

INTERIM REPORT JANUARY – SEPTEMBER 2022

Investment intense quarter gearing
up for future returns

hexicon





SIGNIFICANT PROGRESS IN THE PROJECT PORTFOLIO

Hexicon expands its collaboration with partners and increases its market share of floating offshore wind as the global expansion continues. In the past three months, Hexicon has seen significant progress in the project portfolio. In Italy, concession applications have been filed for five sites. Two of these have been granted. In South Korea, Hexicon has increased its ownership in the MunmuBaram Project with Shell. Hexicon is pleased to report that the TwinWind™ technology has been granted patent in the USA, strengthening the position as a leader in floating wind technology. The TwinHub Project (UK) matures rapidly including Mingyang having been appointed as the preferred Wind Turbine Generator (WTG) supplier for the project.

July–September

- Net revenue amounted to 0.4 (4.4) MSEK
- Operating profit/loss was -56.2 (-11.3) MSEK
- Profit/loss before tax for the period was -61.1 (-11.3) MSEK
- Earnings per share basic and diluted was -0.33 (-0.03) SEK
- Cash flow from operating activities was -29.0 (-42.3) MSEK
- At the end of the period the cash at hand amounted to 55.3 (320.9) MSEK

January –September

- Net revenue amounted to 8.8 (17.0) MSEK
- Operating profit/loss was -119.7 (-34.8) MSEK
- Profit/loss before tax for the period was -124.1 (-33.6) MSEK
- Earnings per share basic and diluted was -0.17 (-0.11) SEK
- Cash flow from operating activities was -78.3 (-41.4) MSEK

Q3 HIGHLIGHTS

JULY

SOUTH KOREA

Hexicon Korea sold its 40% stake in 1,200 MW Yeonggwang Project, laying the foundation for future milestone payments.

UK

Won UK's first ever Contract for Difference (CfD) auction for floating offshore wind, securing 15-year revenue support from UK Government for the major stepping-stone project: TwinHub.

TECHNOLOGY ROADMAP

The win in the UK triggered a strategic and collective review of the two projects TwinHub (UK) and TwinWay (Norway) to ensure best technology verification.

ITALY

AvenHexicon applied for property rights for five new water areas off the coast of Italy.

AUG

SOUTH KOREA

Increased ownership in the MunmuBaram Project, from 10% indirect ownership to 20% direct ownership. Shell Overseas Investments B.V keeps their ownership of the remaining 80%.

SEPT

TECHNOLOGY ROADMAP

Strengthened the IP portfolio. Granted patent for TwinWind™ in the United States. Resulting in Hexicon having patents for TwinWind™ in over 20 countries.

UK

Appointed Mingyang as the preferred Wind Turbine Generator (WTG) supplier and the WTG Front End Engineering & Design (FEED) contract for the TwinHub Project.

TECHNOLOGY ROADMAP

Decision was made to accelerate all efforts towards the TwinHub Project (UK) where the syndication efforts have started for COD in 2025. The TwinWay technology demonstration project (Norway) is discontinued as the Metcentre time schedule suffered further delays.

HIGHLIGHTS AFTER Q3

ITALY

AvenHexicon obtained priority rights over two water areas in Italy, totalling 2,550 MW, to develop floating wind farms. The two offshore areas are now prioritized for development.

INTENSE QUARTER LAYING THE FOUNDATION FOR PLANNED DIVESTMENTS

Hexicon's most active quarter to date, positioning the company for revenue growth.

A period of large investments paves the way for revenue growth. Hexicon's growth plan, starting at the IPO, can be split in three phases. The first phase; investments aimed to grow the project portfolio and mature the technology. The second phase; having reached a diversified portfolio in terms of maturity, and then recycle capital through meaningful divestments. The third and last phase; to have the profitable project developments complemented by a verified TwinWind™ technology and generating license revenues.

We are now at the end of the first phase and during the third quarter, large investments were made, most importantly in the MunmuBaram and TwinHub projects, which both are essential to Hexicon, but in different ways. The MunmuBaram Project, co-owned with Shell, is the most mature large-scale project within our portfolio, with the potential to be the largest floating wind farm in the world. Secondly, the TwinHub Project is key to unlock the true potential of the TwinWind™ technology and therethrough underpin the scalability of the global business model.

Increased portfolio value: Advancements in South Korea, Italy and the UK. South Korea continues to be a region where we are highly active, two milestones were reached; our joint venture Hexicon Korea sold its 40% stake in the 1,200 MW Yeonggwang Project to an undisclosed major energy company, while we increased our ownership in the MunmuBaram Project, from 10% indirect ownership to 20% direct ownership. Turning to the European market and our project in Italy, progress was made after the end of the period as we obtained priority rights over two areas totalling 2,550 MW to develop floating wind farms. This is the first major milestone of any development which further increases our presence in the fast-moving Italian market and strengthens the project portfolio.

Progress within technology provision: TwinHub prioritisation and strengthened IP portfolio. Winning the UK's first ever CfD auction for floating offshore wind in July, was and still is a significant event for Hexicon. In the last quarter we have

continued to put much time and effort into the TwinHub Project, which is important and defines our dual business model as a project developer, and as a technology provider, proving the competitiveness of our TwinWind™ technology. The CfD auction win triggered a strategic and collective review of the two projects TwinHub (UK) and TwinWay (Norway), to ensure best technology verification. Consequently, Hexicon will discontinue the TwinWay project to focus our efforts on TwinHub which contains larger commercial turbines and a confirmed revenue support. Furthermore, we were granted patent for TwinWind™ in the United States, strengthening the IP portfolio. This means that Hexicon now has patents for TwinWind™ in over 20 countries.

The investments we are undertaking are a prerequisite to build value for the long haul. At the end of the quarter, the accumulated book value of our project portfolio is over 330 MSEK. We also have an organisation that is well equipped to enter the next phase, especially pointing out that we have a complete management team, which most recently was complemented by our Chief Projects Officer who comes from German utility EnBW.

The energy crisis is prevalent. As the northern hemisphere is entering a challenging and long winter season, the severity of the situation has become a household subject. The continued surge in energy prices as well as the Nord Stream sabotage emphasises the vulnerability in the current energy infrastructure, and the importance of accelerating the transition to fossil-free and domestic energy sources. A transition in which floating offshore wind, and Hexicon, will play an important role. Despite the macroeconomic uncertainty, we maintain great confidence and determination in our mission to accelerate the transition to renewable energy systems.

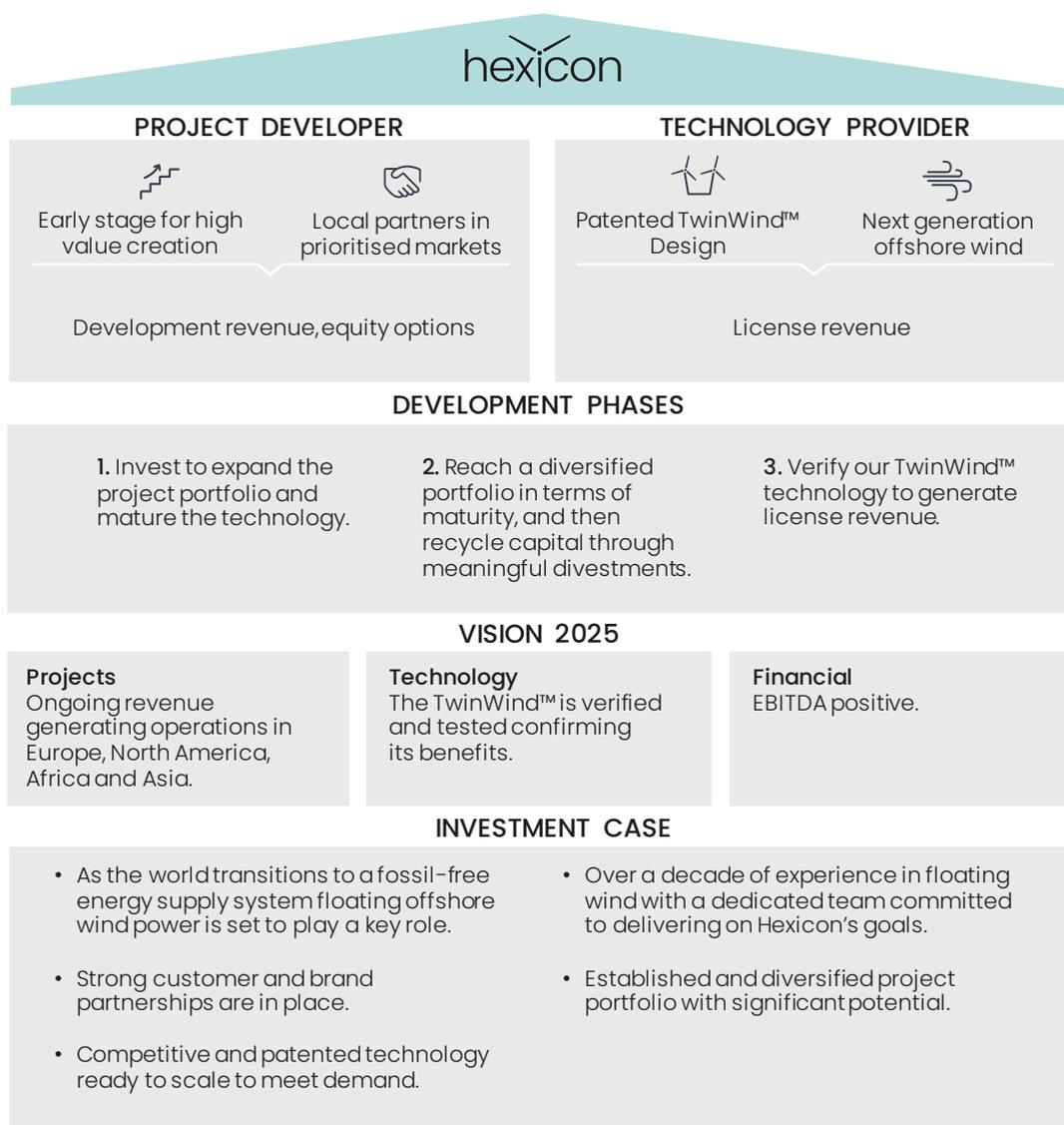
Marcus Thor
CEO



THE DUAL BUSINESS MODEL

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™. The dual business model supports the world’s transition to sustainable energy. As a project developer, Hexicon is constantly exploring new market opportunities to expand its existing market activity. Hexicon is one of the few companies in the field of floating offshore wind with more than a decade of experience. The regional teams have extensive local knowledge, ensuring to identify the best locations to deploy

floating wind. As a technology provider, Hexicon develops its twin turbine technology. By utilizing 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 only scalable alternative lies. Floating wind is an important part of the future energy mix. It can be deployed quickly and at scale, contributing to the electrification of society at large. Hexicon operates in several markets across Europe, Africa, Asia, and North America.



PROJECT PORTFOLIO

	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	~2,550 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	Bechtel	Avapa Energy
Target FID/COD	2025/2027	TBA	2024/2026	2027→/2029→	2023/2025	TBA

FID – Final investment decision
 COD – Commercial operational date

Gross projects: +7,500 MW
Net projects: +3,000 MW

	PROSPECTS			
	 South Africa	 Spain/Portugal	 Ireland	 Italy
Name	GenesisHexicon	WunderHexicon	TBA	AvenHexicon
Location	Richards Bay	Canary Islands, NW Portugal	West Ireland	Multiple
Estimated gross capacity	800 MW	TBA	2,000 MW	+3,000 MW
Hexicon's stake	50%	75%	100%	50%
Site(s)	Identified	Selection ongoing	Identified	Identified
Partner(s)	Genesis Eco-Energy	Wunder Sight Group	Killybegs Fishermen's Org.	Avapa Energy

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

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

FINANCIAL PERFORMANCE

July – September

Net revenue and earnings

The group's net revenue for the quarter amounted to 0.4 (4.4) MSEK, which consisted of project development fees, see note 4. Figures in parentheses refer to the same period in the previous year.

The result for the quarter was -61.0 (-11.2) MSEK. The increase in loss is mainly attributed to an expansion of the project portfolio, technical development and related activities, see note 5. A write-down 15.4 MSEK has been made in Twinway in Norway after a strategic decision to fully focus on Twinhub in UK which provides a better economic stability for Hexicon securing a 15-year revenue support from the UK-government.

Cash flow, financing and investments

The group's cash flow from operating activities amounted to -29.0 (-42.3) MSEK. Cash flow from financing activities amounted to -12.9 (4.2) MSEK. The investments amounted to -106.0 (-15.3) MSEK. The increase in investments are 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.

January – September

Net revenue and earnings

Net revenue for the period January to September amounted to 8.8 (17.0) 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 -123.7 (-33.5) MSEK. The increased loss is related to Hexicon's project and prospect portfolio where the group has

accelerated its activities since the comparison period. During the period January to September 2022 Hexicon has achieved milestones in the British (TwinHub), South Korean and Swedish (Freja Offshore) projects as well as entered the US, Greek, Italian and Portuguese market.

Cash flow, financing and investments

The group's cash flow from operating activities amounted to -78.3 (-41.4) MSEK. Cash flow from financing activities amounted to -15.6 (281.8) MSEK. The investments amounted to -140.3 (-26.6) 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 411.6 (446.6) MSEK and equity was 238.4 (340.4) MSEK. The equity/asset ratio was 58 (76) %.

Intangible assets per September 30, 2022, were 112.2 (64.2) MSEK. The increase is mainly due to investments in the British TwinHub project which includes intangible assets acquired as part of the purchase of Wave Hub Ltd in July 2021. The participations in associated companies per September were 154.8 (2.0) MSEK and the increase is mainly affected by the increase in our ownership in the MunmuBaram project.

Parent company

The parent company's net revenue during the third quarter amounted to 2.7 (4.5) MSEK and the result for the period was -35.6 (-8.5) MSEK. The net revenue for the period January to September amounted to 14.3 (17.1) MSEK and the result for the period was -75.9 (-25.1) MSEK. The cash balance per September 30 amounted to 51.2 (316.8) MSEK. The total assets at the same date amounted to 368.5 (366.8) MSEK.

OTHER FINANCIAL INFORMATION

Organisation

The group had 39 (26) 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. No transactions within the programme have been done at the end of the reporting period. 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 %.

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. 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 is an external consultant and has been paid remuneration of 1.8 (2.3) MSEK during the period January–September, including expenses of 0.2 (0.2) MSEK.

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

No significant events have occurred after the end of the reporting period.

For further information please contact:

Jonna Holmgren, Head of Communications
Tel: +46 70 888 05 02

Group income statement in summary

	2022	2022	2021	2022	2021	2021
MSEK	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Jan-Dec
Net revenue	0.4	2.8	4.4	8.8	17.0	23.1
Other operating income	0.8	1.6	0.0	3.3	0.0	3.1
Capitalised development (Note 5)	30.8	8.0	18.2	49.5	24.7	41.9
Raw materials and consumables	0.0	-	-	0.0	-0.1	-0.1
Other external expenses	-45.1	-27.1	-30.0	-92.1	-55.4	-81.4
Personnel costs	-12.0	-11.2	-7.5	-32.8	-19.3	-27.1
Depreciation/amortisation and impairments (Note 7)	-18.7	-10.2	-1.5	-31.7	-1.8	-4.1
Other operating expenses	-0.6	0.2	-0.3	-0.6	-0.6	-0.7
Result from share in associated companies	-11.6	-8.1	5.4	-24.1	0.7	-4.5
Operating profit/(loss)	-56.2	-44.0	-11.3	-119.7	-34.8	-49.8
Net financial income/(expenses)	-4.9	-0.5	0.0	-4.4	1.2	-1.2
Profit/(loss) before tax	-61.1	-44.5	-11.3	-124.1	-33.6	-51.0
Tax	0.1	0.1	0.1	0.4	0.1	0.1
Profit/(loss) for the period	-61.0	-44.4	-11.2	-123.7	-33.5	-50.9
Profit/(loss) for the period attributable to:						
Equity holder of the parent company	-60.5	-42.3	-10.9	-120.8	-33.2	-50.8
Non-controlling interests	-0.5	-2.1	-0.3	-2.9	-0.3	-0.1

Group statement of comprehensive income

	2022	2022	2021	2022	2021	2021
MSEK	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Jan-Dec
Profit/(loss) for the period	-61.0	-44.4	-11.2	-123.7	-33.5	-50.9
OTHER COMPREHENSIVE INCOME						
Items that are or may be reclassified to profit or loss						
Exchange differences on translation of foreign operations	-1.1	-0.7	0.0	-1.7	0.0	-0.2
Other comprehensive income for the period	-1.1	-0.7	0.0	-1.7	0.0	-0.2
Total comprehensive income for the period	-62.1	-45.1	-11.2	-125.4	-33.5	-51.1
Total comprehensive income for the period attributable to:						
Equity holder of the parent company	-61.6	-43.0	-10.9	-122.4	-33.2	-51.0
Non-controlling interests	-0.6	-2.1	-0.3	-3.0	-0.3	-0.1
Earnings per share basic and diluted (SEK)	-0.33	-0.12	-0.03	-0.17	-0.11	-0.16

Group balance sheet in summary

MSEK	2022-09-30	2022-06-30	2021-09-30	2021-12-31
ASSETS				
<i>Non-current assets</i>				
Intangible assets (Note 5)	112.2	97.2	64.2	84.5
Plant and equipment	57.6	58.8	47.1	48.6
Right of use assets	11.2	11.9	-	-
Participations in associated companies	154.8	12.1	2.0	6.1
Non-current financial assets	1.7	1.7	0.1	0.1
Total non-current assets	337.5	181.7	113.4	139.3
<i>Current assets</i>				
Other current assets	18.8	6.2	12.3	3.3
Cash & cash equivalent	55.3	203.5	320.9	289.6
Total current assets	74.0	209.7	333.2	292.9
Total assets	411.6	391.4	446.6	432.2
EQUITY AND LIABILITIES				
Share capital	3.6	3.6	3.6	3.6
Additional paid-in capital	540.5	540.5	540.5	540.5
Reserves	-1.8	-0.7	0.1	-0.2
Contingent consideration	41.0	0.0	-	-
Retained earnings including profit/(loss) for the period	-341.9	-281.4	-203.7	-221.2
Equity attributable to equity holders of the parent company	241.4	262.0	340.5	322.7
Non-controlling interest	-2.9	-2.3	-0.1	0.1
Total equity	238.4	259.7	340.4	322.8
NON-CURRENT LIABILITIES				
Provisions	32.1	31.9	42.9	31.4
Deferred tax liabilities	4.1	4.2	4.4	4.4
Non-current interest-bearing liabilities	0.0	-	0.4	0.4
Non-current lease liabilities	8.2	8.3	-	-
Other non-current liabilities	17.1	30.0	16.5	30.7
Total non-current liabilities	61.6	74.4	64.2	66.9
CURRENT LIABILITIES				
Current interest-bearing liabilities	1.2	0.1	0.2	1.5
Accounts payable	9.1	10.9	11.5	6.9
Other current liabilities	68.5	24.9	16.1	16.1
Accrued expenses and deferred income	32.7	21.4	14.2	18.0
Total current liabilities	111.6	57.3	42.0	42.5
Total equity and liabilities	411.6	391.4	446.6	432.2

Group report on changes in equity in summary

	2022	2022	2021	2022	2021	2021
MSEK	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Jan-Dec
Opening balance equity attributable to equity holders of the parent company	261.9	305.0	347.4	322.8	91.9	91.9
<i>Total result for the period</i>						
Profit/(loss) for the period	-60.5	-42.3	-10.9	-120.8	-33.2	-50.8
Other comprehensive income/(loss)	-1.1	-0.7	0.0	-1.7	-	-0.2
Total comprehensive income/(loss) for the period	-61.6	-43.0	-10.9	-122.5	-33.2	-51.0
Contingent consideration	41.0	-	-	41.0	-	-
TRANSACTIONS WITH OWNERS						
New share issue	-	-	3.8	-	303.8	303.8
Cost attributable to new share issue	-	-	0.2	-	-32.4	-32.4
Exercise of warrants	-	-	-	-	8.1	8.1
Issue of subscription warrants	-	-	-	-	2.3	2.3
Total transactions with owners	-	-	4.0	-	281.8	281.8
Closing balance equity attributable to equity holders of the parent company	241.4	262.0	340.5	241.4	340.5	322.7
Opening balance equity attributable to non-controlling interests	-2.4	-0.2	0.2	0.1	-	-
Total comprehensive income/(loss) for the period	-0.6	-2.1	-0.3	-3.0	-0.3	-0.1
Non-controlling interest from business combinations	-	-	-	-	0.2	0.2
Closing balance equity attributable to non-controlling interests	-2.9	-2.3	-0.1	-2.9	-0.1	0.1

Group cash flow statement in summary

	2022	2022	2021	2022	2021	2021
MSEK	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Jan-Dec
OPERATING ACTIVITIES						
Operating profit/(loss)	-56.2	-44.0	-11.3	-119.7	-34.8	-49.8
Adjustment for non-cash-items	30.3	18.3	-3.9	55.7	1.3	7.2
Interest received	0.0	-	-0.0	0.0	0.0	0.0
Interest paid	-0.3	-0.2	-0.0	-0.8	-0.0	-0.2
Income tax paid	-	-	-	-	-	-3.9
Sum	-26.1	-25.9	-15.2	-64.7	-33.5	-46.7
Increase (-)/Decrease (+) of operating receivables	-11.3	-14.0	-3.2	-32.7	-6.3	-7.9
Increase (+)/Decrease (-) of operating payables	8.5	12.4	-23.9	19.1	-1.6	1.7
Cash flow from operating activities	-29.0	-27.5	-42.3	-78.3	-41.4	-52.9
INVESTMENT ACTIVITIES						
Acquisition of intangible assets	-31.0	-8.4	-10.2	-50.5	-21.6	-39.5
Other investments *	-75.0	-13.1	-5.1	-89.8	-5.0	-8.5
Cash flow from investment activities	-106.0	-21.5	-15.3	-140.3	-26.6	-48.0
FINANCING ACTIVITIES						
New share issue	-	-	3.8	-	303.8	303.8
Cost attributable to new share issue	-	-	0.2	-	-32.4	-32.4
Received premiums and exercised warrants	-	-	-	-	10.5	10.5
Borrowings	-	-	0.2	-	0.2	1.5
Other financing items	-12.9	-0.6	-	-15.6	-0.3	-0.3
Cash flow from financing activities	-12.9	-0.6	4.2	-15.6	281.8	283.1
Cash flow for the period	-147.9	-49.6	-53.4	-234.1	213.8	182.2
Cash at the beginning of the period	203.5	253.0	374.2	289.6	106.6	106.6
Exchange-rate difference in cash	-0.4	0.1	0.1	-0.2	0.5	0.8
Cash at the end of the period	55.3	203.5	320.9	55.3	320.9	289.6

* Mainly consisting of investments in associated companies.

Parent company income statement in summary

	2022	2022	2021	2022	2021	2021
MSEK	Q3	Q2	Q3	Jan-Sep	Jan-Sep	Jan-Dec
Net revenue	2.7	4.3	4.5	14.3	17.1	24.1
Capitalised development	0.1	-0.0	4.0	6.4	10.5	17.2
Other operating income	0.0	0.6	0.0	0.0	0.0	0.8
Raw materials and necessities	0.0	-	-	0.0	-0.1	-0.1
Other external expenses	-10.6	-20.7	-11.7	-46.2	-36.7	-54.0
Personnel costs	-7.8	-8.3	-5.2	-23.9	-17.0	-24.8
Depreciation/amortisation and impairments	-15.4	-0.0	-	-15.5	-0.0	-0.0
Other operating expenses	-0.6	0.2	-0.3	-0.6	-0.6	-0.7
Operating profit/(loss)	-31.6	-23.9	-8.7	-65.5	-26.8	-37.5
Net financial income/(expenses)	-3.8	-6.4	0.2	-10.2	1.7	10.3
Profit/(loss) before tax	-35.4	-30.3	-8.5	-75.7	-25.1	-27.2
Appropriations	-0.2	-	-	-0.2	-	-8.8
Tax	0.0	-	-	0.0	-	-
Profit/(loss) for the period	-35.6	-30.3	-8.5	-75.9	-25.1	-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	2022-09-30	2022-06-30	2021-09-30	2021-12-31
ASSETS				
Non-current assets				
Intangible assets	11.9	27.1	16.0	20.9
Plant and equipment	15.8	15.0	-	1.9
Non-current financial assets	187.1	41.8	3.8	21.7
Total non-current assets	214.7	83.9	19.8	44.5
Current assets				
Current receivables				
Other current receivables	102.6	53.6	30.2	36.1
Total current receivables	102.6	53.6	30.2	36.1
Cash and cash equivalents	51.2	199.1	316.8	287.3
Total current assets	153.8	252.7	347.0	323.4
TOTAL ASSETS	368.5	336.6	366.8	367.9
EQUITY AND LIABILITIES				
Restricted equity				
Share capital	3.6	3.6	3.6	3.6
Restricted equity for development expenses	11.9	27.1	5.4	20.9
Non-restricted equity				
Share premium reserve	538.1	538.1	538.1	538.1
Contingent consideration	41.0	0.0	-	-
Retained earnings	-215.4	-230.6	-172.8	-188.3
Profit/(loss) for the period	-75.9	-40.3	-25.1	-36.0
Total equity	303.3	297.9	349.2	338.3
CURRENT LIABILITIES				
Accounts payables	4.1	6.7	5	4.5
Other current liabilities	53.7	17.6	4.7	14.4
Accrued expenses and deferred income	7.5	14.4	7.9	10.7
Total current liabilities	65.3	38.7	17.6	29.6
TOTAL EQUITY AND LIABILITIES	368.5	336.6	366.8	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 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.. The calculation of fair value 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.

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.

Group	2022	2021	2022	2021	2021
MSEK	Q3	Q3	Jan-Sep	Jan-Sep	Jan-Dec
Net revenue					
Goods	-	-	-	-	-
Services	0.4	4.4	8.8	5.6	11.7
Project rights	-	-	-	11.4	11.4
Total net revenue	0.4	4.4	8.8	17.0	23.1
Allocation per market					
Sweden	0.2	-	8.2	-	6.2
Rest of Europe	-	4.3	-	16.7	16.5
Asia	0.2	0.1	0.6	0.3	0.4
Allocation per point in time					
Recognised at one point in time	-	-	-	11.4	11.4
Recognised over time	0.4	4.4	8.8	5.6	11.7

Note 5: Capitalised development expenses

The group capitalised 30.8 (18.2) MSEK development expenses during the third quarter out of which 30.8 was external expenses. The increase is mainly due to progress in the English TwinHub project. Other external expenses amounted to 45.1 (30.0) MSEK during the third quarter and 35 MSEK is explained by 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 September 30 2022, includes a pending contingent consideration of 12.2 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 in September 2022 was 12.3 (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 0.7 MSEK and currency fluctuations between SEK and GBP of 0.5 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 12.3 MSEK, calculated using an internal interest rate of 8.9% and cost of capital of 6.1%. An increase or decrease in the cost of capital of +/- 2% to 7.4% and 3.4% would have resulted in conditional consideration of 12.2 MSEK and 12.4 MSEK respectively.

Note 7: Depreciations, amortisations and impairments

The group's depreciations/amortisations and impairments was 18.7 (1.5) MSEK during the third quarter. The group management assesses on an ongoing basis indications of impairments and in that case conducts an impairment test. During the third quarter, a write-down of 15.4 MSEK related to the Twinway-project has been made.

Note 8: Group key performance indicators

	2022	2021	2022	2021	2021
	Q3	Q3	Jan-Sep	Jan-Sep	Jan-Dec
MSEK					
Net revenue	0.4	4.4	8.8	17.0	23.1
Operating profit/(loss)	-56.2	-11.3	-119.7	-34.8	-49.8
Profit/(loss) before tax for the period	-61.1	-11.3	-124.1	-33.6	-51.0
Earnings per share basic and diluted (SEK)	-0.33	-0.03	-0.17	-0.11	-0.16
Cash flow from operating activities	-29.0	-42.3	-78.3	-41.4	-52.9
			2022-09-30	2021-09-30	2021-12-31
Equity at the end of the period			238.4	340.4	322.8
Equity/asset ratio at the end of the period (%) ¹⁾			58%	76%	75%
Cash at the end of the period			55.3	320.9	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 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 2022-11-09

FINANCIAL CALENDAR

2023-02-23	Q4 2022 report
2023-04-06	2022 Annual report
2023-04-27	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 2022-11-09 08:00 CET.

The report has been reviewed by Hexicon's auditors.

Hexicon AB (publ.), Östra Järnvägsgatan 27, 111 20, Stockholm, Sweden, www.hexicongroup.com



Review report

To the Board of Directors of Hexicon AB (publ)

Corp. id. 556795-9894

Introduction

We have reviewed the condensed interim financial information (interim report) of Hexicon AB (publ) as of 30 September 2022 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Emphasis of matter

We draw attention to the information on page 8, under the heading Risks and uncertainty factors, that further funding will be required in the foreseeable future, and that 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. Our conclusion is not modified in respect of this matter.

Stockholm 9 November 2022

KPMG AB

Fredrik Wollmann

Authorized Public Accountant