

Doubling the project portfolio

There should no longer be any doubt about the potential and viability of floating offshore wind. 2021 was a breakthrough year for Hexicon – our project portfolio doubled, adding a gross 5 000 MW of projects and prospects and we achieved the highest annual revenue number ever. We are now demonstrating the potential of the business model as a project developer with our own technology.

During the year, a clear route to market was established for our patented TwinWind technology through progressing the demonstrator-project in Norway, whilst in parallel securing the water rights and partners for the subsequent steppingstone project TwinHub in England. We also had the pleasure of welcoming thousands of new Hexicon shareholders in the June IPO which enables Hexicon to execute our ambitious long-term business plan.

October – December 2021

- Net revenue amounted to 6.1 (0.8) MSEK
- Operating profit/loss was -15.0 (-24.6) MSEK
- Profit/loss before tax for the period was -17.4 (-25.1) MSEK
- Earnings per share basic and diluted was -0.05 (-0.11) SEK
- Cash flow from operating activities was -11.5 (3.5) MSEK
- At the end of the period the cash at hand amounted to 289.6 (106.6) MSEK

Significant events during the quarter

- CoensHexicon and Shell's JV, MunmuBaram, was granted Electricity Business License, a big step towards a fully permitted wind farm in Ulsan, South Korea
- Additionally, CoensHexicon was granted rights to four new water areas in the seas off South Korea
- Partnered with Worley for the design and fabrication of the TwinWay demonstrator, Norway

January – December 2021

- Net revenue amounted to 23.1 (4.4) MSEK
- Operating profit/loss was -49.8 (-35.9) MSEK
- Profit/loss before tax for the period was -51.0 (-36.9) MSEK
- Earnings per share basic and diluted was -0.16 (-0.19) SEK
- Cash flow from operating activities was -52.9 (-3.4) MSEK

Significant events after the end of the quarter

- TwinHub was awarded a marine license for the installation of a small floating wind farm in England
- Recruited top offshore wind executive Adrienne Downey, to expand Hexicon's North America presence and pipeline

Hexicon is a floating wind farm developer and has patented the TwinWind technology, a dual turbine foundation which increase the power density in a given water area, at the same time reducing the cost of energy and minimising footprint. Hexicon currently runs projects in England, Norway, Scotland, South Korea and Sweden and pursues early-stage development opportunities in additional markets.

Message from the CEO

Accelerated growth to strengthen our early mover advantage

2021 was a truly remarkable year for Hexicon. With several large projects under way and a patented technology being matured towards fabrication, Hexicon has created an early mover position to partake in the first wave of commercial projects that will roll in over the next few years. The 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 equally excited over the momentum that the industry is experiencing where an increasing number of nations embrace the opportunity of floating wind, adapting their legislation and initiating new auctions. Sweden is no exception where offshore wind is on top of the agenda in the upcoming elections later this year and very recently, the Swedish Government presented its first ever offshore wind target.

After a successful 2021, our focus now shifts to the future. We aim to further increase and mature our project portfolio which is where most of the revenue will come from in the short term, whilst in parallel proving the benefits of our technology for deployment in multiple projects.

Growing the project portfolio

In addition to the continued value enhancement of the project portfolio, Hexicon took important steps in two new markets – Italy and North America.

In Italy, we formed a new JV, AvenHexicon, together with Avapa Energy, a leading solar and wind developer, to develop floating wind projects in Italy and license our technology for use in both our own projects and by third parties. It is a great example of our two-part business model where we leverage both our project know-how and technology in a market that is one of the main recipients of the EU Green Deal.

Furthermore, we have recruited Adrienne Downey, a leading person in the North American offshore wind industry, as Country Manager for the US and Canada. The US 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 for large-scale lease auctions.

Preparing the technology for serial use

Deploying our technology in full scale is a top priority, and I am happy to see how our demonstrator project TwinWay is progressing. In Q4, we partnered with global contractor Worley to prepare and execute the fabrication planned for the end of 2022.



Recently, the Scotwind auction results were announced, resulting in a remarkable 15 000 MW of new floating wind leases in Scottish waters. For Hexicon, each of these projects is an opportunity to supply our technology and we will have deployed the demonstrator in Norway in time for any Scotwind projects' technology decisions.

The floating wind market South Korea continues to heat up and first round of projects are less than three years away from fabrication start. CoensHexicon, which in its third year of operations was profitable in 2021 and will increase its efforts to roll out Hexicon's TwinWind technology in the region.

The Hexicon team

To become successful in our industry, the team is crucial. Over the past year we have managed to recruit some of the brightest minds in terms of technology, industry know-how and project management. I am very proud of the people that now form Hexicon which notably includes twelve different nationalities. Hexicon is still a growing company, but we are involved in some of the world's largest floating wind projects and are experiencing an increasing demand for our skillset.

I would like to take the opportunity to thank our team, partners and shareholders for a year with achievements. We are well underway to make a positive change in the world, where floating offshore wind becomes sustainable and cost competitive. I can't wait to see what 2022 will hold!

Marcus Thor
CEO

Projects

Munmu Baram, South Korea

The aim of the Munmu Baram Project (CoensHexicon 20%, Shell 80%) is to develop, fabricate and operate a 1 300 MW floating offshore wind project off Ulsan, South Korea, making it the world’s first large scale floating wind farm. During the fourth quarter, the first Electricity Generation Business (“EGB”) License was awarded and two additional EGB Licenses are expected within short. Towards the next big milestone, efforts are currently focused on securing a grid connection agreement later in the year, well in advance of the planned fabrication start in late 2024.

Freja Offshore, Sweden

The 50/50 project together with Aker Offshore Wind is developing three deep water sites in Sweden; Mareld on the west coast, Dyrning and Kultje on the east coast, with a combined gross capacity of up to 3 000 MW. Following the public consultations successfully concluded in Q3, the project is advancing to the Environmental Impact Assessment stage. To lead the team, Magnus Hallman from Svenska Kraftnät Gasturbiner was recently recruited as CEO of Freja Offshore and will assume his role in Q2 2022.

Pentland Floating Wind Farm, Scotland

Hexicon’s early-stage developments in north Scotland was in early 2021 bought into by Copenhagen Infrastructure Partners. The project, Pentland Floating Wind Farm, is being developed towards a fabrication start 2025 and operations 2026 of a 100 MW of floating wind. The project recently concluded site investigations and is currently concluding the environmental impact assessment before compiling the complete permit application later this year.

TwinWay Demonstrator Project, Norway

In the fourth quarter, Hexicon achieved several critical milestones further defining the TwinWay Project. After having previously achieved a feasibility certification by DNV, the project during the period secured the supply of two Vestas 3 MW turbines and partnered with global contractor Worley to engineer and fabricate the Project. With a planned fabrication start at the end of 2022 and offshore installation a year later, this will be the first full scale deployment of our TwinWind. Technology.

TwinHub, England

As a steppingstone towards commercial scale use of our patented technology, the TwinHub Project aims to deploy a floating wind farm of up to 40 MW using Hexicon’s TwinWind foundation. The Project, which received its final permit, a so-called Marine License recently, is in an intense phase preparing the bid for the ongoing Government subsidy auction, Allocation Round 4, which for the first time includes an earmarked budget for floating wind. Subject to the result of the auction, the project will commence the fabrication phase in 2023.

Project	Description	Gross capacity	Hexicon ownership	2022	2023	2024	2025	2026
 Munmu Baram	Commercial	1 300 MW	9.8 %	Permitting & grid	Permitting & Technical	Final investment decision	Construction	Operations start
 Freja Offshore	Commercial	3 000 MW	50 %	EIA	Permit application	Technical	Technical	Final investment decision
 Pentland	Commercial	100 MW	10 %	Permitting	Subsidy auction process	Technical	Final investment decision	Operations start
 Twinway	Demonstrator	6 MW	100 %	Final investment decision	Operations start	Operations	Operations	Operations
 Twinhub	Pre-commercial	32 MW	100 %	Subsidy auction	Final investment decision	Construction	Operations start	Operations



Financial information

October – December 2021



Group result and financial position

Net revenue and result

Net revenue for the quarter amounted to 6.1 (0.8) MSEK. The increase in revenue is attributed to project development revenue. Project development revenue is one of three main revenue streams, as well as license revenue and project divestment revenue, where the two latter will increase in the years to come as the project portfolio matures.

The result for the quarter was -17.4 (-25.1) MSEK. Even though revenue increased, the result for the period was negative and mainly due to continued investments in the project portfolio.



Cash flow, financing and investments

The group's cash flow from operating activities, before changes in working capital, amounted to -9.3 (-6.6) MSEK. Changes in working capital had an effect on the cash flow of -2.2 (10.1) MSEK in the quarter. Cash flow from financing activities amounted to 1.3 (105.6) MSEK. The investments amounted to 21.4 (4.0) MSEK and related to activated development expenses in the project portfolio.

January – December 2021



Group result and financial position

Net revenue and result

Net revenue for the reporting period was 23.1 (4.4) MSEK. The increase is attributable to the project divestment in Scotland of 11.4 MSEK in Q1 as well as an increase in project development revenue, see note 6. The result for the period was -50.9 (-36.9) MSEK.

The cost increase and the period's result is according to plan and mainly related to development of the four active commercial projects and the demonstrator project. The group's continued recruitment, with a larger payroll to be able to capitalise on the current momentum for offshore wind, results in an increased personnel cost.

Balance sheet

The group's total assets at the end of the reporting period amounted to 432.2 (117.9) MSEK and equity totalled 322.8 (91.9) MSEK. The equity/asset ratio was 75 (78) %.



Cash flow, financing and investments

The group's cash flow from operating activities before changes in working capital amounted to -42.8 (-17.8) MSEK. Changes in working capital affected the cash flow with -10.1 (14.4) MSEK during the period. Cash flow from financing activities amounted to 283.1 (114.5) MSEK, out of which 10.5 MSEK were warrant premiums and exercised warrants. The investments amounted to 48.0 (5.1) MSEK, mainly activated development expenses related to the project portfolio.



Organisation

The group had 32 (13) employees at the end of the reporting period.



Significant events in reporting period

Q1: In March, Hexicon entered a Joint Development Agreement with Aker Offshore Wind AS (AOW) with the purpose to develop floating wind farms in Sweden. On September 6, Hexicon and AOW entered a Shareholder's Agreement that regulates their ownership in a joint venture company. For this purpose, Freja Offshore AB, was incorporated in August, owned 50 % by Hexicon and 50 % by AOW.

Q2: Hexicon signed a Share Purchase Agreement in April with Cornwall Council, acquiring the company Wave Hub Ltd, holding a lease of a water area and certain infrastructure in England.

The assets are considered an attractive opportunity for the company to participate in a subsidy scheme, the so-called CfD auction scheme. On July 30, the acquisition of Wave Hub Ltd was completed and 100 % of the shares were transferred to TwinHub Ltd, 100 % owned by Hexicon, see note 7.

In May, Hexicon acquired additional shares in Spanish JV WunderHexicon. With this acquisition Hexicon increased its shareholding from 50 % to 75 % and thus its consolidated numbers are included from June 2021, see note 7.

The annual general meeting was held in May where it was resolved to authorise the board of directors to issue new shares.

In June, CoensHexicon, (49 % owned by Hexicon), Shell and MunmuBaram signed a Shareholder's Agreement stipulating CoensHexicon and Shell's ownership in the Korean project company, MunmuBaram, which is now 20 % owned by CoensHexicon. The purpose of the MunmuBaram is to develop and operate floating wind projects off Ulsan, South Korea.

At a board meeting on June 2, it was resolved to apply for a listing and subsequently list the company's shares on the Nasdaq First North Premier Growth Market. The first day of trading for shares in Hexicon (HEX1) was June 18. In connection with the listing, there was a new share issue of 345.0 MSEK, 45.0 MSEK of the 345.0 MSEK was over-allotment, the so called Greenshoe Option and settled after June 30.

Expenses directly related to the IPO was 32.4 MSEK booked against equity by the end of the reporting period and indirect IPO related costs were 1.0 MSEK in Q1 and 2.0 MSEK in Q2. In July, Pareto Securities, in its capacity as stabilisation manager for the listing, notified Hexicon that the Over-Allotment Option (Greenshoe Option) has been exercised in respect of 1,269,207 shares. Hexicon received 3.8 MSEK for the share issue.

The dormant subsidiary Hexicon Malta Ltd was liquidated on June 23.

Q3: In July, Hexicon completed the Wave Hub Ltd acquisition.

In September the South Korean Joint Venture, 'MunmuBaram' was formally established by Shell and CoensHexicon.

Q4: In October, a subsidiary 100 % owned by Hexicon was incorporated in the UK. The entity, Hexicon Developments UK Ltd, will explore new project opportunities and engage in business development activities in the UK.

In October, Hexicon's CFO Sebastian Robson resigned from his role to assume the same position in a non-competitive business. He will remain in his current role during the 4 month notice period.

The company's business has not been considerably affected by Covid-19 during the reporting period.



Risks and uncertainty factors

Development of offshore wind power continues in Europe, USA and Asia and is presumed to become a key energy source. The offshore wind power industry is increasing rapidly with new initiatives and auctioning of water areas. Windfarms are being built in for instance the US, Scotland, France, and Norway. Deep water placement is not yet used on a large scale and several technical challenges are yet to be commercially tested. The company is today dependent on external financing.



Related party transactions

A member of the management team has been paid remuneration of 2.9 (0.9) MSEK during the period January-December, including expenses of 0.2 (0.0) MSEK. Invoices to related companies amounted to 8.0 (4.4) MSEK. Personnel, management, and board members subscribed for 11 800 000 warrants at a premium of 0.20 SEK each, maturing in 3 years and with an exercise price of 2.80 SEK. 8 100 000 warrants from an earlier employee share-option plan were exercised and converted into the same number of shares for an exercise price of 1.00 SEK. Both employee share-option plans are described in the 2020 annual report, note 6.



Significant events after the reporting period

In January 2022, an Italian company, AvenHexicon SRL, 50 % owned by Hexicon was incorporated.

AvenHexicon has the purpose to develop floating wind power projects in Italian waters.

A Norwegian subsidiary 100 % owned by Hexicon, TwinWay AS, was incorporated in February 2022.

October – December 2021



Parent company results and financial position

Net revenue and result

Net revenue in the parent company amounted to 7.0 (0.8) MSEK. The reason behind the increase is related to invoiced project development fees. The result for the period amounted to -10.9 (-30.5) MSEK.

January – December 2021



Parent company results and financial position

Net revenue and result

Net revenue in the parent company amounted to 24.1 (4.4) MSEK. The increase is attributable to the previously mentioned project divestment in Scotland as well as an increase in project development revenue. Result for the reporting period amounted to -36.0 (-42.1) MSEK.

Liquidity and financial position

The cash balance per December 31 amounted to 287.3 (106.6) MSEK. Total assets at the same date amounted to 367.9 (118.1) MSEK.



Group income statement in summary

MSEK	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net revenue	6.1	0.8	23.1	4.4
Other operating income	3.0	0.1	3.1	0.2
Capitalised development	17.3	0.7	41.9	1.8
Raw materials and consumables	-0.0	-0.2	-0.1	-0.2
Other external expenses	-26.0	-2.8	-81.4	-8.5
Personnel costs	-7.8	-5.0	-27.1	-15.1
Depreciation/amortisation and impairments	-2.3	-18.1	-4.1	-18.1
Other operating expenses	-0.1	0.0	-0.7	-0.2
Result from share in associated companies	-5.2	-0.1	-4.5	-0.2
Operating profit/(loss)	-15.0	-24.6	-49.8	-35.9
Net financial income/(expenses)	-2.4	-0.5	-1.2	-1.0
Profit/(loss) before tax	-17.4	-25.1	-51.0	-36.9
Tax	0.0	-	0.1	-
Profit/(loss) for the period	-17.4	-25.1	-50.9	-36.9
Profit/ (loss) for the period attributable to:				
Equity holder of the parent company	-17.6	-25.1	-50.8	-36.9
Non-controlling interests	0.2	-	-0.1	-

Group statement of comprehensive income

MSEK	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit/(loss) for the period	-17.4	-25.1	-50.9	-36.9
OTHER COMPREHENSIVE INCOME				
<i>Items that are or may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	-0.2	0.1	-0.2	0.1
Other comprehensive income for the period	-0.2	0.1	-0.2	0.1
Total comprehensive income for the period	-17.6	-25.0	-51.1	-36.8
Total comprehensive income for the period				
Equity holder of the parent company	-17.8	-25.0	-51.0	-36.8
Non-controlling interests	0.2	-	-0.1	-
Earnings per share basic and diluted (SEK)	-0.05	-0.11	-0.16	-0.19

Group balance sheet in summary

MSEK	2021-12-31	2020-12-31
ASSETS		
<i>Non-current assets</i>		
Intangible assets	84.5	7.3
Tangible assets	48.6	-
Right of use assets	-	0.8
Participations in associated companies	6.1	1.4
Non-current financial assets	0.1	0.1
Total non-current assets	139.3	9.6
<i>Current assets</i>		
Accounts receivables	0.0	0.5
Other current assets	3.3	1.2
Cash & cash equivalent	289.6	106.6
Total current assets	292.9	108.3
Total assets	432.2	117.9
EQUITY AND LIABILITIES		
Share capital	3.6	2.5
Additional paid-in capital	540.5	259.8
Reserves	-0.2	0.1
Retained earnings including profit/(loss) for the period	-221.2	-170.5
Equity attributable to equity holders of the parent company	322.7	91.9
Non-controlling interest	0.1	-
Total equity	322.8	91.9
NON-CURRENT LIABILITIES		
Provisions	42.9	-
Deferred tax liabilities	4.4	-
Liabilities to credit institutions	1.5	-
Other non-current liabilities	18.1	-
	66.9	-
CURRENT LIABILITIES		
Convertible loan	0.5	-
Provision	12.0	-
Accounts payable	6.9	12.9
Other current liabilities	5.0	8.0
Accrued expenses and deferred income	18.1	5.1
Total current liabilities	42.5	26.0
Total equity and liabilities	432.2	117.9

Group report on changes in equity in summary

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Opening balance equity attributable to equity holders of the parent company	340.5	5.2	91.9	4.8
<i>Total result for the period</i>				
Income/(loss) for the period	-17.6	-25.1	-50.8	-36.9
Other comprehensive income/(loss)	-0.2	0.1	-0.2	0.1
Total comprehensive income/(loss) for the period	-17.8	-25.0	-51.0	-36.8
TRANSACTIONS WITH OWNERS				
New share issue	-	122.3	303.8	134.5
Cost attributable to new share issue	-	-10.7	-32.4	-10.7
Exercise of warrants	-	-	8.1	-
Issue of warrants subscriptions	-	0.1	2.3	0.1
Total transactions with owners	-	111.7	281.8	123.9
Closing balance equity attributable to equity holders of the parent company	322.7	91.9	322.7	91.9
Opening balance equity attributable to non-controlling interests	-0.1	-	-	-
Total comprehensive income/ (loss) for the period	0.2	-	-0.1	-
Non-controlling interest from business	0.0	-	0.2	-
Closing balance equity attributable to non-controlling interests	0.1	-	0.1	-

Group cash flow statement in summary

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
OPERATING ACTIVITIES				
Operating profit/(loss)	-15.0	-24.6	-49.8	-35.9
Adjustment for non-cash-items	5.9	18.1	7.2	18.2
Interest received	-0.0	0.0	0.0	0.0
Interest paid	-0.2	-0.1	-0.2	-0.1
Cash flow from operating activities before changes in working capital	-9.3	-6.6	-42.8	-17.8
Increase (-)/Decrease (+) of operating receivables	-1.6	-0.9	-7.9	4.3
Increase (+)/Decrease (-) of operating payables	-0.6	11.0	-2.2	10.1
Cash flow from operating activities	-11.5	3.5	-52.9	-3.4
INVESTMENT ACTIVITIES				
Acquisition of intangible assets	-17.9	-3.0	-39.5	-4.1
Other investments	-3.5	-1.0	-8.5	-1.0
Cash flow from investment activities	-21.4	-4.0	-48.0	-5.1
FINANCING ACTIVITIES				
New share issue	-	116.4	303.8	116.4
Cost attributable to new share issue	-	-10.7	-32.4	-10.7
Received premiums and exercised warrants	-	0.1	10.5	0.1
Borrowings	1.3	0.2	1.5	9.1
Other financing items	-	-0.4	-0.3	-0.4
Cash flow from financing activities	1.3	105.6	283.1	114.5
Cash flow for the period	-31.6	105.1	182.2	106.0
Cash at the beginning of the period	320.9	1.4	106.6	0.5
Exchange-rate difference in cash	0.3	0.1	0.8	0.1
Cash at the end of the period	289.6	106.6	289.6	106.6

Parent company income statement in summary

MSEK	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net revenue	7.0	0.8	24.1	4.4
Capitalised development	6.7	0.7	17.2	1.8
Other operating income	0.8	0.1	0.8	0.2
Raw materials and necessities	-0.0	-0.2	-0.1	-0.2
Other external expenses	-17.3	-2.9	-54.0	-8.6
Personnel costs	-7.8	-5.0	-24.8	-15.1
Depreciation/amortisation and impairments	-	-17.9	-0.0	-17.9
Other operating expenses	-0.1	0.0	-0.7	-0.2
Operating profit/(loss)	-10.7	-24.4	-37.5	-35.6
Net financial income/(expenses)	8.6	-6.1	10.3	-6.5
Profit/(loss) before tax	-2.1	-30.5	-27.2	-42.1
Appropriations	-8.8	-	-8.8	-
Tax	-	-	-	-
Profit/(loss) for the period	-10.9	-30.5	-36.0	-42.1

Parent company statement of comprehensive income

MSEK	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit/(loss) for the period	-10.9	-30.5	-36.0	-42.1
OTHER COMPREHENSIVE INCOME				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-10.9	-30.5	-36.0	-42.1

Parent company balance sheet in summary

MSEK	2021-12-31	2020-12-31
ASSETS		
<i>Non-current assets</i>		
Intangible assets	20.9	6.7
Fixed assets	1.9	-
Non-current financial assets	21.7	2.5
Total non-current assets	44.5	9.2
<i>Current assets</i>		
<i>Current receivables</i>		
Accounts receivables	-	0.4
Other current receivables	36.1	1.9
<i>Total current receivables</i>	36.1	2.3
Cash and cash equivalents	287.3	106.6
Total current assets	323.4	108.9
Total assets	367.9	118.1
EQUITY AND LIABILITIES		
<i>Restricted equity</i>		
Share capital	3.6	2.5
Restricted equity for development expenses	20.9	5.2
<i>Non-restricted equity</i>		
Share premium reserve	538.1	259.2
Retained earnings	-188.3	-132.4
Profit/(loss) for the period	-36.0	-42.1
Total equity	338.3	92.4
CURRENT LIABILITIES		
Accounts payables	4.5	12.9
Other current liabilities	14.4	8.2
Accrued expenses and deferred income	10.7	4.6
Total current liabilities	29.6	25.7
Total equity and liabilities	367.9	118.1

Note 1: Accounting principles

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

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

Note 2: Estimates and assumptions

The preparation of the financial reports in accordance with IFRS requires estimates and assumptions from the management that effect the accounting principles and the recorded amount of assets, liabilities, revenue, and expenses. The actual value can differ from these estimates and assumptions. The critical assessments and the cause of uncertainty in the estimates are the same as in the latest annual report.

Note 3: Operating segment

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

Note 4: Capitalised development expenses

As of this report, capitalised development expenses are reclassified in the Group income statement from Other operating income to Capitalised development expenses.

The group capitalised 17.3 (0.7) MSEK development expenses during the fourth quarter. The increase is mainly due to progress in the English TwinHub project and Norwegian TwinWay project. External capitalised expenses explain 15.4 MSEK out of the group's total other external expenses, which amounted to 26.0 (2.8) MSEK during the fourth quarter. In addition, 6.1 MSEK was project related costs not capitalised.

Note 5: Number of shares

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

Note 6: Distribution of revenue

The Group generates revenue primarily through project divestments and project development services.

Group	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net revenue				
Goods	-	-	-	0.2
Services	6.1	0.8	11.7	4.2
Project rights	-	-	11.4	-
Total net revenue	6.1	0.8	23.1	4.4
Allocation per market				
Europe	6.0	0.8	22.7	0.0
Asia	0.1	-	0.4	4.4
Allocation per point in time				
Recognised at one point in time	-	-	11.4	-
Recognised over time	6.1	0.8	11.7	4.4

Note 7: Acquisitions

WunderHexicon

In May, Hexicon increased its stake in WunderHexicon by 25 % to a participating interest of 75 %. Total purchase price for 75 % amounted to 0.7 MSEK, which was settled with a conversion of existing loans to equity. There were no transaction costs related to the purchase. The remeasurement to fair value at the date of the acquisition has not resulted in any gain or loss recognised in the income statement and no goodwill was identified.

In 2021, the subsidiary's contribution to the group was 0.0 MSEK in net revenue and a loss after tax of -0.5 MSEK. If the acquisition date would have been 1 January 2021 the group management estimates the contribution would have been a net revenue of 0.0 MSEK and a loss after tax of -1.6 MSEK.

Wave Hub

On July 30, 2021, Hexicon announced the completion of the acquisition of 100 % of the shares and votes in Wave Hub Ltd through its subsidiary TwinHub Ltd.

Wave Hub is a renewable energy production test site in Cornwall, England. The upfront cash consideration was 8.6 MSEK and if Wave Hub is rewarded with a subsidy from the British Contract for Difference (CfD) scheme and additionally, if the project reaches Final Investment Decision (FiD) there will be two additional cash considerations (earn-outs) of 12.2 MSEK per event. None of the two earn-outs will be paid if the events do not occur. The fair value of the earn-outs are calculated with a discount rate of 8.9 % discounted from April 2022 for the CfD-earn-out and January 2023 for FiD-earn-out, totaling 22.8 MSEK at the date of the acquisition. The transaction costs amounted to 2.8 MSEK.

Wave Hub was consolidated into Hexicon's financial reporting from July 30, 2021, and onwards. The preliminary purchase price allocation analysis of Wave Hub is provided to the right. The purchase price allocation is based on assumptions regarding the fair value of the intangible assets and earnouts among other things, that may be adjusted during the twelve-period following the acquisition. The recognised goodwill of the acquisition pertains to the value of the company in terms of its capability to produce and deliver renewable energy.

In 2021, the subsidiary's contribution to the group was 0.0 MSEK in net revenue and a loss after tax of -3.9 MSEK. If the acquisition date would have been 1 January 2021 the group management estimates that contribution would have been a net revenue 0.9 MSEK and a loss after tax of -5.0 MSEK.

Purchase price allocation	MSEK
Purchase price	
Cash and cash equivalents	8.6
Provision for earnout	22.8
Total purchase consideration	31.4
The fair value of acquired net assets	
Intangible assets	22.8
Tangible assets	49.3
Current receivables	1.0
Cash and cash equivalents	4.0
Non-current liabilities	-51.2
Deferred tax liabilities	-4.5
Current liabilities	-1.2
Total fair value of acquired net assets	20.2
Goodwill	11.2
Total fair value of acquired net assets	31.4
Cash outflow at acquisition	
Cash and cash equivalents	-4.0
Provision for earnout	-22.8
Total cash outflow at acquisition	4.6

Note 8: Group key performance indicators

MSEK	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Net revenue	6.1	0.8	23.1	4.4
Operating profit/(loss)	-15.0	-24.6	-49.8	-35.9
Profit/(loss) before tax for the period	-17.4	-25.1	-51.0	-36.9
Earnings per share basic and diluted (SEK)	-0.05	-0.11	-0.16	-0.19
Cash flow from operating activities	-11.5	3.5	-52.9	-3.4
			2021-12-31	2020-12-31
Equity at the end of the period			322.8	91.9
Equity/asset ratio at the end of the period (%) ¹⁾			75%	78%
Cash at the end of the period			289.6	106.6

¹⁾ Equity/total assets at the end of the period

Note 9: Fair value of financial assets

The carrying amount is considered to be a reasonable estimate of the fair value of all financial assets. The contingent considerations are attributable to measurement level 3. For more information, see Note 7 Acquisitions in this report and Note 23 in the 2020 Annual Report.

Note 10: Dividend

No dividend will be paid for the financial year 2021.

Signatures

Arne Almerfors
Chairman

Bjarne Borg
Board member

Björn Segerblom
Board member

Peter M. Anker
Board member

Vivianne Holm
Board member

Mia Batljan
Board member

Mats Jansson
Board member

Stockholm 2022-02-23

Financial Calendar 2022

2022-04-06

Annual report

2022-05-11

Q1 2022 report

2022-05-12

Annual General Meeting

2022-08-18

Q2 2022 report

2022-11-09

Q3 2022 report

This report includes information that Hexicon is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the CEO, at 2022-02-23 08:00 CET.

This report has not been reviewed by Hexicon's auditors.