

INTERIM REPORT

JANUARY – MARCH 2023



SECURED LONG-TERM FINANCING OF EUR 45 MILLION

HIGHLIGHTS

ITALY

7,100 MW grid connection option agreement.

SWEDEN

Application submitted for the 2,500 MW wind farm Mareld.

TECHNOLOGY

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

HEXICON

Secured financing of EUR 45 million.

JANUARY – MARCH

- Net revenue amounted to 1.7 (5.7) MSEK
- Operating profit/loss was -54.5 (- 19.4) MSEK
- Profit/loss before tax for the period was -47.4 (- 18.4) MSEK
- Earnings per share basic and diluted was -0.13 (- 0.05) SEK
- Cash flow from operating activities was -38.6 (- 21.8) MSEK

The quarter has been characterised by hard work to secure long-term financing and develop the project portfolio. The company has also initiated a strategic review and engaged ABG Sundal Collier as financial advisor. The result for the first quarter was -47.4 (-18.4) MSEK, which can be attributed to the expansion of Hexicon's project portfolio and associated activities. Value is being generated, although the costs have not yet been capitalised. These expenses will be capitalised at a later stage upon reaching specific milestones. Following a period of substantial investments in Q3 and Q4, the cash flow before financing activities has returned to a level similar to Q1 2022 at -53.3 (-47.2). To accelerate the project pipeline, a long-term loan agreement of up to EUR 45 million was secured with Glennmont Partners after the reporting period. The funding will facilitate the development of multiple projects and enable early repayment of existing convertible loans.

HIGHLIGHTS JANUARY – MARCH 2023

ITALY

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

SCOTLAND

Granted Planning Permission in Principle to proceed with onshore infrastructure plans of the 100 MW Pentland Floating Offshore Wind Farm (PFOWF) in Scotland.

HEXICON

Hexicon became one of the 108 startups featured on the Swedish Climate Startup Map.

SWEDEN

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

JANUARY

FEBRUARY

MARCH

HIGHLIGHTS AFTER THE PERIOD

TAIWAN

Hexicon entered a partnership with IX Wind. The partnership will provide project management, consultancy, and engineering services for a ground-breaking 1,300+ MW floating offshore wind project in Taiwan.

HEXICON

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

TECHNOLOGY

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

CEO COMMENTS

Hard work pays off

The recent period has been characterised by a lot of hard work getting financing in place alongside pushing the project portfolio forward. Our dedication to advancing the global development of commercial floating wind power has entailed significant progress, solidifying our position as a leading player in the sector.

Securing financial flexibility

Following the period, Hexicon successfully entered into a long-term loan agreement with Glennmont Partners of up to EUR 45 million. This agreement offers us the financial flexibility needed to effectively develop our project pipeline and optimise the divestment of selected projects at the best possible time and terms. Through this agreement we are well positioned to accelerate the development of multiple projects. Furthermore, the funding will not only facilitate the realisation of our ambitious project goals but also enable early repayment of existing convertible loans. I am thrilled to have entered into such an agreement with a well-renowned strategic party like Glennmont Partners which serves as a testament to the confidence it has in our vision and capabilities and serves as evidence of the value attributed to our project portfolio. Ultimately, it provides real interesting opportunities for the long-haul without diluting shareholders. Furthermore, we have initiated a strategic review and engaged ABG Sundal Collier as financial advisor to optimise shareholder value, both in the long and short term.

Rapid progress in the Mediterranean

One of our most significant accomplishments during the period was the approval of six out of seven floating wind sites for connection to Italy's national grid, with a staggering combined capacity of 7,100 MW. Notable is that grid capacity is a typical constraint in most markets. Together with our Italian partner Avapa Energy we have created a leading position in one of the hottest floating wind markets, demonstrating the true core of our capabilities which lies in the origination and early-stage development of projects.

Power generation beyond the horizon

Another key milestone achieved after the period

was in our home market of Sweden. Our partnership with Mainstream Renewable Power, Freja Offshore, has led to the application for the Mareld Floating Wind Farm, boasting a total capacity of 2,500 MW. This ground-breaking project, located on the West Coast of Sweden, has the potential to generate 9–12 TWh of electricity annually, significantly impacting the region's energy landscape. As the application details, by using floating technology, one can locate the turbines further offshore and avoid the turbines being visible from the coast. The visual impact is a typical concern for the local community and in fact usually the main reason for objections.

Unwavering dedication and exciting opportunities ahead

The past period has been an intense one to say the least. In parallel to getting the Glennmont Partners facility in place, we are actively engaging with potential investors for selected project shares, a process that is progressing well.

Additional efforts have been placed towards streamlining the organisation recently, achieving a reduced monthly cost base whilst keeping up current growth plans. Such effects will be seen as of next report. We are in process to appoint additional project staff in the near term as new investors farm in to selected projects.

In summary, the accomplishments in the recent period have been both inspiring and transformative. The challenges we face are significant, but our unwavering dedication, innovative technology, and strategic partnerships have positioned Hexicon at the forefront of the floating wind power sector. We are confident that our business model and technical expertise will continue to play a crucial role in driving commercial progress whilst shaping a sustainable future for generations to come.

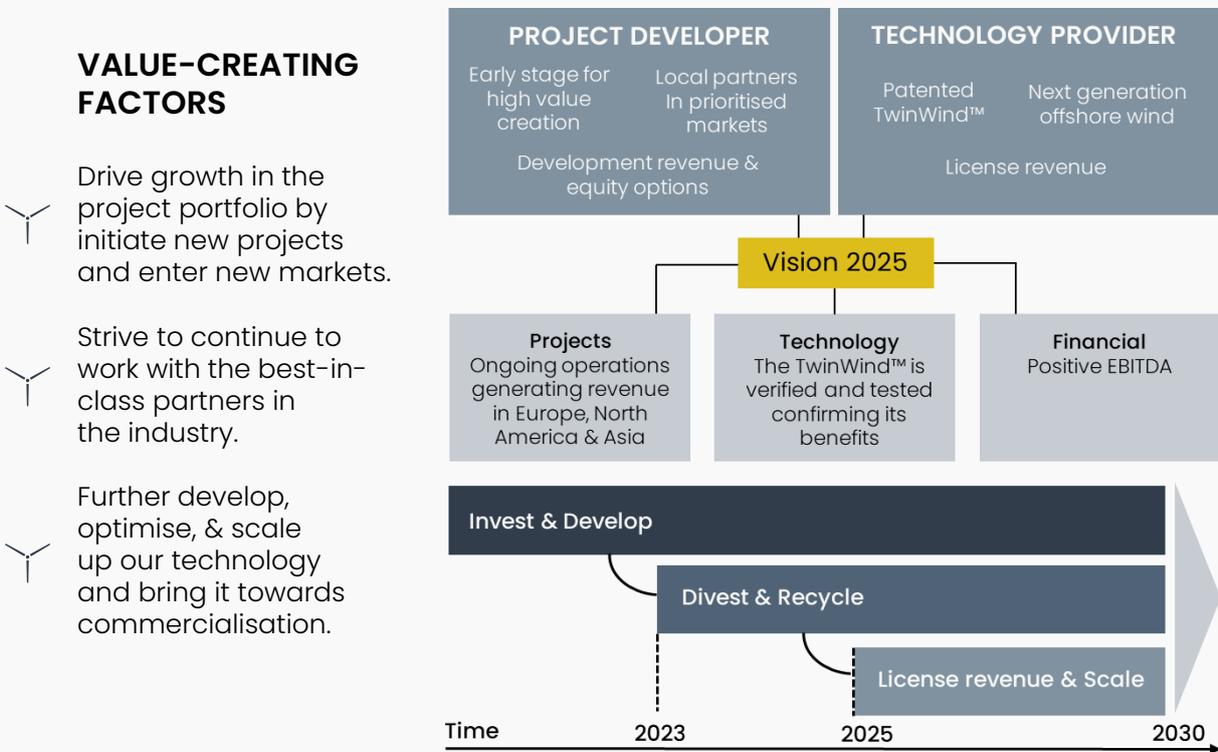


Marcus Thor, CEO

THIS IS HEXICON

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

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



FUTURE OUTLOOK

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

PROJECTS

During the first quarter of 2023, we made significant progress in our project portfolio. In Italy, the joint venture with AvenHexicon received approval to connect six out of seven offshore wind sites to the national grid, solidifying our presence in the region. Meanwhile, the Pentland Floating Offshore Wind Farm in Scotland received the green light to proceed with onshore infrastructure plans. Expanding our presence in the Asian market, we initiated a partnership with IX Wind for a 1,300+ MW floating offshore wind project in Taiwan. Additionally, our MunmuBaram project in South Korea joined the Ulsan Floating Offshore Wind Association, strengthening our commitment to offshore wind development in the rapidly growing Asian market.

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

- PROJECTS
- PROSPECTS
- PRESENCE

**NET PORTFOLIO
CAPACITY:
9+ GW**



PROJECTS & PROSPECTS

PROJECTS

Project info	South Korea	South Korea	Scotland	Sweden	England	Italy
Name	MunmuBaram	Pohang	Pentland Floating Wind Farm	Freja Offshore	TwinHub	AvenHexicon
Location	Ulsan	East coast	Dounreay	Multiple	Cornwall	Multiple
Estimated gross capacity	1,300+ 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	Secured
Partner(s)	Shell Overseas Investments B.V	Hexicon Korea	CIP	Mainstream Renewable Power	-	Avapa Energy
Target FID¹/COD²	2025/2027	TBA	2024/2026	2027→/2029→	2023/2025	TBA

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

PROSPECTS

Project info	South Africa	Ireland	Italy
Name	GenesisHexicon	TBA	AvenHexicon
Location	Richards Bay	West Ireland	Multiple
Estimated gross capacity	800 MW	2,000 MW	2,150 MW
Hexicon's stake	50%	100%	50%
Site(s)	Identified	Identified	Identified
Partner(s)	Genesis Eco-Energy	Killybegs Fishermen's Org.	Avapa Energy

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

Gross projects: 5,300+ MW
Net project³: 3,500+ MW

¹FID – Final investment decision

²COD – Commercial operational date

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

TECHNOLOGY

TwinWind™ – Hexicon’s patented technology

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

In 2022, TwinWind™ was approved by the European Patent Office (EPO). EPO's approval allows Hexicon to drive innovation and commercialisation of the technology within Europe. The TwinWind™ technology is now patented in over 20 countries, and more national patents are expected to follow.

Small carbon footprint

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

Industrialisation

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

Stable winds

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

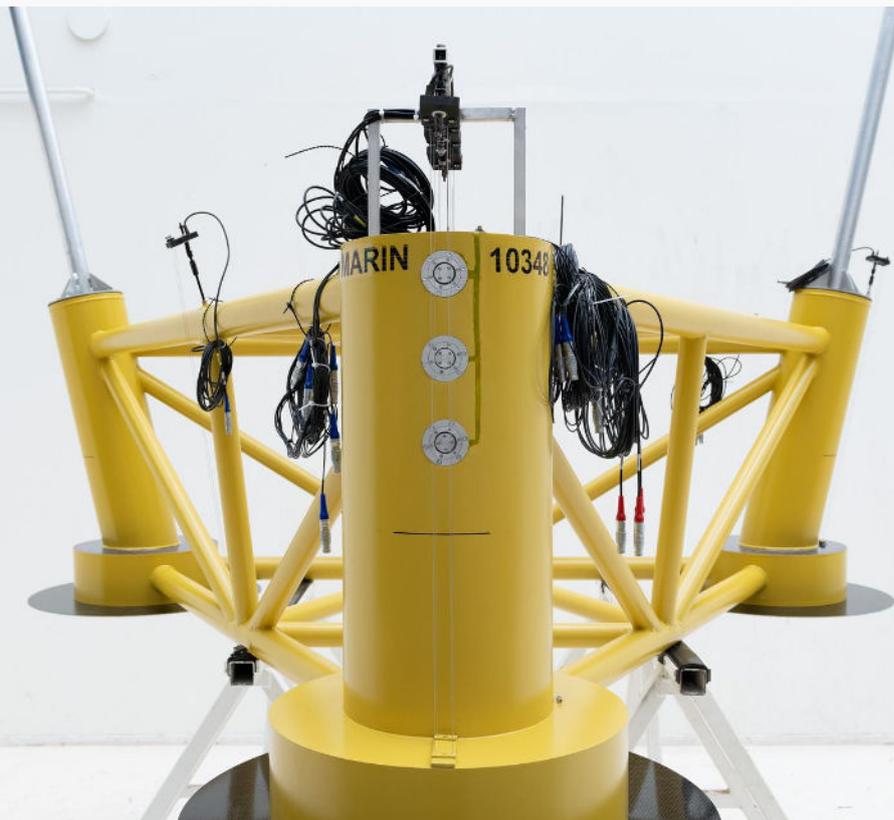
Enormous potential

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

Eiffel Tower
Height: 330m



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



FINANCIAL PERFORMANCE

January – March

Net revenue and earnings

Net revenue for the period January to March amounted to 1.7 (5.7) MSEK. The decrease in revenue is derived from a lower level of consultancy services.

The result for the period was -47.3 (-18.2) MSEK. The loss of the period is derived from increased team and external costs needed to continue to develop the ever-maturing non-technology projects. The non-technology project costs are not capitalised, and we have seen a temporary lower cost for the quarter in the TwinHub project as we prepare for the next phase.

Cash flow, financing and investments

The group's cash flow from operating activities amounted to -38.6 (-21.8) MSEK. Cash flow from financing activities amounted to -0.0 (-2.0) MSEK. The investments amounted to 29.2 (12.8) MSEK and related to activated development expenses in the project portfolio as well as technical development of Hexicon's TwinWind™ solution.

Balance sheet

The group's total assets at the end of the reporting period amounted to 376.5 (421.6) MSEK and equity was 147.0 (304.8) MSEK. The equity/asset ratio was 39 (72) %.

Intangible assets per March 31, 2023, were 132.7 (95.0) MSEK. The increase is mainly due to investments in the British TwinHub project. The participations in associated companies per 31st of March were 114.4 (9.1). The increase in participations in associated companies is mainly attributed to increased ownership in MunmuBaram Co., Ltd 2022.

Parent company

The parent company's net revenue during the first quarter amounted to 2.4 (7.2) MSEK and the result for the period was -6.1 (-9.9) MSEK. The cash balance per March 31 amounted to 42.2 (247.3) MSEK. The total assets at the same date amounted to 389.1 (354.7) MSEK.

OTHER FINANCIAL INFORMATION

Organisation

The group had 34 (33) employees at the end of the reporting period.

Significant events in reporting period

On January 19th, 2023, Italian TSO, Terna SpA, has granted six of Hexicon's seven 50-50 owned wind power sites in AvenHexicon, connection to the national grid. The six sites encompass a total combined capacity of 7 100 MW.

Also in February, Hexicon Korea signed an agreement to provide services for the development and construction of a 1 300 MW floating project in Taiwan.

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: Hexicon Renewable Energy Spain 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.

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

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

Related party transactions

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

Parent company

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

Significant events after the reporting period

At the end of May, Hexicon entered a 6-year loan agreement with Glennmont Partners of up to 45 million euros to accelerate project pipeline and make early repayment of convertible loans. The loan bears a fixed base interest rate, with a provision for a balanced upside sharing should certain projects achieve valuations in line with targets. The company's Board of Directors has decided to examine alternatives to maximise shareholder value, by initiating a strategic review and has engaged ABG Sundal Collier as a financial advisor. The Board of Directors has not set a timetable for completion of its review and undertakes no obligation to make any further announcements unless and until any final decisions have been made.

For further information please contact:

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Group income statement in summary

MSEK	Note	2023	2022	2022	2022
		Jan-Mar	Oct-Dec	Jan-Mar	Jan-Dec
Net revenue	4	1,7	1,8	5,7	11,6
Other operating income		1,1	2,6	0,9	6,1
Capitalised development	5	2,6	18,0	10,7	67,5
Raw materials and consumables		0,0	-0,2	0,0	0,7
Other external expenses		-15,7	-25,8	-19,9	-119,7
Personnel costs		-14,4	-16,9	-9,5	-49,7
Depreciation/amortisation and impairments	7	-3,8	-3,8	-2,8	-35,5
Other operating expenses		-0,1	-0,1	-0,2	-1,0
Result from share in associated companies		-26,0	-17,1	-4,3	-41,2
Operating profit/(loss)		-54,5	-41,5	-19,4	-161,2
Net financial income/(expenses)		7,1	-5,2	1,0	-9,6
Profit/(loss) before tax		-47,4	-46,7	-18,4	-170,8
Tax		0,1	0,1	0,2	0,5
Profit/(loss) for the period		-47,3	-46,6	-18,2	-170,3
Profit/ (loss) for the period attributable to:					
Equity holder of the parent company		-47,2	-46,2	-17,9	-166,9
Non-controlling interests		-0,1	-0,5	-0,3	-3,4

Group statement of comprehensive income

MSEK	2023	2022	2022	2022
	Jan-Mar	Oct-Dec	Jan-Mar	Jan-Dec
Profit/(loss) for the period	-47,3	-46,6	-18,2	-170,3
OTHER COMPREHENSIVE INCOME				
Items that are or may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	0,6	8,0	0,1	6,3
Sum other comprehensive income for the period	0,6	8,0	0,1	6,3
Total comprehensive income for the period	-46,7	-38,6	-18,1	-164,0
Total comprehensive income for the period attributable to:				
Equity holder of the parent company	-46,6	-38,1	-17,8	-160,6
Non-controlling interests	-0,1	-0,5	-0,3	-3,4
Earnings per share basic and diluted (SEK)	-0,13	-0,13	-0,05	-0,46

Group balance sheet in summary

MSEK	2023-03-31	2022-12-31	2022-03-31
ASSETS			
<i>Non-current asset</i>			
Intangible assets	132,7	131,3	95,0
Plant and equipment	53,9	55,7	46,8
Right of use assets	9,9	10,5	12,5
Participations in associated companies	114,4	145,3	9,1
Non-current financial assets	1,7	1,7	1,7
Total non-current assets	312,7	344,4	165,1
<i>Current assets</i>			
Other current assets	19,3	20,5	3,5
Cash & cash equivalent	44,5	86,6	253,0
Total current assets	63,8	107,2	256,5
TOTAL ASSETS	376,5	451,6	421,6
EQUITY AND LIABILITIES			
Share capital	3,6	3,6	3,6
Additional paid-in capital	540,5	540,5	540,5
Reserves	0,6	6,3	-0,1
Contingent consideration	41,0	41,0	0,0
Retained earnings including profit/(loss) for the period	-438,7	-388,6	-239,1
Equity attributable to equity holders of the parent company	147,0	202,8	305,0
Non-controlling interest	-0,6	-3,5	-0,2
Total equity	146,4	199,4	304,8
NON-CURRENT LIABILITIES			
Provisions	33,5	32,7	31,4
Deferred tax liabilities	4,1	4,1	4,2
Non-current interest-bearing liabilities	2,1	2,1	0,0
Non-current lease liabilities	7,1	7,7	9,4
Other non-current liabilities	15,9	16,5	33,2
Total non-current liabilities	62,7	63,1	78,2
CURRENT LIABILITIES			
Current interest-bearing liabilities	68,3	68,5	0,0
Current derivative liabilities	9,6	19,9	0,0
Accounts payable	4,0	16,9	7,2
Other current liabilities	56,0	58,8	18,9
Accrued expenses and deferred income	29,5	25,1	12,5
Total current liabilities	167,4	189,1	38,6
TOTAL EQUITY AND LIABILITIES	376,5	451,6	421,6

Group report on changes in equity in summary

	2023	2022	2022	2022
MSEK	Jan-Mar	Oct-Dec	Jan-Mar	Jan-Dec
Opening balance equity attributable to equity holders of the parent company	202,8	241,4	322,8	322,7
<i>Total result for the period</i>				
Income/(loss) for the period	-47,2	-46,2	-17,9	-166,9
Other comprehensive income/(loss)	-8,6	7,8	0,1	6,1
Total comprehensive income/(loss) for the period	-55,8	-38,4	-17,8	-160,9
Contingent consideration	-	-	-	41,0
TRANSACTIONS WITH OWNERS				
New share issue				
Cost attributable to new share issue				
Exercise of warrants				
Issue of subscription warrants	-	-	-	-
Total transactions with owners	-	-	-	-
Closing balance equity attributable to equity holders of the parent company	147,0	202,8	305,0	202,8
Opening balance equity attributable to non controlling interests	-3,5	-2,9	0,1	0,1
Total comprehensive income/ (loss) for the period	-0,1	-0,5	-0,3	-3,4
Non-controlling interest from business combinations	3,0	-0,1	-	-0,2
Closing balance equity attributable to non controlling interests	-0,6	-3,5	-0,2	-3,5

Group cash flow statement in summary

	2023	2022	2022	2022
MSEK	Jan-Mar	Oct-Dec	Jan-Mar	Jan-Dec
OPERATING ACTIVITIES				
Operating profit/(loss)	-54,5	-41,5	-19,4	-161,1
Adjustment for non-cash-items	42,7	20,1	7,1	75,8
Interest received	0,0	0,0	-	0,0
Interest paid	-0,0	0,5	0,0	-0,2
Income tax paid	-0,7	0,0	-0,3	0,0
Cash flow from operating activities before changes in working capital	-12,6	-20,9	-12,6	-85,5
Increase (-)/Decrease (+) of operating receivables	3,4	18,3	-7,4	-18,3
Increase (+)/Decrease (-) of operating payables	29,4	-14,7	-1,8	8,6
Cash flow from operating activities after changes in working capital	-38,6	-17,2	-21,8	-95,1
INVESTMENT ACTIVITIES				
Acquisition of intangible assets	-	-18,2	-11,0	-68,8
Other investments	3,2	-17,5	-1,8	-119,8
Cash flow from investment activities	-3,0	-35,7	-12,8	-188,7
FINANCING ACTIVITIES				
New share issue	-	-	-	-
Cost attributable to new share issue	-	-	-	-
Received premiums and exercised warrants	-	-	-	-
Borrowings	-	84,3	-	83,2
Other financing items	-0,6	-0,2	-2,0	-2,5
Cash flow from financing activities	-0,6	84,1	-2,0	80,7
Cash flow for the period	-42,1	31,2	-36,6	-203,1
Cash at the beginning of the period	86,6	55,3	289,6	289,6
Exchange-rate difference in cash	-	0,1	-	0,1
Cash at the end of the period	45,5	86,6	253,0	86,6

Parent company income statement in summary

	2023	2022	2022	2022
MSEK	Jan-Mar	Oct-Dec	Jan-Mar	Jan-Dec
Net revenue	2,4	2,5	7,2	16,8
Capitalised development	0,1	0,1	6,3	6,5
Other operating income	0,2	1,2	0,0	1,5
Raw materials and consumables	0,0	0,0	0,0	0,0
Other external expenses	-8,6	-15,6	-15,5	-61,8
Personnel costs	-8,5	-9,2	-7,7	-33,1
Depreciation/amortisation and impairments	-0,6	-0,6	0,0	-16,0
Other operating expenses	0,0	-0,1	-0,2	-1,0
Operating profit/(loss)	-14,9	-21,7	-9,9	-87,2
Net financial income/(expenses)	9,0	-23,7	0,0	-33,9
Profit/(loss) before tax	-5,9	-45,4	-9,9	-121,1
Appropriations	-0,2	1,1	0,0	0,9
Tax	0,0	0,0	0,0	0,0
Profit/(loss) for the period	-6,1	-44,3	-9,9	-120,2

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

Parent company balance sheet in summary

MSEK	2023-03-31	2022-12-31	2022-03-31
ASSETS			
Non-current asset			
Intangible assets	12,1	11,9	27,1
Plant and equipment	14,7	15,3	2,0
Non-current financial assets	191,4	187,2	30,6
Total non-current assets	218,2	214,5	59,7
Current assets			
Accounts receivables			
Other current assets	128,7	117,5	47,7
Total current receivables	128,7	117,5	47,7
Cash & cash equivalent	42,2	78,8	247,3
Total current assets	170,9	196,3	295,0
TOTAL ASSETS	389,1	410,8	354,7
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	3,6	3,6	3,6
Restricted equity for development expenses	11,9	11,9	27,1
Non-restricted equity			
Share premium reserve	538,1	538,1	538,1
Contingent consideration	41,0	41,0	0,0
Retained earnings	-335,7	-215,5	-230,6
Profit/(loss) for the period	-6,1	-120,2	-10,0
Total Equity	252,9	259,0	328,2
Current liabilities			
Current interest-bearing liabilities	68,3	68,3	0,0
Current derivative liabilities	9,6	19,9	0,0
Accounts payable	0,9	10,0	5,2
Other current liabilities	41,7	42,5	11,4
Accrued expenses and deferred income	15,7	11,2	9,9
Total current liabilities	136,3	151,9	26,5
TOTAL EQUITY AND LIABILITIES	389,1	410,8	354,7

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 this period.

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

Note 2: Estimates and assumptions

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

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

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 70%.

Note 3: Operating segment

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

Note 4: Distribution of revenue

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

	2023	2022	2022	2022
MSEK	Jan-Mar	Oct-Dec	Jan-Mar	Jan-Dec
Net revenue				
Goods	-	-	-	-
Services	1,7	1,8	5,7	11,6
Project rights	-	-	-	-
Total net revenue	1,7	1,8	5,7	11,6
Allocation per market				
Sweden	1,3	1,5	5,6	10,7
Rest of Europe	0,2	-	-	-
Asia	0,2	0,3	0,1	0,9
Allocation per point in time				
Recognised at one point in time	-	-	-	-
Recognised over time	1,7	1,8	5,7	11,6

Note 5: Capitalised development expenses

The group capitalised 2.6 (10.7) MSEK development expenses during the last quarter. The decrease is mainly due to progress in the English TwinHub project. Other external expenses amounted to 15.7 (19.9) MSEK during the first quarter and out of these 9,7 MSEK is expenses related to the different projects including the demonstrator in TwinHub.

NOTES

Note 6: Fair value of financial assets and liabilities

The carrying amount is considered to be a reasonable estimate of the fair value of all financial assets and liabilities. The items that have been measured at fair value are an unlisted shareholding and contingent considerations. All instruments are 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 March 31, 2023, includes a pending contingent consideration of 11.9 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 2023 of contingent considerations was 12.0 MSEK and the closing balance at 31st of March 2023 was 11.9 MSEK (1.0

MGBP). The change was due to a booked interest 0.3 MSEK and currency fluctuations between SEK and GBP of 0.9 MSEK. The fair value of the contingent consideration at the closing date was 11.9 MSEK. An increase or decrease in the cost of capital of +/- 2% would have resulted in conditional consideration of 11.7 MSEK and 12.0 MSEK respectively. The derivative liability of 9.6 MSEK has been measured at fair value of the option to convert the convertible into shares. The value at year end 2022 was 19.9 MSEK using Black-Scholes model. The change in value of 10.3 MSEK is stated as a financial income in the income statement and is mainly due to changed share price and changed volatility. The volatility in the model is calculated to 70%.

Note 7: Depreciations, amortisations and impairments

The group's depreciations/amortisations and impairments was 3.8 (2.8) MSEK during the first 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

	2023	2022	2022	2022
MSEK	Jan-Mar	Oct-Dec	Jan-Mar	Jan-Dec
Net revenue	1,7	1,8	5,7	11,6
Operating profit/(loss)	-54,5	-41,5	-19,4	-161,2
Profit/(loss) before tax for the period	-47,4	-46,7	-18,4	-170,3
Earnings per share basic and diluted (SEK)	-0,13	-0,13	-0,05	-0,46
Cash flow from operating activities	-11,5	-17,2	-21,8	95,1
	2023-03-31	2022-12-31	2022-03-31	2022-12-31
Equity at the end of the period	146,4	199,4	304,8	199,4
Equity/asset ratio at the end of the period (%) *	39%	44%	72%	44%
Cash at the end of the period	44,5	86,6	253,0	86,6

* Equity / total assets at the end of the period

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

Note 9: Number of shares

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

SIGNATURES

Hans von Uthmann
Chairman

Mia Batljan
Board member

Bjarne Borg
Board member

Vivianne Holm
Board member

Mats Jansson
Board member

Lars Martinsson
Board member

Marcus Thor
CEO

Stockholm 2023-05-31

FINANCIAL CALENDAR

2023-05-31	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 2023-05-31 10.30 CET.

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