

Interim report January–March 2022

Strong start of the year with value enhanced portfolio and geographical expansion



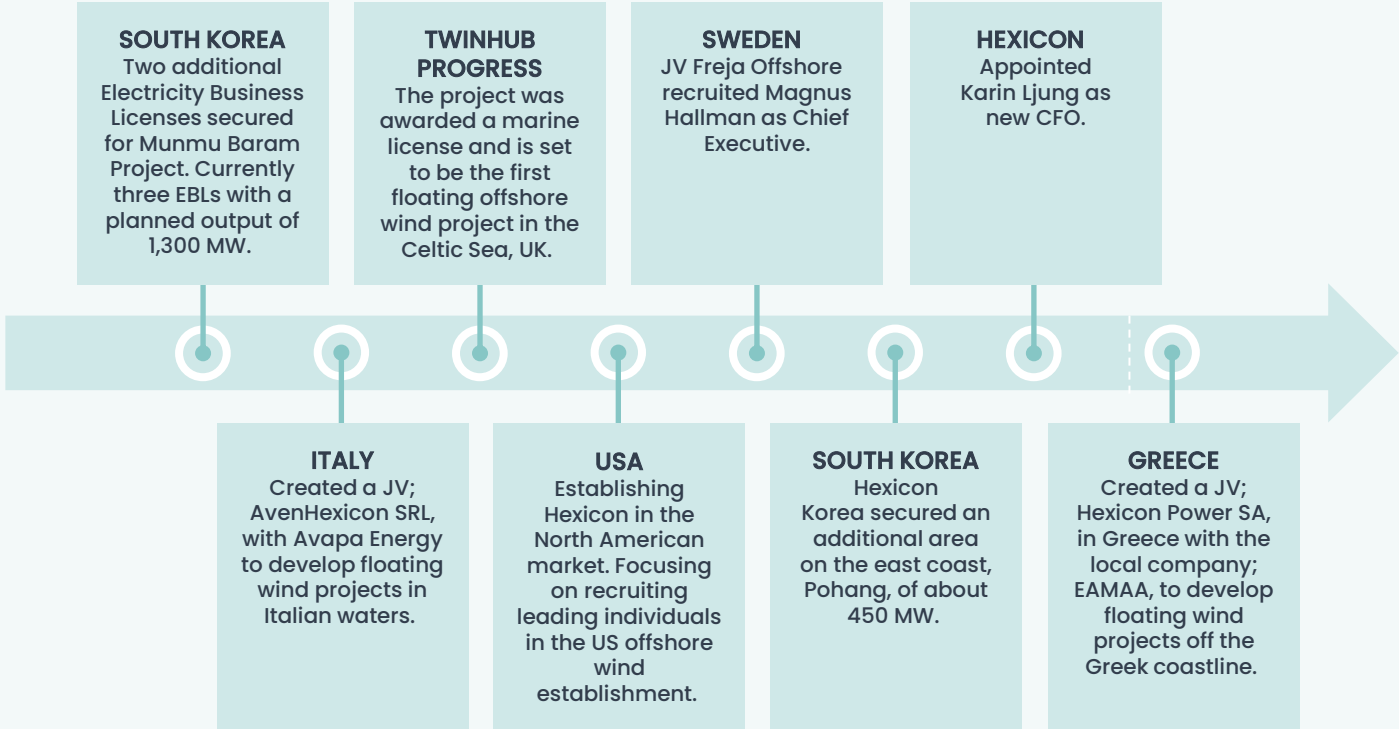


During the first quarter Hexicon successfully managed to grow its project portfolio, expand its geographical presence, and advance the company and its offering. Hexicon continues to preserve its early-mover position in key markets as the global floating wind industry matures towards commercialisation.

Financial performance

- Net revenue amounted to 5.7 (11.6) MSEK
- Operating profit/loss was -19.4 (-1.5) MSEK
- Profit/loss before tax for the period was -18.4 (-0.1) MSEK
- Earnings per share basic and diluted was -0.05 (0.00) SEK
- Cash flow from operating activities was -21.8 (-14.6) MSEK
- At the end of the period the cash at hand amounted to 253.0 (99.7) MSEK

Highlights



Increased geographical presence and a value enhanced project portfolio

As energy prices are surging, the consensus around the importance of scalable renewable energy sources like floating wind and secure energy infrastructure continues to grow. This trend provides an excellent opportunity for Hexicon, that has managed to further strengthen its position during the first quarter of 2022.

Several important milestones were reached during the first quarter. In South Korea, we secured two additional Electricity Business Licenses (EBL) for the floating offshore wind project Munmu Baram. We also secured the water rights to an additional 450 MW in the Pohang region on the east coast. In Sweden, our 50/50 JV Freja Offshore with Aker Offshore Wind progressed into the environmental impact assessment stage following a successful consultation.

The technology roadmap has been further advanced. In January, we were awarded a marine license for the installation of two TwinWind foundations in the Celtic Sea, within our TwinHub project. After being pre-qualified for the Contracts for Difference auction scheme, we are now preparing for our participation in one of the upcoming allocation rounds. Being pre-qualified provides evidence of our ability as a project developer and as we move into the bidding stage within the Contracts for Difference, the competitiveness of our technology will be put to the test. In Norway, the site-specific engineering continues full speed ahead for the TwinWay Demonstrator Project with our fabrication partner Worley. The two Vestas 3 MW turbines previously purchased are now planned to be transported to Norway this summer.

We continue to expand our geographical presence. In North America, a substantial and strategically important market, we continue to strengthen our position. During the first quarter, new key recruitments were made, bringing us extensive industry experience and local know-how. We are now better equipped to compete in

North America, as a technology provider as well as a project developer. President Biden's push for a clean energy economy is adding both pace to the renewables transition and size to the market. The development is now underway, faster than we initially projected.

In Greece, we created a new JV after the end of the quarter (April). Together with the local company EAMAA, we formed JV Hexicon Power SA. Greece and Italy, the latter being operated through our JV AvenHexicon, are strategically important markets being main recipients of the EU Green Deal and having suitable environments for floating wind. The early positioning in these South European markets, ahead of legal frameworks for offshore wind which is expected within short, is in line with our strategy as an early-stage developer.

We are well-positioned for our next step. As the demand for floating wind continues to grow, so is its rise on the political agenda. Nations continue to turn their attention to this emerging industry, adapting legislation and undertaking new initiatives. Given this development and our significant progress during the last three months, I feel that we are taking considerable steps in our company journey. Step by step, we continue to move Hexicon in the right direction.

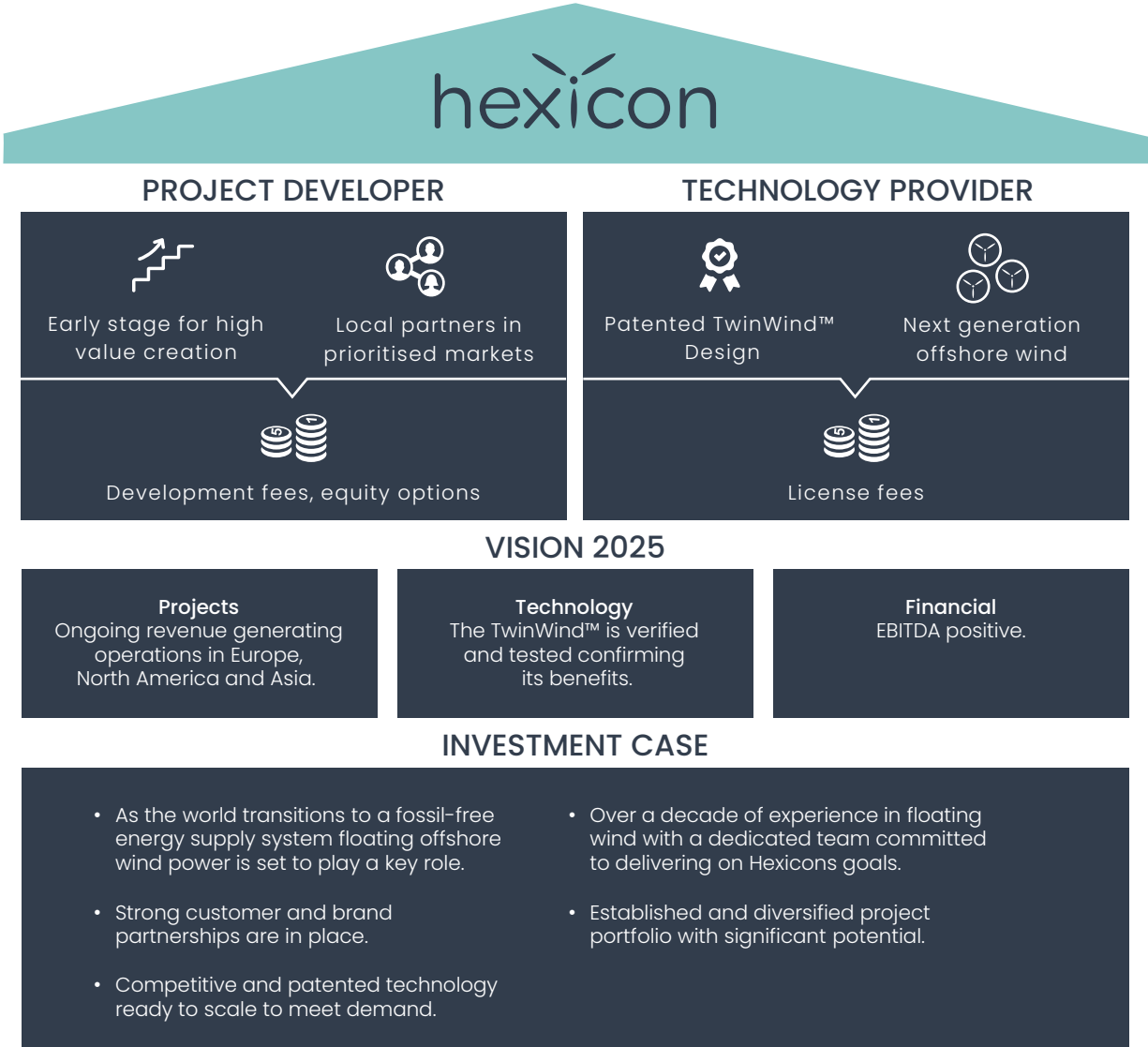


Marcus Thor
CEO

About Hexicon

The emerging renewable energy sector of floating wind is set to play a key role as the world transitions from a fossil to a renewable energy system. At Hexicon, we are set to enable that shift and support the acceleration of the floating wind industry. Floating offshore wind has enormous potential to deliver renewable energy at scale, contributing to the fight against climate change. Hexicon is

currently active in four continents with a gross project and prospect portfolio potential to supply over ten million households with clean energy from floating wind power. As a leading early-stage developer of floating offshore wind projects, we are constantly exploring new opportunities and expanding our existing market activity.



International presence

ENGLAND

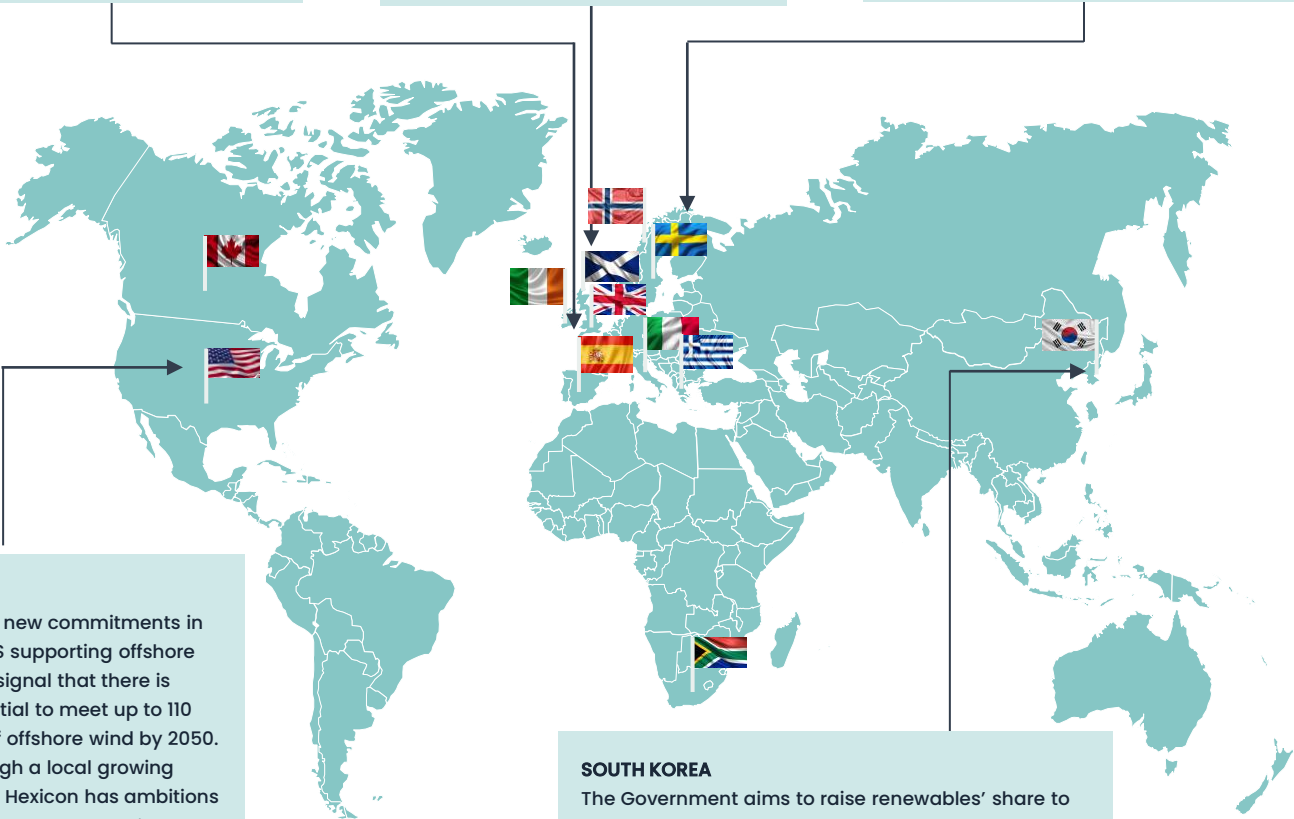
Hexicon is developing the pre-commercial project TwinHub in collaboration with global contractor Bechtel. This project will deploy multiple TwinWind platforms off the windy coast of Cornwall in the Celtic Sea, an area that is designated for several gigawatts of floating wind.

SCOTLAND

Hexicon and Copenhagen Infrastructure Partners (CIP) jointly develop a floating wind farm located 9 km from shore in Dounreay, Scotland in 90-100m water depths. The design of the 100 MW project is preparing for CfD allocation round 5. When constructed it will be the northernmost offshore wind farm in the world.

SWEDEN

Hexicon and Norwegian Aker Offshore Wind have together joined forces and created 50/50 Freja Offshore, with three projects currently in development; two in the Baltic Sea and one in Skagerrak. With Government plans to expand the electricity grid offshore and ambitious net zero commitments, Freja Offshore is positioned to leverage floating offshore wind opportunities in the Swedish market.



USA






Major new commitments in the US supporting offshore wind signal that there is potential to meet up to 110 GW of offshore wind by 2050. Through a local growing team, Hexicon has ambitions to leverage both project development know-how and technological innovation in North America, including establishing strategic partnerships, advancing local relationships in supply chain development, and championing priority research and development.






SOUTH KOREA


The Government aims to raise renewables' share to 20% by 2030 and the ambition to become carbon neutral by 2050. By 2025, it aims to install 42.7 GW of new solar and wind energy. MunmuBaram in South Korea is a JV between Shell and Hexicon Korea. In 2022 the project was granted all three Electricity Business Licenses (EBLs) to progress the development of 1,300 MW of floating wind power. The project aims to be the largest floating wind farm in the world and deliver clean and affordable energy to over a million Korean households.

Potential to supply over 10 million households with renewable energy.

Project portfolio

	PROJECTS				
	 South Korea	 Scotland	 Sweden	 England	 South Korea
Name	Munmu Baram	Pentland Floating Wind Farm	Freja Offshore	TwinHub	TBA
Location	Ulsan	Dounreay	Multiple	Cornwall	East and SW coast
Estimated gross capacity	~1,300 MW	100 MW	+3,000 MW	32 MW	2,100 MW
Hexicon's stake	10%	10%	50%	100%	20%
Site	Secured	Secured	Identified	Secured	Secured
Partner(s)	Hexicon Korea, Shell	CIP	Aker Offshore Wind	Bechtel	Hexicon Korea
Target FID/COD	2024/2026	2025/2026	2026/2028	2023/2025	TBA
FID – Final investment decision COD – Commercial operational date				Gross projects: 6,000 MW Net projects: 2,000 MW	

	PROSPECTS				
	 South Africa	 Spain / Portugal	 South Korea	 Ireland	 Italy
Name	TBA	TBA	TBA	TBA	TBA
Location	Richards Bay	Canary Islands, NW Portugal	East and SW coast	West Ireland	TBA
Estimated gross capacity	800 MW	TBA	TBA	TBA	800 MW
Hexicon's stake	50%	75%	20%	100%	50%
Site	Identified	Selection ongoing	Identified	Identified	Selection ongoing
Partner(s)	GenesisHexicon	WunderHexicon	Hexicon Korea	TBA	AvenHexicon
1 MW ≈ 1,000 households, 'rule of thumb' industry standard				Gross prospects: 4,000 MW Net prospects: 2,000 MW	

 TwinWay	Demonstration project to verify TwinWind, 6MW
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Financial performance

Net revenue and earnings

Net revenue for the quarter amounted to 5.7 (11.6) MSEK, which consisted of project development fees, see note 6. The decrease in revenue is attributed to a project divestment that was accounted for during the first quarter 2021. Project divestments, which is a significant type of revenue within Hexicon's business model, are typically material and occur irregularly.

The result for the quarter was -18.2 (-0.1) MSEK. The increase in loss is attributed to an expansion of the project portfolio, technical development and related activities, see note 4.

Cash flow, financing and investments

The group's cash flow from operating activities, before changes in working capital, amounted to -12.6 (-4.5) MSEK. Changes in working capital had an effect on the cash flow of -9.2 (-10.1) MSEK in the quarter. Cash flow

from financing activities amounted to -2.0 (10.1) MSEK. The investments amounted to 12.8 (2.9) 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 421.6 (114.0) MSEK and equity totalled 304.8 (102.0) MSEK. The equity/asset ratio was 72 (89) %.

Parent company

The parent company's net revenue during the period amounted to 7.2 (11.5) MSEK and the result for the period was -9.9 (0.6) MSEK. The cash balance per March 31 amounted to 247.3 (99.7) MSEK. The total assets at the same date amounted to 354.7 (115.5) MSEK.

Other financial information

Organisation

The group had 33 (14) 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 February 2022, Hexicon's wholly-owned subsidiary TwinWay AS was incorporated in Norway. The company is part of the formalisation of Hexicon's demonstrator project, where the company's first full-scale platform is expected to be deployed in 2023 at Metcentre in Norway.

Hexicon group

Hexicon AB is the parent company and the following subsidiaries are fully consolidated in the group accounts, Sweden: Freja Offshore AB, Dounreay Holding AB, USA: Hexicon USA LLC, UK: TwinHub Ltd, Wave Hub Ltd, Hexicon Developments UK Ltd, Highland Floating Winds Ltd, Norway: TwinWay AS, Spain: Wunder Hexicon SL. Profit shares from the following joint ventures and related companies are recognised in the group's income statement, South Korea: Hexicon Korea, CO Ltd

Sweden: Freja Offshore AB, Italy: AvenHexicon SRL, South Africa: GenesisHexicon Pty.

Risks and uncertainty factors

The development of the company's generation 2 platform is not yet tested and there is a risk that the technical development is not going fast enough or that the technique is not competitive. In addition, there are risks connected to the company's dependence on key employees and key partnerships. The company is not yet profit-making and is dependent on external financing.

Related party transactions

A member of the management team has been paid remuneration of 0.5 (1.1) MSEK during the period January-March, including expenses of 0.0 (0.0) MSEK.

Significant events after the reporting period

In April 2022, a Greek company, Hexicon Power SA, 50 % owned by Hexicon was incorporated. Hexicon will together with the local partner EAMAA establish presence in Greece where a new framework for offshore wind is expected this year.

Parent company

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

Group income statement in summary

	2022	2021	2021
MSEK	Jan-Mar	Jan-Mar	Jan-Dec
Net revenue	5.7	11.6	23.1
Other operating income	0.9	-	3.1
Capitalised development	10.7	0.3	41.9
Raw materials and consumables	-	-0.1	-0.1
Other external expenses	-19.9	-7.6	-81.4
Personnel costs	-9.5	-5.1	-27.1
Depreciation/amortisation and impairments	-2.8	-0.2	-4.1
Other operating expenses	-0.2	-0.1	-0.7
Result from share in associated companies	-4.3	-0.3	-4.5
Operating profit/(loss)	-19.4	-1.5	-49.8
Net financial income/(expenses)	1.0	1.4	-1.2
Profit/(loss) before tax	-18.4	-0.1	-51.0
Tax	0.2	-	0.1
Profit/(loss) for the period	-18.2	-0.1	-50.9
Profit/ (loss) for the period attributable to:			
Equity holder of the parent company	-17.9	-0.1	-50.8
Non-controlling interests	-0.3	-	-0.1

Group statement of comprehensive income

	2022	2021	2021
MSEK	Jan-Mar	Jan-Mar	Jan-Dec
Profit/(loss) for the period	-18.2	-0.1	-50.9
OTHER COMPREHENSIVE INCOME			
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	0.1	-0.0	-0.2
Other comprehensive income for the period	0.1	-0.0	-0.2
Total comprehensive income for the period	-18.1	-0.1	-51.1
Total comprehensive income for the period attributable to:			
Equity holder of the parent company	-17.8	-0.1	-51.0
Non-controlling interests	-0.3	-	-0.1
Earnings per share basic and diluted (SEK)	-0.05	0.00	-0.16

Group balance sheet in summary

MSEK	2022-03-31	2021-03-31	2021-12-31
ASSETS			
<i>Non-current assets</i>			
Intangible assets	95.0	10.1	84.5
Tangible assets	46.8	-	48.6
Right of use assets	12.5	0.6	-
Participations in associated companies	9.1	1.1	6.1
Non-current financial assets	1.7	0.1	0.1
Total non-current assets	165.1	11.9	139.3
<i>Current assets</i>			
Other current assets	3.5	2.4	3.3
Cash & cash equivalent	253.0	99.7	289.6
Total current assets	256.5	102.1	292.9
Total assets	421.6	114.0	432.2
EQUITY AND LIABILITIES			
Share capital	3.6	2.6	3.6
Additional paid-in capital	540.5	269.9	540.5
Reserves	-0.1	0.0	-0.2
Retained earnings including profit/(loss) for the period	-239.0	-170.5	-221.2
Equity attributable to equity holders of the parent company	305.0	102.0	322.7
Non-controlling interest	-0.2	-	0.1
Total equity	304.8	102.0	322.8
NON-CURRENT LIABILITIES			
Provisions	31.4	-	31.4
Deferred tax liabilities	4.2	-	4.4
Non-current interest-bearing liabilities	-	-	0.4
Non-current lease liabilities	9.4	-	-
Other non-current liabilities	33.2	-	30.7
Total non-current liabilities	78.2	-	66.9
CURRENT LIABILITIES			
Current interest-bearing liabilities	-	-	1.5
Accounts payable	7.2	3.0	6.9
Other current liabilities	18.9	3.6	16.1
Accrued expenses and deferred income	12.5	5.4	18.0
Total current liabilities	38.6	12.0	42.5
Total equity and liabilities	421.6	114.0	432.2

Group report on changes in equity in summary

	2022	2021	2021
MSEK	Jan-Mar	Jan-Mar	Jan-Dec
Opening balance equity attributable to equity holders of the parent company	322.8	91.9	91.9
<i>Total result for the period</i>			
Income/(loss) for the period	-17.9	-0.1	-50.8
Other comprehensive income/(loss)	0.1	-0.0	-0.2
Total comprehensive income/(loss) for the period	-17.8	-0.1	-51.0
TRANSACTIONS WITH OWNERS			
New share issue	-	-	303.8
Cost attributable to new share issue	-	-	-32.4
Exercise of warrants	-	8.1	8.1
Issue of warrants subscriptions	-	2.1	2.3
Total transactions with owners	-	10.2	281.8
Closing balance equity attributable to equity holders of the parent company	305.0	102.0	322.7
Opening balance equity attributable to non-controlling interests	0.1	-	-
Total comprehensive income/(loss) for the period	-0.3	-	-0.1
Non-controlling interest from business combinations	-	-	0.2
Closing balance equity attributable to non-controlling interests	-0.2	-	0.1

Group cash flow statement in summary

	2022	2021	2021
MSEK	Jan-Mar	Jan-Mar	Jan-Dec
OPERATING ACTIVITIES			
Operating profit/(loss)	-19.4	-1.5	-49.8
Adjustment for non-cash-items	7.1	0.6	7.2
Interest received	0.0	0.3	0.0
Interest paid	-0.3	-0.0	-0.2
Income tax paid	-	-3.9	-3.9
Cash flow from operating activities before changes in working capital	-12.6	-4.5	-46.7
Increase (-)/Decrease (+) of operating receivables	-7.4	-0.8	-7.9
Increase (+)/Decrease (-) of operating payables	-1.8	-9.3	1.7
Cash flow from operating activities	-21.8	-14.6	-52.9
INVESTMENT ACTIVITIES			
Acquisition of intangible assets	-11.0	-2.9	-39.5
Other investments	-1.8	-	-8.5
Cash flow from investment activities	-12.8	-2.9	-48.0
FINANCING ACTIVITIES			
New share issue	-	-	303.8
Cost attributable to new share issue	-	-	-32.4
Received premiums and exercised warrants	-	10.3	10.5
Borrowings	-	-	1.5
Other financing items	-2.0	-0.2	-0.3
Cash flow from financing activities	-2.0	10.1	283.1
Cash flow for the period	-36.6	-7.4	182.2
Cash at the beginning of the period	289.6	106.6	106.6
Exchange-rate difference in cash	-	0.5	0.8
Cash at the end of the period	253.0	99.7	289.6

Parent company income statement in summary

	2022	2021	2021
MSEK	Jan-Mar	Jan-Mar	Jan-Dec
Net revenue	7.2	11.5	24.1
Capitalised development	6.3	0.3	17.2
Other operating income	-	-	0.8
Raw materials and necessities	-	-0.1	-0.1
Other external expenses	-15.5	-7.5	-54.0
Personnel costs	-7.7	-5.1	-24.8
Depreciation/amortisation and impairments	-0.0	-0.0	-0.0
Other operating expenses	-0.2	-0.1	-0.7
Operating profit/(loss)	-9.9	-1.0	-37.5
Net financial income/(expenses)	0.0	1.6	10.3
Profit/(loss) before tax	-9.9	0.6	-27.2
Appropriations	-	-	-8.8
Tax	-	-	-
Profit/(loss) for the period	-9.9	0.6	-36.0

Parent company statement of comprehensive income

	2022	2021	2021
MSEK	Jan-Mar	Jan-Mar	Jan-Dec
Profit/(loss) for the period	-9.9	0.6	-36.0
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-9.9	0.6	-36.0

Parent company balance sheet in summary

MSEK	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Non-current assets			
Intangible assets	27.1	9.5	20.9
Fixed assets	2.0	-	1.9
Non-current financial assets	30.6	3.4	21.7
Total non-current assets	59.7	12.9	44.5
Current assets			
Current receivables			
Accounts receivables	-	-	-
Other current receivables	47.7	2.9	36.1
Total current receivables	47.7	2.9	36.1
Cash and cash equivalents	247.3	99.7	287.3
Total current assets	295.0	102.6	323.4
TOTAL ASSETS	354.7	115.5	367.9
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	3.6	2.6	3.6
Restricted equity for development expenses	27.1	5.1	20.9
Non-restricted equity			
Share premium reserve	538.1	267.7	538.1
Retained earnings	-230.6	-172.8	-188.3
Profit/(loss) for the period	-10.0	0.6	-36.0
Total equity	328.2	103.2	338.3
CURRENT LIABILITIES			
Accounts payables	5.2	3.0	4.5
Other current liabilities	11.4	4.5	14.4
Accrued expenses and deferred income	9.9	4.8	10.7
Total current liabilities	26.5	12.3	29.6
TOTAL EQUITY AND LIABILITIES	354.7	115.5	367.9

Notes

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. 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

The group capitalised 10.7 (0.3) MSEK development expenses during the first quarter out of which 10.7 was external expenses. The increase is mainly due to progress in the English TwinHub project and the demonstrator project (TwinWay). Other external expenses amounted to 19.9 (7.6) MSEK during the first quarter and 16.0 MSEK is explained by expenses related to the different projects including the demonstrator.

Note 5: 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. The

items that have been measured at fair value are an unlisted shareholding and contingent considerations. All instruments are categorised as Level 3 in the fair value hierarchy. For the unlisted shareholding, the cost constitutes a reasonable approximation of the fair value on the balance sheet date and current inputs provided by the managing company. The contingent considerations have been measured as the present value of the amounts that the group is expected to pay in accordance with the agreement for the acquisition of Wave Hub Ltd. The acquisition included two contingent considerations of 12.2 MSEK each, pending Wave Hub being granted support from the UK subsidy scheme Contract for Difference (CfD) and the project achieving a Final Investment Decision (FID) respectively. The two contingent considerations will not be paid if these milestones are not reached. The fair value of the two contingent considerations at the acquisition date was 22.8 MSEK, calculated using an internal interest rate of 8.9% and cost of capital of 5.4%. An increase or decrease in the cost of capital of +/- 1% to 6.4% and 4.4% would have resulted in conditional consideration of 22.5 MSEK and 23.0 MSEK respectively. The opening balance for the period of the two contingent considerations was MSEK 23.5 and the closing balance for the period was 23.8 MSEK, interest of 0.3 MSEK was booked during the quarter.

Note 6: Distribution of revenue

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

Group	2022	2021	2021
MSEK	Jan-Mar	Jan-Mar	Jan-Dec
Net revenue			
Goods	-	-	-
Services	5.7	0.2	11.7
Project rights	-	11.4	11.4
Total net revenue	5.7	11.6	23.1
Allocation per market			
Sweden	5.6	-	6.2
Rest of Europe	-	11.4	16.5
Asia	0.1	0.2	0.4
Allocation per point in time			
Recognised at one point in time	-	11.4	11.4
Recognised over time	5.7	0.2	11.7

Note 7: Group key performance indicators

MSEK	2022	2021	2021
	Jan-Mar	Jan-Mar	Jan-Dec
Net revenue	5.7	11.6	23.1
Operating profit/(loss)	-19.4	-1.5	-49.8
Profit/(loss) before tax for the period	-18.4	-0.1	-51.0
Earnings per share basic and diluted (SEK)	-0.05	0.00	-0.16
Cash flow from operating activities	-21.8	-14.6	-52.9
	2022-03-31	2021-03-31	2021-12-31
Equity at the end of the period	304.8	102.0	322.8
Equity/asset ratio at the end of the period (%) ¹⁾	72%	89%	75%
Cash at the end of the period	253.0	99.7	289.6

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

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

Note 8: Number of shares

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

Signatures

Arne Almerfors
Chairman

Bjarne Borg
Board member

Mia Batljan
Board member

Vivianne Holm
Board member

Peter M. Anker
Board member

Mats Jansson
Board member

Björn Segerblom
Board member

Marcus Thor
CEO

Stockholm 2022-05-11

Financial Calendar 2022 **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 2022-05-11 08:00 CET.

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

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