



YEAR-END REPORT 2022

JANUARY – DECEMBER

Strong progress in Italy

hexicon



Hexicon advances its position in the offshore wind industry

The result for the last quarter was -46.6 (-17.4) MSEK. The increase in loss is related to Hexicon's expansion of the project portfolio and technical development, where value is built but costs are not yet capitalised. The capitalisation for these expenditures occurs later when certain milestones are reached. During the year 40% of the project expenses have been capitalised.

The industry's positive forecasts have generated enthusiasm among numerous stakeholders, who seek to participate in the development of this promising market on the verge of commercialisation. Hexicon has positioned itself at the forefront of this development and achieved several important milestones within both projects and technology developments, as well as secured further financing during the fourth quarter.

Overall, the quarter has embodied the crucial elements necessary for the company to transition into the next stage of growth, which is characterised by a rise in revenue from the partial divestment of selected projects. The demand for floating wind solutions continues to escalate globally and Hexicon maintains a positive outlook for the future.

Strong progress in Italy - granted permits to connect 7,100 MW of floating wind to the national grid.

October – December

- Net revenue amounted to 1.8 (6.1) MSEK
- Operating profit/loss was -41.5 (-15.0) MSEK
- Profit/loss before tax for the period was -46.6 (-17.4) MSEK
- Earnings per share basic and diluted was -0.13 (-0.05) SEK
- Cash flow from operating activities was -17.2 (-11.5) MSEK
- At the end of the period the cash at hand amounted to 86.6 (289.6) MSEK

January – December

- Net revenue amounted to 11.6 (23.1) MSEK
- Operating profit/loss was -161.1 (-49.8) MSEK
- Profit/loss before tax for the period was -170.3 (-50.9) MSEK
- Earnings per share basic and diluted was -0.46 (-0.16) SEK
- Cash flow from operating activities was -95.1 (-52.9) MSEK

Q4 HIGHLIGHTS 2022

ITALY
 AvenHexicon obtained priority rights over two water areas, totaling 2,550 MW, in Italy to develop floating wind farms. The two offshore areas are now prioritised for development. AvenHexicon now has one of the biggest floating wind pipelines in the country.

OCT

SOUTH KOREA
 Vestas was selected as preferred supplier for the 1,300 MW MunmuBaram project. It is the most mature large-scale project within Hexicon's portfolio, with the potential to become one of the largest floating wind farms in the world.

NOV

HEXICON
 Secured bridge financing to enter the next phase – carried out directed issues of convertibles totaling SEK 82.5 million.

HIGHLIGHTS AFTER Q4

DEC

TECHNOLOGY ROADMAP
 The European Patent Office (EPO) announced its intention to grant Hexicon's patent application for its unique mooring system using "Tension Leg Platform" technology for the TwinWind™.

2023

ITALY
 Italian TSO, Terna SpA, has granted six of AvenHexicon's seven wind power sites connection to the national grid. The six sites encompass a total combined capacity of 7,100 MW.

TAIWAN
 Partnership secured with IX Wind to provide services for the development and construction of a 1,300+ MW floating offshore wind project in Taiwan.

CEO COMMENTS

Hexicon advances with confidence as commercialisation of floating wind draws near

Floating wind is gaining momentum globally, with large scale deployment taking place in various countries and regions. A rapid expansion is foreseen to 2030 and beyond and I am confident that Hexicon is well positioned for success. The scalability of floating offshore wind as a renewable energy source continues to be a key factor, and this quarter contained progress of floating wind policies. Of note, the United States conducted its first deep-water auction in California, and Portugal recently opened multiple deep-water areas along its coastline, eyeing 10 GW by 2030.

The path to growth. During the second half of 2022 we have invested heavily into our project portfolio and have now transitioned over to the second stage of our business plan. This stage includes partial divestments of selected projects and recycling capital. We secured a convertible loan of 82.5 MSEK in November to support our transition into this next phase. Significant milestones have been achieved in our project portfolio, paving the way for successful sales of the more mature assets and positioning us for further growth.

Tripled capacity in the Italian portfolio. Europe is expected to have the largest installation of floating wind by 2030. Our operations in Italy have progressed at a rapid pace, with AvenHexicon obtaining priority rights for two large water areas totalling 2,550 MW and securing grid connections for 7,100 MW. This of course strengthens our position in the rapidly expanding European market.

South Korea is taking the lead in Asia. One of the key projects we have invested heavily in is the MunmuBaram project in South Korea. During the period, the project entered into a preferred turbine supplier agreement with Vestas, which includes the supply and installation of 84 units of the V236-15.0 MW turbine. This state-of-the-art machine from Vestas holds 115-meter blades and a swept rotor area equivalent to 6 soccer fields and represents the first-ever large scale floating offshore wind project for Vestas.

The Advancement of the Technology Roadmap. The TwinWind™ technology represents a game changer in the field of wind energy, as it allows for two turbines to be installed on a single foundation. This innovative approach offers cost savings and reduces the impact on the

environment and surrounding activities. To date, the development of TwinWind™ has progressed through numerical analyses and physical testing using down-scaled models. The final step in this verification process, the full-scale installation offshore, will be achieved through the TwinHub project in England, which currently is being pushed forward towards final investment decision (FID) end of 2023. In addition to the TwinHub project, we are committed to strengthening our IP portfolio. We recently reached a major milestone when the European Patent Office (EPO) announced its intention to grant our patent application for a unique mooring system that combines a tension leg platform type mooring system with our floating foundation. This mooring solution is particularly well-suited for areas with sensitive seabed where the footprint needs to be kept to a minimum.

I am excited to have progressed to the next stage of Hexicon's journey, which involves selectively divesting some of our projects. I am confident that this will support our growth and shorten the lead-time to profitability. We remain committed to investing in our projects, technology, and personnel to ensure our continued success.



Marcus Thor, CEO

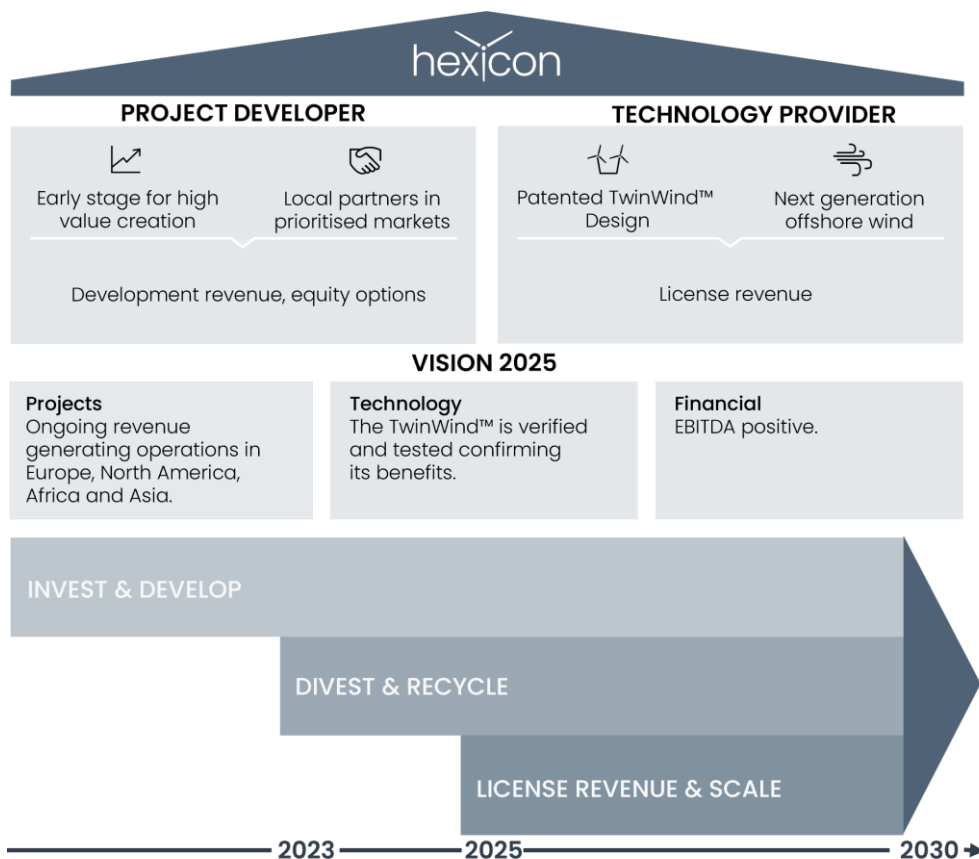
THIS IS HEXICON

Hexicon is an early-stage project developer in floating wind, opening new markets in deep water areas, and a technology provider with a patented floating wind design – TwinWind™. As a project developer, Hexicon is exploring new market opportunities. The regional teams have extensive local knowledge, and more than a decade of experience. As a technology provider, Hexicon develops its twin turbine technology.

By utilising two turbines on one foundation, TwinWind™ enables more power to be produced per sea area. Floating foundations make wind power accessible in deeper waters where the potential is virtually unlimited and is an important part of the future energy mix. Hexicon operates in several markets across Europe, Africa, Asia, and North America., Africa, Asia, and North America.

THE DUAL BUSINESS MODEL

Hexicon operates through a dual business model, both as a project developer & technology provider. Revenue is achieved through originating and developing project ownerships to succeeding divestments, as well as through license fees generated when Hexicon's patented technology is constructed and operated in wind farms. The two legs of the business model reinforce each other commercially, whilst at the same time offering independent revenue streams.



PROJECT PORTFOLIO

Significant progress in Italy

During the fourth quarter, we made significant progress in Italy. AvenHexicon, our subsidiary, obtained priority rights to two water areas totalling 2,550 MW for the development of floating wind farms. Furthermore, Italian Terna SpA has given six of AvenHexicon's seven wind power sites the right to connect to the national grid, with a total combined capacity of 7,100 MW. In addition, GWEC has identified Ireland, Norway, Italy, and Spain as the most promising markets for floating wind, followed by Portugal, and we are well positioned to continue driving our growth in these emerging markets.

Europe is expected to lead the growth of floating wind installations until 2030, according to industry reports, owing to favourable conditions such as deep waters, high wind speeds, coexistence in the Baltic Sea, and an emphasis on energy security. At Hexicon, our project portfolio is a key element of our value creation, and we will continue investing in early markets and projects to drive our growth. Thanks to exceptional expertise of our employees, successful partnerships, and careful investigation in the early stage, our local teams identify optimal markets for new projects. Hexicon's project portfolio is diversified in terms of project maturity, which not only distributes risks but also allows for successful divestments.

	PROJECTS					
	South Korea	South Korea	Scotland	Sweden	England	Italy
Name	MunmuBaram	Pohang	Pentland Floating Wind Farm	Freja Offshore	TwinHub	AvenHexicon
Location	Ulsan	East coast	Dounreay	Multiple	Cornwall	Multiple
Estimated gross capacity	1,300+ MW	900 MW	100 MW	3,000+ MW	32 MW	7,100 MW
Hexicon's stake	20%	30%	10%	50%	100%	50%
Site(s)	Secured	Secured	Secured	Identified	Secured	Partially secured
Partner(s)	Shell Overseas Investments B.V	Hexicon Korea	CIP	Mainstream Renewable Power	TBA	Avapa Energy
Target FID ¹ /COD ²	2025/2027	TBA	2024/2026	2027→/2029→	2023/2025	TBA

Gross projects: 12,400+ MW
Net projects³: 5,500+ MW

	PROSPECTS			
	South Africa	Spain/Portugal	Ireland	Italy
Name	GenesisHexicon	Hexicon Renewables Spain	TBA	AvenHexicon
Location	Richards Bay	Canary Islands, NW Portugal	West Ireland	Multiple
Estimated gross capacity	800 MW	TBA	2,000 MW	2,150 MW
Hexicon's stake	50%	95%	100%	50%
Site(s)	Identified	Selection ongoing	Identified	Identified
Partner(s)	Genesis Eco-Energy	Wunder Sight Group	Killybegs Fishermen's Org.	Avapa Energy

GROSS PORTFOLIO: 17,000 MW
(Q4 Gross Portfolio growth: +4,000MW)

Gross prospects: 4,900+ MW
Net prospects³: 3,300+ MW

¹ FID = Final investment decision

² COD = Commercial operational date

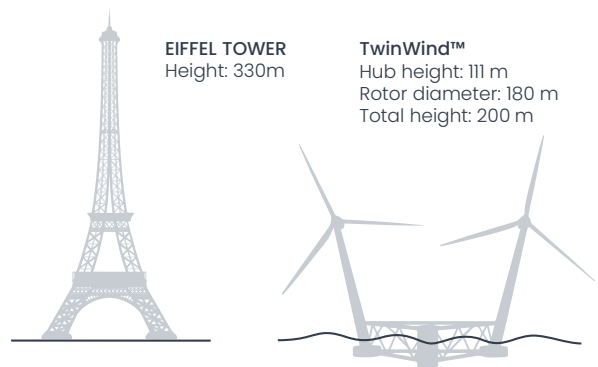
³ Net projects/prospects = Hexicon's stake

TECHNOLOGY

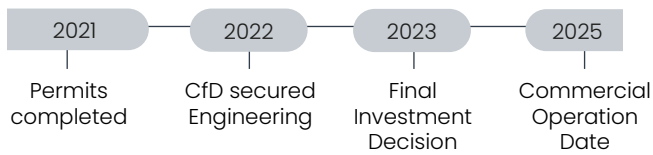
TwinWind™ – Hexicon’s patented technology

Hexicon’s patented TwinWind™ technology is a gamechanger in the offshore wind industry. By utilising two turbines on one foundation, TwinWind™ enables more power to be produced per sea area compared to conventional single-turbine systems. This further reduces the levelised cost of energy, providing lower electricity prices for consumers whilst minimising the impact on the environment and surrounding activities. Floating foundations make wind power accessible in deeper waters where the potential is virtually unlimited, and turbines are unnoticeable. The TwinWind™ design is compatible to all the major offshore wind turbine designs and can support any turbine size and scales positively with size. The Hexicon project in UK, TwinHub, is leading the demonstration of the technology TwinWind™.

The TwinWind™ was created by Hexicon to revolutionise the wind energy technology, as the next generation of offshore floating wind. Hexicon supplies its own technology in addition to the crucial project development to carry out the Hexicon business strategy and value creation. However, projects and the technology are independent of one another.



TWINHUB (UK) PROJECT TIMELINE



UPCOMING MILESTONES – TWINHUB (UK)

Expand partnership structure	Q2 2023
Final design & supply chain	Q4 2023



FINANCIAL PERFORMANCE

October – December

Net revenue and earnings

The group's net revenue for the quarter amounted to 1.8 (6.1) MSEK, which consisted of project development services, see note 4. The fluctuations in revenue between different periods are natural within our phase of the business model. Figures in parentheses refer to the same period in the previous year.

The result for the quarter was -46.6 (-17.4) MSEK. The increase in loss is mainly attributed to an expansion of the project portfolio, technical development and related activities, see note 5.

Cash flow, financing and investments

The group's cash flow from operating activities amounted to -17.2 (-11.5) MSEK in the fourth quarter. Cash flow from financing activities amounted to 84.1 (1.3) MSEK. Hexicon carried out directed issues of convertibles of 82.5 MSEK. The investments amounted to -35.7 (-21.4) MSEK. The increase is a consequence of activated expenses from the technical development of Hexicon's TwinWind™ solution in TwinHub and project development.

January – December

Net revenue and earnings

Net revenue for the period January to December amounted to 11.6 (23.1) MSEK. The decrease in revenue is attributed to a project divestment that was accounted for during the first quarter 2021. Project divestments, which are significant types of revenue within Hexicon's business model, are typically material and occur irregularly.

The result for the period was -170.3 (-50.9) MSEK. The increased loss is related to Hexicon's project and prospect portfolio where the group has accelerated its activities since 2021. During the period January to December 2022 Hexicon has achieved milestones in the British (TwinHub), South Korean (MunmuBaram), Swedish (Freja Offshore) and Italian projects as well as entered new markets such as the US, Greece, Italy and Portugal.

Cash flow, financing and investments

The group's cash flow from operating activities amounted to -95.1 (-52.9) MSEK. Cash flow from financing activities amounted to 80.7 (283.1) MSEK. The investments amounted to -188.7 (-48.0) MSEK. The increase in investments is mainly related to the increase in our ownership in the MunmuBaram project, from 10% indirect ownership to 20% direct ownership as well as technical development of Hexicon's TwinWind™ solution in TwinHub.

	2022
MSEK	Jan-Dec
Cash outflow	-284
Projects	52%
Technology	38%
Overhead	10%

Balance sheet

The group's total assets at the end of the reporting period amounted to 451.6 (432.2) MSEK and equity was 199.4 (322.8) MSEK. The equity/asset ratio was 44 (75) %.

Intangible assets per December 31, 2022, were 131.3 (84.5) MSEK. The increase is mainly due to investments in the British TwinHub project. The participations in associated companies per December were 145.3 (6.1) MSEK and the increase is mainly affected by the increase in our ownership in the MunmuBaram project.

Short-term liabilities per December 31, 2022, were 189.1 (42.5) MSEK. The increase is mainly due to the issue of convertibles of 82.5 MSEK and part of the purchase price of shares in MunmuBaram (40 MSEK) that is due in August 2023.

Parent company

The parent company's net revenue during the fourth quarter amounted to 2.5 (7.0) MSEK and the result for the period was -44.3 (-10.9) MSEK. The net revenue for the period January to December amounted to 16.8 (24.1) MSEK and the result for the period was -120.2 (-36.0) MSEK. The cash balance per December 31 amounted to 78.8 (287.3) MSEK. The total assets at the same date amounted to 410.8 (367.9) MSEK.

OTHER FINANCIAL INFORMATION

Organisation

The group had 43 (32) employees at the end of the reporting period.

Significant events in reporting period

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 in Italy to AvenHexicon.

In April 2022, a Greek company, Hexicon Power SA, 50 % owned by Hexicon was incorporated. Hexicon will together with the local partner EAMAA develop projects in Greece where a new framework for offshore wind has been published.

In April 2022, a Portuguese entity 100 % held by Hexicon's Spanish subsidiary Wunder Hexicon SL was founded. Hexicon Madeira will engage in project development activities in Portugal.

Hexicon's AGM was held on May 12, 2022, where it was resolved to launch a long-term incentive programme for employees and consultants by way of a directed issue of no more than 10,500,000 warrants and all warrants were still outstanding on December 31st. The warrant programme is described in detail on the company's website www.hexicongroup.com.

On July 7, 2022, the UK Government confirmed that Hexicon's TwinHub project in the Celtic Sea was successful in the latest Contracts for Difference (CfD) Allocation Round (AR4). The CfD award triggered settlement of a contingent consideration of 12.5 MSEK (1.0 MGBP) following the acquisition of Wave Hub Ltd, see note 6.

In August 2022, Hexicon increased its ownership in the South Korean project entity MunmuBaram Co Ltd and Hexicon AB is now the shareholder of 20 % of the project company. The stake was previously held by Hexicon's JV Hexicon Korea Co Ltd (49 % owned by Hexicon AB) corresponding to an indirect ownership before the transaction of just below 10 %.

In October 2022 AvenHexicon, our Italian JV, obtained priority rights over two areas in Italy to develop floating wind farms.

Hexicon group

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

Risks and uncertainty factors

The company's generation 2 platform is being tested. There are risks related to the development pace and competitiveness of the technology. There are also risks connected to the company's dependence on key employees and partnerships. Lastly, as the company is not yet profitable it is dependent on external financing, a dependency that increase with the higher level of activity across many markets and projects. The extrapolation of current spending levels shows that further funding will be required in the foreseeable future. The management has analysed the company's financial situation and made the assessment that sufficient financing can be obtained to ensure continued operation for the next 12 months.

Related party transactions

A member of the management team was an external consultant and has been paid remuneration of 2.3 (2.9) MSEK during the period January–November, including expenses of 0.3 (0.2) MSEK. This person is employed by the Group since 1st of December 2022. Hexicon raised 1.5 MSEK convertible loan from board members.

Parent company

Significant events in the parent company during the period are the same as for the group except for the formation of Hexicon Madeira which is held by the Spanish subsidiary Wunder Hexicon SL. The risks and uncertainty factors are the same in the parent company as for the group.

Significant events after the reporting period

On January 19th, 2023, AvenHexicon granted permits to connect 7100 MW to the national grid in Italy.

Group income statement in summary

MSEK	Note	2022	2022	2021	2022	2021
		Q4	Q3	Q4	Jan-Dec	Jan-Dec
Net revenue	4	1.8	0.4	6.1	11.6	23.1
Other operating income		2.6	0.8	3.0	6.1	3.1
Capitalised development	5	18.0	30.8	17.3	67.5	41.9
Raw materials and consumables		-0.2	0.0	-0.0	0.7	-0.1
Other external expenses		-25.8	-45.1	-26.0	-119.7	-81.4
Personnel costs		-16.9	-12.0	-7.8	-49.7	-27.1
Depreciation/amortisation and impairments	7	-3.8	-18.7	-2.3	-35.5	-4.1
Other operating expenses		-0.1	-0.6	-0.1	-1.0	-0.7
Result from share in associated companies		-17.1	-11.6	-5.2	-41.1	-4.5
Operating profit/(loss)		-41.5	-56.2	-15.0	-161.1	-49.8
Net financial income/(expenses)		-5.2	-4.9	-2.4	-9.7	-1.2
Profit/(loss) before tax		-46.7	-61.1	-17.4	-170.8	-51.0
Tax		0.1	0.1	0.0	0.5	0.1
Profit/(loss) for the period		-46.6	-61.0	-17.4	-170.3	-50.9

Profit/ (loss) for the period attributable to:

Equity holder of the parent company	-46.2	-60.5	-17.6	-166.9	-50.8
Non-controlling interests	-0.5	-0.5	0.2	-3.4	-0.1

Group statement of comprehensive income

MSEK	2022	2022	2021	2022	2021
	Q4	Q3	Q4	Jan-Dec	Jan-Dec
Profit/(loss) for the period	-46.6	-61.0	-17.4	-170.3	-50.9
OTHER COMPREHENSIVE INCOME					
Items that are or may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	8.0	-1.1	-0.2	6.3	-0.2
Sum other comprehensive income for the period	8.0	-1.1	-0.2	6.3	-0.2
Total comprehensive income for the period	-38.6	-62.1	-17.6	-164.0	-51.1
Total comprehensive income for the period attributable to:					
Equity holder of the parent company	-38.1	-61.6	-17.8	-160.6	-51.0
Non-controlling interests	-0.5	-0.6	0.2	-3.4	-0.1
Earnings per share basic and diluted (SEK)	-0.13	-0.33	-0.05	-0.46	-0.16

Group balance sheet in summary

MSEK	2022-12-31	2022-09-30	2021-12-31
ASSETS			
<i>Non-current asset</i>			
Intangible assets	131.3	112.2	84.5
Plant and equipment	55.7	57.6	48.6
Right of use assets	10.5	11.2	-
Participations in associated companies	145.3	154.8	6.1
Non-current financial assets	1.7	1.7	0.1
Total non-current assets	344.4	337.5	139.3
<i>Current assets</i>			
Other current assets	20.5	18.8	3.3
Cash & cash equivalent	86.6	55.3	289.6
Total current assets	107.2	74.0	292.9
TOTAL ASSETS	451.6	411.6	432.2
EQUITY AND LIABILITIES			
Share capital	3.6	3.6	3.6
Additional paid-in capital	540.5	540.5	540.5
Reserves	6.3	-1.8	-0.2
Contingent consideration	41.0	41.0	-
Retained earnings including profit/(loss) for the period	-388.6	-341.9	-221.2
Equity attributable to equity holders of the parent company	202.8	241.4	322.7
Non-controlling interest	-3.5	-2.9	0.1
Total equity	199.4	238.4	322.8
NON-CURRENT LIABILITIES			
Provisions	32.7	32.1	31.4
Deferred tax liabilities	4.1	4.1	4.4
Non-current interest-bearing liabilities	2.1	0.0	0.4
Non-current lease liabilities	7.7	8.2	-
Other non-current liabilities	16.5	17.1	30.7
Total non-current liabilities	63.1	61.6	66.9
CURRENT LIABILITIES			
Current interest-bearing liabilities	68.5	1.2	1.5
Current derivative liabilities	19.9	0.0	0.0
Accounts payable	16.9	9.1	6.9
Other current liabilities	58.8	68.5	16.1
Accrued expenses and deferred income	25.1	32.7	18.0
Total current liabilities	189.1	111.6	42.5
TOTAL EQUITY AND LIABILITIES	451.6	411.6	432.2

Group report on changes in equity in summary

	2022	2022	2021	2022	2021
MSEK	Q4	Q3	Q4	Jan-Dec	Jan-Dec
Opening balance equity attributable to equity holders of the parent company	241.4	261.9	340.5	322.7	91.9
<i>Total result for the period</i>					
Income/(loss) for the period	-46.2	-60.5	-17.6	-166.9	-50.8
Other comprehensive income/(loss)	7.8	-1.1	-0.2	6.1	-0.2
Total comprehensive income/(loss) for the period	-38.4	-61.6	-17.8	-160.9	-51.0
Contingent consideration	-	41.0	-	41.0	-
TRANSACTIONS WITH OWNERS					
New share issue		-			303.8
Cost attributable to new share issue		-			-32.4
Exercise of warrants		-			8.1
Issue of subscription warrants		-	-		2.3
Total transactions with owners	-	-	-	-	281.8
Closing balance equity attributable to equity holders of the parent company	202.8	241.4	322.7	202.8	322.7
Opening balance equity attributable to non controlling interests	-2.9	-2.4	-0.1	0.1	-
Total comprehensive income/ (loss) for the period	-0.5	-0.6	0.2	-3.4	-0.1
Non-controlling interest from business	-0.1	-	0.0	-0.2	0.2
Closing balance equity attributable to non controlling interests	-3.5	-2.9	0.1	-3.5	0.1

Group cash flow statement in summary

	2022	2022	2021	2022	2021
MSEK	Q4	Q3	Q4	Jan-Dec	Jan-Dec
OPERATING ACTIVITIES					
Operating profit/(loss)	-41.5	-56.2	-15.0	-161.1	-49.8
Adjustment for non-cash-items	20.1	30.3	5.9	75.8	7.2
Interest received	0.0	0.0	-0.0	0.0	0.0
Interest paid	0.5	-0.3	-0.2	-0.2	-0.2
Income tax paid	0.0	-	-	0.0	-3.9
Sum	-20.9	-26.1	-9.3	-85.5	-46.7
Increase (-)/Decrease (+) of operating receivables	18.3	-11.3	-1.6	-18.3	-7.9
Increase (+)/Decrease (-) of operating payables	-14.7	8.5	-0.6	8.6	1.7
Cash flow from operating activities	-17.2	-29.0	-11.5	-95.1	-52.9
INVESTMENT ACTIVITIES					
Acquisition of intangible assets	-18.2	-31.0	-17.9	-68.8	-39.5
Other investments *	-17.5	-75.0	-3.5	-119.8	-8.5
Cash flow from investment activities	-35.7	-106.0	-21.4	-188.7	-48.0
FINANCING ACTIVITIES					
New share issue	-	-	-	0.0	303.8
Cost attributable to new share issue	-	-	-	-	-32.4
Received premiums and exercised warrants	-	-	-	-	10.5
Borrowings	84.3	-	1.3	83.2	1.5
Other financing items	-0.2	-12.9	-	-2.5	-0.3
Cash flow from financing activities	84.1	-12.9	1.3	80.7	283.1
Cash flow for the period	31.2	-147.9	-31.6	-203.1	182.2
Cash at the beginning of the period	55.3	203.5	320.9	289.6	106.6
Exchange-rate difference in cash	0.1	-0.4	0.3	0.1	0.8
Cash at the end of the period	86.6	55.3	289.6	86.6	289.6

* Mainly consisting of investments in associated companies.

Parent company income statement in summary

	2022	2022	2021	2022	2021
MSEK	Q4	Q3	Q4	Jan-Dec	Jan-Dec
Net revenue	2.5	2.7	7.0	16.8	24.1
Capitalised development	0.1	0.1	6.7	6.5	17.2
Other operating income	1.2	0.0	0.8	1.5	0.8
Raw materials and consumables	0.0	0.0	-0.0	0.0	-0.1
Other external expenses	-15.6	-10.6	-17.3	-61.8	-54.0
Personnel costs	-9.2	-7.8	-7.8	-33.1	-24.8
Depreciation/amortisation and impairments	-0.6	-15.4	-	-16.0	-0.0
Other operating expenses	-0.1	-0.6	-0.1	-1.0	-0.7
Operating profit/(loss)	-21.7	-31.6	-10.7	-87.2	-37.5
Net financial income/(expenses)	-23.7	-3.8	8.6	-33.9	10.3
Profit/(loss) before tax	-45.4	-35.4	-2.1	-121.1	-27.2
Appropriations	1.1	-0.2	-8.8	0.9	-8.8
Tax	0.0	0.0	-	0.0	-
Profit/(loss) for the period	-44.3	-35.6	-10.9	-120.2	-36.0

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

Parent company balance sheet in summary

MSEK	2022-12-31	2022-09-30	2021-12-31
ASSETS			
Non-current asset			
Intangible assets	11.9	11.9	20.9
Plant and equipment	15.3	15.8	1.9
Non-current financial assets	187.2	187.1	21.7
Total non-current assets	214.5	214.7	44.5
Current assets			
Accounts receivables			
Other current assets	117.5	102.6	36.1
Total current receivables	117.5	102.6	36.1
Cash & cash equivalent	78.8	51.2	287.3
Total current assets	196.3	153.8	323.4
TOTAL ASSETS	410.8	368.5	367.9
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	3.6	3.6	3.6
Restricted equity for development expenses	11.9	11.9	20.9
Non-restricted equity			
Share premium reserve	538.1	538.1	538.1
Contingent consideration	41.0	41.0	-
Retained earnings	-215.5	-215.4	-188.3
Profit/(loss) for the period	-120.2	-75.9	-36.0
Total Equity	259.0	303.3	338.3
Current liabilities			
Current interest-bearing liabilities	68.3	0.0	0.0
Current derivative liabilities	19.9	0.0	0.0
Accounts payable	10.0	4.1	4.5
Other current liabilities	42.5	53.7	14.4
Accrued expenses and deferred income	11.2	7.5	10.7
Total current liabilities	151.9	65.3	29.6
TOTAL EQUITY AND LIABILITIES	410.8	368.5	367.9

NOTES

Note 1: Accounting principles

This report was prepared in accordance with IAS 34 Interim Financial Reporting and in applicable parts in accordance with Swedish Annual Accounts Act (ÅRL). The interim financial statement for the parent company has been prepared in accordance with Swedish Annual Accounts Act (ÅRL), chapter 9, Interim Financial Reporting, except for the requirement of being in Swedish. The group's and the parent company's accounting principles and basis of computations are unchanged compared to the latest annual report. The figures in all tables are rounded off, starting in Q3 2022.

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

Note 2: Estimates and assumptions

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

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

The profit share agreement stipulates that, if the company sells of the 20% shares in MunmuBaram, the profit from the sale minus Hexicon's total capital investment (initial purchase price plus remaining expenditure by Hexicon) shall be distributed according to the ratio under separate profit share agreement.

The derivate debt, i.e the fair value of the convertible option from the lenders, is calculated using Black-Scholes model. Input in the model were calculated volatility of 75%.

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: Distribution of revenue

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

	2022	2021	2022	2021
MSEK	Q4	Q4	Jan-Dec	Jan-Dec
Net revenue				
Goods	-	-	-	-
Services	1.8	6.1	11.6	11.7
Project rights	-	-	-	11.4
Total net revenue	1.8	6.1	11.6	23.1
Allocation per market				
Sweden	1.5	6.0	10.7	6.2
Rest of Europe	-	-	-	16.5
Asia	0.3	0.1	0.9	0.4
Allocation per point in time				
Recognised at one point in time	-	-	-	11.4
Recognised over time	1.8	6.1	11.6	11.7

Note 5: Capitalised development expenses

The group capitalised 18.0 (17.3) MSEK development expenses during the last quarter. The increase is mainly due to progress in the English TwinHub project. Other external expenses amounted to 25.8 (26.0) MSEK during the fourth quarter and out of these 17.1 MSEK is expenses related to the different projects including the demonstrator in TwinHub.

NOTES

A write-down of 15.4 MSEK has been made in Twinway in Norway after a strategic decision to fully focus on Twinhub in the UK, which provides better economic stability for Hexicon, since securing a 15-year revenue support from the UK-government.

Note 6: Fair value of financial assets and liabilities

The carrying amount is considered to be a reasonable estimate of the fair value of all financial assets and liabilities. The items that have been measured at fair value are an unlisted shareholding, contingent considerations and a derivate liability as a part of a convertible loan. 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 consideration has been measured as the present value of the amount that the group is expected to pay in accordance with the agreement for the acquisition of Wave Hub Ltd which, as of December 31 2022, includes a pending contingent consideration of 12.0 MSEK (1.0 MGBP) if the project reaches Final Investment Decision (FID). The contingent consideration will not be paid if the milestone is not reached. The opening balance 2022 of contingent

considerations was 23.5 MSEK and the closing balance at year-end 2022 was 12.0 (1 MGBP) MSEK. The company settled a contingent consideration of 12.5 MSEK (1 MGBP) during the reporting period. The remaining change was due to a booked interest 0.3 MSEK and currency fluctuations between SEK and GBP of 0.7 MSEK. The balance was reclassified from long-term to short-term in the reporting period. The fair value of the contingent consideration at the closing date was 12.0 MSEK. An increase or decrease in the cost of capital of +/- 2% would have resulted in conditional consideration of 11.9 MSEK and 12.2 MSEK respectively.

The derivate liability of 19.9 MSEK has been measured at fair value of the option to convert the convertible into shares. The initial value when the convertible was issued in November 28th was 14.2 MSEK using Black-Scholes model. The change in value of 5.7 MSEK is stated as a financial cost in the income statement and is mainly due to changed share price and changed volatility. The volatility in the model is calculated to 75%.

Note 7: Depreciations, amortisations and impairments

The group's depreciations/amortisations and impairments was 3.8 (2.3) MSEK during the fourth quarter. The group management assesses on an ongoing basis indications of impairments and in that case conducts an impairment test.

Note 8: Group key performance indicators

	2022	2022	2021	2022	2021
MSEK	Q4	Q3	Q4	Jan-Dec	Jan-Dec
Net revenue	1.8	0.4	6.1	11.6	23.1
Operating profit/(loss)	-41.5	-56.2	-15.0	-161.1	-49.8
Profit/(loss) before tax for the period	-46.7	-61.1	-17.4	-170.8	-51.0
Earnings per share basic and diluted (SEK)	-0.13	-0.33	-0.05	-0.46	-0.16
Cash flow from operating activities	-17.2	-29.0	-11.5	-95.1	-52.9
				2022-12-31	2021-12-31
Equity at the end of the period				199.4	322.8
Equity/asset ratio at the end of the period (%)				44%	75%
Cash at the end of the period				86.6	289.6

* Equity / total assets at the end of the period

For definitions of key performance indicators, see Note 40 in the 2021 Annual Report.

Note 9: Number of shares

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

SIGNATURES

Hans von Uthmann
Chairman

Mia Batljan
Board member

Bjarne Borg
Board member

Vivianne Holm
Board member

Mats Jansson
Board member

Lars Martinsson
Board member

Marcus Thor
CEO

Stockholm 2023-02-23

FINANCIAL CALENDAR

2023-04-06	2022 Annual report
2023-05-16	Q1 2023 report
2023-08-17	Q2 2023 report
2023-10-26	Q3 2023 report

This report includes information that Hexicon is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the CEO, at 2023-02-23 08:00 CET.

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

Enquiries regarding the Year-End report, please contact; Jonna Holmgren, Head of Communications, Tel: +46 70 888 05 02, or Marcus Thor, CEO, Tel + 46 73 924 44 93

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