously realise the asset and settle the liability.

Issued convertible bonds

Convertible bonds that can be converted into shares through the counterparty exercising their right to convert the bonds to shares are recognised as a composite financial instrument divided into a liability component and an equity component. The fair value of the liability at the time of issue is calculated by discounting the future payment flows with the current market rate for a similar liability, without the right to conversion.

The value of the equity instrument is calculated as the difference between the proceeds from the issue of the convertible bonds and the fair value of the financial liability at the time of issue. Any deferred tax attributable to the liability at the time of issue is deducted from the carrying amount of the equity instrument. Transaction costs in connection with the issue of a composite financial instrument are allocated to the liability component and equity component in proportion to allocation of the issue proceeds. Interest expense is recognised in profit or loss for the year and is calculated using the effective interest method.

Intangible assets

Goodwill

Goodwill arising from a business combination is the difference between the cost of the business combination and the fair value of identifiable net assets, assumed liabilities and recognised contingent liabilities. Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to the cash-generating units and tested annually for impairment, or when there is an indication of impairment.

Research and development

Expenditure on research aimed at obtaining new scientific or technical knowledge is recognised as an expense as incurred.

Expenditure on development, where research results or other knowledge are applied to achieve new or improved products or processes, is recognised as an asset in the statement of financial position, if the product or process is technically and commercially viable and the company has sufficient resources to complete the development and subsequently use or sell the intangible asset. The carrying amount includes all directly attributable costs; e.g. materials and services, employee benefits, registration of a legal right, amortisation of patents and licenses, borrowing costs in accordance with IAS 23. Other development costs are recognised in the income statement as an expense as incurred. Development costs recognised in the statement of financial position are recognised at cost less accumulated amortisation and any impairment losses.

Other intangible assets

Other intangible assets acquired by the group consist of patents and project development and are recognised at cost less accumulated amortisation and any impairment losses.

Additional costs

Additional costs for capitalised intangible assets are recognised as an asset in the statement of financial position only when they increase the future economic benefits of the specific asset to which they relate. All other costs are carried as an expense as incurred.

Amortisation principles

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such useful lives are indefinite. The useful lives are reviewed at least annually. Goodwill and other intangible assets with indefinite useful lives or which are not yet ready for use are tested for impairment annually and also as soon as indications arise that the asset in question has decreased in value. Intangible assets with finite useful lives are amortised from the date they are available for use.

The estimated useful lives are:

- Patents[1]	5-15 years
- Capitalised development costs[2]	5-15 years

Tangible assets

Tangible assets are recognised as assets in the balance sheet if it is probable that the future economic benefits will flow to the company and the cost of the asset can be reliably measured. All tangible assets are recognised at cost less depreciation. Cost includes costs that can be directly attributed to the acquisition of the asset. Additional costs for capitalised tangible assets are recognised as an asset in the statement of financial position only when they increase the future economic benefits of the specific asset to which they relate. Any repairs and maintenance or other costs are carried as an expense in the income statement as they arise.

Depreciation according to plan of property, plant and equipment is based on estimated useful life. Depreciation is applied on a straight-line basis over the estimated useful lives of the assets, taking into account the residual value. The following depreciation periods are applied:

- Machinery and other technical assets	7 years
- Equipment, tools, fixtures and fittings	5-10 years

Impairment of tangible assets, intangible assets, right-of-use assets and interests in associated companies

If there is an indication of impairment, the asset's recoverable amount is calculated (see below). For goodwill, other intangible assets with indefinite useful lives and intangible assets that are not yet ready for use, the recoverable amount is also calculated annually. If it is not possible to determine materially independent cash flows for an individual asset, and its fair value less selling expenses cannot be used, the assets are grouped when testing for impairment to the lowest level where it is possible to identify materially independent cash flows - a so-called cash-generating unit.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit (group of units) exceeds its recoverable amount. An impairment loss is recognised as an expense in profit or loss for the year. When an impairment need has been identified for a cash-generating unit (group of units), the impairment loss is primarily allocated to goodwill. Subsequently, a proportional impairment loss is recognised for other assets included in the unit (group of units).

The recoverable amount is the higher of fair value less costs of disposal and its value in use. When calculating value in use, future cash flows are discounted using a discount rate that takes into account the risk-free interest rate and the risk associated with the specific asset.

When calculating the recoverable amount of cash-generating units containing leased assets, the choice was made to deduct future lease payments from the expected cash flows. Right-of-use assets are included in the unit's carrying amount. In order to obtain a carrying amount for the unit that is consistent with the estimated recoverable amount, the carrying amount is reduced by the unit's lease liability. Using this approach, leases are managed as part of the business, rather than as financing, with the effect that the discount rate is calculated as a weighted average of the yield requirement on equity and borrowed capital, where leasing debt is not included in the borrowed capital.

Reversal of impairment
An impairment loss is reversed if there is both an indication that the impairment loss no longer exists and there has been a change in the assumptions on which the calculation of the recoverable amount was based. However, goodwill impairment is never reversed. A reversal is only made to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, less depreciation where applicable, if no impairment loss had been recognised

[1]Amortisation of patents begins when patent has been granted

[2]Amortisation of capitalised development costs begins when the technology or project is ready for commercialisation

Capital distributions to shareholders

Dividends

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Earnings/losses per share

Calculation of basic earnings/losses per share is based on the group's profit/loss for the year attributable to the parent company's shareholders and the weighted average number of shares outstanding during the year. When calculating diluted earnings/losses per share, earnings/losses and the average number of shares are adjusted to take account of the effects of dilutive potential ordinary shares attributable to convertible bonds and share options issued to employees in the reporting period.

Dilution due to share options is based on an estimate of how many shares could hypothetically have been purchased during the period, using the exercise price and the value of outstanding services in accordance with IFRS 2 Share-based Payments. The shares that could not be purchased lead to dilution. Furthermore, the number of share options, and thereby shares, that would be vested if the degree of fulfilment of the vesting conditions that exist at the end of the current period would also exist at the end of the vesting period are included. Dilution from convertible bonds is calculated by increasing the number of shares by the total number of shares to which the convertible bonds correspond and increasing profit/loss by the recognised interest expense after tax. Potential ordinary shares are only considered to be dilutive during periods when this leads to lower earnings or greater losses per share.

Employee benefits

Short-term benefits

Short-term employee benefits are measured without discounting and recognised as an expense when the related services are received.

A provision is recognised for the expected cost of profit-sharing and bonus payments when the group has a current legal or constructive obligation to make such payments as a result of services received from employees and a reliable estimate of the obligation can be made.

Defined contribution pension plans

Defined contribution pension plans are classified as plans where the company's obligations are limited to the contributions the company has undertaken to pay. In such cases, the size of the employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the return on capital that the contributions provide. Consequently, it is the employee who bears the actuarial risk (that the benefits will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected benefits). The company's obligations regarding contributions to defined contribution plans are recognised as an expense in profit or loss for the year as they are earned by employees performing services for the company during the period.

Termination benefits

A cost for compensation in connection with termination of employment is recognised at the earlier of the dates when the company can no longer withdraw the offer to employees or when the company recognises costs for a restructuring. Benefits that are expected to be settled after twelve months are recognised at their present value. Benefits that are not expected to be wholly settled within twelve months are recognised in accordance with long-term benefits.

Provisions

A provision differs from other liabilities in that there is uncertainty about the time of payment or the amount required to settle the provision. A provision is recognised in the statement of financial position when there is an existing legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are made at the best estimate of the expenditure required to settle the existing obligation on the balance sheet date. Where the effect of the timing of payment is material, provisions are measured by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks associated with the liability

Contingent liabilities

Information about contingent liabilities is provided when there is a possible obligation arising from past events whose existence is confirmed only by one or more uncertain future events beyond the group's control or when there is an obligation that is not recognised as a liability or provision due to the fact that it is not probable that an outflow of resources will be required or cannot be sufficiently reliably measured.

Parent company's accounting policies

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The statements issued by the Swedish Financial Reporting Board concerning listed companies have also been applied. RFR 2 requires the parent company to prepare the annual accounts for a legal entity in accordance with all IFRS and statements adopted by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation. The recommendation states which exemptions from and additions to IFRS must be made.

Differences between the group's and the Parent Company's accounting policies

The differences between the group's and the parent company's accounting policies are described below. The accounting policies for the parent company set out below have been applied consistently to all periods presented in the parent company's financial statements.

Classification and formats

The parent company presents an Income statement and a Statement of profit or loss and other comprehensive income, whereas for the group these two statements together constitute a Statement of profit or loss and other comprehensive income. Furthermore, the parent company uses the designations Balance sheet and Cash flow statement while in the group these statements are entitled Statement of financial position and Statement of cash flows, respectively. The parent company's Income statement and Balance sheet follow the formats set out in the Swedish Annual Accounts Act, while the Statement of profit or loss and other comprehensive income, the Statement of changes in equity and the Cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in the parent company's Income statements and Balance sheets compared with the consolidated statements consist primarily of recognition of financial income and expenses, equity and leases.

Subsidiaries, associated companies and joint ventures

Interests in subsidiaries, associated companies and joint ventures are recognised in the parent company in accordance with the cost method. This means that transaction costs are included in the carrying amount of holdings in subsidiaries, associated companies and joint ventures. In the consolidated financial statements, transaction costs attributable to subsidiaries are recognised directly in profit or loss when they arise.

Financial instruments

The parent company has chosen not to apply IFRS 9 to financial instruments. However, parts of the principles of IFRS 9 still apply

- including impairment, recognition/derecognition and the effective interest method for interest income and interest expense.

In the parent company, non-current financial assets are measured at cost less any impairment losses and current financial assets according to the lower of cost or net realisable value. IFRS 9 impairment rules are applied to financial assets measured at amortised cost.

Leased assets

The parent company does not apply IFRS 16, in accordance with the exemption in RFR 2. As a lessee, lease payments are recognised as expense on a straight-line basis over the lease term and right-of-use assets and lease liabilities are therefore not recognised in the balance sheet.

Inventories

The parent company recognises advance payments to suppliers under Inventories, unlike the group, where advance payments to suppliers are recognised under Other receivables.

Taxes

In the parent Company, any untaxed reserves are recognised in the balance sheet without division into equity and deferred tax liability, unlike in the group. Similarly, no allocation is made in the income statement in the parent company of part of appropriations to deferred tax expense.

Group contributions

Group contributions received and paid are recognised as appropriations in accordance with the alternative rule.

Note 2: **Revenue**

Revenue streams

The group generates revenue primarily from project development services and divestment of project rights.

	Group		Parent company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Revenue includes sales from:				
Goods	–	161	–	161
Services	11 730	4 196	12 684	4 196
Project rights	11 375	–	11 375	–
Total	**23 105**	**4 357**	**24 059**	**4 357**

Distribution of revenue from contracts with customers

The distribution of revenue from contracts with customers in the main geographical markets, major product- and service areas and the timing of revenue recognition is summarised below.

	Revenue from external customers		Non-current assets	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Geographical market				
Sweden	6 186	8	133 072	7 313
Rest of Europe	16 529	–	–	–
Asia	390	4 349	–	–
Total	**23 105**	**4 357**	**133 072**	**7 313**
Timing of revenue recognition				
Goods and services recognised at one point in time	11 375	–		
Goods and services recognised over time	11 730	4 357		
Total revenue from contracts with customers	**23 105**	**4 357**		
Other income		–		
Total external income	23 105	4 357		
Revenue from major customers				
Customer A	1%	100%		
Customer B	46%	-		
Customer C	31%	-		
Customer D	21%	-		

Note 3: **Operating segments**

Operating segments are reported in a manner consistent with the internal reporting submitted to the chief operating decision maker. Hexicon's Chief Executive Officer is the group's chief operating decision maker. The company has identified an operating segment which constitutes the Group's operations as a whole. The assessment is based on the fact that the business as a whole is regularly reviewed by the management team as a basis for decisions on the allocation of resources and assessment of their results. The chief operating decision maker is the function responsible for allocating resources and assessing operating segment performance.

Note 4: **Other operating income**

	Group		Parent company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Piecework received	–	97	–	97
Capital gains/(losses)	3	63	–	63
Government subsidies	2 154	13	52	13
Exchange gains on operating receivables/liabilities	912	–	727	–
Other services	–	–	–	–
Total	**3 069**	**173**	**779**	**173**

Note 5: **Other operating expenses**

	Group		Parent company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Exchange rate changes	-639	-32	-628	-32
Capital gains/(losses)	-55	–	-55	–
Other items	-10	-87	–	-87
Total	**-704**	**-119**	**-683**	**-119**

Note 6: **Fees to auditors**

	Group		Parent company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
KPMG AB	1 939	615	1 921	565
Auditing activities other than audit assignment	668	–	668	–
Tax advice	65	–	65	–
Other services	705	–	705	–
Total	**3 377**	**615**	**3 358**	**565**

Audit assignment refers to the statutory audit of the annual accounts and consolidated accounts and the accounting records, as well as the administration of the Board of Directors and the CEO, and audits and other examinations carried out in accordance with agreements or contracts.

This includes other tasks that the Company's auditor is required to perform, as well as advice or other assistance arising from observations made during such examination or the performance of such other tasks.

Note 7: **Leases**

Leases where the company is the lessee

The group's tangible assets consist of both owned and leased assets.

The group leases several types of office premises and parking spaces. No leases contain covenants or other limitations beyond the security of the leased asset.

At the end of 2021, the group only had short-term leases or low-value leases.

The following amounts related to leases are recognised in the consolidated balance sheet:

	Group	
Right-of-use assets	31 Dec 2021	31 Dec 2020
Opening cost	942	–
Terminated contracts	-942	–
Newly acquired right-of-use assets	–	942
Closing accumulated cost	–	942
Opening depreciation	-135	–
Terminated contracts	404	
Depreciation for the year	-269	-135
Closing accumulated depreciation	–	-135
Closing carrying amount 31 December 2021	–	807
Right-of-use assets refer to properties	**–**	**807**

	Group	
The following amounts related to leases are recognised in the consolidated income statement:	31 Dec 2021	31 Dec 2020
Depreciation of right-of-use assets	269	135
Interest expenses attributable to lease liabilities	4	3
Variable lease payments not included in measurement of the lease liability	–	–
Expenses relating to short-term leases	991	592
Costs attributable to leases for which the underlying asset is of low value	38	–

Change in lease liability, see Note 35 regarding reconciliation of liabilities from financing activities.

	Parent company	
Leases in the Parent Company	31 Dec 2021	31 Dec 2020
Non-cancellable lease payments amount to:	275	748
Due for payment within 1 year	15	–
Due for payment later than 1 but within 2 years	15	–
Due for payment later than 2 years	**305**	**748**

	Parent company	
Payments recognised as expense:	31 Dec 2021	31 Dec 2020
Lease payments recognised as expense	996	798
	996	**798**

	Parent company	
Amounts recognised in the Statement of cash flows	31 Dec 2021	31 Dec 2020
Total cash outflows attributable to leases	1 017	750
	1 017	**750**

The above cash outflow includes both amounts for leases recognised as lease liabilities and amounts paid for variable lease payments, short-term leases and low-value leases.

Property leasing

Leasing agreements for office space have had a one-year term. Some leasing agreements contain an option to renew the agreement with an additional period at the end of the leasing period with a term of three months. From 2022, the parent company has signed a new agreement for office space, see below.

Some leasing agreements contain leasing fees that are based on changes in local price indices.

Extension and termination options

Certain leasing agreements contain extension options and termination options that the group may or may not exercise up to three months before the end of the non-cancellable leasing period. When it is practical, the group tries to include such options in new leasing agreements as this contributes to operational flexibility. Whether it is reasonably certain that an extension option will be exercised or not is determined on the commencement date of the leasing agreement. The group will reconsider whether it is reasonably certain that an extension option will be exercised or not if there is an important event or significant change in circumstances that are within the group's control.

The group's leasing agreements for office space primarily consist of non-cancellable periods of five years, which are extended by additional periods of three years on each occasion with an unchanged period of notice. If the group does not terminate the agreement, it is extended with a nine month period of notice. For offices, the group assesses in the majority of cases that it is not reasonably certain that the agreements will be extended beyond the first period which means the leasing period is usually assessed as one period.

Some of the group's leasing agreements for office space have a term of less than 12 months. These leasing agreements are short-term agreements. The group has opted not to report any right-of-use asset or lease liability for these agreements.

Other leasing agreements

The Group also leases parking spaces with a normal term of three months.

Note 8: **Employees and employee benefit expenses**

Average number of employees

	2021		2020	
Parent company	Number of employees	Of which men	Number of employees	Of which men
Sweden	17	82%	10	90%
Total parent Company	**17**	**82%**	**10**	**90%**
Subsidiaries				
United Kingdom	0	100%	–	–
Spain	10	70%	–	–
Total subsidiaries	**10**	**71%**	**–**	**–**
Group total	**27**	**82%**	**10**	**90%**

Wages, salaries and other remuneration, pension costs and social security expenses to the Board of Directors and senior executives and other employees

Wages, salaries, remuneration, social security contributions and pension costs	Group		Parent company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Salaries and remuneration to the Board of Directors and other senior executives	6 942	6 152	6 942	6 152
Salaries and remuneration to other employees	11 207	4 583	8 902	4 583
Total	**18 149**	**10 736**	**15 844**	**10 736**
Pension costs to the Board of Directors and other senior executives	1 104	749	1 104	749
Pension costs to other employees	1 358	465	1 340	465
Statutory social security contributions	5 873	2 909	5 458	2 909
Total	**8 335**	**4 123**	**7 902**	**4 123**

Board members and senior executives	2021	2020
Number of Board members on the balance sheet date		–
Women	2	1
Men	5	5
Total	**7**	**6**
Number of managing directors and other senior executives		
Women	–	–
Men	4	5
Total	**4**	**5**

Information regarding remuneration to the Board of Directors and senior executives

2021	Basic salary, Board fees	Variable remuneration[1]	Pension costs	Other remuneration[3]	Total
Chairman of the Board					
Arne Almerfors	150	–	–	–	150
Board members					
Björn Segerblom	75	–	–	–	75
Bjarne Borg	56	–	–	–	56
Vivianne Holm	75	–	–	–	75
Mats Jansson	75	–	–	–	75
Mia Batljan	56	–	–	–	56
Peter M. Anker	75	–	–	–	75
Senior executives					
CEO	1 580	40	250	–	1 870
Other senior executives, 4 persons[2]	3 940	820	854	2 927	8 541
Total	**6 082**	**860**	**1 104**	**2 927**	**10 973**

2020	Basic salary, Board fees	Variable remuneration[1]	Pension costs	Other remuneration[3]	Total
Chairman of the Board					
Björn Segerblom	63	–	–	–	63
Richard Haraldsson	136	–	–	–	136
Senior executives					
CEO	1 104	240	242	–	1 586
Other senior executives, 4 persons[2]	4 009	600	507	476	5 592
Total	**5 312**	**840**	**749**	**476**	**7 377**

Other Board members did not receive any remuneration in 2020.

Severance pay

The CEO and the Business Development Manager are entitled to six months' salary in the event of termination of employment.

Defined contribution pension plans

In Sweden, the group has defined contribution pension plans for wage-earners that are fully paid for by the companies. Internationally, the group has defined contribution plans which are partly paid for by the subsidiaries and partly covered by contributions paid by employees. Payment to these plans is made on an ongoing basis in accordance with the rules of each plan.

Costs of defined contribution plans correspond to recognised pension costs.

[1] Variable remuneration refers to amounts recognised as expenses for each financial year, which may deviate from future amounts paid out.

[2] Other senior executives are the Chief Financial Officer, the Chief Operating Officer, the Chief Technology Officer and the Area Manager Europe.

[3] One of the senior executives invoices his/her fee amounting to SEK 2,927,000 (476,000), which is recognised as other remuneration.

Note 9: **Share-based remuneration**

Since the beginning of 2021, employees, Board members and other key persons have been offered the opportunity to purchase share options with the right to subscribe for shares in Hexicon AB. The programme participants have paid fair value for the options. The company has the right to repurchase the options if the participant leaves the group.

Since fair value was paid when the share option were granted, no employee benefit expenses are recognised for the option plans.

The fair value of the share options has been estimated using Black-Scholes.
The table below summarises important data concerning the option plan.

Share options granted	Accumulated number outstanding	Average exercise price, SEK
As at 31 Dec 2020	8 100 000	1.0
As at 31 Dec 2021	11 999 996	2.8

The average exercise price of options allocated and outstanding at the end of the period is SEK 2.8. 8,100,000 options were forfeited, expired or exercised in 2020 at an average exercise price of SEK 1.0.

Outstanding per year, share options	Number outstanding 31 Dec 2020	Number outstanding 31 Dec 2021	Subscription price, SEK	Value per option, SEK	Value per share, SEK	Volatility	Term
Share option plan 2019	4 900 000	–	1.00	0.054	0.75	45%	2 years
Share option plan 2020	3 200 000	–	1.00	0.025	0.75	45%	1 year
Share option plan 2021	–	11 999 996	2.80	0.020	1.77	45%	3 years
Total	**8 100 000**	**11 999 996**					

Changes to and holdings of share options by the Board of Directors, the CEO and other senior executives on the balance sheet date are described below.

Holder	Number outstanding 1 Jan 2020	Change	Number outstanding 31 Dec 2020	Change	Number outstanding 31 Dec 2021
Senior executives	1 000 000	3 000 000	4 000 000	2 999 996	6 999 996
Other employees and consultants	3 900 000	200 000	4 100 000	900 000	5 000 000
Total	**4 900 000**	**3 200 000**	**8 100 000**	**3 899 996**	**11 999 996**

INCENTIVE SCHEME

The purpose of the incentive scheme and the reason for the deviation from the shareholders' preferential rights was to create incentives for the company's Board of Directors, senior executives, employees and new recruits in the company, who contribute greatly to the company's positive development. Transfers to participants were made against cash payments corresponding to the market value of the share options at the time of transfer. The fair value of services received from employees in exchange for allocated options is measured on the basis of the fair value of the allocated options. The fair value of the options has been estimated using Black-Scholes.

The Annual General Meeting on 30 December 2020 resolved to establish a share option-based incentive scheme for the Board of Directors, senior executives, employees, new recruits and other key persons in the company, through the directed issue of a maximum of 13,000,000 share options, and to approve the transfer of such options from the company. At the Board meeting on 15 January 2021 in the company, it was decided to extend the subscription period for the options until 31 March 2021. By way of derogation from shareholders' preferential rights, share options have been subscribed for by those with a right to subscribe at a subscription price corresponding to the estimated market value[1].

The subscription price and the number of shares that each share option entitles to are subject to the customary conversion provisions in connection with issues, etc. Share options are represented by share certificates and each earned share option entitles the holder to subscribe for a new share in the company for cash payment at a subscription price of SEK 2.80 per share. Options may be exercised during the period 30 June 2023 up to and including 30 December 2023, and upon full exercise of the options to subscribe for new shares, the company's share capital will increase by SEK 130,000 and the number of shares will increase by 13,000,000, which corresponds to a dilution of approximately 5 per cent of the total number of shares in the company at the grant date.

1 Estimates of market value have been calculated by means of an independent valuation using the Black-Scholes model.

Note 10: **Profit/loss from participations in group companies**

	Parent Company	
	2021	2020
Reversal of previous impairment losses	9 589	–
	9 589	**–**

Note 11: **Financial income**

	Group		Parent Company	
	2021	2020	2021	2020
Interest income	844	41	118	41
Exchange differences	716	–	716	–
	1 560	**41**	**834**	**41**
Of which interest income from group companies	–	–	7	–

Note 12: **Financial expenses**

	Group		Parent Company	
	2021	2020	2021	2020
Other interest expense	-237	-1 073	-134	-683
Interest expense attributable to lease liabilities	-4	-3	–	–
Contingent consideration measured at fair value	-496	–	–	–
Impairment of financial receivables	-2 049	–	–	–
	-2 786	**-1 076**	**-134**	**-683**
Of which interest expense from group companies	–	–	-30	–

All financial expenses are attributable to financial liabilities measured at amortised cost.

Note 13: **Tax on profit/loss for the year**

	Group		Parent Company	
	2021	2020	2021	2020
Current tax for the year	–	–	–	–
Change in deferred tax relating to temporary differences	119	–	–	–
Recognised tax	**119**	–	–	–

Reconciliation of effective tax rate

Income tax on the group's profit/loss before tax differs from the theoretical amount that would have arisen using a weighted average tax rate for profit/loss of consolidated companies as follows:

	Group		Parent Company	
	2021	2020	2021	2020
Profit/(loss) before tax	-50 980	-36 939	-36 061	-42 119
Tax according to current tax rate 20.6% (21.4%)	10 502	7 905	7 429	9 013
Effect of other tax rates for foreign subsidiaries	-135	–	–	–
Tax on non-deductible expenses	-2 002	-1 353	-42	-1 294
Tax in respect of non-taxable income	362	21	1 975	21
Increase in loss carryforwards without corresponding capitalisation of deferred tax	-8 608	-6 572	-9 362	-7 739
Recognised tax	**119**	–	–	–
Effective tax rate	**0%**	**0%**	**0%**	**0%**

The group has tax deductible issue costs recognised directly in equity. No deferred tax has been recognised for these.

The group's loss carryforwards amount to SEK 252.2 million (174.4). The group's tax loss carryforwards have not been measured as the business is still in the process of establishing operations and future profit development is consequently uncertain. As these tax loss carryforwards are attributable to Swedish legal entities, there is no expiry date for tax loss carryforwards.

Deferred tax assets and liabilities

Group	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax as at 31 December 2021			
Non-current assets	–	-4 421	-4 421
Tax assets/liabilities, net	**–**	**-4 421**	**-4 421**

Group	Amount at beginning of year	Recognised in the income statement	Increase through business combinations	Translation difference	Amount at end of year
Change in deferred tax, 2021					
Non-current assets	–	119	-4 493	-47	-4 421
Tax assets/liabilities, net			**-4 493**	**-47**	**-4 421**

The group and parent company had no deferred tax in 2020.

Note 14: **Earnings/losses per share**

	Group	
Basic and diluted earnings/(losses) per share	2021	2020
Profit/(loss) for the year (KSEK) attributable to the equity holders of the parent company	-50 725	-36 939
Average number of outstanding ordinary shares (thousand)	315 338	192 709
Basic and diluted earnings/(losses) per share (SEK)	**-0.16**	**-0.19**

To calculate earnings/losses per share, the weighted average number of outstanding ordinary shares is adjusted. There is no dilution effect for issued share options as the result for the years described above has been negative, see also Note 24 Equity.

Instruments that may have a future dilutive effect and changes after the balance sheet date.

In 2021, the company had an outstanding share option plan with an exercise price (SEK 2.80 per share) that exceeded the average price of the ordinary shares during the period that the company was listed. These options therefore have no dilutive effect and have been excluded from the calculation of diluted earnings per share. If the future share price rises to a level above the exercise price, these options will cause dilution.

Note 15: **Acquisitions**

WunderHexicon In May 2021, Hexicon increased its holding in WunderHexicon by 25% to a holding of 75%. The consideration of 75% amounted to SEK 680,000, which was paid by converting existing loans to share capital. The acquisition did not entail any transaction costs. The remeasurement to fair value on the acquisition date did not have an impact on the income statement and no goodwill has been identified.

The subsidiary's contribution to the group in 2021 was SEK 0 in sales and a loss after tax of SEK -541,000. Group management estimates that the subsidiary's contribution would have been SEK 0 in sales and a loss after tax of SEK -1,553,000 if the acquisition date had been 1 January 2021.

Wave Hub
On 30 July, Hexicon acquired 100% of the shares and votes in Wave Hub Ltd through Hexicon's wholly-owned subsidiary TwinHub Ltd. Wave Hub is a renewable energy production facility in Cornwall in the UK. The reason for the acquisition was to obtain the company's permit for water area and electricity generation, its installed infrastructure and the possibility of obtaining subsidies. Cash consideration of SEK 8,612,000 was paid for the acquisition and transaction costs amounted to SEK 2,860,000. In addition, the acquisition included two contingent considerations of SEK 12,179,000 each, payable in cash, pending Wave Hub being granted support from the UK subsidy scheme Contract for Difference (CfD) and the project achieving a Final Investment Decision (FiD) respectively. The two contingent considerations will not be paid if these milestones are not reached. The fair value of the two contingent considerations at the acquisition date was SEK 22,772,000, calculated using an internal interest rate of 8.9% and cost of capital of 5.4%, with payment in April 2022 for the CfD contingent consideration and January 2023 for the FiD additional consideration. The valuations of the two contingent considerations are categorised as Level 3, see Note 28. An increase or decrease in the cost of capital of +/- 1% to 6.4% and 4.4% would have resulted in conditional consideration of SEK 22,542,000 and SEK 23,007,000 respectively.

The preliminary acquisition analysis is presented below. The acquisition analysis contains assumptions relating to, among other things, the fair value of assets and payment of contingent considerations based on available data at the balance sheet date, and this may change during the 12-month period following the acquisition date. Recognised goodwill relates to the acquired company's ability to produce and deliver renewable energy, where group management expects synergies when the production facility switches from electricity production through wave power to Hexicon's patented TwinWind technology. The recognised goodwill is not tax deductible.

Purchase price allocation	KSEK
Cash and cash equivalents	8 612
Contingent consideration	22 772
Total consideration	**31 384**

The fair value of acquired net assets	KSEK
Intangible assets	22 772
Tangible assets	49 259
Current receivables	1 020
Cash and cash equivalents	4 008
Non-current liabilities	-51 232
Deferred tax liabilities	-4 493
Current liabilities	-1 183
Total acquired net assets excluding goodwill	**20 152**
Goodwill	11 232
Total net assets acquired	**31 384**
Cash and cash equivalents	-4 008
Provision for earnout	-22 772
Total cash outflow at acquisition	**4 604**

The subsidiary's contribution to the group in 2021 was SEK 0 in sales and a loss after tax of SEK -3,877,000. Group management estimates that the subsidiary's contribution would have been SEK 852,000 in sales and a loss after tax of SEK -5,041,000 if the acquisition date had been 1 January 2021.

Note 16: **Intangible assets and impairment testing**

Group	Goodwill	Development costs	Patent and similar rights	Total
1 Jan 2020 - 31 Dec 2020				
Opening accumulated cost	–	20 980	1 788	22 768
Acquisitions	–	3 492	619	4 111
Disposals and retirements	–	-17 891	-1 499	-19 390
Closing cost	**–**	**6 581**	**908**	**7 489**
Opening accumulated depreciation	–	–	-1 604	-1 604
Depreciation	–	–	-61	-61
Disposals and retirements	–	–	1 490	1 490
Closing accumulated depreciation	–	–	-175	-175
Closing carrying amount	**–**	**6 581**	**733**	**7 314**
1 Jan 2021 - 31 Dec 2021				
Opening accumulated cost	–	6 581	908	7 489
Business combinations	11 232	2 336	23 795	37 363
Acquisitions	–	38 966	512	39 478
Disposals and retirements	–	–	-312	-312
Translation difference	126	698	263	1 087
Closing cost	**11 358**	**48 581**	**25 166**	**85 105**
Opening accumulated depreciation	–	–	-176	-176
Depreciation	–	–	-640	-640
Disposals and retirements	–	–	174	174
Translation difference	–	–	-13	-13
Closing accumulated depreciation	**–**	**–**	**-655**	**-655**
Closing carrying amount	**11 358**	**48 581**	**24 511**	**84 450**

A large retirement in 2020 concerned capitalised expenditure attributable to a technology that the company no longer uses.

Parent company	Development costs	Patent and similar rights	Total
1 Jan 2020 - 31 Dec 2020			
Opening accumulated cost	20 980	1 788	22 768
Acquisitions	3 492	24	3 516
Disposals and retirements	-17 891	-1 499	-19 390
Closing cost	**6 581**	**313**	**6 894**
Opening accumulated depreciation	–	-1 603	-1 603
Depreciation	–	-56	-56
Disposals and retirements	–	1 488	1 488
Closing accumulated depreciation	–	**-171**	**-171**
Closing carrying amount	**6 581**	**142**	**6 723**
1 Jan 2021 - 31 Dec 2021			
Opening accumulated cost	6 581	313	6 894
Acquisitions	14 512	–	14 512
Disposals and retirements	-220	-313	-533
Closing cost	**20 873**	**–**	**20 873**
Opening accumulated depreciation	–	-171	-171
Depreciation	–	-3	-3
Disposals and retirements	–	174	174
Closing accumulated depreciation	–	–	–
Closing carrying amount	**20 873**	**–**	**20 873**

Impairment testing of intangible assets

At each balance sheet date, an assessment is made of whether there are indications of impairment of any of the intangible assets. If such an indication exists, the asset's recoverable amount is calculated as the higher of fair value less costs of disposal and value in use. Impairment losses are recognised if the recoverable amount is less than the carrying amount and the impairment of the individual asset is deemed to be permanent.

Goodwill

The assessment of the value of the group's goodwill is based on the recoverable amount of the smallest cash-generating unit, which for Hexicon is deemed to be its sub-groups.

The assessment of goodwill in the smallest cash-generating units is based on probability-adjusted cash flow models that have been established by company management based on experience, knowledge and expectations in the market. At 31 December 2021, the group's goodwill amounted to SEK 11,358,000 (0), attributable to the British sub-group TwinHub through its acquisition of Wave Hub Ltd, see Note 15. In impairment testing of goodwill, group management has based the recoverable amount on the value in use and used a discount rate of 5.4%. Cash flows are calculated over a project duration of 15 years, which is consistent with the UK Contract for Difference (CfD) subsidy scheme. Key assumptions have involved access to loans and equity financing, subsidies and estimated project costs. In preparing these assumptions, group management has obtained assistance from external advisors for financial modelling, project calculation and used the management's combined experience from project development and subsidy schemes in the UK. There is no indication of impairment of goodwill at group level.

Other intangible assets

The group's other intangible assets consist of expenses linked to patent rights and technology and project development costs. The recoverable amount of the assets is based on the probability-weighted cash flows that are expected to be generated during the life of the asset. A number of key assumptions are made during impairment testing of intangible assets. The assumptions relate to access to financing, success in technical development, cost development and commercialisation level of the group's technical solutions. At 31 December 2021, the group's other intangible assets amounted to SEK 73,092,000 (7,314,000). There is no indication of impairment of other intangible assets at group level.

Note 17: **Tangible assets**

Group	Buildings and land	Machinery and other technical assets	Equipment, tools, fixtures and fittings	Total
1 Jan 2021- 31 Dec 2021				
Opening accumulated cost	–	–	–	–
Business combinations	687	48 572	48	49 307
Acquisitions	–	1 857	97	1 954
Translation difference	7	545	–	552
Closing cost	**694**	**50 974**	**145**	**51 813**
Opening accumulated depreciation	–	–	–	–
Depreciation	–	-3 122	-2	-3 124
Disposals/retirements	–	–	–	–
Translation difference	–	-67	–	-67
Closing accumulated depreciation	**–**	**-3 189**	**-2**	**-3 191**
Closing carrying amount	**694**	**47 785**	**143**	**48 622**

Parent company	Machinery and other technical assets		Total
1 Jan 2021- 31 Dec 2021			
Opening accumulated cost	–	–	–
Acquisitions	1 857	–	1 857
Closing cost	**1 857**	**–**	**1 857**
Closing carrying amount	**1 857**	**–**	**1 857**

Note 18: **Interests in associated companies**

Associated companies	Registered office/Country	Ownership interest %
CoensHexicon CO., Ltd.	South Korea	49
Freja Offshore AB	Sweden	50
Genesis Hexicon (Ply) Ltd	South Africa	50
Offshore Access Sweden AB	Sweden	23
Wave Hub Grid Connection Ltd	UK	50

The nature of the investment refers to interests in associated companies as a strategic holding for the joint development of floating offshore wind farms.

Information about the associated company Freja Offshore AB, which is deemed to be significant in the group, is provided below. In the previous year, CoensHexicon CO. Ltd was significant in the group.

Below are details of condensed financial information in accordance with IFRS, adjustments to fair value (acquisitions) and adjustments to the group's accounting policies.

Freja Offshore AB	31 Dec 2021	31 Dec 2020
Net revenue	–	–
Profit/(loss) after tax:	-9 871	–
Other comprehensive income	–	–
Total comprehensive income 100%	**-9 871**	**–**
The group's share of comprehensive income (50%)	-4 936	–
The group's share of comprehensive income	**-4 936**	–
Current assets (100%):	9 368	–
of which cash and cash equivalents SEK 25,000		
Current liabilities (100%):	-3 874	–
Net assets		–
The group's share of net assets (50.0%)	2 747	668
Carrying amount at end of year	**2 747**	**668**

CoensHexicon CO. Ltd	31 Dec 2021	31 Dec 2020
Net sales	12 527	6 140
Profit/(loss) after tax:	560	-1 151
of which depreciation SEK 560,000 (SEK 2,000)		
of which interest income SEK 42,000 (SEK 68,000)		
of which interest expense SEK 0 (SEK 29,000)		
Total comprehensive income 100%	**560**	**-1 151**
The group's share of comprehensive income (49.0%)	274	-564
The group's share of comprehensive income	**274**	**-564**
Current assets (100%):	7 198	13 637
of which cash and cash equivalents SEK 6,107,000 (SEK 12,986,000)		
Non-current assets (100%)	1 001	56 437
Current liabilities (100%):	-754	-2 595
of which current financial liabilities SEK 477,000 (SEK 2,456,000)		
Non-current liabilities (100%):	-829	-66 115
Net assets	**6 616**	**1 364**
The group's share of net assets (49.0%)	3 242	668
Carrying amount at end of year	**3 242**	**668**

Below is a summary of financial information for non-significant holdings in associated companies

	31 Dec 2021	31 Dec 2020
Carrying amount	1 391	1 420
The group's share of:		
Profit/(loss) after tax	182	-208
Total comprehensive income	**182**	**-208**

Note 19: **Parent company's interests in associated companies**

Associated company	Registered office/Country	Ownership interest %
CoensHexicon CO., Ltd.	South Korea	49
GenesisHexicon (Pty)Ltd	South Africa	50
Offshore Access Sweden AB	Sweden	23
Freja Offshore AB	Sweden	50

Associated company (KSEK)	31 Dec 2021	31 Dec 2020
Accumulated cost		
At the beginning of the year	2 275	1 061
Acquisitions	13	–
Reclassifications to Group companies	-229	–
Shareholders' contributions paid	9 218	1 214
Closing balance, 31 December	11 277	2 275
Accumulated impairment losses		
At the beginning of the year	-22	-22
Closing balance, 31 December	-22	-22
Carrying amount	**11 255**	**2 253**

Note 20: **Interests in other companies**

Interests in other companies	Registered office/Country	Ownership interest %
Highland Wind Limited	UK	10
WunderOcean Unipessoal LDA	Portugal	10

KSEK	Group		Parent company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Accumulated cost				
At the beginning of the year	12	–	12	–
Purchases	1	12	1	12
Closing balance 31 December	13	12	13	12
Carrying amount	**13**	**12**	**13**	**12**

Note 21: **Receivables from associated companies**

Receivables from associated companies

Group *KSEK*	Group		Parent company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Accumulated cost				
At the beginning of the year	41	41	41	41
Reclassifications	-41	–	-41	–
Closing balance 31 December	–	41	–	41
Carrying amount	**–**	**41**	**–**	**41**

Note 22: **Non-current receivables**

	Group		Parent company	
Non-current receivables accounted for as non-current assets	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
At the beginning of the year	49	285	49	285
Deposits/guarantees paid	–	47	–	47
Reclassification from current receivables	2 046	–	–	–
Returned deposits/guarantees	–	-283	–	-283
Impairment	-2 049	–	–	–
Translation difference	8	–	–	–
Closing balance 31 December	**54**	**49**	**49**	**49**

Non-current receivables refer to deposits and bank guarantees.

Note 23: **Prepaid expenses and accrued income**

	Group		Parent company	
Non-current receivables accounted for as non-current assets	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Prepaid rents	268	–	112	68
Insurance premiums	562	–	377	–
Other prepaid expenses	408	104	320	104
	1 238	**104**	**809**	**172**

Note 24: **Equity**

Thousand shares	**2021**	**2020**
Ordinary shares		
Issued as at 1 January	254 270	177 190
New issue	109 532	77 080
Issued as at 31 December - paid	**363 803**	**254 270**

At 31 December 2021, the registered share capital comprised 363,802,686 ordinary shares (254,270,479) with a quotient value of SEK 0.01 (0.01).

Group

Translation reserve
The translation reserve comprises all exchange differences arising on translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the group's financial statements are presented. The parent company and the group present their financial statements in Swedish krona (SEK).

Parent company

Restricted funds

Restricted funds must not be reduced through dividends.

Fund for development costs
The amount capitalised in respect of internally generated development costs must be transferred from non-restricted equity to a fund for development costs in restricted equity. The fund must be reduced as capitalised expenditure is amortised or impaired.

Non-restricted equity

The following funds, together with the profit/loss for the year, constitute non-restricted equity, i.e. the amount available for distribution to shareholders.

Share premium reserve
When shares are issued at a premium, i.e. the price paid for the shares is higher than the quotient value, an amount equivalent to the amount received over and above the quotient value of the shares shall be transferred to the share premium reserve.

Retained earnings
Retained earning consist of the previous year's retained earnings and profits/losses after dividends paid during the year.

Note 25: **Provisions**

Non-current provisions

Group	Restoration project	Other provisions	Total
Amount at the end of the year, 1 January 2021	–	–	–
Provisions for the year	–	157	157
Business combinations	30 848	–	30 848
Translation difference	345	–	345
Closing balance 31 December	**31 193**	**157**	**31 350**

Restoration of project

Restoration of project consists of a commitment to restore the water area in Cornwall in the UK, where the group is developing the TwinHub project.

Other provisions

Other provisions consist of a negative share of profits of associated companies. The group has a commercial obligation in respect of the associated company's loss.

Note 26: **Interest-bearing liabilities**

The following information describes the company's contractual terms and conditions for interest-bearing liabilities. For more information about the company's exposure to interest rate risk and the risk of exchange rate fluctuations, see Note 31.

	Group		Parent company	
Non-current liabilities	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Non-current interest-bearing liabilities	409	–		–
	409	–	–	–

	Group		Parent company	
Current liabilities	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Current interest-bearing liabilities	1 501	–		–
Current portion of lease liabilities	–	741		–
	1 501	**741**	–	–

Terms and conditions and repayment periods

Terms and conditions and repayment periods, see table below.

KSEK	Currency	Interest rate	Maturity	2021 Nominal value	Carrying amount
Non-current interest-bearing liabilities	EUR	3.26%	1-2 years	409	409
Short-term bank overdraft facilities	EUR	2.50%	Within 1 year	500	500
Other current interest-bearing liabilities	SEK	12.00%	Within 1 year	1 001	1 001
Total interest-bearing liabilities				**1 910**	**1 910**

Long-term interest-bearing loan of EUR 40,000 at a fixed interest rate of 3.75%, and a variable rate of EURIBOR -0.49%, which is updated annually. Granted bank overdraft facilities totalled EUR 50,000, of which EUR 49,000 has been used. The overdraft facility carries a variable interest rate. Other current interest-bearing liabilities are conditional on a fixed interest rate.

KSEK	Currency	Interest rate	Maturity	2020 Nominal value	Carrying amount
Lease liabilities	SEK	2.00%	30 Nov 2021	748	741
Total interest-bearing liabilities				**748**	**741**

The convertible bonds were all settled in 2020.

Note 27: **Other non-current liabilities**

Group	Contingent consideration	Prepaid government project funding	Other provisions	Total
Amount at the end of the year, 1 January 2021	–	–	–	–
Additional liabilities	249	538	1 047	1 834
Business combinations	11 182	21 895	–	33 077
Settled liabilities	–	–	–	–
Recognised in profit or loss	–	-85	–	-85
Reclassification to current liabilities	–	-4 455	–	-4 455
Translation difference	133	147	4	284
Closing balance 31 December	**11 564**	**18 040**	**1 051**	**30 655**

Contingent consideration

The contingent consideration is the contractual consideration relating to the acquisition of Wave Hub, see Note 15.

Note 28: **Other current liabilities**

	Group		Parent company	
Other current liabilities	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	2 519	850	1 828	850
VAT liabilities	730	–	730	–
Contingent consideration	11 975	–	–	–
Promissory note loans	–	1001	–	–
Over liabilities	614	758	614	758
Total	**15 838**	**2 609**	**3 172**	**1 608**

Contingent consideration

The contingent consideration is the contractual consideration relating to the acquisition of Wave Hub, see Note 15.

Note 29: **Accrued expenses and deferred income**

	Group		Parent company	
Other current liabilities	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Accrued salaries and fees	1 910	1 207	1 296	1 207
Holiday pay liability	2 212	1 381	2 212	1 381
Social security contributions	1 497	716	1 103	716
Accrued administrative expenses	2 190	993	2 190	943
Accrued development costs	4 880	162	2 290	162
Accrued project costs	1 586	195	1 586	195
Accrued interest expense	581	491	–	–
Government project funding	3 213	–	–	–
Total	**18 069**	**5 145**	**10 677**	**4 604**

Note 30: **Financial assets and liabilities**

Fair value

The table below shows the carrying amounts and fair values of the group's financial assets and financial liabilities, including their level in the fair value hierarchy.

Fair value measurement

In accordance with IFRS 13 disclosure is required by level of the fair value hierarchy in which the fair value measurements are categorised in their entirety (Level 1, 2 or 3). Below is a summary description of each level.

Level 1: financial instruments valued by quoted prices in an active market for identical instruments.

Level 2: financial instruments not included in Level 1 where fair value is based as far as possible on observable market data

Level 3: financial instruments where the relevant inputs are not based on observable market data.

The items that have been measured at fair value are an unlisted shareholding and contingent considerations. All instruments are categorised 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 considerations have been measured as the present value of the amounts that the group is expected to pay in accordance with the acquisition agreement, see Note 15.

Group
2021

KSEK	Carrying amount			Fair value			
	Measured at fair value	Measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Financial investments, interests in other companies	13	–	13	–	–	13	13
Financial liabilities measured at fair value							
Contingent consideration	**23 539**	**–**	**23 539**	**–**	**–**	**23 539**	**23 539**
Financial assets not recognised at fair value							
Financial assets							
Non-current receivables		54	54				
Receivables from associated companies		33	33				
Cash and cash equivalents		289 587	289 587				
		289 674	**289 674**				
Financial liabilities not recognised at fair value							
Financial liabilities							
Non-current interest-bearing liabilities		409	409				
Other non-current liabilities		1 051	1 051				
Current interest-bearing liabilities		1 501	1 501				
Trade payables		6 913	6 913				
Liabilities to associated companies		174	174				
Accrued expenses to suppliers		6 466	6 466				
		16 514	**16 514**				

Group
2020

KSEK	Carrying amount: Measured at fair value via other comprehensive income	Carrying amount: Measured at amortised cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets measured at fair value							
Financial investments, interests in other companies	12	–	12	–	–	12	12
Financial assets not recognised at fair value							
Financial assets							
Non-current receivables		49	49				
Receivables from associated companies		358	358				
Trade receivables		442	442				
Cash and cash equivalents		106 595	106 595				
		107 444	**107 444**				
Financial assets not recognised at fair value							
Financial liabilities							
Current lease liabilities		741	741				
Trade payables		12 903	12 903				
Accrued expenses to suppliers		1 350	1 350				
		14 994	**14 994**				

Reconciliation of fair values in Level 3
The table below presents a reconciliation between the opening and closing balances for financial instruments measured at Level 3.

Group	Financial investments	Contingent consideration
Fair value 01 Jan 2020	–	–
Cost on acquisition	12	–
Fair value 31 Dec 2020	**12**	**–**
Fair value 01 Jan 2021	**12**	**–**
Total recognised gains and losses:		
Recognised in profit or loss for the year[1]	–	-496
Cost on acquisition	1	
Business combinations	–	-22 772
Translation difference	–	-271
Fair value 31 Dec 2021	**13**	**-23 539**

There are no unrealised gains or losses on financial investments.

Note 31: **Financial risks and management**

Through its operations, the group is exposed to various types of financial risks.

- Credit risk

- Liquidity risk

- Market risk

Financial risk management framework

The group's financial policy for management of financial risks has been formulated by the Board of Directors and forms a framework of guidelines and rules in the form of risk mandates and limits for financing activities. Responsibility for the group's financial transactions and risks is managed centrally by the group's finance function, which is located within the parent company. The overall objective of the finance function is to provide cost-effective financing and to minimise negative effects on the Group's earnings due to market risks. The head of the central finance function is the CFO, who reports to the CEO.

Liquidity risk

Liquidity risk is the risk that the group may have problems fulfilling its obligations associated with financial liabilities. The group management believes that the group's exposure to liquidity risk is limited since the new issues in 2020 and 2021.

Group
2021

Amounts in KSEK

	Currency	Nom. amount original currency	< 1 month	1-3 months	3 months-1 year	1–5 years	> 5 years
Contingent consideration	GBP	1 933	–	–	11 975	11 564	–
Non-current interest-bearing liabilities	EUR	40	–	–	–	409	–
Other non-current liabilities	EUR	103	–	–	–	1 051	–
Current interest-bearing liabilities	EUR	1 501	–	1 001	500	–	-
Accounts payables	SEK	6 913	6 913	–	–	–	–
Liabilities to associated companies	SEK	174	–	–	174	–	–
Accrued expenses to suppliers	SEK	6 466	6 466	–	–	–	–

Other financial liabilities and approved credit facilities are described in Note 26 Interest-bearing liabilities.

2020

Amounts in KSEK

	Currency	Nom. amount original currency	< 1 month	1-3 months	3 months-1 year	1–5 years	> 5 years
Lease liabilities	SEK	748	68	204	476		
Trade payables	SEK	12 903	12 437	466	–	–	–
Accrued expenses to suppliers	SEK	1 350	1 350	–	–	–	–

Interest rate risk

Interest rate risk refers to the risk that the group will be adversely affected by changes in interest rates as a result of changes in the general interest rate situation and in instruments with fixed interest rates as a result of changes in market values. The group's exposure to interest rate risk arises primarily through external loans and any negative borrowing rates in cash and cash equivalents. The group's sources of financing mainly consist of equity, government subsidies while loans account for only a minor portion. Interest-bearing borrowings mean that the group is exposed to interest rate risk, see Note 26 Interest-bearing liabilities.

Sensitivity analysis

Variable interest rate +/- 1 percentage points impacts profit/loss by SEK 9,000.

Market risk

Market risk is the risk that the fair value of or future cash flows from a financial instrument vary due to changes in market prices.

Market risks are divided by IFRS into three types: foreign exchange risk, interest rate risk and other price risks. The main market risks affecting the group are interest rate risk and foreign exchange risk. The group's objective is to manage and control market risks within defined parameters while optimising the results of risk-taking within given limits. The parameters are set with the aim of ensuring that market risks in the short term (6-12 months) only have a marginal impact on the group's results and financial position. In the longer term, however, lasting changes in exchange rates, interest rates and electricity prices will have an impact on consolidated results.

Foreign exchange risk

Foreign exchange risk is the risk that the fair values and cash flows of financial instruments may fluctuate when the value of foreign currencies changes. The group is exposed to foreign exchange risk in EUR, GBP and USD transactions. When payment is received, the currency is converted to SEK, which is the parent company's functional currency.

Sensitivity analysis - exchange rate risk

The group has translation exposure arising from the translation of foreign trade payables to SEK, amounting to SEK 2,984,000 as at the balance sheet date. Mainly comprises currency in EUR corresponding to SEK 2,319,000. A 10% stronger EUR compared with SEK would have a negative impact on profit/loss after tax and equity of approximately SEK -232,000.

Translation exposure

The group has translation exposure arising from the translation of profits/losses and net assets of foreign subsidiaries to SEK. Translation exposure at the balance sheet date in GBP amounted to SEK -4,549,000. A 10% stronger SEK against GBP would have a positive impact on equity of approximately SEK 455,000. Translation exposure in EUR amounted to SEK 3,363,000. A 10% stronger SEK against EUR would have a negative impact on equity of approximately SEK 336,000.

Credit risk

Credit risk is the risk that a customer or counterparty in a financial instrument will be unable to fulfil their obligation and thereby cause the group a financial loss, and arises mainly from the Group's trade receivables.

The carrying amount of financial assets constitutes the maximum credit exposure.

Impairment losses on financial assets are recognised in profit or loss as follows	2021	2020
Impairment of financial receivables	2 049	–
Total	2 049	–

A non-current receivable presented in EUR has been impaired as the receivable was deemed credit-impaired.

Provision for expected credit losses

Expected credit losses relating to individual customers

Below is a summary of credit risk exposure and expected credit losses relating to accounts receivables for individual customers.

	Carrying amount, gross	Loss provisions	Carrying amount, gross	Loss provisions
	31 Dec 2021		31 Dec 2020	
Not past due	–	–	–	–
Past due 1–30 days	–	–	181	–
Past due > 61–90 days	–	–	261	–
Total	–	–	442	–

Credit risk in cash and cash equivalents

The group had cash and cash equivalents of SEK 289,587,000 (106,595,000) on 31 December. For cash and cash equivalents, banks and financial institutions are counterparties. For available credits, see Note 26 Interest-bearing liabilities.

Impairment of cash and cash equivalents has been measured as expected loss on a 12-month basis and reflects the short term duration of exposure. The group's exposure to credit risk is limited to the credit risk in bank balances in banks with a high credit rating, which means that the group considers that there is no significant credit risk, and therefore no provision for credit risk is recognised.

The group uses a similar approach to assess expected credit losses for cash and cash equivalents as that used for debt instruments.

Asset management

The aim of the group's capital structure is to provide a good return for shareholders, benefit for other stakeholders and to maintain an optimal capital structure in order to keep costs of capital at a reasonable level. The capital structure can be adapted to the needs arising from, for example, investment in the business, repayment of liabilities or dividends to shareholders. As things stand today, investments in the business are a priority for the group. Capital corresponds to the group's recognised equity.

Neither the parent company nor any of its subsidiaries are subject to external capital requirements.

Note 32: **Related parties**

Related parties

The group has a related party relationship with its associated companies (Note 18) and the parent company has a related party relationship with its subsidiaries (note 19).

Summary of related party transactions

Group

	Year	Sale of goods /services to related parties	Purchase of goods /services from related parties	Other (e.g. interest; dividend)	Receivables from related parties as at 31 December	Liabilities to related parties as at 31 December
Related parties						
Associated companies	2021	8 040	–	–	33	174
Associated companies	2020	4 357	–	–	358	–

Parent company

	Year	Sale of goods/ services to related parties	Purchase of goods /services from related parties	Other (e.g. interest, dividend)	Receivables from related parties as at 31 December	Liabilities to related parties as at 31 December
Related parties						
Subsidiary	2021	953	–	7	34 743	11 122
Subsidiary	2020	–	–	–	596	6 584

Transactions with related parties are on market terms. The Group and another of the partners in the joint venture receive a share of the profit/loss of the joint venture's research and development activities on an ongoing basis.

No compensation is paid to the joint venture. The partners in the joint venture support the activities of the joint venture by increasing their investments in this company.

Transactions with key management personnel

One of the members of the management team invoiced their fees, amounting to SEK 2,927,000 (476,000), in 2021.

Details of share options to related parties are described in Note 9.

Note 33: **Pledged assets, contingent liabilities and other commitments**

The group's pledged assets amounted to SEK 49,000 (49,000), which consisted of rent deposits and blocked bank accounts.

The parent company has a commitment to finance the three British group companies during the coming 13-month's period following the closing of the financial year.

Note 34: **Group companies**

Holdings in subsidiaries

Subsidiary/Corporate identity number/Registered office	Number of shares	Ownership interest in %		Carrying amount	
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Freia Offshore AB/ 556837–4630 / Stockholm, Sweden	500	100	100	135	100
Dounreay Holding AB/ 559027–2042 / Stockholm, Sweden	326 034	100	100	9 554	–
Hexicon USA, LLC/ 5154885/Delaware, USA	–	100	100	–	–
Highland Floating Winds Ltd. SC675148/Edinburgh/UK	100	100	100	–	–
TwinHub Ltd/ 13262476/Devon/UK	1	100	–	0	–
Hexicon Developments UK Ltd/ 13658274/Devon/UK	1	100	–	–	–
Wunder Hexicon SL/ B76183490 / Las Palmas / Spain	65 000	75	50	680	–
Wave Hub Ltd/ 07875270/Cornwall/UK	1	100	–	0	–

Parent company

	2021	2020
Accumulated cost		
At the beginning of the year	10 434	4 484
Reclassifications from associated companies	228	–
Acquisitions during the year	452	–
Shareholders' contributions paid	–	5 950
Closing balance, 31 December	11 114	10 434
Accumulated impairment losses		
At the beginning of the year	-10 334	-4 484
Impairment losses for the year	–	-5 850
Reversal of previous impairment losses	9 589	
Closing balance, 31 December	-745	-10 334
Carrying amount as at 31 December	**10 369**	**100**

Note 35: **Breakdown of Statement of cash flows**

Cash and cash equivalents

	Group		Parent company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
The following subcomponents are included in cash and cash equivalents:				
Cash at bank and in hand	289 587	106 595	287 323	106 580
Total according to the statement of financial position	289 587	106 595	287 323	106 580
Total as per Statement of cash flows	**289 587**	**106 595**	**287 323**	**106 580**

Cash flow from business combinations

	Group	
	31 Dec 2021	31 Dec 2020
Cash consideration	-9 063	–
Cash and cash equivalents in the acquired company	4 084	–
	-4 979	–

Adjustments for non-cash items

	Group		Parent company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Amortisation/Depreciation and impairment	4 031	18 087	3	17 947
Changes in provisions	-1 517	–	–	–
Capital gains/losses	52	–	54	–
Share of profit/loss of associated companies	4 478	208	–	–
Cancellation of debt	84	-97	84	-97
	7 128	**18 197**	**141**	**17 850**

Change in liabilities within financing activities - group	Interest-bearing liabilities	Lease liability	Other loan liabilities	Total liabilities arising from financing activities
Opening balance 2021	–	**741**	**–**	**741**
Cash flows in financing activities				
-Borrowings	498	–	1 047	1 545
- Repayment of lease liability	–	-268	–	-268
Total cash flows in financing activities	**498**	**-268**	**1 047**	**1 277**
Other changes, not cash flow				
Exchange differences	5	–	4	9
Business combinations	406	–	–	406
Change in lease liabilities	–	-473	–	-473
Transfers, etc.	1 001	–	–	–
Total other changes	**1 412**	**-473**	**4**	**-58**
Closing balance 2021	**1 910**	**–**	**1 051**	**1 960**

Opening balance 2020	–	–	8 747	8 747
Cash flows in financing activities	–			
-Borrowings	–	–	9 405	9 405
- Repayment of loans	–	–	-300	-300
- Repayment of lease liability	–	-133	–	-133
Total cash flows in financing activities	–	**-133**	**9 105**	**8 972**
Other changes, not cash flow				
Conversion for new issues	–	–	-18 094	-18 094
Additional lease liabilities	–	874		874
Interest expense	–	–	569	569
Transfers, etc.	–	–	-327	-327
Total other changes	–	**874**	**-17 852**	**-16 978**
Closing balance 2020	–	**741**	**–**	**741**

Change in liabilities within financing activities - parent company	Other loan liabilities	Total liabilities arising from financing activities
The parent company did not have any liabilities in financing activities in 2021.		
Opening balance 2020	**8 747**	**8 747**
Cash flows in financing activities		
-Borrowings	9 079	9 079
- Repayment of loans	-300	-300
Total cash flows in financing activities	**8 779**	**8 779**
Other changes, not cash flow		
Conversion for new issues	-18 094	-18 094
Interest expense	568	568
Total other changes	**-17 526**	**-17 526**
Closing balance 2020	–	–

Note 36: **Proposed appropriation of profit/loss**

The following profits/losses (KSEK) are at the disposal of the 2021 Annual General Meeting	31 December 2021
Share premium reserve	538 058
Retained earnings	-188 317
Profit/(loss) for the year	-36 061
Total	**313 679**

The Board proposes that	
be carried forward to new account	313 679
Total	**313 679**

Note 37: **Events after the balance sheet date**

In January 2022, the Italian company AvenHexicon SRL, which Hexicon owns 50-50 together with Avapa Energy, was incorporated. The purpose of the company is to develop floating wind power projects in Italy. As a recipient of the EU Green Deal, Italy has initiated regulatory changes to develop offshore wind power in the country. In addition, the partnership means Hexicon will license its patented technology to AvenHexicon.

In February 2022, Hexicon's wholly-owned subsidiary TwinWay AS was incorporated in Norway. The company is part of the formalisation of Hexicon's demonstrator project, where the company's first full-scale platform is expected to be deployed in 2023 at Metcentre in Norway.

Note 38: **Critical accounting estimates and judgments**

Management has discussed the development, selection and disclosure of the group's significant accounting policies and estimates, as well as the application of these policies and estimates.

Key judgements made in relation to the application of the group's accounting policies

Certain critical accounting judgements made in the application of the group's accounting policies are described below.

Key sources of estimation uncertainty

Hexicon's technology is continuously being developed and improved, and the development of the group's generation 2 platform is still in an early phase. Product development in the wind power industry is complex and it is difficult to predict both the time required for and financial consequences of individual investments. There is a risk that planned product development will require more time and investments than expected or that investments will not meet the expectations and assumptions of group management, which could have a negative impact on the Group's future results. Furthermore, the current or future development of products or technologies may also prove to have hidden errors, which may have consequences in the future and thereby affect the Group's operating activities and financial position.

Group management has made judgements about market conditions and that set targets will be met. Judgements include underlying uncertainties as to whether the judgements will prove to be correct in the future if, for example, market conditions and goals are not met.

Group management is convinced that it is highly probable that projects will be realised and that the technology is competitive. Based on this, impairment testing has been carried out and the assessment was made that there was no need for impairment.

Note 39: **Information about the parent company**

Hexicon AB (publ) is a Swedish registered limited liability company domiciled in Stockholm. The address of the head office is Östra Järnvägsgatan 27, 111 20, Stockholm, Sweden.

The 2021 consolidated financial statements consist of the parent company and its subsidiaries, collectively referred to as the group. The group also includes holdings in associated companies.

Note 40: **Definitions of key performance indicators**

Revenue - Main operating income, invoiced expenses and revenue adjustment

Profit after financial items - Profit after financial income and expenses, but before taxes

Cash and cash equivalents - Cash and cash equivalents at the end of period. Information is taken from the Statement of financial position Total assets - Group's total assets at the end of the period

Equity/assets ratio (%) - Adjusted equity as a percentage of total assets
Average number of employees - Average number of employees during the reporting period

This English version of the annual report is provided as a service and is therefore superseded by the original publication in Swedish in the event of any discrepancies.

Statement by the Board of Directors

he Board of Directors and the Managing Director hereby declare that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and onsolidated financial statements provide a true and fair view of the parent company's and the group's financial position and results. The Directors' Report for the parent company and the group provides a true and fair view of the development of the operations, financial position and performance of the parent company and the group, and describes the material risks and uncertainties facing the parent company and the companies in the group.

The Annual Report and consolidated financial statements have, as stated above, been approved for issue by the Board of Directors and the CEO on 5 April 2022. The consolidated statement of profit or loss and statement of financial position and the parent company's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 12 May 2022.

Stockholm,

Arne Almerfors
Chairman

Bjarne Borg
Board member

Mia Batljan
Board member

Vivianne Holm
Board member

Peter M Anker
Board member

Mats Jansson
Board member

Björn Segerblom
Board member

Marcus Thor
CEO

Our auditor's report was submitted on 5 April 2022
KPMG AB

Fredrik Wollmann
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of Hexicon AB (publ), corp. id 556795-9894

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Hexicon AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 31-76 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 2021 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 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), 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 income statement and statement of financial position for the group.

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.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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 1-30. 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 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 intend 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 scepticism throughout the audit. We also:

- 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.
- 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 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance 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.

Report on other legal and regulatory requirements

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 Hexicon AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated 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 scepticism 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 whether the proposal is in accordance with the Companies Act.

Stockholm 5 April 2022

KPMG AB

Fredrik Wollmann

Authorized Public Accountant

Revisionsberättelse

Till bolagsstämman i Hexicon AB (publ), org. nr 556795-9894

Rapport om årsredovisningen och koncernredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen och koncernredovisningen för Hexicon AB (publ) för år 2021. Bolagets årsredovisning och koncernredovisning ingår på sidorna 31-76 i detta dokument.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av moderbolagets finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Koncernredovisningen har upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av koncernens finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt International Financial Reporting Standards (IFRS), så som de antagits av EU, och årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för moderbolaget samt resultaträkningen och rapport över finansiell ställning för koncernen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Annan information än årsredovisningen och koncernredovisningen

Detta dokument innehåller även annan information än årsredovisningen och koncernredovisningen och återfinns på sidorna 1 - 30. Det är styrelsen och verkställande direktören som har ansvaret för denna andra information.

Vårt uttalande avseende årsredovisningen och koncernredovisningen omfattar inte denna information och vi gör inget uttalande med bestyrkande avseende denna andra information.

I samband med vår revision av årsredovisningen och koncernredovisningen är det vårt ansvar att läsa den information som identifieras ovan och överväga om informationen i väsentlig utsträckning är oförenlig med årsredovisningen och koncernredovisningen. Vid denna genomgång beaktar vi även den kunskap vi i övrigt inhämtat under revisionen samt bedömer om informationen i övrigt verkar innehålla väsentliga felaktigheter.

Om vi, baserat på det arbete som har utförts avseende denna information, drar slutsatsen att den andra informationen innehåller en väsentlig felaktighet, är vi skyldiga att rapportera detta. Vi har inget att rapportera i det avseendet.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen och koncernredovisningen upprättas och att de ger en rättvisande bild enligt årsredovisningslagen och, vad gäller koncernredovisningen, enligt IFRS så som de antagits av EU. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen och koncernredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets och koncernens förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Styrelsens revisionsutskott ska, utan att det påverkar styrelsens ansvar och uppgifter i övrigt, bland annat övervaka bolagets finansiella rapportering.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen och koncernredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen och koncernredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen och koncernredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen och koncernredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets och koncernens förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen och koncernredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen och koncernredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag och en koncern inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen och koncernredovisningen, däribland upplysningarna, och om årsredovisningen och koncernredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.
- inhämtar vi tillräckliga och ändamålsenliga revisionsbevis avseende den finansiella informationen för enheterna eller affärsaktiviteterna inom koncernen för att göra ett uttalande avseende koncernredovisningen. Vi ansvarar för styrning, övervakning och utförande av koncernrevisionen. Vi är ensamt ansvariga för våra uttalanden.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Hexicon AB (publ) för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets och koncernens verksamhetsart, omfattning och risker ställer på storleken av moderbolagets och koncernens egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets och koncernens ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den 5 april 2022

KPMG AB

Fredrik Wollmann
Auktoriserad revisor