

Hexicon secures bridge financing to the next phase – carries out directed issues of convertibles totaling SEK 82.5 million

The Board of Directors of Hexicon AB (publ) ("Hexicon" or the "Company") has, with support of the full authorization granted by the annual general meeting on 12 May 2022, resolved to raise a SEK 81 million convertible loan from existing shareholders and new investors, including Wallenius Marine AB and Martin Bjäringer. The Board of Directors has also, subject to the subsequent approval of a general meeting since the persons entitled to subscription are encompassed by chapter 16 of the Swedish Companies Act (SFS 2005:551), resolved to raise a SEK 1.5 million convertible loan from the Company's existing shareholders and board members Bjarne Borg (through Gulfstream Investment Group LCC) and Hans von Uthmann. Notice of an extraordinary general meeting will be published in a separate press release. The convertible loans of SEK 81 million and SEK 1.5 million, respectively, are collectively referred to as the "Convertible Loans". The Convertible Loans will satisfy the Company's financing need for the coming eight months, allowing Hexicon to divest selected project rights.

"Hexicon has recently completed its most investment heavy quarter yet, establishing a strategic portfolio according to plan, with the intention to enter the divestment phase during 2023. We have decided to accelerate the divestment of selected projects, enabling new investments. The Convertible Loans will enable us to reach key milestones within current projects, before divesting the attached project rights. I am pleased with the structure of the convertible loans which allows us to reach this next phase with significant revenue from project divestments, with limited dilution for the shareholders if converted", says Marcus Thor, CEO at Hexicon.

Terms of the Convertible Loans

The total nominal value of the Convertible Loans amounts to SEK 82.5 million. The Convertible Loans have a 360 calendar days term to maturity from the issue date, that is up to and including 23 November 2023. The interest rate amounts to twelve (12.00) per cent per annum, which is capitalized until maturity or early repayment of the Convertible Loans.

Repayment of the Convertible Loans

For each 90-day period after the raising of the Convertible Loans, Hexicon can choose to repay the Convertible Loans plus a premium of 2.00 per cent of the nominal amount including accrued interest before maturity. The notice period for such early repayment is 30 calendar days. In the event of early repayment, the convertible holder has the right to choose shares in the Company instead of a cash payment.

At maturity the convertible holder can choose to have the loan repaid in cash or convert the loan into shares in Hexicon, meaning Hexicon has no right to convert the loan into shares.

Hexicon undertakes to use any proceeds from divestments of certain projects to repay the Convertible Loans.

Conversion price

The conversion price for the Convertible Loans shall be based on seventy-five (75) per cent of the volume-weighted average price ("VWAP") of Hexicon's shares during the 30 trading days preceding the conversion date on 9 November 2023 or preceding Hexicon's earlier repayment. The conversion price shall be at least SEK 1.00 per share and at most SEK 2.50 per share.

Deviation from the shareholders' preferential rights

The purpose of the new issues and the reason for the deviation from the shareholders' preferential rights is that the Company has a strong need for additional working capital and due to the extended time period required to carry out a rights issue and the current market sentiment, it is the Board of Directors' assessment that issues with deviation from the shareholder's preferential rights is in the Company's and all shareholder's interest and therefore also justifies deviation from the main rule that new issues shall be carried out with preferential rights for the shareholders. The Board of Directors' assessment is that the terms and conditions of the issues is in accordance with market conditions, since they have been determined through a negotiation at arm's length between the Company and the investors. During the negotiations a comparison was made with terms and conditions in other issues of convertibles. Further, the Board of Directors has taken into account general market conditions that make it difficult to raise capital, whereby the terms and conditions for the Convertible Loans in an overall assessment are deemed to be in accordance with market conditions.

Share capital, shares, and dilution

Provided that the convertible issue to Bjarne Borg and Hans von Uthmann is approved by an extraordinary general meeting, and given that the Convertible Loans in their entirety is converted into shares including accrued interest and to the lowest possible conversion price of SEK 1.00, the number of shares in Hexicon will increase by 92,400,000, from 363,802,686 to 456,202,686. The share capital of the Company will increase by SEK 924,000.00, from SEK 3,638,026.86 to SEK 4,562,026.86. Thus, the Convertible Loans entails a potential maximum dilution of approximately 20.3 per cent based on the total number of shares in Hexicon after conversion of the Convertible Loans.

Advisers

Pareto Securities AB acts as Sole Global Coordinator and Sole Bookrunner. Setterwalls Advokatbyrå AB acts as legal adviser to the Company in connection with the Convertible Loans. Erneholm Haskel AB acts as financial adviser to the Company.

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This information is information that Hexicon AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2022-11-28 22:45 CET.

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This press release does not constitute a recommendation concerning any investor's decision regarding the Convertible Loans. Each investor or potential investor should conduct his, her or its own investigation, analysis and evaluation of the business and information described in this press release and any publicly available information. The price and value of the securities can decrease as well as increase. Achieved results do not provide guidance for future results.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, assessments, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this press release. Readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertakes to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the current shares in the Company have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the shares in the Company may decline and investors could lose all or part of their investment; the shares in the Company offer no guaranteed income and no capital protection; and an investment in the shares in the Company is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Convertible Loans.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the securities in the Company.

Each distributor is responsible for undertaking its own target market assessment in respect of the securities in the Company and determining appropriate distribution channels.

Attachments

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