Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	915 123 899
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	AGILITY FUEL SOLUTIONS NORWAY AS
Forretningsadresse:	Bygning 59 Raufoss Industripark 2830 RAUFOSS

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Stig Vildåsen
Dato for fastsettelse av årsregnskapet:	07.07.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 31.07.2024

Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	321 381 000	307 693 000
Annen driftsinntekt	2		144 000
Sum inntekter		**321 381 000**	**307 837 000**
Kostnader			
Varekostnad		251 938 000	236 315 000
Lønnskostnad	3,4	21 812 000	22 865 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	624 000	595 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	3,7,8,9,18	20 181 000	17 063 000
Sum kostnader		**294 555 000**	**276 838 000**
Driftsresultat		**26 826 000**	**30 999 000**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	10	421 000	13 000
Annen finansinntekt	10	7 515 000	5 847 000
Sum finansinntekter		**7 936 000**	**5 860 000**
Rentekostnad til foretak i samme konsern		182 000	55 000
Annen rentekostnad		691 000	48 000
Annen finanskostnad		16 978 000	9 727 000
Sum finanskostnader		**17 851 000**	**9 830 000**
Netto finans		**-9 915 000**	**-3 970 000**
Ordinært resultat før skattekostnad		**16 911 000**	**27 029 000**
Skattekostnad på ordinært resultat	11	3 724 000	2 875 000
Ordinært resultat etter skattekostnad		**13 187 000**	**24 154 000**
Årsresultat		**13 187 000**	**24 154 000**
Overføringer og disponeringer			
Udekket tap	12	13 187 000	24 135 000

Resultatregnskap

Beløp i: NOK	Note	2022	2021
Sum overføringer og disponeringer		**13 187 000**	**24 135 000**

Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	5	148 000	506 000
Utsatt skattefordel	11	2 519 000	2 808 000
Sum immaterielle eiendeler		**2 667 000**	**3 314 000**
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	11,13	611 000	159 000
Maskiner og anlegg	11,13	224 000	71 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	11,13	1 323 000	640 000
Sum varige driftsmidler		**2 158 000**	**870 000**
Finansielle anleggsmidler			
Investering i datterselskap	6,13	0	0
Sum finansielle anleggsmidler		**0**	**0**
Sum anleggsmidler		**4 825 000**	**4 184 000**
Omløpsmidler			
Varer			
Varer	15	75 228 000	122 971 000
Sum varer		**75 228 000**	**122 971 000**
Fordringer			
Kundefordringer	6	57 175 000	48 836 000
Andre fordringer	6	2 040 000	1 031 000
Sum fordringer		**59 215 000**	**49 867 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	16	25 049 000	15 711 000
Sum bankinnskudd, kontanter og lignende		**25 049 000**	**15 711 000**
Sum omløpsmidler		**159 492 000**	**188 549 000**

Balanse

Beløp i: NOK	Note	2022	2021
SUM EIENDELER		**164 317 000**	**192 733 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	14,12	3 500 000	3 500 000
Overkurs	12	26 330 000	26 330 000
Annen innskutt egenkapital	12	9 081 000	9 081 000
Sum innskutt egenkapital		**38 911 000**	**38 911 000**
Opptjent egenkapital			
Annen egenkapital		31 340 000	18 152 000
Sum opptjent egenkapital		**31 340 000**	**18 152 000**
Sum egenkapital		**70 251 000**	**57 063 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	4	83 000	125 000
Sum avsetninger for forpliktelser		**83 000**	**125 000**
Annen langsiktig gjeld			
Sum langsiktig gjeld		**83 000**	**125 000**
Kortsiktig gjeld			
Leverandørgjeld	6	67 665 000	106 765 000
Betalbar skatt	11	3 435 000	5 639 000
Skyldige offentlige avgifter		1 403 000	1 274 000
Kortsiktig konserngjeld		10 962 000	10 415 000
Annen kortsiktig gjeld		10 519 000	11 452 000
Sum kortsiktig gjeld		**93 984 000**	**135 545 000**
Sum gjeld		**94 067 000**	**135 670 000**
SUM EGENKAPITAL OG GJELD		**164 318 000**	**192 733 000**

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	18.05.2017	29.05.2017
Telefon	Deres referanse	Vår referanse
90076012	Wegar Løkken	2017/125094

AGILITY FUEL SOLUTIONS NORWAY AS
Postboks 74
2831 RAUFOSS

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Agility Fuel Solutions Norway AS, org. nr. 915 123 899

Vi viser til deres brev av 18. mai 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Agility Fuel Solutions Norway AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Agility Fuel Solutions Norway AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Fra søknaden gjengis:

- *Selskapets eier er amerikansk, og det er bare en eier av selskapet*
- *Av selskapets fire styremedlemmer er to amerikanske*
- *Selskapet er et AS med en avgrenset samfunnsmessige betydning i lokalmiljøet eller i Norge*
- *Selskapets kunder er internasjonale bedrifter. Selskapet selger ingenting til det norske markedet*
- *Selskapet driver i en svært internasjonal bransje der all kommunikasjon skjer på engelsk*
- *Det er få lokale/norske brukere av selskapets regnskaper*

En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er heleid av et utenlandsk selskap, og at to av styremedlemmene er utenlandske. Eierkretsen er begrenset. Selskapet opererer i en internasjonal bransje. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk, og det anses at ingen øvrige brukere av regnskapsinformasjon blir negativt berørt av at årsregnskapet og årsberetningen utarbeides på engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

Annual Report 2022 - Agility Fuel Solutions Norway AS

Nature of the business and locations

Agility Fuel Solutions Norway AS compiles and sells fuel systems for gas-powered buses and large vehicles based on composite cylinders from the sister company Agility Cylinders, LLC (Lincoln, Nebraska, USA). The company was established in 2015 after the business was demerged out of Hexagon Raufoss AS. From October 2016 the company has been a wholly owned subsidiary of Agility Fuel Solutions, LLC (Costa Mesa, California, USA).

Assembling of the systems takes place at Raufoss in Norway and this is where the company operates.

Most deliveries from the company go abroad, mainly to Europe. The market for buses powered by Compressed Natural Gas (CNG) has been stable during 2022 compared to previous years. This trend is likely to continue due to increased focus on environmentally friendly solutions.

The company has still a challenging business based on purchase prices in US dollar and sales prices in euro. The business is trending towards more EURO based cost, due to associated cylinder production in Kassel Germany. This is expected to lower the currency challenge for the company in 2023.

The restructuring in 2016 where the company was separated from Hexagon Raufoss AS and thereafter became a part of the focused group of Agility Fuel Solutions, has been beneficial to the business and its management.

Going concern

In accordance with section 3-3a of the Norwegian Accounting Act, it is confirmed that the assumptions of continued operation are present. The assumption is based on profit forecasts for 2023 and the company's and the group's long-term strategic forecasts for the years to come. The company and the group are in a healthy financial position and condition.

Future development

Market developments in 2023 look promising. Stabile demand for the company's products is expected, and we see opportunities in new markets.

The business is characterized by increased competition both from other players and from competing technologies. We believe that the company and the group are well positioned to hold a leading position in the industry.

The rather weak position of the Norwegian krone continues to bring high prices from suppliers outside Norway. The company still expects to have close to 100% export sales.

Statement of the financial accounts

The company's turnover was NOK 321.4 million in 2022 (307.8). Last year's figures are in parenthesis. The net profit for the year 2021 was NOK 13.1 million (24.1). Stabile volume but dis favorable exchange rates caused a reduced margin vs. last year.

In 2022, NOK 0.2 million (0.2) has been spent on research, development and improvement of new and existing products and processes. Expenses are expensed on an ongoing basis, as the requirements for capitalization are not considered to be satisfactory. The development has a long-term perspective and results in the product portfolio in the short and long term.

Total cash flow from operations in the company was NOK 10.9 million (6.3).

The company's liquidity portfolio was NOK 25.1 million at 31.12.2022 (15.7). The company and the group's ability to self-finance investments are good.

The company's current liabilities per. 31.12.2022 was 88.3 % of total debt in the company (92.2%). The company is funded by the parent company and the financing is therefore satisfactory. The company's financial position is good, and the company can by year end repay short-term external debt using the most liquid funds.

Total capital at the end of the year was NOK 164.3 million (192.7). Equity ratio per. 31.12.2022 was 42.8% (29.6%).

Financial risk

Overall goals and strategy

Agility Fuel Solutions Norway AS is exposed to financial risk in various areas, especially currency risk. The goal is to reduce the financial risk as much as possible. The company participates in the Group's policy for dealing with financial risk which may also include use of financial instruments. In 2022, the risk is handled under the Group's overall assessment of risk exposure.

Market risk

Agility Fuel Solutions Norway AS is exposed to changes in exchange rates, especially dollars and euros, as a significant part of the company's costs and revenues are in foreign currency. About 75% of the company's purchases come from vendors billing in dollars. For next year the business will trend towards more EURO based cost and the currency flow will be more balanced. The company has not entered into future contracts or other agreements to reduce the company's currency risk and thus the operating-related market risk.

The company is also exposed to changes in interest rates, as the company's debt has floating interest rates. Furthermore, changes in interest rates may affect investment opportunities in future periods.

Credit risk

The risk of loss on receivables is considered to be acceptable. The company has hitherto not suffered material losses on receivables. Gross credit exposure at the balance sheet date amounts to a total of NOK 53.7 million (45.7), excluding receivables from group companies.

Credit insurance and other ways are used to secure credit, but no settlement agreements have been entered into.

Liquidity risk

The company considers the company's liquidity to be good and we focus heavily on investment level, inventories and overdue receivables.

Working environment and staff

Absence due to sickness in the company amounted to 7,5% (9%) of total working hours. The company sees results of initiated measures to reduce sickness absence and will continue to work on reducing the number of sick days.

During the year, there have not been any accident with personal injury with days of absence.

The working environment is considered to be good and continuous improvement measures are being implemented.

The company does not have its own working environment committee but solves several issues on a continuous basis.

The cooperation with the employee organizations has been constructive and contributed positively to the operation.

Equality

The company and the group aim to be a workplace where there is equality between women and men. In its policy, the company has introduced measures to ensure that there is no discrimination based on gender in matters such as salary, advancement, and recruitment. The company has traditionally recruited from environments where men are overrepresented but are conscious of changing this by recruiting.

Of the company's 24 employees, 5 is female. The chairman of the board is a man and there are no women in senior positions. Over time, the company wishes the proportion of women in senior positions to increase.

From time-to-time environmental investigations are being conducted which seek to identify differences between the sexes in terms of salary, advancement and participation in internal offers for further education.

Working time schemes in the company follow the various positions and are independent of gender. There are no inequalities due to gender, nor in the use of overtime.

The company plans to continue the measures taken regarding gender equality described above.

Discrimination

The purpose of the Discrimination Act is to promote equality, equal opportunities, and rights and to prevent discrimination on grounds of ethnicity, national origin, descent, color, language, religion and philosophy of life. The group works deliberately to promote the purpose of the law within our business. Activities include recruitment, pay and working conditions, promotion, development opportunities and protection against harassment.

The group's goal is to be a workplace where there is no discrimination due to disability. The group works in a targeted way to design and organize the physical conditions so that the various functions of the company can be used as widely as possible. For workers or job seekers with disabilities we could make individual arrangements for workplace and work tasks.

The Act relating to enterprises´ transparency and work on fundamental human rights and decent working conditions (Transparency Act) is reported through the Sustainability report for Hexagon Composites ASA. (www.hexagongroup.com). The report for 2022 is released 1st half 2023.

Environmental reporting

Emissions from production facilities, including substances that may cause environmental damage, are within the requirements of the authorities. The company's business is not regulated by licenses or orders. The environmental work concentrates mainly on the establishment of systems for measuring dust and noise related to the business.

Corporate Governance

The Board of directors and management personnel of Hexagon Composites ASA is covered by the Company's Directors & Officers liability insurance. The insurance covers personal legal liabilities including defense and legal costs of the directors and officers of the parent company and all controlled subsidiaries globally. In addition, cover is also extended to personnel that serve at the request or direction of the Company who may be sitting on the boards of jointly or non-controlled entities.

Annual results and disposals

The Board proposes the following disposal of the net profit of the year in Agility Fuel Solutions Norway AS:

	Amount (NOK 1,000)
To other equity	13 187
Sum allocated	**13 187**

Raufoss, 31 December 2022 / 28 June 2023

Eric Bippus
Chairman

Sindre Rotevatn
Board member

Wegar Løkken
CEO

Agility Fuel Solutions Norway AS Org. Nr. 915 123 899

Annual Report 2022

The Board of Directors' report

Financial statements

- Profit and Loss
- Balance
- Cashflow
- Notes

Auditor's report

Agility Fuel Solutions Norway AS

PROFIT AND LOSS 1.1. - 31.12.
(NOK 1000)

	Note	2022	2021
Operating Income			
Sales revenue	2	321 381	307 693
Other operating income	2	0	144
Total operating income		**321 381**	**307 837**
Operating expenses			
Cost of materials		251 938	236 315
Payroll and social security expenses	3,4	21 812	22 865
Depreciations and impairment	5	624	595
Other operating expenses	3,7,8,9,18	20 181	17 063
Total operating expenses		**294 555**	**276 838**
Operating profit/loss		**26 826**	**30 999**
Finance income and finance costs			
Finance income	10	7 936	5 860
Finance expense	10	17 851	9 830
Net finance items		**-9 915**	**-3 970**
Profit before tax		**16 912**	**27 029**
Tax expense	11	3 724	2 875
Profit/Loss for the year		**13 187**	**24 154**
Allocation of net income			
Retained earnings	12	13 187	24 154
Net allocated		**13 187**	**24 154**

Agility Fuel Solutions Norway AS

Balance per 31 December
(NOK 1000)

ASSETS

	Note	2022	2021
Non-current assets			
Intangible assets			
IT investments	5	148	506
Deferred tax assets	11	2 519	2 808
Total intangible assets		2 667	3 314
Property, plant and equipment			
Land and buildings	11,13	611	159
Plant and equipment	11,13	224	71
Fixtures and fittings, vehicles	11,13	1 323	640
Sum property, plant and equipment		2 158	870
Financial assets			
Other non-current assets	6	0	0
Total Financial assets		0	0
Total Non-current assets		**4 824**	**4 184**
Current assets			
Inventory	15	75 228	122 971
Receivables			
Trade receivables	6	57 175	48 836
Other receivables	6	2 040	1 031
Total receivables		59 215	49 867
Bank deposits, cash and cash equivalents	16	25 049	15 711
Total current assets		**159 493**	**188 548**
Total assets		**164 317**	**192 732**

Agility Fuel Solutions Norway AS

Balance per 31 December
(NOK 1000)

EQUITY AND LIABILITIES

EQUITY	Note	2022	2021
Paid-in capital			
Share capital	14,12	3 500	3 500
Share premium	12	26 330	26 330
Other paid in capital	12	9 081	9 081
Total paid-in capital		38 911	38 911
Other equity			
Other equity	12	31 340	18 152
Total other equity		31 340	18 152
Total equity		**70 251**	**57 062**
LIABILITIES			
Non-current liabilities			
Pension liabilities	4	83	125
Loans from group companies	6	10 962	10 415
Total non-current liabilities		11 044	10 540
Current liabilities			
Trade payables	6	67 665	106 765
Income tax payable	11	3 435	5 639
Public duties payable		1 403	1 274
Accrued expenses and other current payables	6	10 519	11 452
Total current liabilites		83 022	125 131
Total liabilities		**94 066**	**135 670**
Total equity and liabilities		**164 317**	**192 733**

31. December 2022
Raufoss, 28 June 2023

Eric Bippus
Chairman of the board

Wegar Løkken
Chief Executive Officer

Sindre Rotevatn
Board member

Agility Fuel Solutions Norway AS

CASH FLOW STATEMENT

(NOK 1000)

	Note	2022	2021
Cash flow from operating activities			
Profit before tax		16 912	27 029
Tax paid for the period	5	-5 639	-3 290
Gain/losses on sale of property, plant and equipment			-144
Depreciations/amortisation	6	624	595
Write down on net investment in subsiduary		0	0
Changes in inventories, trade receivables and payables	11, 9	304	-7 584
Change in pension liabilities	15	-42	39
Changes in other accrual accounting entries		-1 265	-10 361
Net cash from operation activities		**10 894**	**6 283**
Cash flow from investment activities			
Purchase of property, plant and equipment	6	-1 555	-529
Sale of property, plant and equipment			191
Acquisition of remaing shares in Brazil		0	0
Net cash flow from investment activities		**-1 555**	**-338**
Cash flow from financing activities			
New non-current liabilities	9	0	0
Payment of loan to group company	9	0	0
Payment of debt to group company	9	0	0
Net cash flow from financing activities		**0**	**0**
Net change in cash and cash equivalents		9 339	5 945
Cash and cash equivalents at beginning of period		15 711	9 766
Cash and cash equivalents at end of period		**25 050**	**15 711**

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Note 1 Accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Use of estimates
The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway

Foreign currency
Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Sales revenue
Revenues from the sale of goods are recognised in the income statement once delivery has taken place.

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Tax
The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward.. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized.
Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Classification and valuation of balance sheet items
Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.
Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.
Fixed assets are valued at cost, less depreciation and impairment losses, Long term liabilities are recognized at nominal value.

Research and development costs
Development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalized development costs is amortized linearly over its useful life. Research costs are expensed as incurred.

Property, plant and equipment
Property, plant and equipment is capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted are used.

Inventories
Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

Receivables
Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Subsidiaries
Subsidiaries and investments in associates are valued at cost in company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Pension expenses
Defined benefit plans are valued at the present value of accrued future pension benefits at the balance sheet date. Pension plan assets are valued at their fair value.
Changes in the pension obligations due to changes in pension plans are recognised over the estimated average remaining service period. Actuarial gains or losses, including changes in value, both for assets and liabilities, are recognised directly in equity. Actuarial gain and losses are not reclassified over profit and loss. The net pension cost for the period is classified as salaries and personnel costs.

Cash flow statement
The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments.

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Note 2 Sales revenues
Amounts in NOK 1000

	2022	2021
By business area		
Compressed natural gas (CNG)	321 381	306 541
Hydrogen tank systems	0	1 152
Other	0	144
Total	321 381	307 837

Geographical distribution		
Norway	2 078	706
Sweden	384	36 813
Europe	315 219	268 679
Asia	27	0
Africa	922	1 191
South America	2 017	0
United States of America	734	448
Total	321 381	307 837

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Note 3 Payroll and social expenses, number of employees, loans to employees and auditor's fee
Amounts in NOK 1000

Salary and personnel costs	2022	2021
Salaries	16 958	18 742
Pension costs	1 686	1 637
Payroll tax	2 314	1 964
Other	854	522
Total	21 812	22 865
Average full-time employees	24	24

Management compensation

	Managing director	The Board of directors
Salary	1 422	0
Pension contribution	120	0
Other compensation	0	0
Sum	1 542	0

In the period of notice, the Chief Executive officer has an agreement of salary for four months.
Senior executives have no share-based payments.
There have not been issued options to senior executives in the period.
The Chief Executive Officer has a bonus agreement added to his salary, based on perfomance .
This is settled by the Agility Group located in the US.
The Chief Executive Officer has a small shareholding in parent company Hexagon Composites ASA.
There are no loans or guaranties to the Chief Executive Officer, Chairman of the board or other related parties.

Auditor
Specification of auditor's fee:

	2022	2021
Statutory audit fee	383	481
Other services	49	103
Total fee to auditor	432	584

VAT is not included in the fee specified above.

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Note 4 Pensions
Amounts in NOK 1000

The Company is legally obliged to have occupational pension arrangements under the Norwegian Mandatory Occupational Pension Act. The Company's pension arrangements satisfy the requirements of this Act.

The company's pension arrangements cover 2 people in total - 0 employed and 2 retired. Pension arrangements are dealt with according to the Norwegian Accounting Standard NRS 6A for pension costs.

The defined benefit pension plans give an entitlement to defined future returns on plan assets. These largely depend on years of service, salary level on retirement and the amount of national insurance contributions. The company's benefit obligation is covered by an insurance plan.

The contribution rates is 7% for salaries in the range of up to 7,1 times the national insurance base rate (G) and 15% for salaries in the range 7,1 to 12 G. Contributions for the year were expensed at NOK 1.387.426 thousand, excluding employer's contributions.

The company's pension arrangements includes also an early retirement pension (AFP), that provides a lifelong supplement to ordinary pension. Contribution for the year were expensed at NOK 298.127 thousand.

NET PENSION EXPENSES FOR THE YEAR:	**2022**	**2021**
Service cost (Income)	40	31
Net interest cost (income)	2	1
Adminstration cost	0	0
Change in pension plans /plan amendment	0	0
Total	**42**	**32**

Reconciliation of net amount recognised in Balance Sheet, incl payroll tax	**2022**	**2021**
Net pension liability (assets) at beginning of the year	-125	86
Net periodic pencion cost (income)	-42	32
Employer's contributions on net pension liabilities	82	-97
Remeasurements loss (gain)	2	104
Net pension liabilities/(plan assets) recognised in balance sheet 31.12	**-83**	**125**
Plan assets	**0**	**0**

Accumulated actuarial gains/losses are recognised directly in equity (net after tax).

FINANCIAL ASSUMPTIONS		
Discount rate	3,00 %	1,90 %
Expected salary adjustment	3,50 %	2,75 %
Expected pension adjustment	3,25 %	2,50 %
Adjustment of national insurance base rate	3,25 %	2,50 %
Expected return on plan assets	3,00 %	1,90 %
Mortality table	K2013 BE	K2013 BE

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Note 5 Property, plant & equipment

Amounts in NOK 1000

	Intangible IT investments	Land, building and other property	Plant and equipment	Fixtures & fittings, vehicles	Assets under construction	Total
Acquisition cost at 01.01.2022	1 613	525	168	910	0	3 216
Additions		523	180	575	277	1 555
Disposals					0	0
Acquisition cost 31.12.2022	1 613	1 048	348	1 485	277	4 771
Accumulated depreciation 31.12.2022	-1 465	-437	-124	-439		-2 465
Reversed impairment loss 31.12.2022						
Net carrying value at 31.12.2022	148	611	224	1 046	277	2 306
Depreciation for the year	-357	-72	-27	-168	0	-624
Useful life	5 years	3 - 10 years	3 - 10 years	3 - 10 years		

Linear depreciation is used for all fixed and intangible assets.

Note 6 Intercompany balances with group companies and associates
Amounts in NOK 1000

Receivables	**2022**	**2021**
Loan to Agility Fuel Solutions Brazil Ltda (long term)	0	0
Trade receivables	999	693
Group contribution receivable	0	0
Other receivables	2 429	2 429
Total	3 428	3 122
Receivables maturing > 1 year	0	0

Payables	**2022**	**2021**
Agility Cylinders LLC	44 308	97 136
Accounts Payable - Kelowna	-	260
Agility Fuel Systems Corporate	515	546
AFS MFG LLC	1 631	20
Hexagon Ragasco AS	331	275
Agility Fuel Solutions UK	307	-
Hexagon Composites GmbH	9 348	-
Other short term debt Agility Fuel Systems LLC	-	-476
Intercompany loan Agility Fuel Systems LLC	10 962	10 415
Total	67 401	108 176

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Note 7 Rental agreements and leasing
Amounts in NOK 1000

The company has entered into different operating lease agreements for buildings, offices and other facilities. The majority of these agreements includes a warrant for renewal at the end og the agreement period. Rental agreement periods are 1-5 year.

Annual rent for non-capitalized assets:	2022	2021
Buildings and facilities	3 495	1 891
Machines and office equipment	129	96
IT (services included)	265	254
Total	3 889	2 241

Note 8 Provisions for liabilities and charges

The company provides 2 years guarantee on sales. The provision at NOK 5.800 is best estimate based on historical experiences.

Note 9 Transactions with related parties

The Group has various transactions with related parties. All the transactions have been carried out as part of the ordinary operations and at arms - length prices. The most significant transactions are as follows:

Related party		Relationship	Sale of goods and services	Purchase of goods and services	Ownership Interest (Parent company)
Hexagon Composites ASA	Norge	Affiliated		5	100 %
Hexagon Ragasco AS	Norge	Affiliated		3 318	100 %
Hexagon Purus, GmbH	Europe	Affiliated	432		100 %
Hexagon B.I.L		Affiliated		23	100 %
Hexagon Masterworks Inc		Affiliated			100 %
Hexagon Purus LLC		Affiliated			100 %
Hexagon Purus Systems USA - Kelowna		Affiliated			100 %
Agility Fuel Solutions Inc. (Agility Fuel Systems-Corporate)		Parent company		3 020	100 %
Agility Cylinders, LLC	US	Affiliated	320	122 802	100 %
Enviromec Industries ULC (Kelowana)	US	Affiliated	468	0	100 %
Agility Fuel Systems LLC (Product support)		Affiliated			100 %
AFS MFG LLC (North Carolina)	US	Affiliated		2 579	100 %
Hexagon Mobile Pipeline GmbH		Affiliated			100 %
Hexagon Purus ASA	Norge	Affiliated	1 596		100 %
Agility Fuel Solutions UK	Europe	Affiliated		1 894	100 %
Hexagon Composites GmbH	Europe	Affiliated		10 629	100 %

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Note 10. Finance income and expenses
Amounts in NOK 1000

Finance income	**2022**	**2021**
Interest income, external	421	13
Interest income, internal	0	0
Agio, gain	7 515	5 847
Total finance income	7 936	5 860

Finance expenses	**2022**	**2021**
Cost of interest, internal	182	55
Cost of interest, external	691	48
Agio, cost	16 978	9 727
Other finance cost	0	0
Total finance expenses	17 851	9 830

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Note 11 Income taxes
Amounts in NOK 1000

Income tax expense	**2022**	**2021**
Tax payable	3 435	5 639
Changes in deferred tax prior year		-3 073
Changes in deferred tax	289	308
Total income tax expense	3 725	2 875

Tax base calculation

Profit before income tax	16 912	27 029
Permanent differences	17	4
Temporary differences	-1 314	-1 400
Tax base	15 615	25 633

Temporary differences:

Receivables	-3 500	-3 200
Inventories	-2 000	-3 500
Non current assets	182	59
Provisions	-28 137	-28 087
Pensions	-82	-125
Gains and losses		
Loss carried forward (before group contribution)	0	0
Net temporary differences:	-33 537	-34 853
Temporary differences not included in defferred tax	-22 087	-22 087
Net temporary differences defferred tax	-11 450	-12 766

Deferred tax liability (asset) before group contribution 22%	-2 519	-2 809
Effect of change in tax rate 22% (23%)	0	0
Tax effect received group contribution	0	0

Defferred tax asset is recognized in the balance sheet with 21.

Explanation as of why the current year's tax expense is not 22% of the profit before tax:

	2022	**2021**
Profit before tax	16 912	27 029
Taxes on profit before tax	3 721	5 946
Permanent differences	4	1
Reversal of deferred tax recognized previous years	0	0
Effect of change in deferred tax	0	-3 073
Effect of carried forward loss	0	0
Calculated income tax expense	3 724	2 875

Effective tax rate in % of profit before tax	22,0 %	10,6 %

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Note 12 Equity

Amounts in NOK 1000

	Issued capital	Share premium	Other paid-in capital	Other equity	Total
Equity as of 31.12.2021	3 500	26 330	9 081	18 151	57 062
Net profit				13 187	13 187
Actuarial gains / losses for the year				1	1
Equity as of 31.12.2022	3 500	26 330	9 081	31 340	70 251

NOTE 13 SHARES IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Operations are located in Brazil. Net loss of the year ended 31.12.22 was USD 5,2 thousand.

Shareholder Equity was recorded at negative USD 15,9 thousands as of 31.12.22.
(All numbers above are prelimenary as the financial statement of Agility Fuel Solutions Brazil Ltda is not finalized)

Agility Fuel Solutions Norway AS bought the remaining shares in Agility Fuel Solutions Brazil Lta - USD 500K

Agility Fuel Solutions Norway AS owns 100,0% of the voting shares in Agility Fuel Solutions Brazil Ltda.
The cost prize on the investment was NOK 22.087 millions and the investment was written down with NOK 22.087 millions in 2020.
Since group accounts are prepared at a higher level of the Group, no group accounts are prepared by Agility Fuel Solutions Norway AS.

See note 14 for details

Note 14 Shares

Amounts in NOK 1000

Share capital	Number of shares	Face value (NOK)	Book value
Ordinary shares	3 500	1	3 500

The only shareholder is Agility Fuel Solutions Inc.
The consolidated group accounts can be attained by contacting;

Andrew Griffiths
CFO, Agility Fuel Solutions
3335 susan St. Ste 100
Costa Mesa, CA 92626
949-236-5533

Shareholders	Number of shares	Share of ownership	Share of voting rights
Agility Fuel Solutions Inc	3 500	100 %	100 %

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Note 15 Inventories
Amounts in NOK 1000

	2022	2021
Raw materials	70 669	104 265
Work in progress	17	0
Finished goods	6 541	22 206
Provision for obsolescence	-2 000	-3 500
Total	75 227	122 972

Note 16 Bank deposits	2022	2021
As of 31.12, restricted bank deposits are NOK	729	654

ANNUAL STATEMENT 2022 - NOTES
Agility Fuel Solutions Norway AS

Note 17 Financial market risk

Foreign exhange risk
Agility Fuel Solutions Norway AS is exposed to exhange rate fluctuations as the company undertake both purchases and sales in foreign currency, mainly EUR and USD. The company has no separate hedging instruments. From a Group perspective, the foreign exhange risk is assesed to be reduced since the company's main purchases is in USD, which also is the group currency. The company follows the group routines for minimizing the group's total exhange risk. The group strategy is to secure net cash flows in foregn currencies with forward contracts.

Interest risk
Agility Fuel Solutions Norway AS is exposed to interest risk as the company pays interest on intercompany loans and credit facilities. The company has no separate hedging instruments.
The parent company in USA takes care of interest risk assesment and hedging, from a group perspective.

Credit risk
Agility Fuel Solutions Norway AS is exposed to credit risk as the company have receivables such as loans to group companies and trede receivables. Credit insurance and sound collection routines are used to control risk exposure.

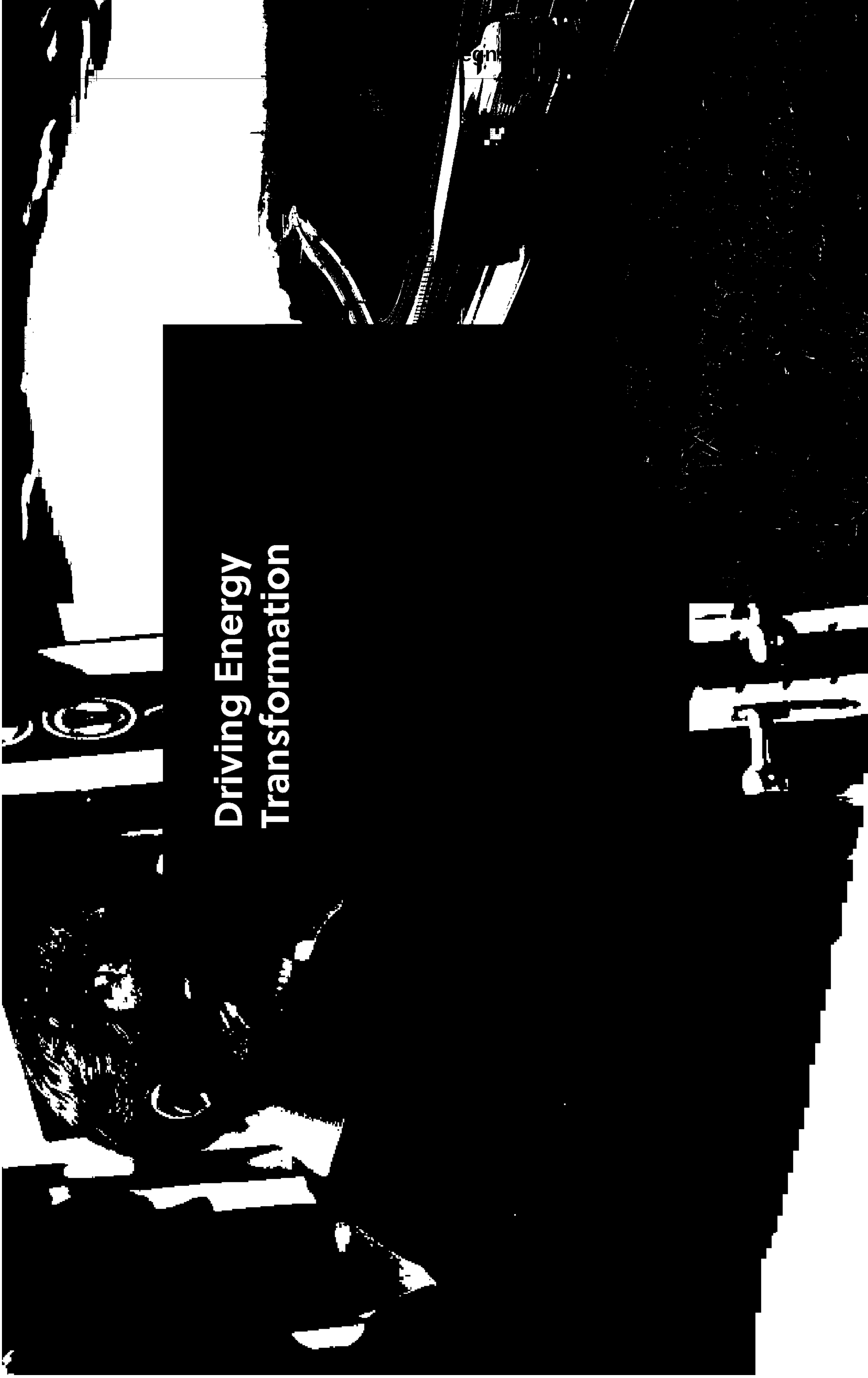
Note 18 Guarantees
Amount in NOK 1000

The company has no guarantees in connection with commercial agreements as per 31st of December 2022

Note 19 Events after the balance sheet date

There are no significant events after balance date 31.12.2022


HEXAGON
Annual report
2022


Driving Energy
Transformation

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Appendix

We believe that clean air is a right, not a privilege

OUR BELIEFS

We have a strong, values-based culture that drives c
business performance. Our core values, integrity an
drive, support our behavior and our beliefs.

Driven by a vision of Clean Air Everywhere, we believ
that clean air is a right not a privilege; that technolo
no longer the barrier in enabling clean energy for al
that change is urgent.

We hold ourselves accountable for all our interactio
with our customers, suppliers and owners, our peop
and the communities in which we operate.

Hexagon at a glance

OUR RESULTS

OUR PEOPLE

Employees[2]

1 723

Innovation efforts

13%

of employees are dedicated to innovation, R&D and world-class manufacturing

OUR CONTRIBUTION

Our markets

The production of Type 4 cylinders is at the core of what we do. We have evolved from a cylinder manufacturer to a full integrator of cylinders and fuel systems into a wide range of applications that drive the energy transition within three main markets:

1 800+

distribution modules in operation worldwide

INFRASTRUCTURE

Hexagon's gas distribution solutions are essential to clean fuel supply chains. Our solutions have the largest transport capacity worldwide and enable the safe transport of compressed (renewable) natural gas (RNG/CNG), hydrogen or other industrial gases to users lacking pipeline infrastructure.

Solutions for: RNG/CNG, hydrogen, helium

70 000+

vehicles on the road

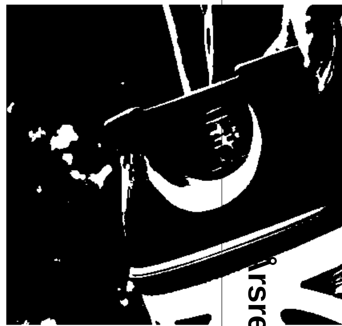
MOBILITY

Hexagon is the leading global provider of clean fuel solutions for commercial vehicles, offering solutions that cover compressed (renewable) natural gas, hydrogen and battery electric. Integrating energy storage and fuel delivery systems into commercial vehicles is one of our key competences. Our systems are installed on medium and heavy-duty trucks, refuse collection trucks, buses, delivery trucks and vans.

Solutions: Fuel systems for RNG/CNG and hydrogen, battery-electric vehicle systems

20+

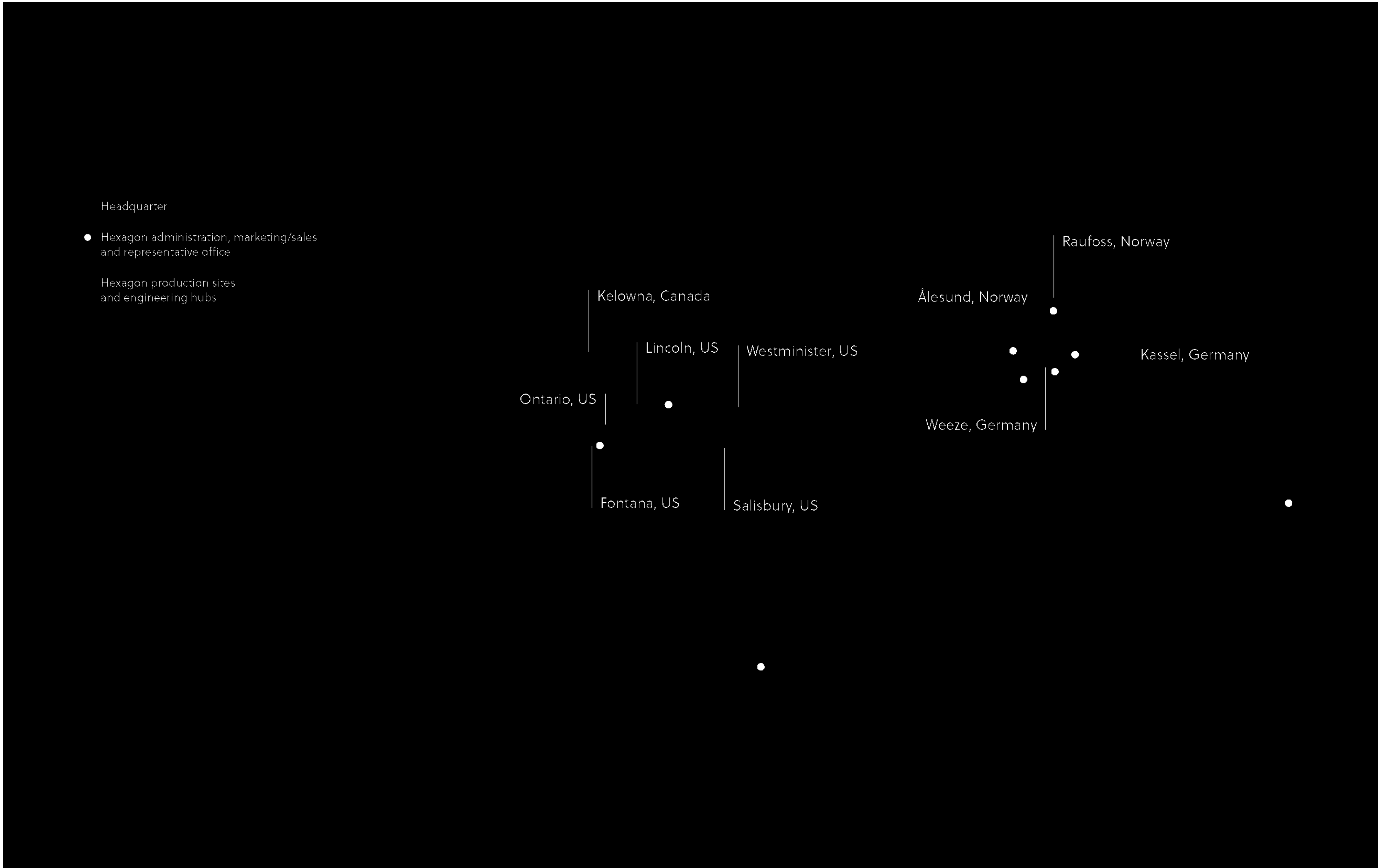
million LPG cylinders sold



DOMESTIC

Hexagon's lightweight, safe and du composite liquefied petroleum gas cylinders have been a game change LPG industry and are used in home and small industrial applications wo

Gas: LPG


Headquarter
Hexagon administration, marketing/sales and representative office
Hexagon production sites and engineering hubs
Kelowna, Canada
Lincoln, US
Westminister, US
Ontario, US
Fontana, US
Salisbury, US
Raufoss, Norway
Ålesund, Norway
Kassel, Germany
Weeze, Germany

Key figures

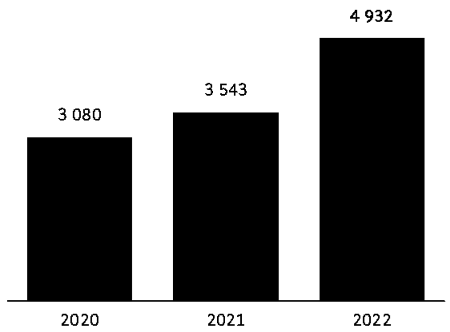
(NOK 1 000)

Revenues and profit	2022	2021	2020	2019	2018
Revenue	**4 932 306**	3 542 890	3 080 375	3 416 124	1 486 521
Operating profit before depreciation (EBITDA)	**(63 190)**	108 584	189 940	359 715	234 520
Operating profit (EBIT)	**(395 352)**	(154 096)	(59 272)	120 109	140 202
Profit before tax	**(417 118)**	(301 744)	(56 138)	111 246	168 727
Profit after tax	**(425 977)**	(327 577)	(147 781)	107 491	141 462
Capital 31.12					
Total assets	**7 903 742**	6 515 246	6 164 937	4 827 519	2 616 343
Equity	**3 468 806**	3 484 301	3 595 838	2 152 993	1 540 063
Equity ratio[1]	**43.89%**	53.48%	58.30%	44.60%	58.90%
Profitability and rate of return					
Cash flow from operations	**98 588**	(344 696)	229 198	192 889	154 601
Operating margin[2]	**(8.02%)**	(4.35%)	(1.90%)	3.50%	9.40%
Return on equity[3]	**(12.25%)**	(9.30%)	(5.10%)	5.80%	9.60%
Return on assets[4]	**(4.44%)**	(4.00%)	0.50%	4.80%	7.10%
NIBD/EBITDA[5]	**(15.88)**	5.3	(2.5)	3.1	1.6

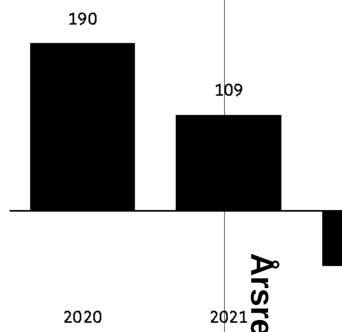
Definition of key figures

[1] Shareholders' equity as a percentage of total assets
[2] Operating profit as a percentage of operating income
[3] Profit after tax divided by average shareholders' equity
[4] Profit before tax + interest expense divided by average total assets
[5] Net interest-bearing debt divided by EBITDA

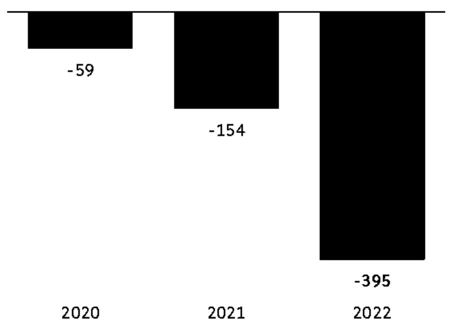
REVENUE MNOK



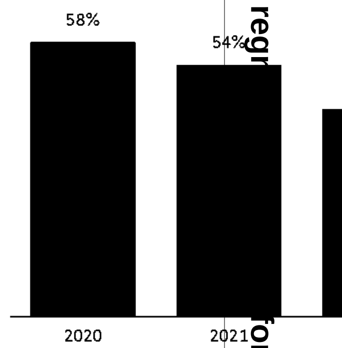
EBITDA MNOK



EBIT MNOK



EQUITY RATIO %



A WORD FROM THE CEO

2022: At an intersection of opportunity and responsib

Dear shareholders, clients, partners and colleagues,

There is no single headline that describes 2022. We entered the year with and ambition, but were soon met by a war in Europe, an energy crisis, and which put the robustness and resilience of our business to the test

We also saw the introduction of the biggest climate investment programs the world has ever seen: REPower EU and The US Inflation Reduction Act, aimed at bringing down the costs of renewable energy, boosting energy supply, and substantially reducing greenhouse gas emissions.

As a global leader in clean fuel solutions, this places Hexagon at an intersection of opportunity and responsibility to the world around us.

Sustainability is our agenda. In 2022 solutions enabled the avoidance of metric tons of CO_2 equivalent emiss is equal to 280 000 petroleum cars o for a year. To manufacture and deliv solutions, our own carbon footprint totaled approximately 320 369 metr CO_2 equivalent emissions. We have to the Science-Based Targets initiat our scope 1-3 emissions in line with

Commercially, we landed several big wins in 2022, including contracts with global OEMs, major fleets, and industrial gas majors.

Agreement goals. We are committed to achieving net zero by 2050, at latest. See Sustainability report.

Record top line growth
Hexagon Group consists of two publicly listed companies, Hexagon Composites ASA ("Hexagon Composites") and Hexagon Purus ASA ("Hexagon Purus"). Hexagon Composites' fully owned subsidiaries, Hexagon Agility and Hexagon Ragasco, have reached scale and profitability. Hexagon Digital Wave is still in a buildup phase but is already profitable.

Hexagon Purus addresses the fuel-cell electric and battery-electric vehicle markets, a largely new market space with significant growth potential requiring considerable investments in CAPEX, R&D and organizational build out.

I am proud to report that we delivered top line growth for the full year 2022 of 26%, with revenues of NOK 4 932 million. Hexagon excluding Hexagon Purus delivered revenues of NOK 4 303 million. And Hexagon Purus delivered well above its 2022 revenue target of NOK 900 million, achieving a topline growth of 90%.

While we delivered a record topline, last year's profitability was below expectations. Significantly higher costs of materials, components, labor, and energy, as well as supply chain disruptions, weighed on our margins in 2022. Actions to mitigate these challenges and recover margin growth have been implemented with the aim of restoring margins to double digit levels.

Commercially, we landed several big wins in 2022, including contracts with global OEMs, major fleets, and industrial gas majors. In addition, we broke ground in new markets. Overall, our team of 1723 stood the course, delivering strong order books through 2022 and strengthening our position as global market leader.

Driving energy transformation
Energy security and sustainability are key drivers in the shift to renewables. The Hexagon Group enables the energy shift in multiple ways.

Globally, 3 billion people rely on wood, coal, kerosene or other highly polluting fuels for cooking and heating. The majority live in countries without access to cleaner sources of energy. LPG is a widely available alternative towards cleaner cooking. Our LPG business, Hexagon Ragasco, delivered 1.4 million cylinders globally to homes and businesses in 54 markets, and reported record high 2022 revenues.

In nations around the world a significant share of renewable gas (RNG/biomethane) production is remotely located without access to pipelines. Our Mobile Pipeline® and distribution businesses enable the tr this stranded gas to the pipeline or c customers. As a result, it was a record Hexagon Agility's Mobile Pipeline bu Hexagon Purus' hydrogen distributio Several significant commercial wins strengthened our position as marke

Medium- and heavy-duty vehicles c 25% of transport CO_2 emissions and sidered a CO_2 hard-to-abate sector natural gas (RNG) as a transportatio a readily available, economically via solution. Its use helps prevent clima capturing methane, reducing CO_2 e neutralizing waste.

World leading OEMs and global fle count themselves among Hexagon' tomers. Coming from less than 2% today, the growth potential for rene within transportation is significant. players– BP and Shell among other significant investments to increase tion of renewable natural gas and in Announcements of new, industry-c natural gas engines to be launched made, which will further unlock the trucking segment.

In parallel, the hydrogen mobility business in Europe as well as the battery electric business continued on its strong growth trajectory.

Hexagon is investing in digital technologies that improve the customer experience and increase efficiency and safety. This includes Hexagon Ragasco's new smart cylinder, giving the LPG distributor improved insight into consumer usage patterns, and enabling optimized logistics and cylinder fleet management; Hexagon Agility's automated refueling solutions drive operational efficiencies for fleets through the use of autonomously actuated valves and an onboard systems that measure gas pressure and temperature, and track rollovers by means of an accelerometer. Hexagon Digital Wave's next generation proprietary Modal Acoustic Examination (MAE) technology, currently in a piloting phase, enables live structural health monitoring of cylinders and systems.

Hexagon Purus

It is in Hexagon's DNA to nurture new business and shape the markets we operate in. The intention of the separation and spin-off of Hexagon Purus in 2020, was to unlock further value from an industrial and financial perspective by creating two focused companies with individual strategies for funding, capital allocation and dividend policy.

In 2023, Hexagon Purus raised NOK 1 300 million of new growth capital. Mitsui & Co, a long-term financial and strategic supporter of Hexagon Composites, anchored the raise with NOK 500 million. A Memorandum of Understanding for further investments of up to NOK 1 500 million in the coming years was also signed, making Mitsui a long-term strategic partner with Hexagon Purus.

On 30 March 2023, Hexagon Purus up-listed to the main list of the Oslo Stock Exchange. While Hexagon is and will remain a significant investor in Hexagon Purus, we plan to reduce our ownership below 50% in line with our original vision for the spin-off.

Progress can't wait

Deep decarbonization of the transportation sector requires a mix of low-carbon, renewable energy and powertrain technologies that could scale up collectively. Our portfolio of fuel- and technology-agnostic solutions for the mobility and infrastructure segments are unmatched, and demand for our products and services continues to be on the rise. In anticipation of the strong demand ahead, we will continue to invest in capacity expansion, further product development and commercial initiatives.

In parallel, we are intensifying activities to optimize our manufacturing processes, improve lifecycle value and drive unit cost down. This will benefit our customers, our shareholders and, not least, the planet. With our ongoing World Class Manufacturing program, capacity expansions and strong R&D focus we aim to achieve attractive profit margins.

I offer my sincere thanks to Hexagon's shareholders, customers and suppliers for driving the energy transformation together with us, and not least to our employees around the world that are doing their part to deliver on our vision of Clean Air Everywhere.

Sincerely,

Jon Erik Engeset
Group President & CEO

Our portfolio of fuel- and technology-agnostic solutions for the mobility and infrastructure segments are unmatched, and demand for our products and services continues to be on the rise.

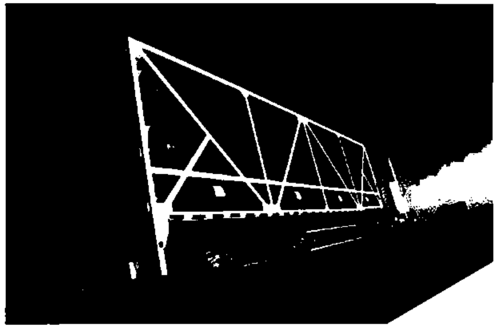
Our strategic direction for 2023 and beyond

Hexagon has a strong position in alternative energy solutions - we are number one in our industries with leading technology and know-how. Infrastructure and mobility are our core.

There are three global trends that – while challenging for the world – create an opportunity for us to expand and innovate. Decarbonization; deglobalization and the energy crisis.

We are well positioned to enable the significant shift to alternative fuels through this decade and beyond. Our strategy will keep us at the forefront of industries that make a difference - for the climate, the circular economy and society at large.

We will lift profitability and drive sustainability. This is how →

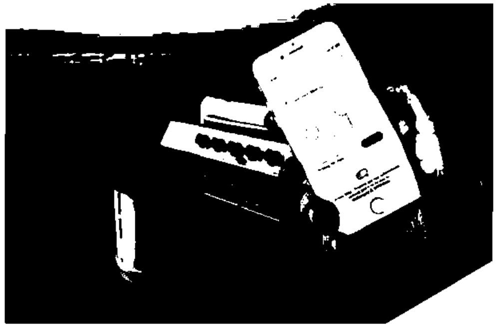


Capitalize on renewable natural gas and hydrogen markets' growth through our infrastructure offering

A significant share of renewable natural gas (RNG) production is stranded without access to stationary pipeline. Our distribution systems are key to bringing the gas to the pipeline or directly to the end customers across industries, making us a vital part of the ecosystem. Both Hexagon Agility and Hexagon Purus have market leading positions in mobile gas transportation solutions, providing a very exciting platform for growth. In anticipation of the strong demand ahead, we are investing significantly in capacity expansion, product development and commercial initiatives.

Grow our position as the leading clean fuel solutions provider for commercial transportation

Hexagon boasts the complete portfolio of clean fuel st solutions for on-road commercial transportation, maki an attractive supplier to fleets looking to displace diese cles in their decarbonization efforts. Building upon dec of high-pressure gas storage experience, we are the in leading provider of RNG systems, hydrogen systems ar battery electric systems. Coming from less than 2% adc today, the growth potential for renewable fuels within t portation is enormous. Competition is emerging, but w to reinforce our market leadership through production ity expansions, product innovation, cost reduction effor focusing on customer value.



Develop new business with smart technology as a backbone

Over the last years, Hexagon has developed and acquired cutting edge testing and inspection technologies for its cylinders in order to take out cost, enhance safety and improve customer value. Our smart LPG cylinders are ready for in-field piloting in April 2023, and have the potential to improve logistics planning, turnover frequency and customer loyalty for the LPG distributors. Further, our proprietary Modal Acoustic Examination (MAE) technology is in the process of being miniaturized and eventually embedded into our high-pressure cylinders, enabling live structural health monitoring and recertification of cylinders – as well as opening a range of new business opportunities for Hexagon. It is deeply rooted in Hexagon's DNA to nurture new business and shape the markets we operate in, and we are optimistic that the next generation gas storage solutions are digital.

Decarbonize the supply chain together with our suppliers to reach net zero by 2050

The world is not on track to halve emissions by 2030 - and we face more disruption from climate change than ever before. As a company, Hexagon's purpose is to drive energy transformation and achieve clean air everywhere.

In our industry, our customers are among the most demanding and sophisticated clients that demand the highest ESG standards from their suppliers. We have committed to the Science-Based Targets initiative and are actively working to develop a clearly defined path to reduce our scope 1-3 emissions in line with the Paris Agreement goals. We are committed to achieving net zero by 2050, at latest.

Drive profitability from operational efficiency, innovation and scale

Restoring satisfactory margins remains a key priority fo
Last year's profitability was below expectations. This wa
in large part, to external factors such industry-wide sup
chain inefficiencies and rapid cost inflation. To mitigate
challenges and recover margin growth, we will intensify
efforts to optimize our manufacturing processes, impro
cycle value and drive unit cost down. This will be to the
of our customers and our shareholders. With our ongo
World Class Manufacturing program, capacity expansio
strong R&D focus we aim to achieve EBITDA margins o

Business areas

We believe that technology is no longer the barrier to enabling clean energy for all.

Hexagon is organized into four business areas, all global leaders in their segments.

HEXAGON

100%

68%

HEXAGON AGILITY

High-pressure natural gas cylinders and fuel systems for medium- and heavy-duty vehicles + mobile pipeline solutions for industry

HEXAGON DIGITAL WAVE

Innovative, software-based non-destructive testing of high-pressure vessels

HEXAGON RAGASCO

Low-pressure LPG cylinders for domestic, leisure and industrial applications

HEXAG

High-pressure vehicle systems packs for fuel cell electric ve

Hexagon Agility

ENABLING A CARBON-NEGATIVE FUTURE

Heavy-Duty Trucks Transit Buses Refuse Trucks Distribution

Hexagon Agility is a global provider of (renewable) natural gas solution
commercial vehicles and gas transportation solutions.

The company is the market leader in North America, where it has spearh
the use of compressed natural gas in commercial vehicles. Today Hexag
Agility offers the broadest range of clean fuel solutions for commercial v
passenger vehicles and gaseous energy transportation. Its lightweight s
are engineered for high performance, durability, and uncompromised s
and are available for immediate deployment.

WORKFORCE

940

PRESENCE

USA, Canada, No
Germany, South

Hexagon Ragasco

CLEANER AIR AND SAFER LPG FOR EVERYONE, EVERYWHERE

Hexagon Ragasco is the world's leading manufacturer of composite liquefied petroleum gas (LPG) cylinders for leisure, household, and industrial applications. As a pioneer in the industry, Hexagon Ragasco has sold more than 20 million cylinders worldwide in the past 20 years. Compared to steel, the composite LPG cylinder offers a unique value proposition, and competitive edge in terms of weight, safety and longevity. All cylinders are produced at Hexagon Ragasco's high volume, highly automated production facility in Norway, which is the most advanced of its kind.

WORKFORCE

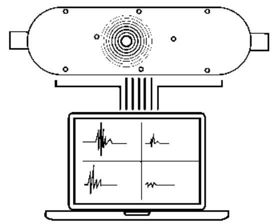
137

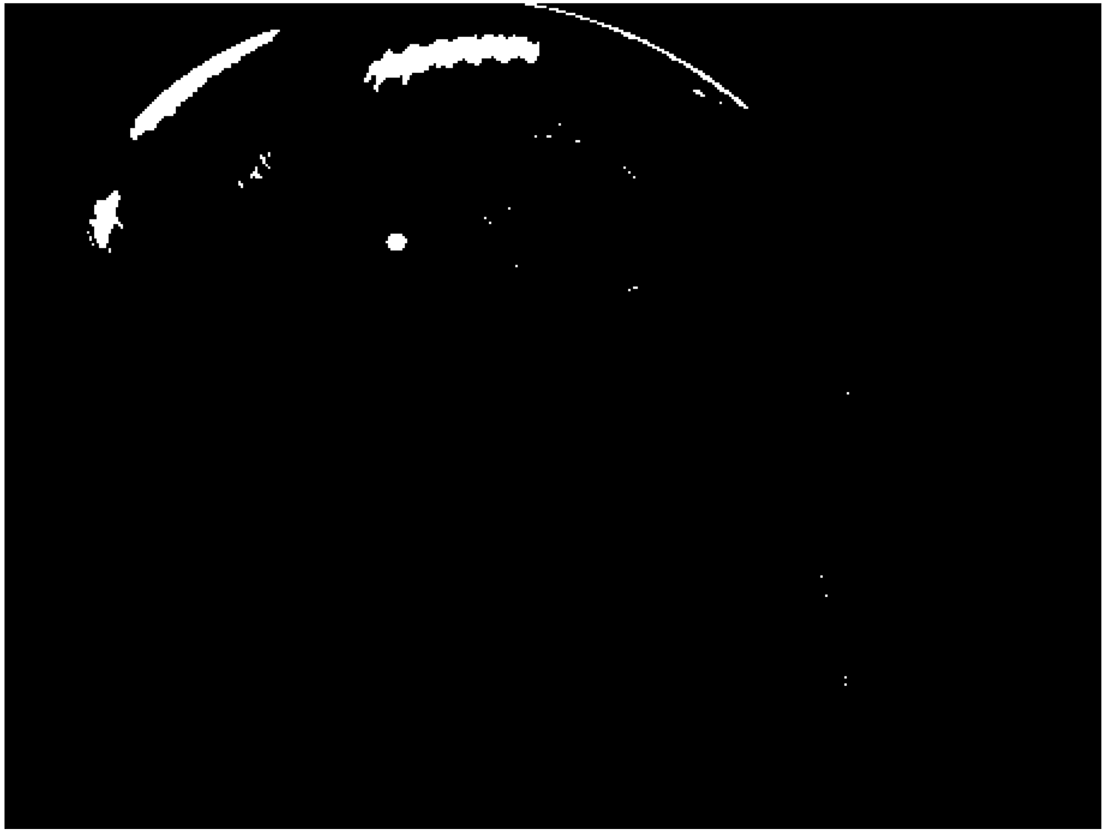
PRESENCE

Norway, France, Poland, Chile, Singapore, USA, and CIS countries

Hexagon Digital Wave

DIGITALIZING CYLINDER SYSTEMS





Hexagon Digital Wave is the global leader in innovative cylinder testing monitoring technologies, offering solutions that reduce cylinder and sys time and inspection costs while improving inspection accuracy.

With applications in the industrial gas, fire service equipment, medical c automotive, alternative fuels, and aerospace industries, Hexagon Digita goal is to remove technology barriers and simplify workflows with digita automated platforms that enhance productivity and reduce total cost of in the compressed gas and pressure vessel industries.

WORKFORCE
52

PRESENCE
USA

Hexagon Purus

DRIVING THE TRANSITION TO ZERO EMISSION MOBILITY

Battery Electric Vehicle | Light-Duty Vehicles | Transit Buses | Distribution | Fuel Cell Electric Vehicles | Rail

Hexagon Purus is a global leader in key technologies needed for zero emission mobility. The company's solutions enable the safe and effective use of hydrogen and electricity as transportation fuel in a variety of applications including light, medium and heavy-duty vehicles, buses, distribution, refueling, rail, maritime, aerospace and ground storage.

Hexagon Purus is a separately listed subsidiary (HPUR.OL). With Hexagon holding 68.4 per cent ownership the organizational and industrial links to Hexagon Composites remain strong.

WORKFORCE

527

PRESENCE

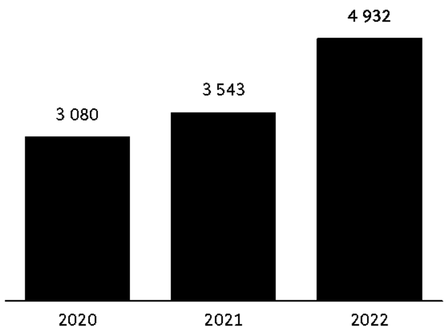
Germany, USA, Canada, India, China, Norway

Board of directors' report

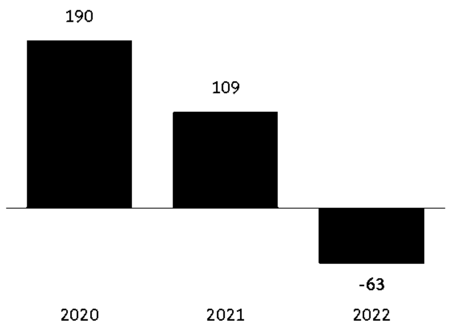
BOARD OF DIRECTORS' REPORT

All-time high revenues but softer profitability

GROUP REVENUE MNOK



GROUP EBITDA MNOK



Hexagon Group delivered a year of strong revenue growth, ending at NO million, compared to 3 543 million in 2021. Hexagon excluding Hexagon P experienced an increasing demand for its clean energy solutions, which r record high revenues across all segments and combined revenues of NO (3 278). The Inflationary impact on cost prices and disruptions in global su chains however, led to softer profit margins, resulting in EBITDA of NOK 3 million.

Hexagon Purus almost doubled reported revenues from NOK 50 millio to 964 million in 2022. EBITDA loss for Hexagon Purus widened in line wi business plan to NOK -406 (-272) million as a result of continued scale-u significant operational investments.

All subsequent numbers in parentheses refer to comparative figures for the same period last year.
All figures in NOK are rounded to the nearest million. All percentages are rounded to the nearest one percent.

FULL YEAR 2022 NUMBERS FOR HEXAGON EXCL. PURUS AND HEXAGON PURUS

NOK million	Hexagon (excl. Purus)	Hexagon Purus	Elims.	Hexagon Group[1]
Revenue	**4 303**	964	(335)	4 932
Operating profit before interest, tax, depreciation, and amortization (EBITDA)	**348**	(406)	(5)	(63)
Operating profit (EBIT)	**106**	(501)	-	(395)

[1] Post eliminations

Decarbonization is high on the global agenda. The Board is pleased to see the continued sustainability driven growth in the Group, while at the same time acknowledges that the weakened profitability needs to be reversed. Inflationary effects on key production input factors as well as unstable supply chains, especially in the Hexagon Agility business, led to compressed margins in 2022. Combatting these challenges is a key priority in 2023.

Key developments for the Group in 2022

Increased sustainability-driven demand yielded all time high revenues in Hexagon Agility

Strong demand for clean energy mobility solutions drove revenues in Hexagon Agility to approximately NOK 3.5 billion. In the automotive business, Hexagon Agility experienced a significant pick-up in the medium-duty and refuse truck market. In the Mobile Pipeline infrastructure business, the Company doubled revenues, driven largely by increasing demand for renewable natural gas (RNG).

Hexagon Purus delivered ahead of business plan and the global expansion program was further substantiated

Hexagon Purus generated revenues of NOK 964 million and added several inaugural- and recurring orders and long-term agreements to its order book. Hexagon Purus also continued its global expansion program and initiated construction of five new facilities to increase capacity.

Capital raise of NOK 600 million in Hexagon Purus

Hexagon Purus ASA completed a private placement in February 2022, raising NOK 600 million in gross proceeds. Hexagon Composites ASA subscribed for, and was allocated, its pro-rata 73.3% share amounting to NOK 440 million.

Hexagon Ragasco navigated challenging macro conditions and delivered solid profitability

Hexagon Ragasco mitigated significant cost increases and increased revenues and EBITDA to NOK 706 million and NOK 123 million respectively. Several new customers were added to the recurring customer base.

Hexagon Digital Wave doubled revenues and ended the year with positive EBITDA

Hexagon Digital Wave doubled its revenues to NOK 116 million, driven by higher sales of the Company's cylinder requalification services and products. The increased revenue base yielded a positive EBITDA, despite undertaking significant operational investments during the year.

Investment in Cryoshelter

In August 2022, Hexagon acquired 40% of the Austrian-based cryogenic tank technology company, Cryoshelter, and by that further expanded its portfolio offering to also include liquid gas solutions. Hexagon Composites ASA made an initial investment of EUR 2.4 million in the liquid natural gas business, Cryoshelter BioLNG, and Hexagon Purus ASA made an initial investment of EUR 3.4 million in the liquid hydrogen business, Cryoshelter LH2 is committed to supporting the Cry businesses in the development and cialization of its disruptive tank tech financially and strategically. And the options to acquire the remaining sh entities over the next 2-9 years.

Key developments for the Group after the balance sheet date

Hexagon Purus: Capital raise of NOK 1 300 million

On 1 March 2023, Hexagon Purus A cessfully completed a convertible b placement and an equity private pla raising total gross proceeds of NOK Gross proceeds from the convertibl placement amounted to approxima million and is structured as a 5-year convertible bond with 6% fixed inte paid semi-annually in-kind. The set delivery of the bonds were formally at an extraordinary general meeting Company on 16 March 2023. Gross from the equity private placement a approximately NOK 500 million thro of 18 518 519 new shares. Hexagon C ASA waived its right to participate in placements but retains an ownersh 68.4% following the equity private p compared to 73.3% prior to the transaction. The capital raised accommodate support for the Company's growth including its global expansion program.

Hexagon Purus: Memorandum of understanding with Mitsui as anchor investor
In addition to the announcement of the convertible bond private placement and the equity private placement on 1 March 2023, Hexagon Purus ASA simultaneously announced a deeper strategic alliance with Mitsui & Co. Ltd ("Mitsui"), whereby Mitsui, through a non-binding memorandum of understanding ("MoU"), intends to participate as an anchor investor in future capital raises in Hexagon Purus ASA. Mitsui subscribed for and was allocated NOK 500 million in the convertible bond private placement completed 1 March 2023. The announced non-binding MoU also includes future additional investments up to a total of NOK 1 500 million, subject to among other things, Hexagon Purus' fulfillment of commercial and operational milestones agreed between the parties in good faith.

Hexagon Purus: Signs landmark long-term agreement with Hino Trucks for zero emission heavy-duty trucks in the U.S.
The distribution agreement signed with Hino entails that Hexagon Purus will assemble complete battery electric heavy-duty trucks for the U.S. market using Hexagon Purus' proprietary zero-emission technology, including battery systems, auxiliary modules, power modules and the vehicle-level software. The agreement provides for up to 10 000 trucks by 2030. The potential total value over the course of this agreement could reach approximately USD 2.0 billion (approximately NOK 20 billion).

Hexagon Agility: Received several orders for Mobile Pipeline modules totaling NOK 343 million
During January and February 2023, Hexagon Agility received three new larger orders from CORE Automated Fueling Solutions, RenewGas Transportation, and Certarus for Mobile Pipeline® TITAN modules worth NOK 46 million, NOK 44 million and NOK 253 million respectively. The latter order with Certarus represented also an inaugural order for Hexagon Agility's newly designed next generation gas distribution modules, TITAN 450.

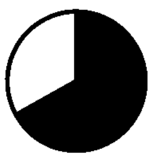
Hexagon Agility: Fuel system orders for UPS heavy-duty renewable natural gas trucks
On 17 February 2023, Hexagon Agility received new 2023-orders from UPS under a master services agreement from October 2019, totaling USD 19 million (approximately NOK 197 million) for delivery of renewable natural ga
systems for heavy duty trucks. UPS i
premier package delivery company
provider of global supply chain man
solutions.

Segment results
Hexagon is organized into four bus
Hexagon Agility, Hexagon Ragasco,
Digital Wave and Hexagon Purus. A
leaders within their segments, drivi
transition with a range of clean ene
In 2022, there were no changes to t
and reporting structure.

Segment results for

Hexagon Agility

Hexagon Agility is a global provider of clean fuel solutions for commercial vehicles and gas transportation solutions.



SHARE OF GROUP REVENUE

66%

Key developments in 2022

- Strong momentum in the Mobile Pipeline distribution business with 2x revenue growth and major orders signed with RenewGas Transportation, REV LNG, Certarus, Supergas Natural Gas and Xpress Natural Gas.
- Several major orders for CNG/RNG fuel systems, including recurring orders from UPS, as well as a new order with Scania Columbia to deliver CNG fuel systems to transit buses to the city of Bogota.
- Exclusive long-term agreement signed with New Flyer for the supply of CNG cylinders for transit buses in Canada and the US, with an overall delivery value of approximately NOK 640 million.
- Acquired a 40% stake in Cryoshelter's liquefied natural gas business, representing an expansion of its clean fuel solutions portfolio to also include cryogenic tank technology for liquefied natural gas.
- Experienced challenging macro conditions with significant inflationary impact on key input factors of production, as well as unpredictable supply of key components which led to compressed margins.
- Finalized the development of the next generation Mobile Pipeline TITAN modules with 25% greater gas capacity and 20% weight reduction versus its predecessor. In conjunction with this an inaugural order representing approximately NOK 253 million was placed for delivery of the newly designed modules to Certarus in January 2023.
- Completed a sale-and leaseback of its current facility in Salisbury, North Carolina, realizing approximately NOK 161 million in cash consideration, as well as releasing capital expenditure commitments in 2023 by approximately NOK 136 million - as the lessor also assumes ownership of new expansion building project.

Sales and market

The strong demand for CNG/RNG in North America continued in 2022. The focus on RNG as a renewable energy source was further substantiated by major energy and investment companies like BP, Shell and Goldman Sachs making significant investments in RNG producers. Hexagon Agility's Mobile Pipeline distribution business experienced a substantial increase due to an underlying growing demand for transportation of stranded RNG to pipeline injection sites. Within the automotive business, Hexagon Agility also saw positive sustainability-driven demand, though the heavy-duty truck business decreased somewhat compared to its all-time high levels in 2021. Chassis availability continued to be a challenging factor for the medium- and heavy-duty automotive business in 2022, which impacted timing of delivery and revenue reco throughout the year. The supply cha improved somewhat towards the en but are still considered challenging dictable entering 2023.

CNG Light-duty (CNG-LDV) autom enues, principally in Europe, remair levels in 2022, and are expected to r relatively low levels in 2023. Howeve production capacity in Kassel, Germ continue to be utilized for manufac hydrogen cylinders for Hexagon Pu as for the European Mobile Pipeline business.

Looking ahead, the Hexagon Agility sees great potential for further grow to regulatory tailwinds, especially fr REPowerEU initiative and the US In Reduction Act, an increasing focus a rate of RNG, as well as an expected the addressable market for natural following Cummins' launch of its ne gas engine to be released in 2024.

The backlog at the end of the year s tinued strong momentum overall ir Pipeline business as well as the Aut RNG sector.

Profit/ loss

For the full year, Hexagon Agility increased revenues by 33% to NOK 3 478 (2 618) million. Adjusted for favorable currency effects, underlying revenues increased by approximately 22%. The Mobile Pipeline distribution business nearly doubled from NOK 419 million in 2021 to NOK 807 million in 2022. Revenues within the automotive business also saw a strong positive development. Despite positive demand and volume effects, inflation and supply chain related issues weighed down on profit margins, resulting in EBITDA of NOK 209 (293) and EBITDA-margin of 6% compared to 11% in the previous year. Similarly, EBIT decreased from NOK 139 in 2021 to NOK 28 million in 2022.

Price increases have been implemented in 2022, but due to relatively long lead time from order to delivery, the implemented price increases did not have a material effect on the financial performance in 2022. Margins are expected to gradually improve in 2023.

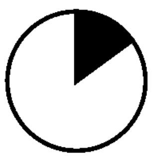
KEY FIGURES

NOK million	2022	2021	2020
Revenue	**3 478**	2 618	2 419
EBITDA	**209**	293	230
EBIT	**28**	139	65

Segment results for

Hexagon Ragasco

Hexagon Ragasco is the world's leading manufacturer of composite liquefied petroleum gas (LPG) cylinders for leisure, household and industrial applications.



SHARE OF
GROUP REVENUE

14%

Key developments in 2022

- 14 introductory orders from new customers globally, including a large LPG-player in Germany, contributing an additional 5% of volumes.
- Additional demand from Europe and the Middle East offsetting lower volumes to Asia Pacific.
- Significant R&D efforts undertaken, and first volumes of the next generation smart cylinder (Linktra®) delivered.
- Price increases successfully implemented offsetting material cost increases.
- Positive demand- and sales development for forklift truck applications in North America.
- Suspension of deliveries to Russia due to sanctions since March 2022.

Sales and market

Hexagon Ragasco further increased its market presence in 2022, gaining several new customers in Europe, South America, Africa and Asia. In 2022, demand was particularly strong in Europe and the Middle East, while demand from Asia Pacific was down. Hexagon Ragasco stopped all shipments to Russia in March 2022, in accordance with international sanctions. Despite these market challenges, overall volumes were in line with 2021 volumes. There was an upturn in demand in North America, especially for forklift truck applications. Hexagon Ragasco focuses on developing its product and service offering enabling LPG marketers and distributors to pursue increased market share. In 2022, the Company delivered the first volumes of its smart cylinder, the Linktra SMART Cylinder, which marks the first commercial step towards a digital offering. Digitally interactive products are being developed with the aim to generate new business models and revenue streams with enhanced value to distributors and end customers alike.

Profit/loss

Revenues for the full year amounted to NOK 706 (578) million. The 22% growth is largely explained by sales price increases and favorable mix-effects. EBITDA came in at NOK 123 (95) million, representing an EBITDA-margin of 17% (16%). Depreciations and amortizations were relatively flat year-over-year, which yielded a similar increase in EBIT up to NOK 86 (60) million. The Company experienced significant cost price increases on its key input factors in 2022 but protected its margins due to high productivity and price increases. Raw material prices stabilized somewhat towards the end of the year, but inflated and highly fluctuating energy prices remain challenging factors.

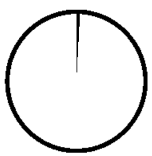
KEY FIGURES

NOK million	2022
Revenue	706
EBITDA	123
EBIT	86

Segment results for

Hexagon Digital Wave

Hexagon Digital Wave is a global leader in innovative cylinder testing and monitoring technology, offering solutions that reduce down-time and inspection costs while improving inspection accuracy.



SHARE OF GROUP REVENUE

2%

Key developments in 2022

- Testing service agreement signed with NG Advantage Ltd. using Modal Acoustic Emission (MAE) technology to requalify Type-4 cylinders.
- Long-term agreement with Certarus Ltd. using MAE technology to requalify Type-4 cylinders.
- Launched a new application within Ultrasonic Examination to quality-check steel cylinders. within the manufacturing process and application-oriented automated solutions.
- Certified for MAE technology in requalification of cylinders used in firefighting applications in Canada.
- Awarded ISO 9001 certification for its innovative non-destructive testing business.

Sales and market

Hexagon Digital Wave doubled its revenues year-over-year. The growth was driven by positive momentum in both the requalification services business (MAE business) and the ultrasonic examination machines (UE business). As transporters of CNG/RNG are subject to periodic requalification of its cylinders, Hexagon Digital Wave's MAE services allow for a safe and time efficient requalification of Type-4 cylinders. With the UE business, there are 40 million cylinders within the DOT/ISO/TC market sectors and Hexagon Digital Wave continues acceptance across the globe. Currently they have UE machines in more than 45 countries.

The significant increase in customer demand for natural gas transport in the US is a key driver to the Company's positive development, at this early stage of significant growth.

Hexagon Digital Wave is also taking the lead in digitalizing its industry by developing technology for effective real-time health monitoring of cylinder systems and connected services. Investments in organization and processes will be further intensified towards the development of new SMART cylinder concepts for mobility platforms.

Profit/loss

Revenues for the year amounted to NOK 116 (57) million, generating EBITDA and EBIT of NOK 7 (-11) million and NOK 1 (-15) million respectively. The positive EBITDA and EBIT was a result of higher volumes somewhat offset by higher fixed costs. The business is still in a ramp-up phase and significant operational investments have been absorbed to ensure accelerated development of key technologies and retaining first-mover market share.

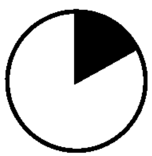
KEY FIGURES

NOK million	2022	2021	2020
Revenue	**116**	57	50
EBITDA	7	(11)	2
EBIT	1	(15)	2

Segment results for

Hexagon Purus

Hexagon Purus is a global leader in key technologies needed for zero emission mobility. The company is listed on the Oslo Stock Exchange (HPUR.OL), with Hexagon retaining a 68.4 per cent ownership share.



SHARE OF GROUP REVENUE

18%

Key developments in 2022

- Signed an exclusive distribution agreement with Hino Trucks, where Hexagon Purus will assemble battery electric heavy-duty trucks for the U.S. market. The potential total value over the course of this agreement could reach approximately NOK 20 billion.
- Initiated groundwork on five new manufacturing facilities in line with its global expansion program to accommodate delivery on contract pipeline.
- CIMC-HEXAGON, a joint-venture company of CIMC Enric and Hexagon Purus, signed a memorandum of understanding with Bravo Transport Services to develop hydrogen storage cylinder systems for hydrogen fuel-cell double decker business in Hong Kong.
- Successfully completed a private placement in February 2022 resulting in NOK 600 million in gross proceeds.
- Selected by CaetanoBus as preferred supplier of high-pressure hydrogen fuel systems for fuel cell transit buses with an estimated contract value of NOK 350 million.
- Received orders worth approximately NOK 670 million for infrastructure applications such as hydrogen distribution systems and mobile hydrogen refueling systems from various customers.
- Entered into a commercial cooperation with Lhyfe, a pioneer in the production of green and renewable hydrogen for transportation and industrial applications, for delivery of Type-4 hydrogen distribution systems.
- Acquired a 40% stake in Cryoshelter's liquified hydrogen business, representing an early-stage strategic entry into the liquefied hydrogen technology.
- Delivered its first contract within the Maritime business.

Sales and market

Hydrogen and battery electric applications are expected to play a key role in enabling the energy transition to reach zero emission and energy independence, and Hexagon Purus' addressable market is expected to grow by more than 10 times to USD ~24 billion by 2030. Accelerated momentum in FCEV (fuel cell electric vehicles) and BEV (Battery Electric Vehicles) adoption, driven by stricter emission targets and faster advances in fuel cell vehicle technology, as well as infrastructure build-out are the main growth drivers.

In 2022, Hexagon Purus experienced significant growth within the hydrogen- and battery-electric mobility business. Demand for hydrogen distribution systems was especially strong with signed orders of more than NOK 500 million, resulting in 2023 capacity fully booked already during the fall of 2022. Hexagon Purus also signed several long-term agreements during 2022 which will support continued growth to reach its revenue target of NOK 4-5 billion in 2025.

Hexagon Purus is well positioned across the hydrogen value chain with vehicle cylinders and systems for cars, trucks, buses, ground storage, transportation, marine, rail, aerospac as well as within battery-electric vehi The recent minority investment in Cr liquefied hydrogen business adds a sion to the Company's product offer

Profit/ loss

Hexagon Purus' revenue for the yea doubled to NOK 964 (508) million, i contribution from the Wystrach bus in November 2022. Growth was ach organically and non-organically. Th business contributed positively with million in EBITDA for the year, versu loss of NOK -406 (-272) million for t Purus Group. EBITDA loss widened due to higher personnel costs and c ational expenses attributed to the c ramp-up and expansion of the busi

The business will incur further opera in the next couple of years before b levels are expected in or around 202 is pleased with the successful NOK capital raise announced on 1 March provides financial support towards

KEY FIGURES

NOK million	2022	2
Revenue	964	5
EBITDA	(406)	(2
EBIT	(501)	(3

Financial statements Group

Profit/loss

Due to the consolidation of Hexagon Purus, Hexagon Group recorded a net after loss after tax in 2022 of NOK -426 (-328) million. Profit/loss from associated companies amounted to NOK 48 million, largely due to an accounting gain of NOK 63 million related to a fair-value reclassification of the Group's investment in Norwegian Hydrogen AS, less share of losses in associates.

Net financial items were NOK -70 (-145) million driven by net interest expenses of NOK -94 (-68) million, positive foreign exchange fluctuation effects of NOK 1 (26) million, unrealized gain/loss on FX derivatives of NOK 27 (-52), and other charges of NOK -4 (-51) million for the full year. Other items in 2021 included exceptional financial costs triggered by the redemption of the bond in December 2021 being NOK 23 million on the call premium and a non-cash NOK 24 million charge from accelerated amortization of bond financing costs.

Tax charges for the year were NOK 9 (26) million. The tax charges do not include any credits for carried-forward tax losses within Hexagon Purus as conditions for deferred tax asset recognition are, prudently, not yet deemed to be met.

Financial position

At year-end, the Group balance sheet amounted to NOK 7 904 (6 165). The increase in total assets year-over-year is to a large extent explained by the significant currency translation effects due to the depreciation in value of NOK versus USD, two material lease agreements commencing second half of 2022 and the private placement in Hexagon Purus in February 2022. In addition, there has been an increased level of working capital due to growth and pandemic-related impacts to global supply chains also heavily inflated by the currency effects. The Group's equity ratio decreased from 53% to 44% due to the above factors as well as the negative net profit contribution from Hexagon Purus in the period.

Property, plant, and equipment were NOK 1 336 (1 011) million and intangible assets were NOK 2 571 (2 385) million. As of year-end, right of use assets were NOK 473 (282) million. Inventory was NOK 1 546 (1 147) million.

Outstanding receivables were NOK 865 (880) million. Long-term and short-term interest-bearing debt was NOK 1 482 (1 166) million and NOK 235 (14) million respectively, while long- and short-term lease liabilities were NOK 481 (230) million and 71 (62) million respectively. Equity was NOK 3 469 (3 484) million, including non-controlling interests of NOK 477 (378) million.

Cash flow

Total cash increased by NOK 113 million in 2022 and amounted to NOK 713 (600) million at the end of the year. Net cash flow from operating activities was NOK 99 (-345), resulting from a positive underlying cash from operations in the Hexagon excl. Purus businesses of approximately NOK 424 (112) offset by significant negative operating cash flows, due to significant operating losses and ramp-up, in the Hexagon Purus business of approximately NOK -325 (-457) million.

Net cash flow from investment activities was NOK -517 (-475) and was to a large extent driven by investments in fixed assets and intangible assets, as well as an investment of a minority stake in the Cryoshelter business. In December 2022, Hexagon Agility executed a sale-and leaseback transaction of its facilities in Salisbury, North Carolina, realizing NOK 161 million in proceeds from the sale.

Net cash flow from financing activitie
NOK 520 (238) million, largely relatec
interest-bearing debt in the Hexago
businesses. Hexagon Purus ASA and
subsidiaries also raised equity capita
of which minority shareholders of th
Group contributed NOK 189 (0) milli
year. Interest payments on interest-b
increased from NOK 50 million in 20
million in 2022 due to increased inte
throughout 2022, as well as higher in
debt levels following Hexagon's NOK
pro-rata participation in the private p
of Hexagon Purus. Total repayments
liabilities, interest included amounte
(71) million, resulting from several ne
ments entered into in the second ha

Long-term borrowing and liquid

During the year, Hexagon Composi
increased its bank loan facilities wit
Danske Bank from NOK 1 ?00 to NO
At the end of the year, available liqu
Hexagon excl. Purus amounted to N
million consisting of NOK 332 (147)
and NOK 345 (568) million in unuse
overdraft facilities. In addition, Hexa
had available liquidity of NOK 397 (
ing of unused credit facility of NOK
and NOK 382 (453) million in cash.
the recent capital raise of NOK 1 30

Hexagon Purus after the balance sheet date, the Group expects that cash and available credit facilities in the Hexagon Purus and Hexagon excluding Purus business will be sufficient to cover planned capital expenditures, operational requirements, and financing activities in 2023. At the end of the year, the company remains in compliance with its financial covenants by comfortable margins.

The Parent Company

Hexagon's headquarters are in Aalesund, Norway. At the end of 2022, Hexagon Composites ASA's corporate administration consisted of 15 (13) employees, responsible for general administration, finance, strategy, business development, IT, operations, investor relations and communications. In 2022, the Parent Company Hexagon Composites ASA incurred an operating profit of NOK -10 (-9) million and a profit of NOK 126 (14) million, which is largely explained by unrealized foreign exchange gains on loans to subsidiaries denominated in USD and EUR. The Board of Hexagon Composites ASA proposes that the profit for the year is allocated as follows:

MNOK	
Allocated to dividends	-
Transferred to other equity	126
Total allocations	**126**

Share capital and dividends

Hexagon Composites ASA is listed on the Oslo Stock Exchange under the ticker "HEX". At the end of 2022, Hexagon's share capital was NOK 20 161 971.20 divided on 201 619 712 shares, each with a nominal value of NOK 0.10. On 31 December 2022 the Group held 650 418 (847 292) of its own shares. The Company's market value at year-end was NOK 5.5 (6.6) billion. For further investor information, refer to the Investor section on the website.

For the year 2021, Hexagon did not pay a dividend. Given Hexagon's growth opportunities and in consideration of the net group loss generated for the year, the Board does not propose a dividend for 2022.

Risk management

Hexagon works systematically to identify and manage risks. Risk management is executed by Group management and management in subsidiary companies. The Board's audit committee reviews the overall risk management policy and procedures and the Group's internal control routines. The committee functions as a preparatory and advisory committee for the Group's Board and provides support for exercising its responsibilities relating to risk management, financial reporting, financial information, and auditing.

Financial risk

The Group has a centralized finance function with overall responsibility for accounting, cash management, capital management, financing arrangements and management of the Group's financial risk factors. In addition, the business areas have financial controllers that perform similar tasks on the subsidiary level. The most significant financial risks for the Group include interest rate risk, liquidity risk, currency risk and credit risk. The Group currently uses financial instruments to hedge risks associated with foreign currency fluctuations, interest rate risk and credit risk. Please see note 25 to the consolidated financial statements for further information related to financial risk factors and mitigating actions. Unexpected events and potential fluctuations in cash generation from operations could result in the Group being unable to meet its financial obligations. To mitigate this risk, the Group targets a sufficient liquidity position and adequate level of credit facilities. At the end of the year, the Group had unused credit overdraft facilities totaling NOK 361 (583) million. See also note 16 and 20 for more information. The Group is exposed to credit risk related to counterparty default on contractual agreements and trade, and other current receivables. The Group has policies and procedures to ensure that sales are made to customers with appropriate credit profiles within defined limits. Actual losses on outstanding receivables in 2022 wer million. Trade receivables at the enc amounted to NOK 865 (880) million is exposed to changes in currency ra can impact the competitive position significant effect on reported result important foreign currencies to the US dollars and Euro. According to th finance policy certain forward excha tracts have been entered into to red Certain of the Group's interest-bea have variable interest rates, which e Group to volatility in future interest amounts. The aim of the Group's in management is to reduce interest e keeping this volatility within accepta See note 20 for information relating rate hedging agreements maintaine Group.

Operational risk

Business risk relates to the risk of lo reduced profitability due to change Group's competitive position. Facto impact the competitive position inc players in the industry, pressure on and future demand and supply fact the price of natural gas and the rela gas compared with diesel. Shortage materials can impact the whole indu the Company operates in, especially to high-grade carbon fiber and automotive batteries and electronic components. Adverse developments in the regulatory environment of alternative fuels and general geopolitical developments are also risks. Depending on developments, these factors can have a negative impact on results and financial positions.

Operational and technological risk
Hexagon currently has a strong position in its markets. The company uses its expertise to develop and commercialize new products, processes and technologies. The company has protected its products, technologies and production processes with patents were deemed appropriate. However, the company is exposed to competing technologies and processes that could have a negative effect on competitive positions and, in turn profitability and financial position. Hexagon's Type 4 composite pressure vessel technology is industry leading, however, typically competes with existing Type 1 and Type 3 technologies. Hexagon operates in markets with strict standards for quality and delivery. Deviations from these standards could result in significant additional costs, lost sales revenues and damage to the company's reputation. In order to mitigate these risks, the company has procedures and controls in place to identify and prevent deviations.

Raw materials risk
The Group is exposed to developments in the price of its raw material and, in particular, the cost of carbon fiber. The price of carbon fiber is primarily linked to the prevailing market balance where supply is dependent on a limited number of manufacturers. To mitigate this risk the Group has a procurement policy which requires periodic fixed price agreements with its most important suppliers. The policy requires a minimum of two suppliers for the purchases of principal materials.

Market risk
The aftermath of the pandemic has caused increased market risk, especially related to unpredictable supply chains and inflation levels worldwide as well as the risk of a global recession. In 2022, the effect of inflation and supply chain disruptions had a significant negative impact for Hexagon. Hexagon's management are closely monitoring the macroeconomic development, recessionary trends and inflation rates in all areas where Hexagon operates and will implement necessary countermeasures if and when such measures become necessary.

Corporate governance
Hexagon Composites ASA's principles for corporate governance are subject to annual review and discussions by the board of directors. The Company follow the Norwegian Code of Practice for Corporate Governance, last updated 14 October 2021 by the Norwegian Corporate Governance Board (NUES). The Board of directors have appointed two sub-committees: The audit committee, governed by the Norwegian Public Limited Liability Companies Act and separate instruction adopted by the Board of Directors, and the remuneration committee governed by a separate instruction adopted by the Board. The Board's corporate governance report is available the Company's website under the Investor section.

The Board of directors and management personnel of Hexagon Composites ASA is covered by the Company's Directors & Officers liability insurance. The insurance covers personal legal liabilities including defence and legal costs of the directors and officers of the parent company and all controlled subsidiaries globally. In addition, cover is also extended to personnel that serve at the request or direction of the Company who may be sitting on the boards of jointly or non-controlled entities.

Sustainability
Hexagon strives to conduct its business in an economically, socially, and environmentally responsible manner. The description of corporate social responsibility (CSR) has been provided in accordance with the provision in section 3-3 (c) of the Norwegian Accounting Act ar
Reporting Initiative (GRI) Standards
Core Option. Hexagon has also rec
assurance from EY Norway on the S
report for 2022.

The Sustainability Report describes
principles, practices and performan
defined as material to the Compan
updated materiality assessments ar
stakeholder dialogue. For 2022, Hex
rial topics include: Our contribution
solutions, Minimizing our operation
mental footprint, Product Safety an
Governance and Responsible empl
Sustainability Report for 2022 is incl
separate report in this annual repor

Transparency Act
On 1 July 2022, the Norwegian Trans
Act entered into force and requires
carry out due diligence assessment
fundamental human rights and dec
conditions in its own businesses an
chains. The Board is pleased that no
rights concerns were raised in the a
made during 2022. For further detai
refer to the Transparancy Act Staten
the Hexagon website under the Su
section.

Reporting of EU Taxonomy related information

The EU Taxonomy was approved by the Norwegian Government in December 2021, and entered into force in Norway on 1 January 2023. Norwegian companies are not required to report on the taxonomy in its annual reports for 2022. During the year, Hexagon continued its efforts to interpret and prepare for the EU Taxonomy by performing technical screening criteria of all of its economic activities for substantial contribution, as well as assessing the do no significant harm (DNSH) criteria and the minimum safeguards criteria of the same. Although the EU Taxonomy reporting is not mandatory until 2023, Hexagon has decided to include taxonomy related information and disclose quantitative measures on eligible revenues on a voluntary basis for 2022. Please refer to the separate section on the EU taxonomy in this annual report for further details and descriptions.

Organization and equal opportunities

Hexagon is committed to workplace diversity, ensuring equal opportunities for all and fostering a culture of inclusion. The core values – integrity and drive – support this mission and ensure accountability. Preferential treatment or discrimination in working conditions due to gender, religion or ethnic background are strictly prohibited at Hexagon. The Company is proud of the uniqueness of its workforce, employing individuals of more than 35 different nationalities. The continued success of Hexagon depends on the ability to attract, recruit, retain and develop a diverse and highly skilled group of employees. At the end of the year, Hexagon had 1 698 (1 513) full-time employees in its workforce, whereof the share of women was 18% (18%).

In an increasingly global economy, a diverse talent base is important to remain competitive and in 2021, strategic work to improve the gender balance was initiated. The Company's longer-term targets are for women to make up 25% of the workforce in 2025 and 30% by 2030. To further promote a culture of inclusion, Hexagon developed and rolled out its Diversity and Inclusion policy in 2021. Further details about organization, diversity and inclusion can be found in the Sustainability report.

Health & Safety

Hexagon continuously works towards an overall goal of zero injuries and zero impact on people and the environment. To achieve this, the Company maintains ambitious health and safety standards to prevent hazards and incidents for all employees and for other parties working on behalf of the Group and has established training and operational requirements that ensure a safe and healthy work environment. In 2022, COVID-19 had a limited impact on the way of working, and the businesses and operations were largely unaffected.

Overall responsibility for health and safety resides with the senior management and Boards of their respective business segments in Hexagon. The Company is committed to maintaining a comprehensive, effective, and consistent Environment, Health and Safety management system across all business and production areas. Sickness absence levels in Norway and Germany were 5.1 (5.6%) and 4.8 (6.2%) per cent in 2022. No occupational disease cases were recorded in the Group. In North America, sickness absence was not recorded as employees are allocated generic paid time off (PTO) of 15 days – which includes but is not limited to sickness absence. In 2022, work-related injuries (WRI) increased to 56 (40). The main driver for the increase in incidents was the consolidation of Wystrach's operations in 2022. The company is not satisfied with the results and has launched various mitigating measures and initiatives to further strengthen the health and safety culture. More info can be found in the Sustainability report.

Environment

Climate change is among the most important megatrends affecting business across all sectors today. The urgent need for a transition to a resource-efficient, low-carbon
increases demand for Hexagon, as
provider in this space.

The most critical factors in Hexagon
house gas (GHG) emissions are the
processes which, throughout the va
can be reduced to further strengthe
business model. In 2021, the Compa
signatory to the Science-Based Targ
and committed to reach net-zero a
sible before 2050. The Company ha
process to develop shorter-term, sc
GHG emissions targets, including b
and indirect emissions.

Climate change also represents son
of physical risk to Hexagon in terms
climate events that could damage b
ities or disrupt supply chains. The g
risk and potential impact from phys
change for Hexagon is, however, co
relatively low – the Group does not
on low-lying shorelines or floodplai
history of forest fires around its faci
information on climate and environ
and how these are managed can be
Sustainability report.

Research & development

In order to maintain a leading position within its markets, the Group invests in technological and process development. Several research & development (R&D) projects are carried out in cooperation with major customers. The Group expensed R&D costs amounting to NOK 149 (105) million in 2022 and capitalized technology development of NOK 62 (43) million in 2022. The Group has received government contributions of NOK 8 (12) million towards research and development activities for 2022.

Subsequent events

There have been no other significant events after the balance sheet date that have not already been disclosed in this report.

Outlook

Hexagon is focused on delivering near-zero- and zero emission energy storage solutions, supported by world-class manufacturing and digitalization, enabling customers to reach their net-zero ambitions. Together with clients and partners, the Company is finding new ways to make alternative energy solutions available and affordable.

According to the International Energy Agency (IEA), energy security is the biggest driver of renewables growth. REPower EU aims to reduce dependence on Russian fossil fuels. It targets EUR 210 billion in investments between now and 2027 including EUR 37 billion for biomethane production, EUR 27 billion for hydrogen infrastructure and EUR 10 billion to import sufficient LNG and pipeline gas. The U.S. Inflation Reduction Act, the biggest climate investment in US history totaling USD 370 billion, aims to bring down costs of renewable energy, boost energy supply, and substantially reduce greenhouse gas emissions. These programs are complemented by the Green Deal Industrial Plan and the U.S. National Blueprint for Transportation Decarbonization, specific initiatives to speed up the deployment of clean energy.

Supply chain disruptions and cost inflation caused challenging operating conditions in 2022. Toward year-end, supply bottlenecks eased somewhat, however several procurement categories remain challenging. Overall, input prices are expected to stabilize in 2023. The company continues to closely monitor and manage the supply chain. Several initiatives have been established to mitigate margin pressure and Hexagon expects to gradually improve margins during 2023.

The demand across most segments continues to be healthy. Ongoing developments in regulations and changes in industry dynamics are expected to support significant long-term clean energy technology opportunities. Hexagon's diversified portfolio and extensive industrial track record, provide a resilient platform for the future.

Hexagon Agility

For Hexagon Agility, demand is expected to be somewhat lower year-over-year in the Clean Solutions business (Heavy and medium duty vehicles) in 2023 in anticipation of Cummins' launch of its new 15-liter natural gas engine in 2024, which will increase the addressable market threefold for US Natural Gas driven long-haul trucks. The high demand for the Mobile Pipeline CNG/RNG business is expected to continue. With its latest new orders, Mobile Pipeline's capacity for 2023 is fully booked. Contracts are dominated by the RNG segment, where low carbon and renewable environmental targets are driving demand for agricultural RNG. Agricultural sources have the lowest carbon intensity and are therefore the most valuable at combating climate changes but are most often found in rural areas lacking pipeline infrastructure. The transit bus segment in North America is expected to remain stable whilst the European bus and light duty vehicle segments, impacted by supply chain challenges and the European energy crisis, are expected to be on the softer side. The refuse truck business is seeing continued strong demand. Hexagon Agility is expected to improve margins in 2023.

Hexagon Ragasco

Hexagon Ragasco is experiencing h
demand. The demand for LPG proc
increasing with introductory orders
customers in new markets and mar
the new Linktra® smart cylinder are
2023.

Hexagon Digital Wave

Hexagon Digital Wave sees an incre
for the cylinder testing and monitor
ogy, which is expected to have a po
on revenues longer term. At the sar
company is in a growth and investm
as Hexagon takes lead in digitalizin
with real-life health monitoring of c

Hexagon Purus

Hexagon Purus' revenue growth in
continues to be mainly driven by in
applications such as hydrogen distr
and mobile hydrogen refueling solu
evidenced by recent revenue trends
intake in 2022. The transformationa
Wystrach in 2021 has further vertical
the company to serve the rapidly gr
for hydrogen infrastructure and ad
ring and profitable base book of bu

Hexagon Purus has recently entered
exclusive distribution agreement wi

Trucks to supply complete battery electric heavy-duty trucks through 2030. The potential total sales value of this contract could reach approximately USD 2 billion. This expanded agreement replaces the previously announced cooperation between Hexagon Purus and Hino to supply battery systems for multiple Hino truck platforms. Hexagon Purus continues to execute on the scale up required to support heavy-duty truck customers including Hino and Nikola, while simultaneously engaging in commercial discussions with existing customers and potentially new customers.

Sales cycles in the automotive space can be long and highly engineering intensive. As such, while revenue contribution from heavy-duty vehicle applications has been relatively low in recent quarters, development work and project activity remain high. It is expected that revenue contribution from this segment will grow in the coming years as battery and fuel cell electric vehicle platforms transition to commercial start of production.

For the full-year 2023, Hexagon Purus expects revenue to grow by at least 50% year-over-year based on strong backlog and order trends. Relative EBITDA margin is expected to significantly improve year-over-year, but EBITDA will continue to be impacted by ramp-up of the organization and production facilities. Negative EBITDA for the full year 2023 is expected to widen by approximately 10% compared to full-year 2022.

The situation in Ukraine and Russia

Hexagon condemns the Russian warfare unfolding in Ukraine. Although the Group does not have operations or employees in Ukraine, and is therefore not directly affected, the war has caused several indirect consequences for the Group, particularly inflated and fluctuating energy prices in Europe. This has impacted costs of operations, especially in Norway and Germany. In addition, the war has brought increased instability in global supply chains, but as Hexagon does not purchase any key input factors from Ukraine, nor Russia, this effect has been more of an indirect nature. Hexagon has a sales/distribution entity for its LPG products in Russia. To ensure compliance with international sanctions, Hexagon Ragasco stopped all product shipments to Russia in March 2022. The Russia[...] represented 0.3% of the Group's re[...] 2022 while net assets in Russia repre[...] immaterial proportion of the Group[...] sheet. There are thus no material fi[...] related to the Group's net assets in[...]

Going concern

In accordance with the accounting a[...] we confirm that the conditions for c[...] operations are present and that the[...] report have been prepared based o[...] concern assumption. This assumpti[...] on budgets and profit forecasts for[...] as the Group's long-term strategic[...] Group's financial position is deeme[...] sufficient liquidity and a robust equ[...]

Aalesund, 29 March 2023
The Board of directors of Hexagon Composites ASA

Knut Flakk	Kristine Landmark	Katsunori Mori	Liv Astri Hovem	Liv Dingsør	Sam Gabbita	Jon Erik Engeset
Chair	Deputy chair	Board member	Board member	Board member	Board member	Group President & CEO

Statement from the Board of directors and Group president

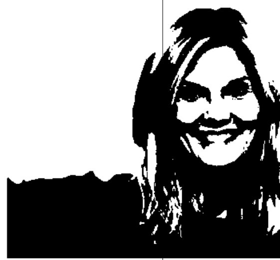
We confirm to the best of our knowledge that:

- the financial statements for the Group and Parent Company for 2022 have been prepared in accordance with applicable accounting standards, and that the information provided in the financial statements gives a true and fair view of the Group's and Parent Company's assets, liabilities, financial position, and financial performance as a whole, and
- the Board of director's Report gives a true and fair overview of the Group's and Parent Company's development, profit, and financial position, together with a description of the principal risks and uncertainties that they face.

Aalesund, 29 March 2023
The Board of directors of Hexagon Composites ASA

Knut Flakk Chair	Kristine Landmark Deputy Chair	Katsunori Mori Board member
Liv Astri Hovem Board member	Liv Dingsør Board member	Sam Gabbita Board member
	Jon Erik Engeset Group President & CEO	

Executive management

				
	JON ERIK ENGESET	**DAVID BANDELE**	**HANS PETER HAVDAL**	**KAREN ROMER**
Position	**CEO & President**	**Chief Financial Officer**	**Chief Operating Officer**	**SVP Communicatio**
Experience	Jon Erik Engeset has served as President & CEO since 2013. He has extensive experience from various senior managerial positions at Rolls Royce, Norsk Hydro and as CEO of Saferoad Group.	David Bandele has served as CFO since 2014. Prior to joining Hexagon, he held several senior positions in the field of finance and controlling within the Aker Group of companies, GE Healthcare and Amersham Plc.	Hans Peter has been a member of the Board of Directors of Hexagon Composites since April 2020, and joined Hexagon Composites as COO in March 2023. He has broad international experience from the manufacturing and automotive industries, including as CEO of Kongsberg Automotive ASA, and as Division manager at Semcon International, a global consulting company.	Karen Romer joined Hexagon in Ap previously held roles at ill + Know Aker Solutions, Statoil el & Retai Lindorff, overseeing global corpora tions, public relations, marketing a
Education	Jon Erik holds an MSc and MBA from Norwegian School of Economics.	David holds a Bachelor of Economics from the University of Sheffield and is an ICAEW Chartered Accountant (ACA).	Hans Peter holds a Master of Science in Mechanical Engineering from the Norwegian University of Science and Technology (NTNU).	Karen holds a Bachelor of Arts deg Literature from Fordham University
Number of shares	378 216[1]	152 654	3 900	1 800

[1] Includes shares owned by related parties

Executive management cont.




	GEORGE SIEDLECKI	**ASHLEY REMILLARD**	**RICK RASHILLA**	**EIRIK LØHRE**
Position	**SVP Strategy & M&A**	**SVP Legal & Government Affairs**	**SVP Sustainability**	**VP Corporate Development**
Experience	George Siedlecki joined Hexagon in 2014 as Chief Financial Officer Hexagon USA, and also served as interim President for Hexagon Digital Wave until May 2022. He has extensive management- and finance leadership experience from various roles within public accounting and publicly held companies, principally in the automotive industry.	Ashley Remillard joined Hexagon Agility in May 2019 as VP Legal & Government Affairs. Prior to this, she practiced law at Nossaman LLP in both transactional and litigation settings, specializing in environmental law.	Rick Rashilla was appointed SVP Sustainability in 2022. Prior to his current role, Rick held several key management positions in the Group, most recently as SVP Research & Development, and VP Hydrogen Automotive at Hexagon Purus' in Germany. He has more than 35 years' experience in managerial and R&D positions related to filament wound pressure vessels and other composites technology from General Dynamics, Brunswick Defence and Lincoln Composites.	Eirik Løhre joined Hexagon in May of previous experience from corpo and Nordea.
Education	George holds an MBA from the University of Notre Dame.	Ashley holds a Juris Doctor from the University of Southern California School of Law and a Bachelor of Arts in Communications from the University of Southern California.	Rick holds a Bachelor of Science in Industrial Management from the University of Cincinnati.	Eirik holds a Bachelor of Science in the Norwegian School of Business
Number of shares	91 735	-	37 225	14 000

[1] Includes shares owned by related parties

Board of directors

			
Board position	**KNUT FLAKK** **Chair**	**KRISTINE LANDMARK** **Deputy chair**	**KATSUNORI MORI** **Board member**
Experience	Knut Flakk is the founder of Hexagon Composites and CEO of Flakk Gruppen. He has extensive experience from establishing, developing and operating industrial companies both in Norway and internationally. Flakk has been the CEO of the Flakk Group since 1996 and holds a MSc from BI Norwegian Business School and an MBA from London Business School.	Kristine Landmark has extensive experience from various management positions within the banking and furniture industries. She is a professional Board member and holds several board positions within several industries and associations. Landmark holds an MSc from the Norwegian School of Economics.	Katsunori Mori is currently President & CEO of Mitsui Ltd. Mori has over the last years held various manage in Mitsui & Co. within the fields of plastics, advanced c materials and renewable energy related materials. He been a member of the Board of Advanced Composite and Sunwize Technologies. Mori holds a bachelor's d Aeronautical Engineering from Kyoto University.
Board member since	2000	2011	2016
Member of	Nomination committee	Audit committee (Chair), Remuneration committee	Remuneration committee
Independence	Second largest shareholder in Hexagon	Independent board member	Represents Mitsui & Co., Hexagon's largest sharehold
Current board positions	Chair of Kva-Spil Ltd, Flakk Invest AS, Flakk Management AS, Basecamp Hotel Hellesylt AS, Flakk Composites AS	Chair of L K Hjelle Møbelfabrikk AS andNils Sperre AS Board member of: Endur ASA, Flokk Holding AS, Hagen AS, Devold of Norway AS, Mostein Eiendom Holding AS, Entec Group AS	
Board meeting-attendence in 2022	100%	100%	90%
Number of shares	27 834 969[1]	10 000[1]	45 833 321[2]

[1] Includes shares owned by related parties [2] Shares owned by Mitsui & Co., represented in the board by Katsunori Mori

Board of Directors cont.

Board position	LIV ASTRI HOVEM Board member	SAM GABBITA Board member	LIV DINGSØR Board member
Experience	Liv Astri Hoem is currently CEO of DNV's Accelerator, a business area dedicated to building businesses and technologies that shape the future of assurance. Hovem has extensive experience in leading successful international businesses across multiple industries, including in the maritime and energy sectors. She has previously served as board member of several R&D-related institutions and holds a master's degree in Naval Architecture and Offshore Engineering from UC Berkeley, and a master's degree in Civil Engineering from the Norwegian Technical University.	Sam Gabbita is the co-founder of Qell, a California based investment platform focused on mobility and transportation. He has held a variety of positions across financial and managerial functions within the financial services industry and has broad experience from managing sustainability focused investments. Gabbita holds a Bachelor of Economics from University of California, and an MBA from The Wharton School at the University of Pennsylvania.	Liv Dingsør is the CEO of Digital Norway. She has bro experience within business development and develop italization strategies across industries. Dingsør has als a decade of experience in strategic and operational M sales, organizational development, and value chain o serving as CEO of several companies led through digi mation journeys. She holds an MSc in Economics and Administration from the Norwegian School of Econor
Board member since	2020	2022	2022
Member of	Audit Committee	Remuneration committee (Chair)	-
Independence	Independent board member	Independent board member	Independent board member
Current board positions	DNV Imatis AS (Chair)	-	Inventas AS (Chair)
Board meeting-attendence in 2022	100%	100%	86%
Number of shares	-	-	-

EU Taxonomy

Sustainable finance is critical for the transition into a low carbon economy and a more just society. The EU taxonomy established a classification system with criteria for which economic activities can be considered sustainable. It is considered an important tool to channel capital into sustainable economic activities.

Background and objectives
As part of the European Green Deal, the European Union (EU) has placed the topics of climate protection, the environment and sustainability at the heart of its political agenda in order to achieve climate neutrality by the year 2050. To this end, the EU Action Plan on financing sustainable growth was developed that aims to reorient capital flows towards sustainable investment, to mainstream sustainability in risk management and to foster transparency and long-termism in financial and economic activity. The Action Plan comprises ten measures and centers around the EU taxonomy (Regulation (EU) 2020/852 and associated delegated acts).

The EU taxonomy is a classification system for sustainable economic activities. An economic activity is considered taxonomy-eligible if it is listed in Article 8 of the EU Taxonomy Regulation and can potentially contribute to realizing at least one of the following six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

As per year end 2022, it is only the first two environmental objectives (climate change mitigation and climate change adaptation) which are finalized and published, and thus subject to eligibility assessments.

An activity is only considered environmentally sustainable, i.e., taxonomy-aligned, if it meets all three of the following conditions:

- The activity makes a substantial contribution to one of the environmental objectives by meeting the screening criteria defined for this economic activity, e.g., level of CO_2 emissions for the climate change mitigation environmental objective.
- The activity meets the Do-No-Significant-Harm (DNSH) criteria defined for this economic activity. These are designed to prevent significant harm to one or more of the other environmental objectives, e.g., from the production process or by the product.
- The activity is carried out in compliance with the minimum safeguards, which apply to all economic activities and relate primarily to human rights and social and labor standards.

Voluntary reporting in 2022
The EU taxonomy regulation entered into force in Norway on 1 January 2023, and Norwegian companies are not required by law to report on the taxonomy in its 2022 annual reports. Hexagon has decided to include taxonomy related information and disclose quantitative measures
revenues on a voluntary basis for 20
found in the following sections.

Economic activities in the Hexag
As a world-leading composite cylin
ogy developer and manufacturer, a
purpose of "Driving Energy Transfo
we enable the safe delivery of clean
gaseous form to homes and industr
we decarbonize transportation. The
Hexagon's activities are related to t
of composite cylinders. To date we
more than 600 000 high pressure c
cylinders, more than 70 000 fuel sys
more than 20+ million LPG cylinder

In 2021, Hexagon made a focused e
interpret the EU Taxonomy criteria
to its operations – identifying and a
eligibility of each of its activities. In
we found that Hexagon contributes
environmental objective, "climate c
gation". We also found that the cyli
and monitoring services and produ
Hexagon Digital Wave will become

the "Transition to a circular economy" objective, which is yet to be finalized and published. Hexagon Digital Wave's products and services are thus currently reported as non-eligible.

In 2022, Hexagon continued its efforts on interpreting the EU Taxonomy and performed a technical screening criterion of all our products and services within Hexagon Agility, Hexagon Ragasco and Hexagon Purus. These products are summarized in the following table and shows each product/service's link to the Taxonomy-eligible economic activities. Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Regulation, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.

The assessment found that Hexagon's products and services are well-positioned to meet the criteria for substantial contribution. 8 of 11 product and service lines assessed met the *"Substantial Contribution"* criteria for climate change mitigation. The remaining three products are expected to meet the criteria when further assessments and documentations are carried out in 2023.

To be fully aligned with the EU Taxonomy framework, and in addition to the "Substantial Contribution" criteria, Hexagon also needs to qualify on the basis of i) *"Do no Significant Harm"* (DNSH) to other sustainability objectives and ii) *"Minimum safeguards"*.

During 2022, Hexagon assessed the
and the *Minimum safeguards* criter
ucts and services listed above. The a
demonstrated that the *DNSH* is a ke
focus efforts on, to ensure taxonom

Business area		Taxonomy-eligible economic activity	#	Description of product / service
Hexagon Agility	3.3	Manufacture of low carbon technologies for transport	1	Fuel system for commercial vehicles
	3.6	Manufacture of other low carbon technologies	2	Mobile Pipeline (distribution business)
			3	Type 4 composite cylinders for commercial vehicles and the autom
Hexagon Ragasco	3.6	Manufacture of other low carbon technologies	4	Composite cylinders for cooking & heating
			5	Composite cylinders for leisure
Hexagon Purus	3.2	Manufacture of equipment for the production and use of hydrogen	6	Type 4 composite hydrogen cylinders
			7	Hydrogen distribution system
			8	Fuel cell electric vehicle system
			9	Hydrogen fuel storage system
	3.4	Manufacture of batteries	10	Battery electric vehicle system
	3.6	Manufacture of other low carbon technologies	11	Industrial gas bundles and stationary gas storage systems
	6.15	Infrastructure enabling low-carbon road transport and public transport	9	Hydrogen fuel storage system

Eligible revenues

The below table sets forth the overview of eligible revenues per segment and for the Group for 2022.

		Revenues (external)		Revenues (internal)
Segment / Group	Economic activities	NOK million	%[1]	NOK million
Hexagon Agility	Total	3 217	100%	261
	A) Eligible activities	3 170	99%	
	3.3 Manufacture of low carbon technologies for transport	2 291		
	3.6. Manufacture of other low carbon technologies	880		
	B) Non-eligible activities	46	1%	
	C) Revenues from other group companies			261
Hexagon Ragasco	Total	701	100%	5
	A) Eligible activities	700	100%	
	3.6. Manufacture of other low carbon technologies	700		
	B) Non-eligible activities	1	-	
	C) Revenues from other group companies			5
Hexagon Digital Wave	Total	91	100%	25
	A) Eligible activities	0	0%	
	B) Non-eligible activities	91	100%	
	C) Revenues from other group companies			25

Segment / Group	Economic activities	Revenues (external) NOK million	Revenues (external) %[1]	Revenues (internal) NOK million
Hexagon Purus	Total	920	100%	44
	A) Eligible activities	888	96%	
	3.2. Manufacture of equipment for the production and use of hydrogen	569		
	3.4. Manufacture of batteries	59		
	3.6. Manufacture of other low carbon technologies	198		
	6.15 Infrastructure enabling low-carbon road transport and public transport	62		
	B) Non-eligible activities	33	4%	
	C) Revenues from other group companies			44
Hexagon Group	Total	4 932		-
	A) Eligible activities	4 758	96%	
	3.2. Manufacture of equipment for the production and use of hydrogen	569		
	3.3 Manufacture of low carbon technologies for transport	2 291		
	3.4. Manufacture of batteries	59		
	3.6. Manufacture of other low carbon technologies	1 778		
	6.15 Infrastructure enabling low-carbon road transport and public transport	62		
	B) Non-eligible activities	174	4%	

[1] All percentages relate to the external revenues for the business areas and the Group's total revenues

The definition of turnover in the EU Taxonomy corresponds to the revenues as reported in the IFRS consolidated financial statements, which amounted to NOK 4 932 million for the fiscal year 2022. Of this total, NOK 4 758 million, or 96% of group revenues, was attributed to taxonomy-eligible activities. For segment reporting purposes, Hexagon has derived the eligible revenues on the basis of external revenues (see note 4 in the notes to the consolidated financial statements).

Taxonomy alignment in 2023 and the work ahead

Hexagon supports the EU's work on sustainable finance and other sustainable initiatives. Having a common and consistent standard of climate-related disclosure provides a common language for measuring sustainability performance and focuses corporates on investing and delivering returns from these activities. We view the EU taxonomy as providing valuable information for our internal risk management, financial planning, and strategy processes.

In the course of 2023, the Company will calculate the proportion of aligned activities, by total turnover, capital expenditure and operating expenditure and report in line with the EU taxonomy requirements. The Company will continue its work to ensure that as many as possible of the DNSH criteria are met for all economic activities.

For the *"Climate change adaptation objective"*, the Company will perform and document physical climate risk assessments with the target of all the manufacturing sites to meet this DNSH criteria and continue to build a management system that ensures governance of physical climate risk.

For the *"Sustainable use and protection of water and marine resources objective"*, the Company will perform and document an Environmental degradation risks assessment.

For the *"Transition to a circular economy objective"*, the Company will develop clear governing documents and checklists that encourage the development of a circular business model and products.

For the *"Pollution prevention and control objective"*, the Company will ensure that all manufacturing sites comply with the REACH Regulation (which is implemented in the EU and EEA) or comparable regulations at manufacturing sites outside the EU.

For the *"Protection and restoration of biodiversity and ecosystems objective"*, the Company will work to ensure that the Environmental impact assessments (EIA) performed at all manufacturing sites are completed. For manufacturing sites and assets located in the EU, having an EIA is required for a permit/license to operate, and the Company is confident this objective will be met in the EU as well as outside EU.

As all of Hexagon's current economic activities have the potential to be taxonomy aligned, Hexagon regards the potential for close to full alignment with the EU Taxonomy over time, as high. However, as the EU Taxonomy requirements are challenging, we can expect that not all DNSH criteria may be fulfilled within 2023.

Sustainability report

About this report
ESG governance
Sustainability in Hexagon
Our contribution through our solutions
Minimizing our operational environmental footp
Product safety and compliance
Responsible employer
Governance
Accountant's assurance report

About this report

This Sustainability report provides a performance update on Hexagon's 2022 development, targets and measures within Environmental, Social and Governance (ESG).

GRI

This report has been prepared in accordance with the GRI 2021 Universal standards. Our overview of disclosures according to GRI, including references to sections where GRI indicators are reported upon can be found on www.hexagongroup.com. Due to changes in United Nations Global Compact reporting policy, the statement from our CEO and our responses to Un Global Compacts questionnaire will be made public on the UN Global Compact website by 30 June 2023.

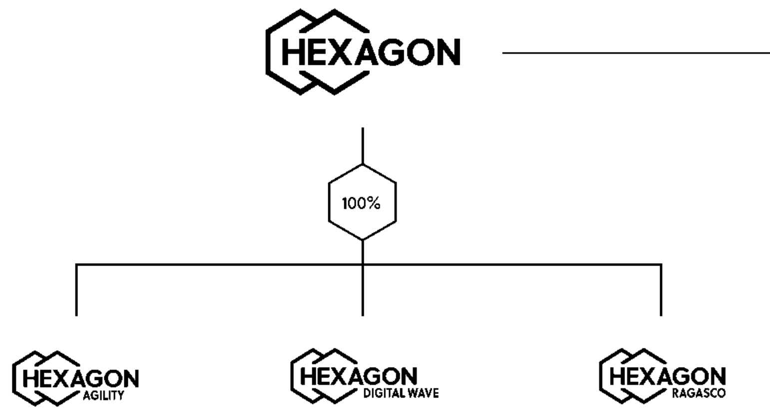
When we reference Hexagon in this report, unless otherwise stated, we are referencing our portfolio of businesses; Hexagon Agility, Hexagon Ragasco, Hexagon Digital Wave and Hexagon Purus.

The Norwegian Code of Practice for Corporate Governance

The Company shall comply with the Code of Practice established by the Norwegian Corporate Governance Board (NUES). The latest version of the Code of Practice is available at www.nues.no. Further information on corporate governance can be found in the Board of Director's corporate governance report on our website.

Report boundaries

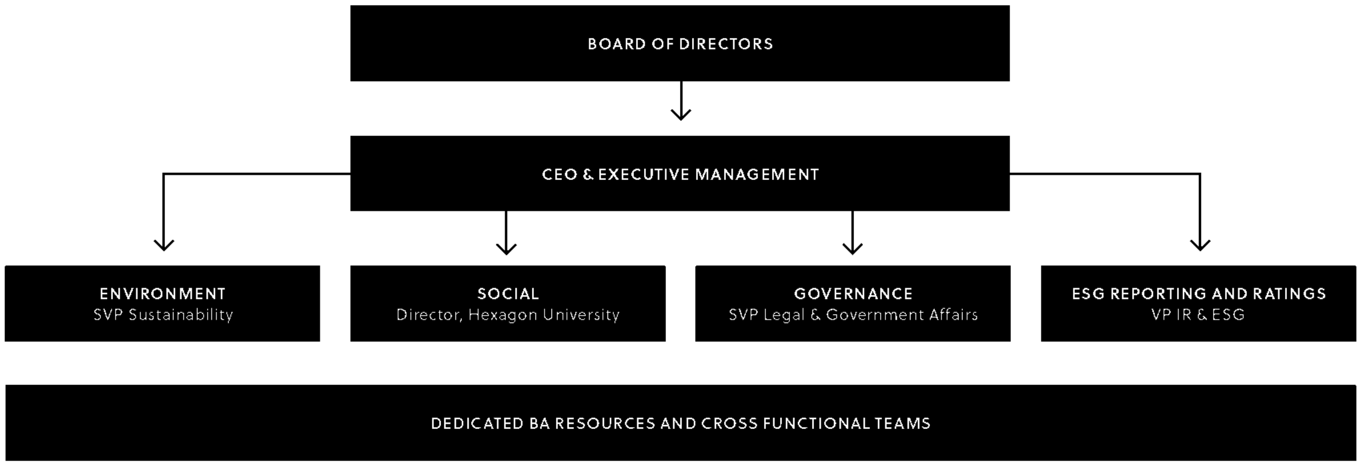
The report boundaries are, in general, drawn around companies under the operational contro Composites ASA.



ESG governance

Committed to our purpose of driving energy transformation – enabling a positive impact on society, people, and the planet is the reason we come to work every day. In 2022, significant progress establishing and driving our ESG initiatives was made by Hexagon's ESG project team. To make further progress across all areas in the company and make ESG an integral part of our organization and strategic priorities, we have decided to further increase our ESG efforts and resources, moving ESG from a project set up in 2022 to an ESG organization in 2023.

HEXAGON'S ESG ORGANIZATION 2023



Hexagon's SVP Sustainability lead ability ("Environment") strategy, co and developing the vision and strat the company's CO_2 reduction effort the roadmaps for implementing an these initiatives.

Hexagon's Director of Hexagon Ur ESG "Social" Officer, leads our soc strategy, setting targets and goals t company's relationships with emplo ers, customers, and the communitie operate.

Hexagon's SVP Legal and Governr and ESG "Governance" Officer, en as a company comply with outside r legal requirements as well as intern bylaws, working with management identify and manage regulatory risk

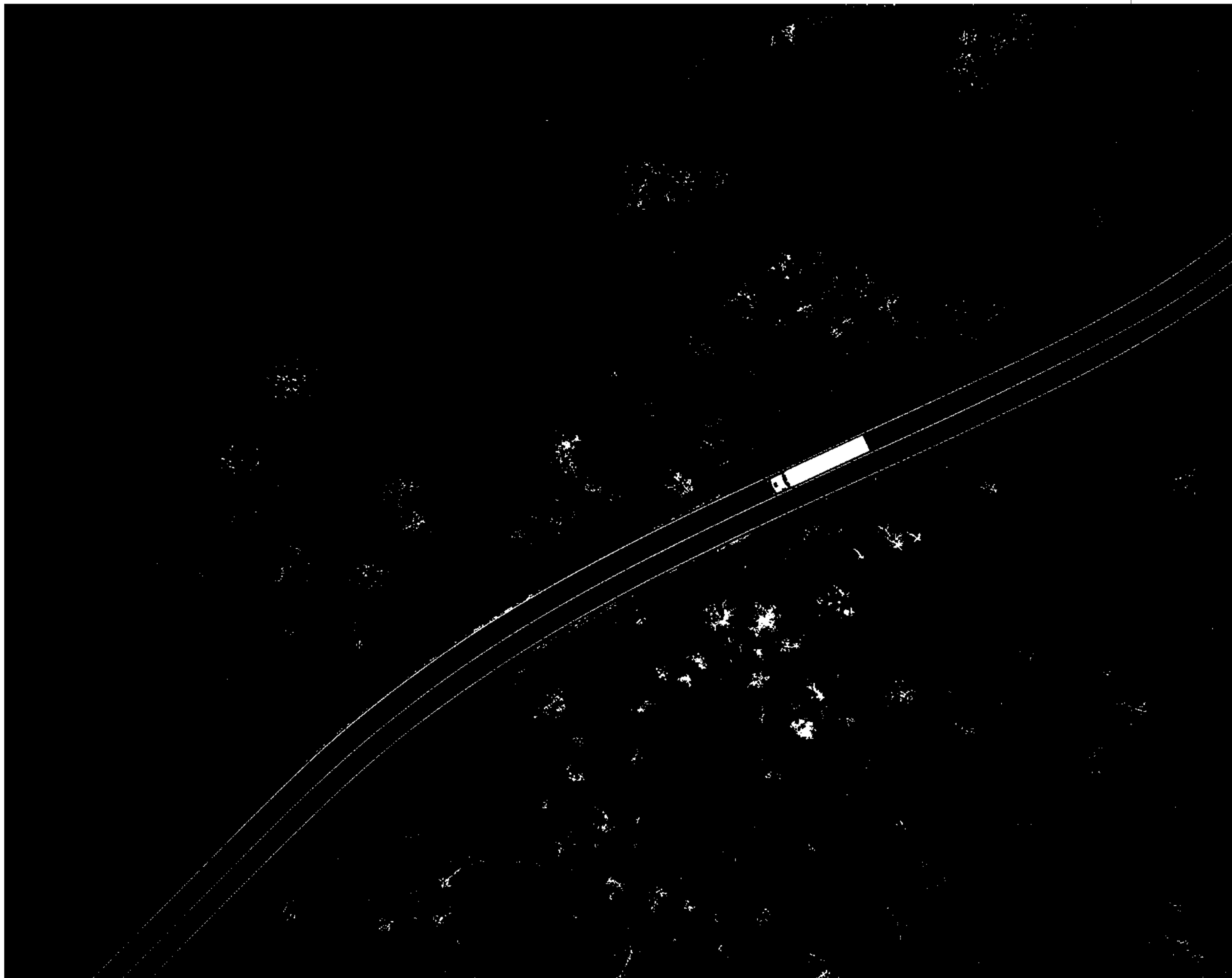
These are all highly cross functional roles that partner with the business improve Hexagon's ESG profile and vative solutions that support our ma

Each business area in the Hexagon Group has dedicated resources and cross functional teams which support the development of the relevant strategies and implement them in operations.

All three E, S, and G leaders coordinate with our ESG reporting efforts, led by our VP Investor Relations & ESG, to secure the necessary transparency and support improvements in our external ESG reporting.

The key responsibilities of the ESG organization are:
- Evaluate and advise on Hexagon's ESG strategy, policy and performance
- Evaluate and monitor annual ESG targets and results
- Discuss and evaluate key ESG strategic decisions and directions
- Discuss and evaluate current and future ESG trends relevant to the Group
- Evaluate the Group's evolving approach to ESG risk assessment and transparency

Hexagon's ESG organization is backed by senior executives and the CEO. The highest decision-making responsibility for sustainability is with the company's board of directors and is included in the board's annual strategy process.

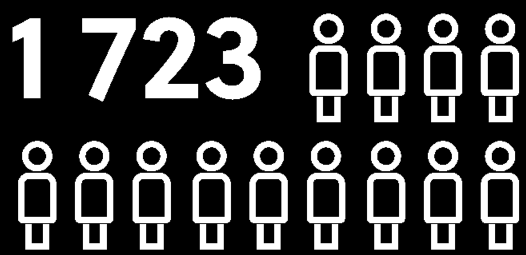


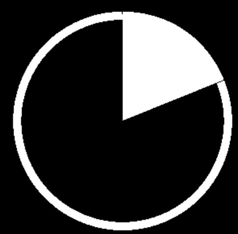
OUR PEOPLE

OUR CONTRIBUTION

Employees[2]

1 723





Diversity

19%

women

Material topics

As a provider of clean energy solutions to people and industries around the world, Hexagon plays a key role in the transition towards a more sustainable, decarbonized global society.

Through regular engagement with our stakeholders, we have evaluated our actual and potential positive and negative impacts on people, planet and society. The input from stakeholders haven been prioritized and taken into our strategy and risk planning.

This has historically been reviewed on an annual basis. As the world is in constant change, these reviews will be conducted on a quarterly basis moving forward. For 2022, we have defined nine material topics with corresponding performance indicators and ambitions. Hexagon's material topics were first defined in 2019, and reconfirmed in 2021. Our 2022 material topics are mainly in line with our 2021 reporting. For 2022, Energy and the EU Taxonomy are taken out as material topics. Energy falls naturally into our focus on GHG emissions, and we are preparing to report according to the Norwegian reporting requirements on the EU Taxonomy for the reporting year 2023.

A broader review of our material topics will be conducted in 2023.

OUR PRIORITIES	2022 MATERIAL TOPICS
Our contribution through our solutions	• Clean energy solutions
Minimizing our operational environmental footprint	• Greenhouse gas emissions • Material waste and circularity
Product Safety and compliance	• Continuous product safety improvemen
Responsible employer	• Occupational health and safety • Diversity and inclusion • Workforce development
Governance	• Business ethics and anti-corruption • Responsible procurement

Appendix: Overview of material topics

Impacts in our value chain

Hexagon's material topics are an integrated part of our business. The table illustrates the potential impact of our material topics in Hexagon's value chain. We manage and evaluate these impacts as part of our operational and strategic planning.

OUR VALUE CHAIN

Supply chain
Selection and engagement with suppliers on our key raw materials; carbon fiber, glass fiber, ingredients, in addition to other components and services. Our key raw materials are predominantly produced in US, China, Japan, South Korea and Europe.

Operations
All stages of our manufacturing processes and operational activities.

Application
Our products and solutions installed in operation on heavy-duty trucks, as gas distribution modules or for cooking, heating and leisure activities.

Note: Distribution of products from factory door to customers is only relevant for Hexagon Ragasco, which represents approx. 15% of Hexagon's revenues. It is therefore not included as part of our value chain.

• Low •• Medium ••• High

		Supply chain	Operations
Contribution through our solutions	Our solutions	•••	•••
	Product safety	•	•••
Minimizing our operational footprint	Greenhouse gas emissions	•••	•••
	Material waste and circularity	••	•••
Responsible employer	Occupational health and safety	•	•••
	Diversity and Inclusion	••	•••
	Workforce development	•	•••
Governance	Business ethics and anti-corruption	•••	•••
	Responsible procurement	•••	•••

Stakeholder engagement

Employees and potential employees

Key topics

- Workforce development
- Occupational health and safety
- Diversity and inclusion
- Local community relations

How we engage/arena for dialogue

- Emails
- Townhalls
- Strategy updates
- Departmental meetings
- Employee engagement surveys
- Workplace and intranet
- Trainings

Direct/indirect impact on Hexagon

Hexagon's employees are essential for the company to achieve its goals and ambitions regarding sustainability. Hexagon has a direct impact on employees through our its policies and agreements, and can indirectly affect employee engagement through active dialogue and day-to-day interaction.

Customers

Key topics

- Low carbon technology solutions for our customers
- Climate action
- Responsible procurement
- Product lifetime
- Governance
- Human rights in our supply chain

How we engage/arena for dialogue

- Emails and meetings
- Site visits and audits
- Conferences and industry events
- Websites
- Reports and presentations
- Press releases
- Customer satisfaction surveys/scorecards

Direct/indirect impact on Hexagon

Hexagon's customers directly impact the company through their purchasing behavior. Enabling our customers to meet their sustainability targets is part of what drives Hexagon's business forward.

Owners, analysts, investors and financial community

Key topics

- EU taxonomy
- External ESG Ratings
- Responsible procurement
- Anti-corruption and integrity
- Corporate Governance and compliance

How we engage/arena for dialogue

- Financial presentations & stock exchange releases
- Annual General Meeting
- Meetings and roadshows
- Sustainability and annual report
- Website

Direct/indirect impact o

Investors and owners direct impact on the c through its control fu

Partners and suppliers

Key topics

- Responsible procurement
- Human rights in our supply chain
- Anti-corruption and integrity

How we engage/arena for dialogue

- Email
- Supplier questionnaires
- Social media
- Website
- Meetings and industry events
- Press releases
- Supplier visits/audits

Direct/indirect impact o

Hexagon's suppliers a economically affected company and their res id indirectly affected b focus on responsible b practices and the expe placed on them by the

National/international regulators, NGOs and governments

Key topics

- Responsible procurement
- Anti-corruption and integrity
- Human rights in our supply chain
- Diversity and inclusion
- Local community relations
- Climate action

How we engage/arena for dialogue

- Partnerships
- Conferences
- Community and industry events
- Public forums
- Committees and industry advisory boards

Direct/indirect impact o

Regulations and local government can dire affect Hexagon's busi operations and strate regulations and legisla NGO's can indirectly i Hexagon by influencin regulations and frame

Our contribution through our solutions

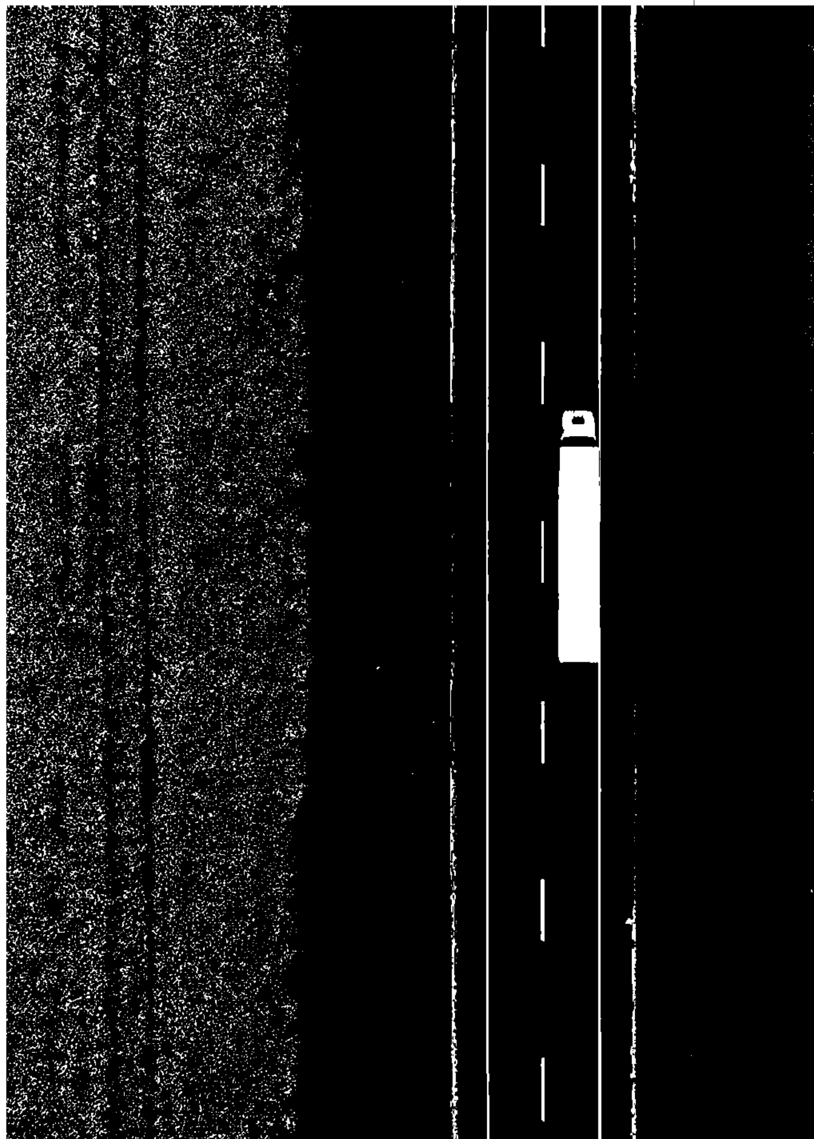
Materiality

The race to net-zero is accelerating. There is an urgent need to transition to a resource-efficient, low-carbon economy. As a provider of clean energy solutions to people and industries around the world, Hexagon plays a key role in the transition towards a more sustainable, low-carbon global society. We work with global OEMs, fleet owners and distributors to enable and accelerate the adoption of alternative fuel solutions.

This is a material topic for Hexagon, because of the positive impact we have by mitigating climate change through enabling access to alternative fuel solutions. From point of deployment, our solutions immediately reduce CO_2 emissions, positively impacting the environment and people.

The introduction of significant climate investment programs, such as REPower EU and The US Inflation Reduction Act which are aimed at bringing down costs of renewable energy, boosting energy supply and substantially reducing greenhouse gas emissions, in addition to a global energy crisis where energy security is a key driver, confirms the current momentum for alternative fuel solutions.

Hexagon is fully committed to driving the energy transition forward. Our growth ambitions are supported by our broad portfolio of alternative fuel solutions and our global presence in key energy markets.



Our approach

Hexagon continues to leverage the demand and market opportunity in our core markets to enable the transition to alternative fuel solutions. In close cooperation with our customers and suppliers, we have developed a range of solutions that enable the transition from fossil fuels and to alternative fuels within three market segments; mobility, infrastructure and domestic.

Low and zero emissions mobility solutions
Transportation is considered a hard to abate sector and the fastest growing source of emissions worldwide, currently responsible for 17% of annual greenhouse gas emissions. Hexagon offers the full spectrum of alternative fuel mobility solutions, including high-pressure composite tanks and fuel systems for renewable and compressed natural gas (RNG and CNG), hydrogen and battery electric, with all solutions ready for immediate deployment. We are working with global leading OEMs and fleet owners such as Scania, UPS, Volvo, Freightliner and Hino to support and accelerate their adoption of low and zero mobility solutions. Hexagon has a fuel agnostic approach, which enables customers to find and select the solution that matches their criteria for range and efficiency, whilst at the same time reducing emissions. Our priority is to mitigate the climate impact and offer solutions that reduce carbon emissions both in medium-term and long-term. The infrastructure for our RNG solutions are in place and growing. In combination with current incentive programs in the US, fleet owners are switching to RNG as a fuel to reduce emissions and costs.

Gas infrastructure
Access to clean energy is essential to drive the energy transition.We offer cost effective solutions, and work with global leading industrial gas distributors such as Centaurus, Air Liquide and Linde.

The demand for renewable energy such as compressed (renewable) natural gas and hydrogen, is driven by lack of pipeline infrastructure combined with growing energy demands and environmental targets, driving our infrastructure segment forward.

In North America, our solutions have moved from operating in traditional oil and gas sectors to transporting and enabling access to renewable natural gas (RNG). In 2022, almost 40% of our gas distribution was related to RNG, which again contributes to increased availability of RNG as a fuel.

Energy security in combination with developing an alternative fuel infrastructure is high on the agenda in Europe, and Hexagon's hydrogen distribution solutions are playing a key role in numerous pilot projects in several European countries.

We recognize that our solutions are essential to further develop clean fuel supply chains. To leverage growth and enableaccess to clean energy, expanding our capacity in this segment will be a priority for Hexagon in the coming years.

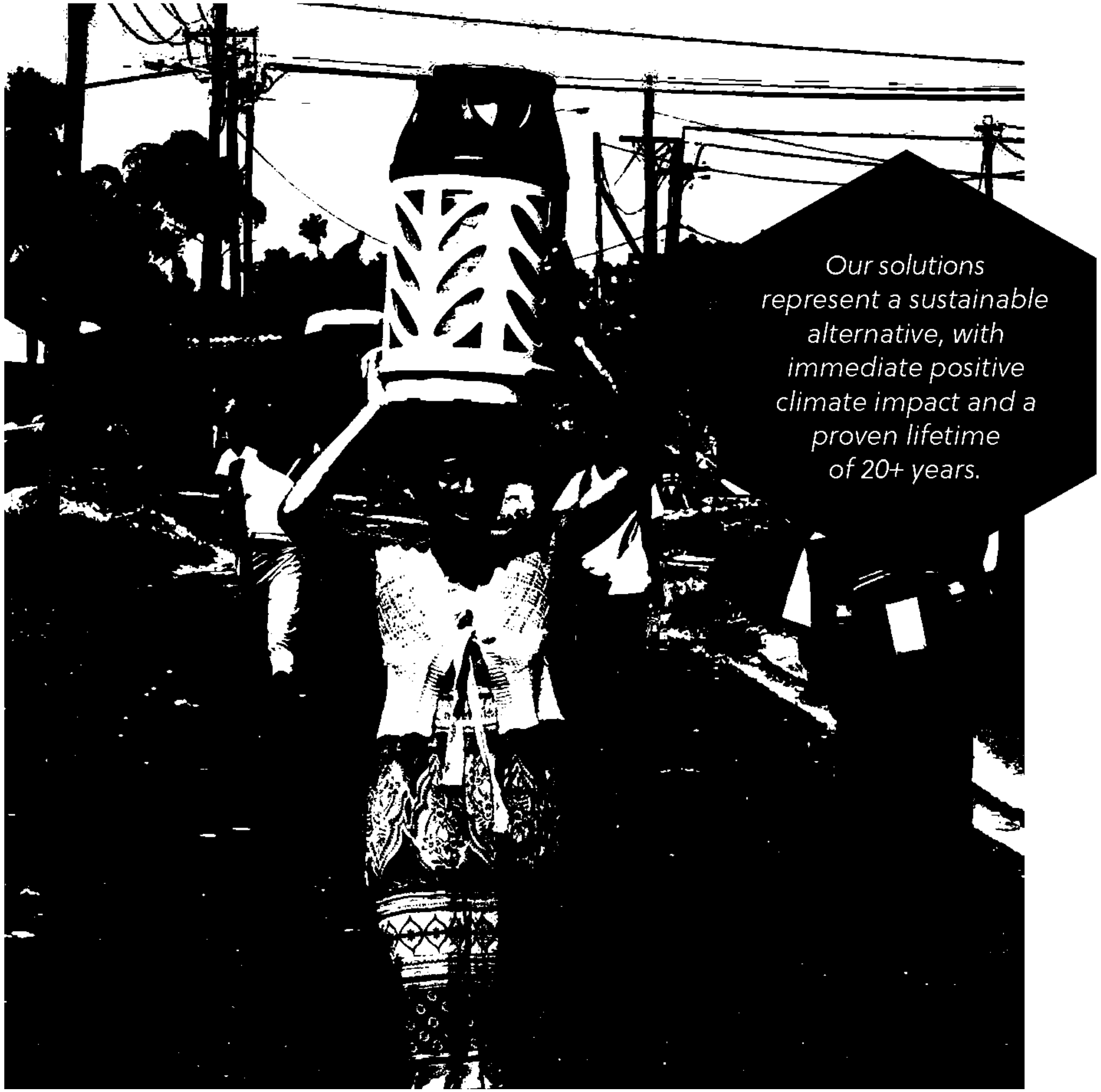
Cleaner air and safer LPG for everyone, everywhere
The use of liquid petroleum gas (LPG) for cooking and heating produces practically no particulates. Its CO_2 footprint is 20 per cent lower than that of heating oil and 50 per cent lower than coal. For homes and smaller industrial applications, Hexagon's low pressure composite LPG cylinders are offered as a safer and lighter alternative to steel cylinders for consumers. Hexagon's cylinders are 50% lighter than the equivalent steel cylinder, and the composite LPG cy not explode if exposed to fire. The e features of Hexagon's composite LP help our customers attract new LPG

A priority for Hexagon is to continue potential customers on the benefits LPG cylinders and make composite an equal alternative to steel.

DID YOU KNOW

Today, 64% of natural gas use transportation in the US, is re ble. RNG comes from organic such as food, manure and lar can go beyond net-zero and a negative carbon-intensity r When produced from manure has a carbon-intensity score

Source: www.cleanenergyfuels.com



Testing and extended lifetime

Accurate inspection and testing methods are crucial to ensure safety and to avoid unnecessary waste of well-functioning cylinders. High-pressure cylinders must be recertified every fifth year, and Hexagon's proprietary modal acoustic emission (MAE)technology is the most accurate and reliable requalification method available, and the only technology certified to extend the lifetime of a cylinder from 15 years to 30 years. A key priority for Hexagon is to leverage its existing technology to drive the digitalization of the alternative fuel industry, enhancing both efficiency and safety. Moving from in-situ MAE requalification to miniaturized and embedded MAE sensors into the cylinder structure to enable 24/7 monitoring. A connected cylinder system will improve safety, reduce cost and extend lifetime of the system, which again will drive a higher uptake of RNG/hydrogen solutions in mobility sector.

Impacts on our GHG emissions and end-of-life

Hexagon recognizes the fact that materials used in our solutions are impacting our own greenhouse gas emissions and we engage with our suppliers to find ways of improving without compromising the safety of We acknowledge that the emissions reduced throughout the value chain strengthen our business model. Lea about our process in Minimizing ou footprint.

Our solutions represent a sustainab with immediate positive climate im proven lifetime of 20+ years. At the acknowledge that currently there ar able end-of life handling solutions cylinders, which means they must b landfills or through energy recovery the waste hierarchy. Hexagon is how on improved recycling applications life" for composite cylinders, see Pr and compliance.

In addition to our efforts in miniatu MAE technology, we are investing r in finding solutions to end-of-life, a that with global efforts and partners methods can be commercialized or scale in the next decade.

Results and achievements 2022

Infrastructure and mobility

Hexagon has experienced high-demand the past year, with infrastructure and mobility projects for RNG/CNG and hydrogen being the main drivers for growth.

We measure our impact and progress on a quarterly basis by calculating the greenhouse gas emissions our solutions have avoided by being put in operation. Our solutions are interchangeable with CNG and RNG. We are pleased to see that in the US, where we deploy most of our solutions, the adoption of RNG is increasing. RNG has a carbon-negative impact in well-to-wheel approach when produced from food, waste or manure. Measuring the reduction of CO_2 reminds us of the impact our solutions have on people and the planet.

We are pleased to see an increase in number of emissions avoided in 2022, confirming the growing demand and increased adoption of our alternative fuel solutions.

Requalification services

The increased adoption of composite cylinders for transporting and storing gas under pressure drives the demand for our MAE requalification services. Hexagon requalified twice as many cylinders using MAE in 2022 than in 2021. We are very satisfied with the positive development of our requalification services, confirming the growing importance in the industry to enhance safety, whilst reducing potential unnecessary waste to landfill.

Recertified solutions	2022	2021
Cylinders recertified using MAE	**4 000**	2 000

Education on the road to zero emission

With decades of experience, our employees have extensive knowledge of the role our solutions play in decarbonizing society. To maximize the potential impact of our solutions, we have increased our work with NGO's in order to educate and influence both potential customers and policy makers. In 2022, we held two webinars in cooperation with NGVAmerica and European Biogas Association addressing the challenges and opportunities in the regulatory framework and advising on the spectrum of solutions for the transportation industry in Europe and North America.

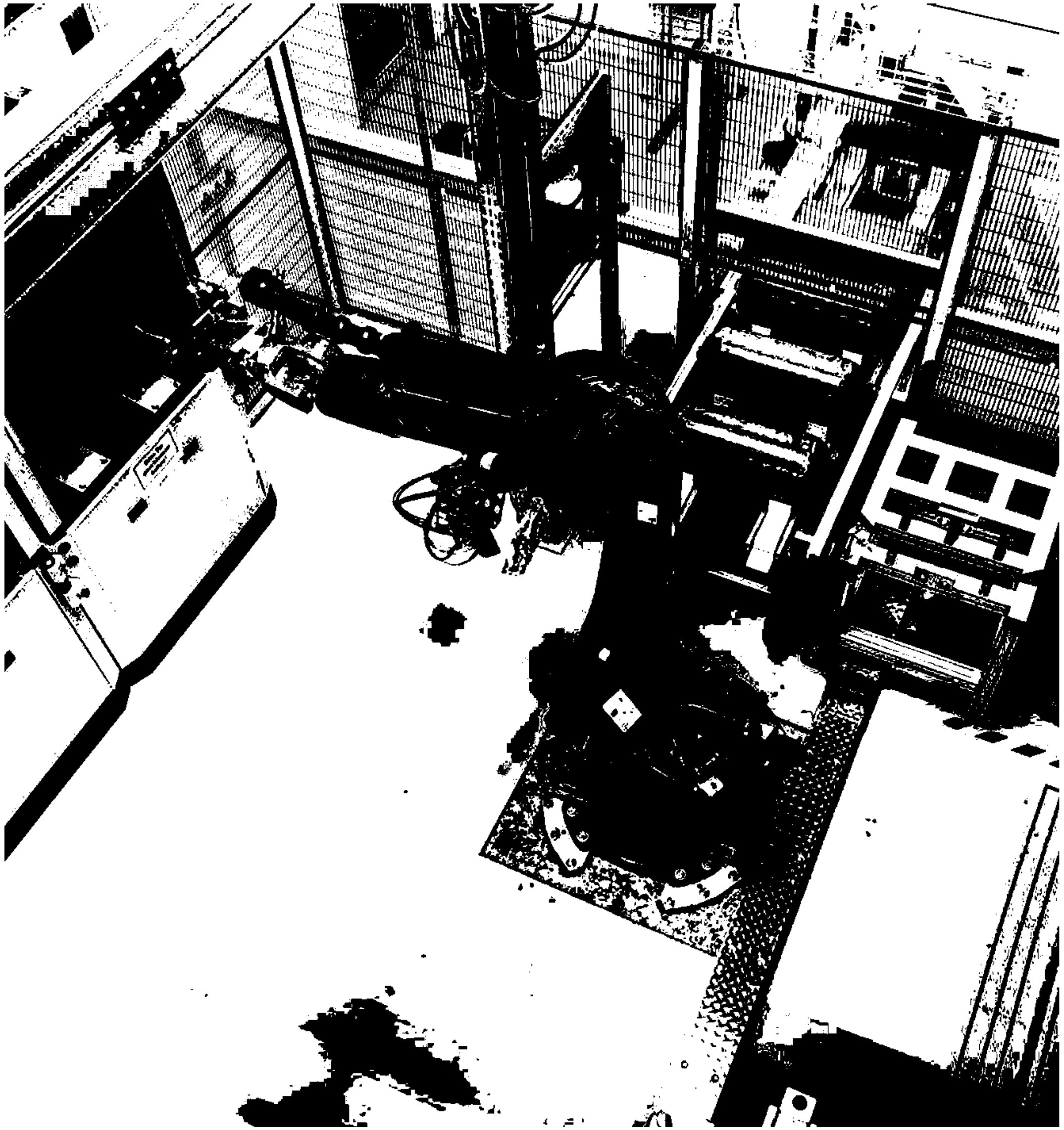
GREENHOUSE GAS EMISSIONS AVOIDED

Metric tons	2022	2021	2020
Mobility and infrastructure solutions	**1 300 000**	1 100 000	730 000
LPG cylinders	**50 690**	51 680	Not reported
Total emissions avoided	**1 350 690**	**1 151 680**	**730 000**

PERFORMANCE EVALUATIO[N] AND LOOKING AHEAD

According to the International Agency, the global energy crisi accelerated the shift to renewa capacity is set to double in the years. Energy security is a key c

Hexagon is well positioned to c on the growing demand with c expansion of our manufacturin aftermarket services. In close c tion with our customers we will to leverage our existing techno expertise and capabilities to ac the transition to alternative fue focus on digitalizing the indust enhance user experience, safet longevity will remain a key prio



Minimizing our operational environmental footprint

Hexagon deliver products and services that enable the transition towards clean energy. To do so responsibly also means mitigating the embodied climate impact of our own operations.

Waste and circularity

Materiality

The world is seeing the results of years with poorly managed waste. We all have a role to play to minimize the pollution and impact of waste and energy consumption. As an advocate and driver of the energy transition, it is essential for us to understand how our own consumption affects the planet and to focus on what we can do to minimize our impact.

Our approach

Hexagon is committed to protecting the environment by managing the business in an environmentally sensitive and responsible manner. Driving energy transformation is our purpose, and it is a clear expectation from our stakeholders that we will do our utmost to minimize the impact of the waste related to our manufacturing processes. Our processes are supported by certified environmental management systems and the majority of manufacturing sites are certified to ISO 14001 Environmental Management (see all ISO certifications at www.hexagongroup.com). Emissions from the various manufacturing sites are regulated by national and/or local authorities.

Zero waste and zero impact

The group has set a common approach through its Environmental, Health and Safety guidelines where management is responsible for achieving our long-term goal of zero waste to landfill in our production and advancing a zero-impact energy culture with efficient design, operational and procurement choices to reduce energy consumption and carbon emissions.

Employees at every level are expected to actively participate in the success of environmental programs and report any environmental concerns to management. Environmental awareness is part of our culture, and we engage with our employees through various initiatives to promote environmental awareness and to ensure the can participate and suggest improvements in our operations and in our surroundings.

Hexagon generates waste both upstream and downstream in its value chain, ending up as scrap during production, distributions and testing, such as carbon fiber, cardboard, paper, plastic, wood, e-waste and metals, as well as regular household types such as packaging and food waste. All production sites are committed to conserving natural resources and reducing our environmental footprint by applying the reduce, reuse and recycling principles. Manufacturing sites have recycling programs to ensure landfill diversio in close dialogue withrenovators to follow and comply environmental re and make improvements where pos

Hazardous waste

Some of the waste associated with is hazardous. Hexagon employs spe tractors who safely dispose of this w data is provided by third-party haul through local environmental health team members, and validated. Envi compliance requirements are based environmental laws and regulations

Results and achievements 2022

Several initiatives in 2022 resulted in increased recycling and less waste to landfill.

- Hexagon Agility in Lincoln designed prototype for cylinder returnable racks, which is both cost efficient and environmentally friendly.
- Hexagon Agility's operations in Fontana achieved 100% zero waste to landfill.
- Continued to reduce packaging waste by introducing returnable packaging for systems.
- Hexagon Ragasco has recycling projects on recycling of (in-house) plastic casings. Working on project related to replacing (part of) the virgin HDPE in the spare parts with recycled HDPE.
- Pallet return resulted in 49 tons of wood diverted from landfill.
- No violations or non-compliances of local environmental laws were identified in 2022.

WASTE KPI

Metric tons	2022	2021	2020
Hazardous waste	89	59	56
Non-hazardous waste	1 338[1]	2 580	2 102
Cardboard Recycled	204	Not reported	Not reported
Paper Recycled	4	Not reported	Not reported
Plastic Recycled	366	Not reported	Not reported
Wood Recycled	458	Not reported	Not reported
Carbon Fiber Recycled	104	Not reported	Not reported
Mixed Waste Recycled	321	Not reported	Not reported
Electronic Waste Recycled	0.8	Not reported	Not reported
Metal Recycled	471	Not reported	Not reported
Solid Waste to Energy	449	Not reported	Not reported
Solid Waste to Recycle	996	Not reported	Not reported
Solid Waste to Landfill	574	Not reported	Not reported
Total amount of waste generated	5 374.8	3 787	2 636
Total amount of waste recycled	2 924.8	Not reported	Not reported

[1] Not comparable to 2021 and 2020 numbers due to change in reporting

PERFORMANCE EVALUATION AND LOOKING AHEAD

We have made good progress in reducing and recycling waste and material where applicable. We see good progress in the areas where we can divert waste to landfill and minimize our operational footprint. However, it is evident that as the organization and production activity continue to grow, we need to further systemize our tracking and target setting for waste reduction to see areas of improvement and continue to reduce our impact on the environment.

Targets 2023

- Hexagon Digital Wave to reduce amount of water wasted during testing both on-site and at customer facilities.
- Hexagon Ragasco to reduce spill of microplastics and establish closed loop for sludge water.
- Conduct an assessment and review of the value chain of our recycling and waste processes and establish waste targets per facility.

Our greenhouse gas emissions

Materiality

Climate action and the transition to net-zero is high on the global agenda. As a provider of solutions that enables industries to switch to low-carbon and zero emission solutions, Hexagon recognizes the importance of reducing our own carbon footprint to accelerate the transition to net zero.

A substantial portion of our carbon emissions are generated from the raw materials our production consumes. Hexagon's climate opportunities lie to a large extent in the development of our products, both in manufacturing and in the disposal of our cylinders at end-of-life.

It is therefore of high strategic importance to reduce our indirect carbon usage and to further develop our cylinders to minimize the impact they have at end-of-life.

Our approach

Hexagon has reported its scope 1 and 2 emissions since 2019. For Hexagon, a large portion of our carbon emissions are generated in scope 3 activities. In 2021, we substantially expanded our scope 3 emissions reporting to ensure we capture the most significant indirect sources of GHG emissions in our value chain. In January 2022, we signed the Science-Based Targets initiative and are committed to reaching net-zero as soon as possible before 2050. We are currently working on setting shorter-term reduction goals for 2030 in line with the 1.5°C Paris Agreement target and having them validated by the in January 2024.

For Hexagon, 96% of our carbon emissions are generated in scope 3 activities. More specifically, through key raw materials and other purchased goods and services, with carbon fiber being the main driver.

We have increased our engagement with our key suppliers, both via procurement departments and on management levels to further understand their climate ambitions and the future impact and emission reduction potential in carbon fiber.

We are in continuous dialogue with suppliers across our value chain to understand their environmental approach. Supplier ESG scorecards have been developed to gather information and in 2023, we will do a detailed a mapping that will influence our decisions and plan to reach net-zero.

In addition, the competence and expertise of our employees are essential as we assess alternative raw materials and processes. Hexagon's R&D teams are dedicated to testing alternative carbon fiber and resin material that is considered more environmentally friendly. This is an area where we need to balance the environmental impact with product safety before concluding on next steps.

Energy consumption
Hexagon is currently tracking energy consumption at all facilities and is in the process of certifying sites according to ISO 50001. To get a full understanding of our potential to reduce our emissions, we are improving our data collection process, and performing full technical energy reviews at selected sites. We recognize the need to increase our renewable energy use and are considering creating own renewabl programs to speed up this process.

In 2023, we are opening several new energy consumption has been a prio design and planning of the new facil

Life cycle and end-of-life
The total lifecycle and end of life of ders are of key importance to our cu Reducing our own carbon footprint affect our products. However, due t limited recycling options for compo als, we recognize that the main cha the product's end-of-life. Hexagon running several R&D projects aimed new ways to recycle composite mat will keep our customers up to date findings.

Results and achievements 2022

Restatement of numbers

In 2023, we did a recalculation and rematching of financial expenses reported from 2020-2022. This resulted in reduction of previous reported numbers and we are therefore restating our total carbon footprint from 2020-2021. Our 2022 reporting includes Wystrach GmbH which was acquired in November 2021.

Total carbon footprint

Total greenhouse gas emissions from our activities in 2022 represented an 45% increase in metric tons equivalents. From 220 439 metric tons in 2022 to 320 669 metric tons. This includes scope 1 emissions and location-based scope 2 emissions, and scope 3 emissions.

The increase is driven by higher production activity as an effect of increased demand across all business areas, especially in our North American operations. Our scope 3, indirect emissions represent 96% of our total emissions, whereof carbon fiber represents 49% an upstream purchase of goods and services represents 39%. The remaining relates to other key raw materials such as resin, extrusions, steel and aluminum.

Life-cycle and end-of-life projects in Hexagon Ragasco

- received Environmental Product Declaration on complete (cradle to grave) lifecycle of the cylinder.
- started using a lighter boss in their cylinders. in March 2022, reducing the weight and ultimately the distribution footprint.
- switched to local suppliers of glass fiber, reducing carbon footprint per LPG cylinder with 0.72kg CO_2 or 1.05%.
- established the EcoHub project – a project related to mechanical recycling of our composite cylinders.

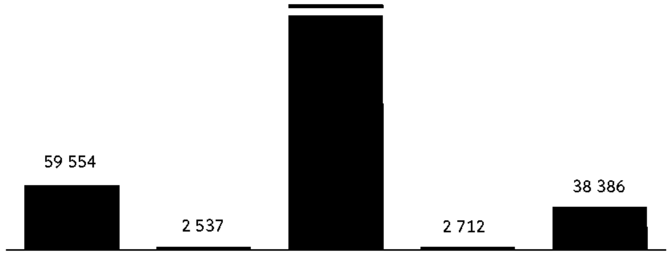
Emissions scope[1] – greenhouse gas emissions (tons of CO_2 equivalent)	2022	2021	2020
Scope 1 (direct emissions)	**3 573**	3 527	3 227
Scope 2 (indirect emissions from electricity use-location based)	**8 694**	7 969	7 507
Scope 2 (market-based)[2]	**12 031**	12 431	11 823
Scope 3	**308 402**	208 943	184 548
Total[3]	**320 669**	220 439	195 032

Energy consumption	Unit	2022	202
Non-renewable fuel consumption	GJ	**62 530**	61 855
Electricity consumption	GJ	**101 327**	95 282
Heating consumption	GJ	**5 637**	1 470[4]

[1] Restatement of numbers. New numbers due to new calculation method
[2] Restatement of numbers due to new calculation method in 2022
[3] Scope 2 market-based not included in total
[4] Inconsistent reporting

EMISSIONS BY BUSINESS AREA 2022

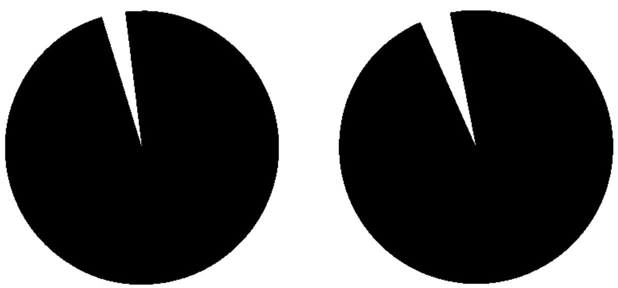
Tons of CO_2 equivalent



OUR TOTAL CARBON FOOTPRINT

2022
320 669 tCO_2e

2021
220 439 tCO_2e



- Key raw materials
- Purchased goods & services
- Energy
- Direct emissions
- Waste treatment

Scope 3 emissions		Estimated (metric tons of
Description	**Calculation Methodology**	**2022**
Key raw materials Our most used raw materials hold a significant share of our reported GHG emissions, providing ample opportunities to improve in line with our ambitions/goals/targets.	Our sourcing specialists analyzed all raw material transactions across our operational business areas, the top four raw material categories were found to contribute more than all other raw materials entering our group combined.	Sum of key raw materials: 186 497
Carbon fiber Carbon fiber emission factors from EuCIA.		151 743
Ingredients & accelerators Consists mainly of resin. A global, industry average life-cycle inventory for epoxy resin was used to calculate the emission factor for this category.	Emissions from key raw materials are estimated by multiplying transaction (mass) data from our ERP system with industry average life-cycle emission factors per unit mass of each key raw material. This corresponds with the average-data method provided in the GHG Protocol.	11 903
Fiberglass		10 258
Extrusions Extrusions consists mainly of high-density polyethylene (HDPE). A global, industry average life-cycle inventory for HDPE was used to calculate the emission factor for this category.		7 554
Aluminum		5 040
Steel		1 188
Purchased goods and services This category includes all of our other purchases of goods and services. This includes, but is not limited to, capital goods and investments, upstream emissions from the production of fuels, transportation, operational waste and business travel.	Embodied carbon from other purchased goods and services is estimated by multiplying our spend data with emission factors per monetary unit spent. This enables us to report estimated emissions from all group-wide economic activities.	17 600

PERFORMANCE EVALUATION AND LOOKING AHEAD

Hexagon recorded all time high revenues in 2022, due to increased demand across all business areas.

In 2022, our revenues grew by 39%, and as a result, we have had higher production activity and a natural increase in spend and purchase of key raw materials. In addition, supply chain disruptions made it necessary to secure sufficient stock of key raw materials, resulting in higher purchase than an average year.

In sum, the increase of 45% in our Scope 1-3 emissions, is a consequence of higher activity. As our business is expected to grow further the coming year, developing our science-based targets in alignment with the SBTi criteria, and develop a emission reduction plan in cooperation with our carbon fiber suppliers will be our key priorities in 2023.

Targets 2023

- Develop science-based targets aligned with the SBTi criteria.
- Submit the target to the SBTi for validation by early 2024.
- Pursue reduction or elimination of raw materials, used in products or processes, that result in a waste stream or presence of material that may harm the environment.
- Continue screening and identification of current raw material replacements that reduce the presence of hazardous materials in Hexagon products.
- Hexagon Agility and Hexag to develop life-cycle assess their products.
- Hexagon Ragasco to reduc footprint per cylinder by ap mately 10% from 2019 level.
- Set energy use reduction ta all business areas:
  - Hexagon Digital Wave to energy consumption by 5
  - Hexagon Ragasco to red energy consumption by 2
- Increase renewable energy 50001 compliance at all site certification in 20

Product safety and compliance

Materiality

The safety of Hexagon's cylinders is essential to our license to operate, and all cylinders are tested according to the appropriate internal, local, national, industry and international requirements and associated procedures before being shipped to the customer, built into fuel systems, or installed on vehicles at our own facilities.

Hexagon's cylinders are used to transport and store various highly pressurized gases such as hydrogen, RNG/CNG, LPG and helium. As a pioneer in composite technology and a global leader within composite manufacturing, quality and operational excellence have always been at the forefront of Hexagon's work, and product safety is an essential element to conducting responsible business and to building and maintaining trust in our products. Our high-pressure composite cylinders weigh up to 50 per cent less than steel cylinders, are corrosion-resistant and not susceptible to material fatigue - which is of crucial importance to the cylinders' lifetime and safety. The lower weight of our composite cylinders means they are more efficient over their lifetime as there is less maintenance and lower fuel consumption for transportation.

Our approach

Hexagon has continuously leveraged its composites expertise from more than six decades of pressure containment experience to improve the safety of all its cylinders and cylinder systems. This depth of experience with composite pressure cylinders has enabled us to develop best-in-class fuel systems and gas transportation modules. The fully integrated business model ensures that process improvements and detailed knowledge can be shared across the business units to improve performance and safety.

Training and continuous improvements
Our people take pride in the safety of our products, and are trained to identify potential design, engineering, manufacturing and quality risks, and to immediately report such risks to supervisors. Hexagon promotes transparency along with safety, to ensure diligence in assessing risk and all Hexagon employees are responsible for doing their part to ensure product safety and quality.

Hexagon also offer multiple training courses for customers and end users of our products. Safety is a critical component of all training courses being offered, as well as operation and maintenance procedures, diagnostics and repair procedures, and cylinder inspection.

Compliance with standards and regulations
Hexagon develops highly regulated products that must demonstrate compliance with worldwide regulations through actual test results, qualification by similarity and analytical modeling. During production as an example, every cylinder is tested at a pressure higher than it will ever experience in the field. To ensure best-in class products, we consistently exceed the minimum standards, and our cylinder design and development processes include verification of customer and industry requirements, followed by rigorous testing sequences that subject the product to extreme performance thresholds. Hexagon tests systems well above and beyond the regulatory standards, including vehicle crash testing, rollover testing, and durability testing exceeding 1 million miles. When validation testing is complete, the product is certified for operation. For further details, see our Product Safety Policy on our website.

The safety of our products is assured throughout every stage of product development during our design review process. We follow the highest automotive processes and tools such as Advanced Product Quality Planning (APQP) and Design Failure Modes and Effects Analysis (DFMEA). Every design or design enhancement is subjected to rigorous peer review, allowing for multiple iterations and multi-disciplinary input. Regular product segment reviews and roundtable safety sessions are conducted to evaluate potential field issues and every field issue is tracked together with any associated corrective action. In addition, all warranty claims are monitored to gather further feedback on product performance.

We conduct forensic evaluations on select populations of products that have completed their useful life, to understand in-field aging effects and residual performance capabilities. This information is used to continuously improve our products' safety. For more than 40 years, Hexagon has been integrally involved in the development of safety codes and standards within the commercial pressure cylinder industry, both through leadership positions on the standards' committees, as well as actively participating in standards evaluations and reviews.

As new products are developed, we assess how safety codes and standa... be modified or revised to address a... Hexagon designs its products to dri... rigorous and stringent standards, a... promoting safety advancements ac... industry. Most of Hexagon's busine... certified to ISO 9001, 50001 and 1400... overview please visit www.hexagon...

Hexagon design... its products to dri... more rigorous an... stringent standards, thereby promoting s... advancements acr... the industry.

Results and achievements 2022

For 2022, our key focus areas were to go beyond compliance, push for improvements to international standards and relentlessly strive to improve product safety; further product innovation through digitalization; various waste stream initiatives to minimize materials that may harm the environment and improved recycling applications for "end-of-life" composite cylinders.

With decades of experience assisting localities and countries with development of equitable, safe and consistent rationale for applying advanced technology to pressure containment, Hexagon has during 2022 played an important role in convening, participating, monitoring and offering opinion on a significant number of national or international standards relating to Compressed Gas system components and operating guidelines.

Throughout 2022, Hexagon has furthered product innovation through digitalization within all business areas with smart cylinder program automation in Hexagon Digital Wave, foundation for compression-less mobile refueling units in Hexagon Agility and SMART cylinders in Hexagon Ragasco. The SMART cylinders are being piloted in 2023, and will enable consumers to have full control of the gas level of their cylinder, and LPG distributors of their stocks and supply logistics.

For waste stream initiatives, all sites have done an initial screening and identification of current raw material replacements that reduce the presence of hazardous materials in Hexagon's products. Within the business areas, there are several initiatives being assessed or ongoing to reduce or eliminate raw materials used in products or processes that result in waste stream or presence of material that may harm the environment. Such initiatives include recycling of pallets and packaging materials, returnable shipping racks, reduction in painted parts, and reducing use of single use containers by sourcing bulk containers of product.

There is currently no sustainable end of life solution for composite cylinders. Hexagon is however working on improved recycling applications for "end-of-life" for composite cylinders, through global pursuit and identification of recycling alternatives for a variety of cylinder constructions to address reuse or recovery of glass fibre, carbon fibre, liner or laminate resin and metallic components. Multiple sources and methods have been identified for certain configurations and early stage results provide high integrity sources. This area requires substantial further work and the inclusion of cost reduction initiatives and potential design changes will also be considered in the future.

PERFORMANCE EVALUATION AND LOOKING AHEAD

Building on our six decades of composites experience, Hexagon continues its focus on safety and compliance for all products and is a strong contributor to further development of safety codes and standards, promoting safety advancements across our industry. Our market leading position comes with a responsibility to contribute where we can to prevent any product safety incidents and Hexagon is committed to this role through extensive support of key Standards Development Organizations and Regulations, Codes, and Standards (RCSs) that they support.

Guided by the strategic objectives, wide activities have been defined f
- Zero incidents related to product s
- Reduced number quality incidents, improved quality score from custo
- Improve waste streams related to p development.
- Recycling applications for end-of- composite cylinders.

Occupational health & safety

Materiality

Hexagon actively promotes a positive health and safety culture to achieve our overall goal of zero injuries and zero impact on people and the environment. Hexagon's manufacturing involves complex machinery and industrial processes, rapidly moving equipment, heat, caustic chemicals, and pressurized gas which can cause potential negative impact on people and society if not managed well.

Keeping our employees safe during our operations is vital, and we work actively with our employees and suppliers to mitigate any potential impact on our employees' safety, health, and well-being.

Our approach

We maintain ambitious health and safety standards to prevent hazards and incidents for all our employees and for other parties working on behalf of the Group. Everyone working for Hexagon is required to follow our global Environment, Health and Safety Policy, also available on our website.

Overall responsibility for health and safety resides with the senior management and Boards of the respective business areas in Hexagon. They are responsible for leading and developing a zero injury health and safety culture, and relevant departments, including EHS, HR and our operational teams, manage and monitor day-to-day implementation.

Hexagon strives to ensure employees are properly trained and provided with appropriate safety and emergency equipment. Local management teams, work daily to ensure that all work activities are done safely by taking action to eliminate unsafe acts and conditions that endanger employees' health and safety. In addition, management is responsible for making health and safety factors a priority in all operating decisions.

Employees in Hexagon are responsible for reporting incidents, near incidents, safety breaches and hazards, and each site follows local environment, health and safety (EHS) standards and regulations.

We have adopted tools and routines to systematically assess hazard recognition and implementation of preventive measures. This is conducted at each site by the local EHS responsibles. Our people are encouraged to report any irregularities, without fear of retribution, in a no-blame culture. They also have access to our global, third-party whistleblowing channel, which complies with national and international standards.

In Hexagon, 100 per cent of employees are covered by our occupational health and safety management system. The occupational health and safety management system is intended to enable our organization to provide a safe and healthy workplace, prevent work-related injury and ill health, and continually improve our performance.

The well-being and health of our employees is a priority for us, and we offer access to physical and mental health services, in addition to internal activities to promote physical activity.

Hexagon's 2021 numbers showed a negative trend, with increasing incidents at several of our facilities. Therefore, were introduced the importance of health and safety on all levels of the organization in 2022, with an overall goal of increasing employees' competence in health and safety behavior through safety engagement activities and training.

Integration of Wystrach in health
In November 2021, Wystrach GmbH
by Hexagon Purus. The integration
approach and management of heal
is currently ongoing and expected t
implemented in 2023. Their perform
included in our KPI for incidents in 2

Results and achievements

To mitigate the negative trend from 2021, Hexagon acknowledged the need to strengthen our health and safety approach and management to avoid further potential negative impacts.

Initiatives completed in 2022

- Implemented hazard identification and correction systems at all manufacturing sites.
- Established Safety Leadership team of senior leaders to prioritize resources to health and safety at our North American operations.
- Safety training for leaders completed at our facilities in North America
- Safety introduced as the first topic in daily operations meetings. Focusing on near misses and root cause analysis and action plans for all incidents. Findings from significant incidents are shared across sites for learning and possibly reapplication of findings and improvements.

Training

Our North American sites have a higher turnover of employees than in Europe. Based on 2021 results it was clear that the fluctuations in employees required a more active approach and higher frequency of training to reach all employees and maintain the awareness of health and safety. Monthly safety training was therefore introduced as a requirement for all employees, both existing employes and new hires. The training mainly focuses on operational requirements, hazard recognition and safety behavior.

Type of training	
Product safety(external)	87 hours
EHS training	39.5 hours
First aid courses	237.5 hours
Safety training North America	600 participants

Work related injuries

Hexagon delivered 2.56 million working hours with no fatalities in 2022. We had 37 recordable work-related injuries and 56 (40) work-related injuries The recordable injuries typical involved cuts/laceration and strains. The main driver for the increase in incidents was the consolidation of Wystrach's operations in 2022. Comparing Hexagon's numbers excluding Wystrach for 2022-2021, the total number of work-related injuries s was reduced by 40%.

Sick leave

Sickness absence levels in Norway a
were 5.1 (5.6) per cent and 4.8 (6.2) p
respectively. No occupational diseas
recorded in the Group. In North Am
ness absence was not recorded as e
allocated generic paid time off (PTC
– which includes but is not limited t
absence.

KEY PERFORMANCE INDICATORS

Indicator	Unit	Targets 2023	2022	2021
Fatalities	Number	0	0	0
Recordable work-related injuries[1]	Number	0	37	Not reported
Work-related injuries	Number	0	56	40
Rate of recordable WRI	Rate per 200 000 hours		2.9	Not reported
TRIF (Total recordable incident frequency)[2]	Rate per 200 000 hours	0	2.88	3.21
LTIF (Lost time incident frequency)[3]	Rate per 200 000 hours	0	1.59	1.04
Lost time incidents	Number	0	20	13
Close calls[4]	Number	N/A	302	462
Working hours incl. full time, part time and agency people[5]	Number	N/A	2 569 285	2 491 537

Rates are calculated per 200 000 hours worked

[1] Recordable Work-Related Injuries: A work related incident is recorded as an WRI if it results in one of the following; death, days away from work, restricted work or transfer to another job, medical treatmen
loss of consciousness, significant injury or illness diagnosed by a physician or other licensed health care professional
[2] Total recordable incident frequency)
[3] Total recordable incident frequency: is defined as the rate of work-related injuries per number of hours worked
[4] Lost Time Incident Frequency : Is defined as the number of lost time injuries occurring per 200 000 hours worked
[5] Close calls: an incident where no injury or ill health occurs, but has the potential to do so

PERFORMANCE EVALUATION AND LOOKING AHEAD

Management focus, toolbox talks, safety walks, continuous training of employees and daily reporting were initiatives launched in 2022, which resulted in increased awareness and reduction of incidents.

Except for Wystrach, we see a reduction of incidents across the sites, and good progress has been made on all levels of the organization in terms of putting health and safety on top of the agenda. However, the number of incidents is unsatisfactory. The initiatives launched will be embedded in our daily work in 2023, and we will also implement reporting of high-consequence WRI's. Our integration with Wystrach will continue, and we expect to see increased engagement and reduction of incidents in 2023.

Summing up, although we consider having made satisfactory progress in 2022, we acknowledge the need to further develop the focus on health and safety, by developing and expanding our initiatives as we strive for our ultimate goal of zero injuries and zero fatalities.

Our people

Materiality

Our employees' expertise, engagement and motivation are key to drive the energy transition forward.

With more than 35+ nationalities in our team and operations around the world, we consider ourselves a global company. However, the race to attract and retain talent is challenging given the current trends and the nature of the manufacturing industry: production employees must be on site to perform their job; the industry is due to historic reason male dominated and availability of female candidates is still low in most of the markets where we operate.

Hexagon's ability to create a diverse and inclusive working environment, whilst driving personal development are critical to maintain healthy retention rates and attract new talents. This is essential to us to deliver on our strategy in the coming years.

Our approach

Our six leadership principles, Grow, Inspire, Transform, Achieve, Ascend and Align represent the six sides of a hexagon, and describe our leadership framework. Through developing these behaviors, we strengthen our culture and equip our leaders at all levels with the skills needed to drive our mission for a clean energy future.

Diversity and inclusion
Hexagon has a group wide Diversity & Inclusion policy, available on our website. Leaders within Hexagon are held responsible for specific diversity and inclusion activities and for achieving measurable outcomes as part of their job performance. This includes setting goals to foster diverse representation among teams, including but not limited to, our attraction and hiring process, performance and rewards management, learning and development programs and initiatives.

Every employee, manager and consultant of Hexagon, its subsidiaries and affiliates are tasked with promoting diversity and fostering a culture of inclusion. Preferential treatment or discrimination in working conditions due to gender, religion or ethnic background are strictly prohibited.

Workforce development
Through our internal learning and development function "Hexagon University", we build and implement a range of programs for our employees. The aim is, over time, to bring added value to the professional and personal development of Hexagon's talented people.

Developing leadership as a competence and a fundamental aspect of our company culture is critical to delivering on our business strategy and reaching our goals. Drive is Hexagon's leadership accelerator course, intended for all our leaders across the Group. It is a comprehensive, two-day workshop that engages our leaders in activities, discussions, and hands-on practice in a variety of leadership competencies, such as feedback, coaching, change leadership, and team development.

In addition, we have conduct regular training of our people on safety, quality, products and other relevant topics within human capital development.

Hexagon has established a whistleblowing procedure, and this is followed up with respect to investigating any discrimination allegations. For more information, see Governance section.

Results and achievements

At the end of 2022, Hexagon had 1 698 (1503) full-time and 25 (28) part-time employees in its workforce, of whom approximately 49 per cent were categorized as production employees. The remaining 51% per cent were employed in administrative roles such as sales, marketing, R&D, procurement, HR and finance we have 74 contracted employees.

The increase in full-time employees acquisition of Wystrach GmbH.

TOTAL NUMBER OF EMPLOYEES PER REGION AND GENDER (HEAD COUNT)

	2022			
	Female	Male	Total	Female %
Norway	45	153	198	22%
Germany	70	500	570	14%
USA	155	566	721	27%
Canada	45	165	210	21%
China	5	6	11	45%
Total group	325	1 391	1 723	19%

GOVERNANCE BODY

	Gender (% female)		Age group (%) 2022	
	2022	2021	<30	30-50
Executive Management	22%	14%	-	-
Board of Directors	43%	40%	-	29%
Headquarters (Norway)	47%	46%	7%	40%
Managers[1]	24%	16%[2]	4%	58%
All employees	19%	19%	21%	56%

[1] Female managers at all levels in the group
[2] Inconsistent reporting in 2021. Only included female mangers from M5 level and above

Balance of employees

We have worked across our business areas to focus on recruiting female candidates and promoting women in our leadership programs, with unconscious bias leadership training launched to 72 employees during the year.

See www.hexagongroup.com for further detailed data on employees.

Great Place to Work results

In March 2022, the Hexagon Group was certified "A Great Place to Work ®" (GPTW). In total, 766 out of 1500 employees at Hexagon Composites completed the GPTW 2022 survey. T answer rate of 51% for the entire He The overall score for survey was 76% Hexagon employees agree with a to all the statements from the survey, Hexagon is a Great Place to Work.

A trend among the top scoring focus Personal Job, Hospitality, Pride) is inc pride - meaning the respondents val and the company of their peers at wo

The Company's lowest scoring focu Impartiality, Equity and Collaboratio

Statement	2022 results
Respondents feel they are treated fairly regardless of their sexual orientation	93%
Respondents perceive that people are treated fairly regardless of their race	90%
Respondents perceive that people are treated fairly regardless of their gender	89%
Respondents perceive that people are treated fairly regardless of age	87%
Respondents perceive that managers promote inclusive behavior	86%

Statement	2022
Respondents perceive that management avoids favoritism, and actively promotes the fair assessment of people for positions and work assignments	63%
Respondents feel there is a balanced treatment for all people in the distribution of intangible/tangible rewards	60%
Respondents feel management engage employees in collective efforts	59%

Company-wide employee workshops were carried out to identify and implement actions addressing the lowest scoring areas. These activities are reported on by the business areas on a quarterly basis to the board of each business area. Hexagon will conduct its next GPTW survey in October 2023.

Training and personal development

Several trainings and development programs have been conducted across the Group, to further develop our skillsets and perspective, whilst maintaining knowledge on our day-to-day business. These various programs are currently being tracked and documented locally, and Hexagon expects to start implementing a learning management system at main locations in 2023 which will enable detailed reporting and further measurement of training and development activities. Also, individual training plans for each employee are being developed at our largest sites and will be implemented in 2023.

Number of employees participated	2022
Drive accelerator program	200
Clifton Strengths finder	150
Unconscious biased training	72

PERFORMANCE EVALUATION AND LOOKING AHEAD

We see our initiatives in 2022 have given a positive impact based on the results in our GPTW survey and feedback from employees. However, we recognize the need to develop and systemize our human capital development work and policies in order to achieve our targets.

Availability of female candidates with education within Science, Technology, Engineering and Mathematics (STEM) is increasing, but is still low in most of the markets where we operate. This is reflected in the uneven gender distribution in the organization. The number of females in Hexagon has been stable in our overall workforce during 2022.This is partly due to the fact that we in 2021, have increased our workforce by nearly 400 employes, with the majority coming from Wystrach GmbH, which has labor intensive operations and thus, a male dominated company. Our long term target is to have 25% females in our workforce by 2025, we are pleased to see the increase in female managers from 2021.

Using the Women's Empowerment Principles gap analysis we have identified our strengths and our areas of improvement:

- Deepen our commitment to building a diverse workforce by expanding our recruitment pipelines and eliminating bias within our talent processes.
- Create a culture that removes barriers, drives engagement and provides opportunities for employees to achieve their full potential.
- As a responsible employer, demonstrate our commitment to a strong culture for all by ensuring we have policies in place that reflect our expectations on conduct, engagement, and occupational health and safety.
- Create and deliver solutions to engage team members, grow talent, build strong leadership capabilities, and enhance technical job skills.

Guided by our strategic objectives, th lowing activities have been defined f

- Review and update current Diversity Inclusion policy.
- Pilot a global Women's Leadership G high potential female talent across th ness, establishing executive sponsors the initiative.
- share learning and best practices acr group and measure and assess succe talent selection pilot. Support busine orientation and onboarding efforts w globally relevant material and resour emphasizing our vision, purpose, and
- Secure policies that reflect our expec on conduct, engagement and occupa health and safety.
- Establish People Policy and distributi egy for the group, capturing our key objectives to ensure ongoing awaren consistency in language and expecta
- Expand leadership education progra build competence and skills that driv culture, people development and po transformation within leaders and th

Governance

Materiality

Hexagon has a proud industrial history and a strong, value-based culture that drives our business performance. Our core values, integrity and drive, support our behavior and our beliefs. We hold ourselves accountable for all our interactions with our customers, suppliers and owners, our people and the communities in which we operate, and we are committed to carrying out business fairly, honestly and openly with no tolerance for corruption. Business ethics, anti-corruption and responsible procurement are therefore material topics for Hexagon.

Our approach

In 2022, we published our updated Code of Conduct, which provides descriptions, guidance, and insight into how to act in accordance with our governing principles, including our vision, purpose and values. Our reputation and success depend on all our people acting with integrity and in compliance with internal policies and external laws and regulations. The Code of Conduct is a tool to help navigate situations that may arise while on the job and it sets clear guidelines and principles on behavior in key business integrity areas such as human rights and labor rights, anti-corruption and bribery, conflicts of interest, and other relevant areas.

Hexagon also values its relationships with business partners and other third parties, and strives to ensure that such third parties adhere to Hexagon's anti-corruption rules and policies, as well as applicable laws and regulations. We expect from our partners that they comply both with the law and with the principles in our Supplier Code of Conduct.

Anti-corruption

Hexagon fosters an organizational culture based on integrity and the highest ethical standards, which is essential to maintaining our high product quality and reputation as a trusted business partner. The company is committed to carrying out its business in accordance with the highest standards, with no tolerance for corruption. Hexagon works proactively to design, implement, and monitor procedures to prevent any form of corruption, and conducts corruption risk assessments at regional and contract-specific levels.

Our Anti-Corruption Policy and Guidelines is endorsed by the board of directors and supplements Hexagon's Code of Conduct. The policy is available on our website.

Human rights

Respect for human rights is a fundamental value for Hexagon, and the protection of human rights across our operations and value chain is a business priority. Hexagon respects all internationally recognized human rights and our human rights policy is aligned with the UN Guiding Principles, the International Covenant on Economics, Social and Cultural Rights, the International Covenant on Civil and Political Rights and the International Labor Organization's core conventions to prevent, address, and remedy human rights abuses committed in business operations. Our Policy on Human Rights and Working Conditions is available on our website and confirms our commitment to respecting human rights across all our business enterprises wherever we operate.

In addition, Hexagon is committed to actively conducting human rights due diligence in accordance with the Norwegian Transparency Act and OECD Guidelines for Multinational Enterprises. We remain committed to continuous improvement across our own operations and throughout our value chain. Hexagon's Transparency Act statement is available on our website.

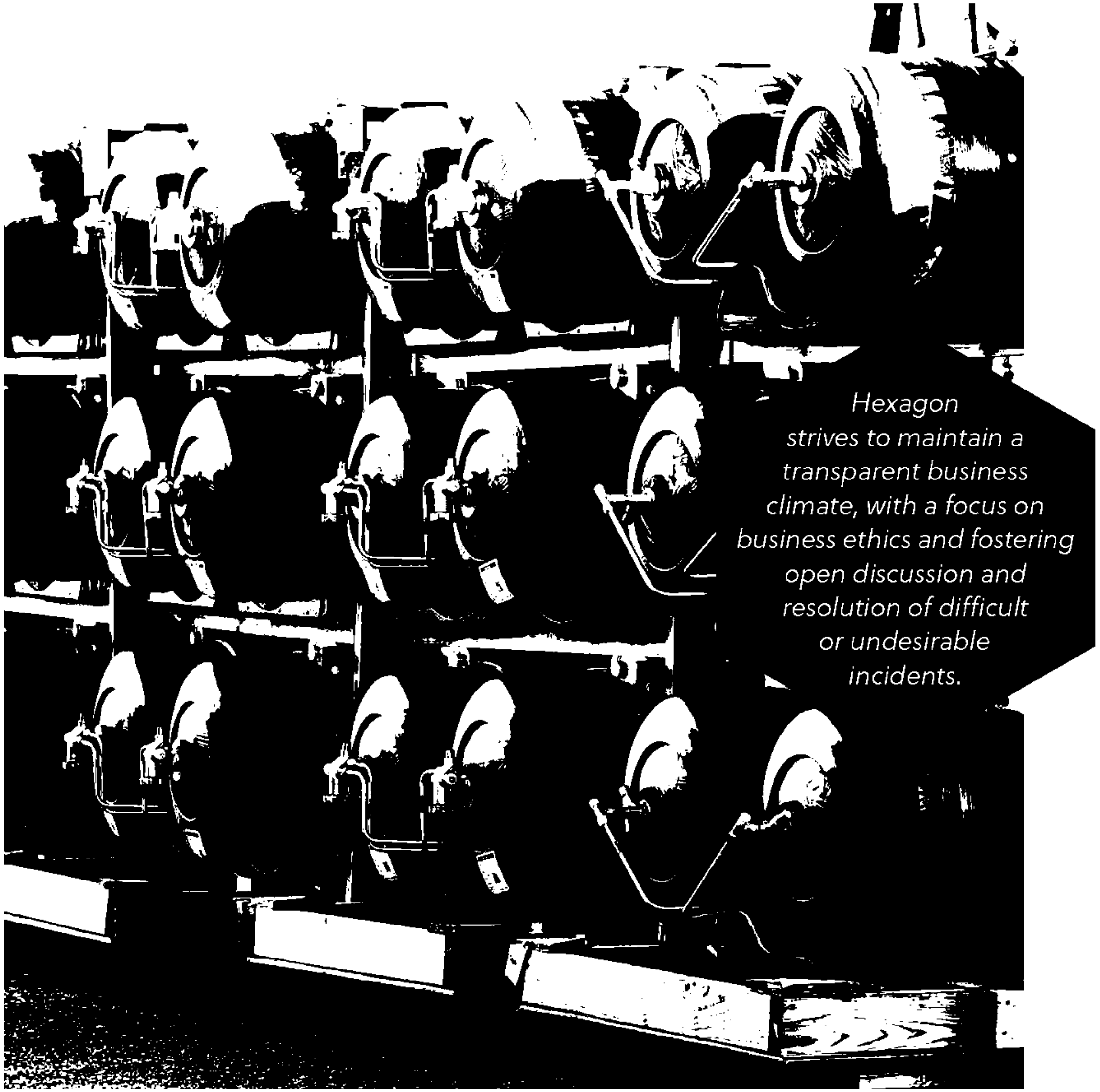
Responsible procurement

Hexagon's business relationships are governed by our Supplier Code of Conduct. This includes specific provisions related to human rights and working conditions, working hours and leave, wages and benefits, non-discrimination, fair treatment, and the absence of child and forced labour. The Supplier Code of Conduct is explicitly included in contractual terms and conditions with our business partners. We reserve the right to require suppliers to provide evidence of compliance and should adverse human rights impacts be identified, Hexagon maintains the ability to immediately terminate the business relationship and is committed to notifying relevant authorities of the violation, as well as being inv
necessary remediation processes.

Human rights due diligence

Hexagon is committed to actively co
human rights due diligence in acco
the Norwegian Transparency Act an
Guidelines for Multinational Enterp
refer to Hexagon's Transparency Ac

Based on our sector and geographic
operations, we have identified five a
have been prioritizing, working hour
wages and benefits, freedom of asso
collective bargaining, supplier comp
to grievance mechanism. In addition
these areas, we have processes in pl
potential human rights risks with sup
engaging with a new business partn
utilizes a supplier questionnaire and
identify overall supplier risk and deci
additional due diligence needs to be
We also periodically conduct impact
to identify high-risk suppliers and hi
raphies related to relevant raw mate
supply chain. Through this process, w
identify and mitigate as necessary, a
human rights risks throughout the e



chain. Currently, high-risk suppliers may trigger additional inquiries and audits before we enter a formal business relationship.

Reporting concerns - Whistleblowing
Hexagon strives to maintain a transparent business climate, with a focus on business ethics and fostering open discussion and resolution of difficult or undesirable incidents. Hexagon's whistleblowing channel is available in four languages on our website and anyone may report concerns, misconduct or suspected misconduct, violation or potential violation of any applicable law or Hexagon's policies and/or procedures. Employees are encouraged to contact their line managers, local compliance officers and/or human resources teams with any issue or concern, without fear of any retaliatory behavior. 2022 was the first year with a common, independent third-party whistleblowing service being available to all employees and external parties to report issues or concerns anonymously.

A total of nine incidents were reported during 2022.

Incident	2022
Potential corruption	-
Discrimination/hostile work environment/favoritism	3
Health and safety	2
HR related issues (e.g., compensation; attendance)	4

Each incident was investigated and
according to Hexagon's whistleblow
dures and policy; the policy is also a
our website. Each whistleblower wa
of the outcome of the investigation
to provide further feedback. Two of
resulted in termination of employm
other incidents resulted in appropri
measures to address the situations.

Results and achieveme

The various risks related to supply c
ners and other areas are regularly a
and evaluated in the business area
the relevant risk factor. The risk asse
updated regularly, including using t
due diligence tools, and details of t
and any changes are presented to t
audit committee quarterly. For 2022
high-risk corruption factors were id
Hexagon received no penalties rela
or anti-competitive behaviors durin

Hexagon continues to promote zero
for corruption and anti-competitive
internally and externally. During the
published our updated Code of Co
as additional, updated group wide

policies such as the Policy on Human Rights and Working Conditions, Product Safety Policy, Whistleblowing Policy and Environmental, Health and Safety Policy. During the year, we completed internal training of employees in three languages of the Whistleblowing Policy and system, while training for all employees and further internal communication around our Code of Conduct and supporting policies will be conducted in 2023, with anti-corruption training introduced in the first quarter of the year.

Within the human rights area, our 2022 key focus areas included adopting an explicit statement on commitment to human rights, deepening our understanding of human rights in the supply chain and implementing human rights training for all employees. Hexagon published its updated Policy on Human Rights and Working Conditions in 2022 and has continued to work to ensure that our high standards are met and respected across our organization. While we had no specific concerns related to human rights in 2022, we continued our work to better understand our impact on human rights both in our own operations and supply chain and have started to conduct human rights due diligence in accordance with the Norwegian Transparency Act and OECD Guidelines for Multinational Enterprises. We remain committed to continuous improvement across our own operations and throughout our business relationships within this area and are developing.

For procurement, we continued mapping key human rights and ESG risks in our supply chain, utilizing questionnaires and scorecards to identify and recognize those suppliers who embody our ESG values. As part of our human rights due diligence, we assessed and categorized all suppliers according to risk area using reputable human rights indices, and performed individual follow-ups based on these evaluations. We also started further direct engagements with high-impact suppliers to better understand their ESG risks and mitigating activities, which will continue in 2023, with the target of establishing a preferred supplier program, starting in our largest business area.

PERFORMANCE EVALUATION AND LOOKING AHEAD

In 2022, we have continued our efforts to strengthen Hexagon's compliance program by updating our Code of Conduct and establishing and implementing key supporting policies, with mandatory training being rolled-out. Promoting our value-based culture and further awareness building and training related to our business ethics and anti-corruption policies continued. We were able to see the results of these efforts, for example, through the use of our whistleblowing channel, where we received an increased number of whistleblowing reports after training had been completed for all employees. We believe that these are important factors to ensure that our people are comfortable to raise concerns or seek guidance and at the same time know what to do in challenging situations.

For 2023, we will continue to raise awareness of business ethics by targeting completion of Code of Conduct and Anti-Corruption Policy e-learning and/or classroom training in main local languages for all employees during the year. In addition, we continue cor nications efforts to all stakeholders ar business ethics topics.

Guided by our strategic objectives, the following priorities have been de for 2023:

- Further strengthen and develop hu rights due diligence process throug our supply chain and establish an i training program and develop and out human rights training program employees.
- Continue implementing relevant su policies to our Code of Conduct an existing policies annually to close p gaps.
- Develop a supply chain manageme
- Develop specific sustainability initia including preferred supplier progra relevant metrics for our supply cha

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INDEPENDENT ACCOUNTANT'S ASSURANCE REPORT

To the board of directors in Hexagon Composites ASA

Scope

We have been engaged by Hexagon Composites ASA to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Hexagon Composites ASA 's sustainability reporting as defined in the Hexagon Composites ASA's GRI Index (see the document GRI content index 2022 on https://hexagongroup.com/sustainability/esg-resources) (the "Subject Matter") as of 31 December 2022 and for the period from 1 January to 31 December 2022.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Hexagon Composites ASA

In preparing the Subject Matter, Hexagon Composites ASA applied the relevant criteria from the Global Reporting Initiative (GRI) sustainability reporting standards (the "Criteria"). The Criteria can be accessed at globalreporting.org and are available to the public. Such Criteria were specifically designed for companies and other organizations that want to report their sustainability impacts in a consistent and credible way. As a result, the Subject Matter information may not be suitable for another purpose.

Hexagon Composites ASA's responsibilities

The Management (Board of Directors and the Group President & CEO) are responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

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EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance *Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000')*. This standard requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with key personnel to understand the business and the reporting process

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- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- Checked on a sample basis the calculation Criteria against the methodologies outlined in the Criteria
- Performed analytical review procedures of the data
- Identified and tested the assumptions supporting the calculations
- Tested, on a sample basis, the underlying source information
- Checked the presentation requirements outlined in the Criteria

We believe that our procedures provide us with an adequate basis for our conclusion. We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 31 December 2022 and for the period from 1 January 2022 to 31 December 2022 in order for it to be in accordance with the Criteria.

Ålesund, 30. March 2023
ERNST & YOUNG AS

Ivar-André Norvik
State Authorised Public Accountant

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Auditor's report

Income statement Group

1 JANUARY – 31 DECEMBER

(NOK 1 000)	Note	2022	2021
Revenue			
Revenue from contracts with customers	4	4 913 016	3 534 691
Rental income	4	4 929	3 354
Other operating income	4, 24	14 361	4 845
Total revenue		**4 932 306**	**3 542 890**
Operating expenses			
Cost of materials	13	2 656 515	1 695 497
Payroll & social security expenses	9, 18, 27, 28	1 495 259	1 101 298
Other operating expenses	5, 14, 19, 24, 28	843 722	637 512
Total operating expenses		**4 995 496**	**3 434 307**
Operating profit before depreciation, amortization and impairment (EBITDA)	4	**(63 190)**	**108 584**
Depreciation, amortization and impairment	10, 11, 24	332 162	262 680
Operating profit (EBIT)	4	**(395 352)**	**(154 096)**

(NOK 1 000)	Note	2022
Profit/loss from associates	26	48 317
Finance income and expenses		
Finance income	6, 25	271 773
Finance expense	6, 20, 21, 25	341 855
Net financial items		**(70 082)**
Profit before tax		**(417 118)**
Tax expense	7	8 859
Profit/loss for the year		**(425 977)**
Attributable to:		
Equity holders of the parent		(411 326)
Non-controlling interest		(14 652)
Profit/loss for the year		**(425 977)**
Earnings per share (NOK)		
Basic	8	(2.12)
Diluted	8	(2.12)

Statement of comprehensive income

(NOK 1 000)	Note	2022
Profit/loss after tax		(425 977)
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified through profit or loss in subsequent periods		
Translation differences when translating foreign activities		202 529
Net total of items that will be reclassified through profit and loss in subsequent periods		202 529
Items that will not be reclassified through profit or loss in subsequent periods		
Actuarial gains/losses for the period	18	(630)
Tax on actuarial gains/losses for pensions for the period	7	138
Net total of items that will not be reclassified through profit and loss in subsequent periods		(491)
Other comprehensive income for the period		202 038
Total comprehensive income for the period		(223 939)
Attributable to:		
Equity holders of the parent		(125 078)
Non-controlling interests		(98 861)

Financial position of the Group

CONSOLIDATED FIGURES

(NOK 1 000)	Note	2022	2021
ASSETS			
Non-current assets			
Property, plant & equipment	10	1 336 307	1 010 625
Right of use assets	24	473 233	282 309
Intangible assets	11	2 570 853	2 384 524
Investments in associates	26	53 272	7 024
Other non-current financial assets	12, 25	141 429	379
Other non-current assets	18	4 942	2 489
Deferred tax asset	7	-	13 678
Total non-current assets		**4 580 035**	**3 701 029**
Current assets			
Inventories	13	1 546 497	1 147 004
Trade receivables	4, 14, 25	865 403	880 396
Contract assets	4, 14	9 488	4 165
Other current assets	15	188 772	182 443
Bank deposits, cash and cash equivalents	16, 25	713 547	600 209
Total current assets		**3 323 707**	**2 814 217**
Total assets		**7 903 742**	**6 515 246**

(NOK 1 000)	Note	2022
EQUITY AND LIABILITIES		
Equity		
Share capital	17	20 162
Share premium	17	2 075 999
Own shares	17	(65)
Other paid-in capital		132 346
Total paid-in capital		**2 228 442**
Other equity		763 464
Equity attributable to equity holders of the parent		**2 991 905**
Non-controlling interests		476 901
Total Equity		**3 468 806**

(NOK 1 000)	Note	2022	2021
NON-CURRENT LIABILITIES			
Non-current interest-bearing liabilities	20, 25	1 482 140	1 166 057
Lease liabilities	20, 24, 25	481 018	230 276
Other non-current financial liabilities	21, 25	256 675	190 529
Pension liabilities	18	2 321	4 645
Deferred tax liabilities	7	206 370	247 160
Non-current provisions	19	6 133	11 686
Total non-current liabilities		**2 434 656**	**1 850 353**
CURRENT LIABILITIES			
Current interest-bearing liabilities	16, 20, 22, 25	234 674	13 635
Lease liabilities short term	20, 24, 25	70 574	62 455
Trade payables	25	572 569	392 747
Contract liabilities	4	548 643	277 658
Other current financial liabilities	21, 25	75 051	-
Income tax payable	7	53 057	47 201
Provisions	19	102 557	66 747
Other current liabilities	23	343 154	320 150
Total current liabilities		**2 000 280**	**1 180 592**
Total liabilities		**4 434 935**	**3 030 945**
Total equity and liabilities		**7 903 742**	**6 515 246**

Aalesund, 29 March 2023
The Board of directors of Hexagon Composites ASA

Knut Flakk
Chair

Kristine Landmark
Deputy chair

Katsunori Mori
Board member

Liv Astri Hovem
Board member

Liv Dingsør
Board member

Sam Gabbita
Board member

Jon Erik Engeset
Group President & CEO

Cash flow statement Group

(NOK 1 000)	Note	2022	2021
Cash flow from operating activities			
Profit before tax		(417 118)	(301 744)
Tax paid/refunded for the period	7	(49 626)	(66 303)
Gains/losses on sale of property, plant & equipment	10	(12 021)	-
Depreciation, amortization and impairment	10, 11, 24	332 162	262 680
Interest income	6	(15 207)	(4 394)
Interest expenses	6	106 324	56 560
Profit/loss from associates	26	(48 317)	2 957
Share based payment expenses	27	49 895	36 302
Changes in net operating working capital[1]	13, 14, 23	60 984	(455 250)
Changes in pension liabilities	18	(2 414)	741
Changes in other accrual accounting entries		93 925	123 754
Net cash flow from operating activities		**98 588**	**(344 696)**
Cash flow from investment activities			
Proceeds from sale of fixed assets	10, 24	161 003	37 392
Purchase of property, plant & equipment	10	(507 210)	(301 238)
Purchase of intangible assets	11	(75 729)	(59 755)
Interest received	6	15 207	4 394
Acquisition of subsidiaries, net of cash	5	-	(146 189)
Investments in associated companies	26	(65 379)	(8 580)
Sale of shares in associated companies	26	-	665
Loans to associated companies	12	(45 319)	-
Other investments	5	-	(1 774)
Net cash flow from investing activities		**(517 428)**	**(475 085)**

(NOK 1 000)	Note	2022
Cash flow from financing activities		
New non-current liabilities	20	318 268
Repayment non-current liabilities	20	-
New current liabilities	20, 22	221 039
Repayment of current liabilities	20, 22	(4 560)
Repayment of principal portion of lease liabilities	20, 24	(73 947)
Interest payments on lease liabilities	6, 24	(9 537)
Interest payments on interest-bearing liabilities	6	(89 502)
Payments of dividends		-
Purchase of own shares		(30 495)
Proceeds from sale of own shares		-
Increase in share capital (subsidiary)		[illegible]9 043
Net cash flow from financing activities		**[illegible]20 309**
Net change in cash & cash equivalents		[illegible]01 469
Net currency exchange differences		[illegible]11 869
Cash & cash equivalents at beginning of period		[illegible]00 209
Cash & cash equivalents at end of period	16	**[illegible]13 547**
Undrawn loan facilities	16, 20	[illegible]60 769
Restricted funds, included in cash & cash equivalents	16	[illegible]9 283

[1] Net operating working capital consists of changes in inventories, trade receivables, contract assets, trade payables and contr

Statement of changes in equity

(NOK 1 000)	Share capital	Own shares	Share premium	Other paid-in equity	Translation differences	Other equity	Total	Non-controlling interest
Balance 1 January 2021	20 162	(185)	2 075 999	69 615	64 906	953 443	3 183 939	411 899
Dividends to shareholders						-	-	
Movement in own shares etc.		100				9 442	9 543	
Share-based payment etc.				28 612		5 716	34 328	1 974
Profit/loss for the year						(237 325)	(237 325)	(90 252)
Consideration shares issued in subsidiary in business combination						86 602	86 602	57 470
Other comprehensive income								
Translation differences when translating foreign activities					29 492		29 492	(3 081)
Actuarial gains/losses for the period						(287)	(287)	-
Total other comprehensive income					**29 492**	**(287)**	**29 204**	**(3 081)**
Balance as of 31 December 2021	**20 162**	**(85)**	**2 075 999**	**98 226**	**94 398**	**817 591**	**3 106 291**	**[illegible]78 010**

On 23 November 2021 Hexagon Purus issued 4 444 430 consideration shares related to the acquisition of Wystrach. The share capital increase in Hexagon Purus ASA amounted to NOK 144 072 thousand in which [illegible]ntrolling controlling interests' relative share amounted to NOK 86 602 thousand and NOK 57 470 thousand respectively.

(NOK 1 000)	Share capital	Own shares	Share premium	Other paid-in equity	Translation differences	Other equity	Total	Non-controlling interest
Balance 1 January 2022	20 162	(85)	2 075 999	98 226	94 398	817 591	3 106 291	378 010
Dividends to shareholders						-	-	
Movement in own shares etc.		20				(30 514)	(30 495)	
Share-based payment etc.				34 120		11 563	45 682	4 213
Profit/loss for the year						(311 326)	(311 326)	(114 652)
Increase share capital in subsidiary						-	-	160 242
Transaction cost related to capital increase in subsidiary						(4 496)	(4 496)	(1 638)
Share capital increase in subsidiary (not 100% owned)							-	34 935
Other comprehensive income								
Translation differences when translating foreign activities					186 738		186 738	15 791
Actuarial gains/losses for the period						(491)	(491)	-
Total other comprehensive income					186 738	(491)	186 247	15 791
Balance as of 31 December 2022	20 162	(65)	2 075 999	132 346	281 136	482 327	2 991 905	476 901

On 22 February 2022 the Hexagon Purus Group issued 24 742 268 new shares in a private placement at the price of NOK 24.25 per share. Hexagon Composites ASA was allocated 18 134 361 shares in the Private Placement a
ownership interest in the Company of 73.3 per cent.

Notes

Note 1 General

Hexagon Composites ASA is a public limited Company with its registered office in Norway. The company's head-quarter is at Korsegata 4B, 6002 Aalesund, Norway.

The Board of directors authorized the annual report for publication on 29 March 2023.

The Group's operations are described in note 4.

Note 2 Accounting policies

2.1 Basis of preparation of annual financial statements
The consolidated annual financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) which have been adopted by the EU and are mandatory for financial years beginning on or after 1 January 2022, and Norwegian disclosure require-ments listed in the Norwegian Accounting Act as of 31 December 2022.

The consolidated financial statements have been prepared on a historical cost basis, with the excep-tion of financial instruments at fair value through profit or loss and fair value through OCI.

2.2 Functional currency and presentation currency
The functional currency is determined in each entity in the Group based on the currency within the enti-ty's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated

using the exchange rate at the date o
tion and non-monetary items that are
fair value in a foreign currency are tra
the exchange rates at the date when
was measured. Changes in the excha
recognized continuously in the accou

The Group's presentation currency is
also the Parent Company's functional
figures are rounded to the nearest th
otherwise specified. The statement of
position figures of entities with a diffe
currency are translated at the exchan
ing at the end of the reporting period
sheet items, including goodwill, and t
rate at the date of the transaction for
items. The monthly average exchange
as an approximation of the transactio
rate. Translation differences are recog
comprehensive income ("OCI").

When investments in foreign subsidia
the accumulated translation differenc
to the subsidiary attributable to the e
of the parent are recognized in the st
comprehensive income. When a loss
significant influence or joint control is

the accumulated exchange differences related to investments allocated to controlled interests is recognized in profit and loss.

When a partial disposal of a subsidiary (not loss of control) is present the proportionate share of the accumulated exchange differences is allocated to non-controlling interests.

2.3 Basis of consolidation

The Group's consolidated financial statements comprise Hexagon Composites ASA and its subsidiaries as of 31 December 2022. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. An entity is assessed as being controlled by the Group when the Group is exposed to or have the rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the Group's returns.

Thus, the Group controls an entity if and only if the Group has all the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of the group's returns.

There is a presumption that if the Group has the majority of the voting rights in an entity, the entity is considered as a subsidiary. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the entity, including ownership interests, voting rights, ownership structure and relative power, as well as options controlled by the Group and shareholder's agreement or other contractual agreements. Reference is made to note 30 which contains a list of the subsidiaries and note 26 which lists investments in associates and joint ventures.

The assessments are done for each individual investment. The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests is presented separately as equity in the Group's balance sheet.

Business combinations and goodwill

Business combinations are accounted for by using the acquisition method. For description of the measurement of non-controlling interest, see below. Acquisition-related costs are expensed in the periods in which the costs are incurred, and the services are received and included in other operating expense.

The consideration paid in a business combination is measured at fair value at the acquisition date and consists normally of cash, consideration shares, and contingent consideration. A contingent consideration is classified as a liability in accordance with IFRS 9. Subsequent changes in the fair value of such contingencies are recognized in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions at the acquisition date. The acquired assets and liabilities are accounted for by using fair value in the opening group balance, unless other measurement principles should be applied in accordance with IFRS 3. The initial accounting for a business combination can be changed if new information about the fair value at the acquisition date is present. The allocation can be amended within 12 months of the acquisition date. The non-controlling interest is set to the non-controlling interest's share of identifiable assets and liabilities. The measurement principle is done for each business combination separately.

When the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition-date fai
resulting gain or loss, if any, is recogn
and loss net after transaction cost.

Goodwill is recognized as the aggreg
consideration transferred and the am
non-controlling interest less the fair v
identifiable assets acquired as of the
date. Goodwill is not depreciated but
at least annually for impairment. In co
with this, goodwill is allocated to cash
units or groups of cash-generating u
expected to benefit from synergies fr
ness combination.

Change in ownership without loss o

A change in the ownership interest of
without a loss of control, is accounted
equity transaction. The consideration
nized at fair value and the difference
the consideration and the carrying an
non-controlling interests is recognize
attributable to the parent.

Loss of control

In cases where changes in the owners
subsidiary results in loss of control, the
is measured at fair value. Assets (inclu
and liabilities of the subsidiary and no
interest at their carrying amounts are
at the date when the control ceases.

The fair value of the consideration rec
any investment retained, is recognize
Gain or loss is recognized in profit an
date when the control ceases.

2.4 Investment in associates and joint ventures
Associates are entities over which the Group has significant influence, but not control or joint control, over financial and operating management (normally a holding of between 20 per cent and 50 per cent).

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether the Group has joint control or significant influence over an entity are similar to those necessary to determine control over subsidiaries. Associates and joint ventures are accounted for using the equity method from the date when significant influence or joint control is achieved until such influence ceases.

Under the equity method, the investments in associates or joint ventures are initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated attributable to the interest in the associate or joint venture.

If there are indications that the investment in the associate or joint venture is impaired, the Group will perform an impairment test of the carrying amount of the investment. Any impairment losses are recognized as share of profit of an associate and a joint venture in the statement of profit or loss.

If the Group's share of the loss equals or exceeds the carrying amount of the associate or joint venture, the carrying amount is set to zero and further loss is not recognized unless the Group has an obligation to make up for the loss.

Upon loss of significant influence over the associate or joint control over the joint venture, and as such the equity method ceases, the Group measures and recognizes any retained investment at its fair value. A new measurement of remaining ownership interests will not be performed if the equity method is still applicable, for example by transition from an associate to a joint venture.

2.5 Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position as either current or non-current.

The Group classifies an asset as current when it:
- Expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- Holds the asset primarily for the purpose of trading
- Expects to realize the asset within twelve months after the reporting period

Or
- The asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current, including deferred tax assets.

The Group classifies a liability as current when it:
- Expects to settle the liability in its normal operating cycle
- Holds the liability primarily for the purpose of trading
- Is due to be settled within twelve months after the reporting period

Or
- It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current, including deferred tax liabilities.

2.6 Cash and cash equivalents
Cash consist of cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. Any positive balances a
overdrafts are included as a compone
the cash flow statement. The cash flow
has been prepared using the indirect
overdrafts are reported under short-t
in the balance sheet. Received interes
classified as investment activities and
ments is classified as financing activit
flow statement.

2.7 Inventories
Inventories are recognized at the lowe
and net selling price. The net selling p
estimated selling price in the case of
ations minus the estimated completio
and distribution cost. The cost is arriv
average cost price, and includes the c
in acquiring the goods and the costs
the goods to their current state and lo
produced by the Group itself include
fixed costs that can be allocated base
capacity utilization.

2.8 Property, plant & equipment
Property, plant and equipment are va
cost, less accumulated depreciation a
losses. When assets are sold or dispos
carrying amount is derecognized and
loss is recognized in the statement of

The cost of property, plant and equip
the purchase price and all costs neces
the asset to working condition for its i
Costs incurred after the asset is in use
regular maintenance costs, are recog
statement of profit and loss, while oth

are expected to provide future financial benefits are capitalized.

The cost of property, plant & equipment is depreciated to the residual value over the asset's useful life. Depreciation is calculated using the straight-line method over the following useful life:
- Buildings: 10–20 years
- Plant, machinery and equipment: 3–15 years
- Fixtures & fittings and vehicles 3–10 years

If an item of property, plant and equipment has different parts with different useful lives, the parts are depreciated separately if the cost is significant in relation to the total cost of the item.

The depreciation period and method are assessed annually. A residual value is estimated at each year-end, and changes to the estimated residual value is recognized as a change in an estimate. When the carrying amount of property, plant and equipment exceeds the estimated recoverable amount, the value is written down to the recoverable amount.

Assets under construction are classified as property, plant and equipment and are recognized at cost until the production or development process is completed. Assets under construction are not subject to depreciation until the assets are taken into use.

2.9 Leases
At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group as a lessee
For contracts that constitute, or contain a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:
- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognizes the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities
The lease liability is recognized at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option. In calculating the present value of lease payments, the Group uses the interest rate implicitly defined in the lease contract if that interest rate is readily determinable, or its incremental borrowing rate in all other cases.

The lease payments included in the measurement comprise of:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognizes these variable lease expenses in profit or loss.

The Group presents its lease liabilities
line items in the statement of financia

Right-of-use assets
The Group measures the right-of use
less any accumulated depreciation an
losses, adjusted for any remeasureme
bilities. The cost of the right-of-use a
- The amount of the initial measurem lease liability recognized
- Any lease payments made on or be mencement date, less any incentive
- Any initial direct costs incurred by t estimate of the costs to be incurred in dismantling and removing the u restoring the site on which it is loca ing the underlying asset to the cond by the terms and conditions of the those costs are incurred to produce

The Group applies the depreciation r
in IAS 16 Property, Plant and Equipme
ciating the right-of-use asset, except
right-of-use asset is depreciated from
mencement date to the earlier of the
the remaining useful life of the right-
unless there is an option to purchase
which has been determined to be exe
reasonably certainty, in which case th
asset is depreciated over the expecte
of the underlying asset.

The Group applies IAS 36 Impairment
to determine whether the right-of-us
impaired and to account for any impa
identified.

Sale- and leaseback transactions
In the event of sale- and leaseback transactions, the Group first assesses whether transfer of control of the underlying asset represents a sale within the context of IFRS 15. The Group considers several factors for determining whether the buyer has obtained control of the asset, including, but not limited to, the existence of any repurchase options, any beneficial renewal options terms, the length of the lease term including any option periods compared to the expected remaining lifetime of the asset, and the lease liability compared to the market value of the asset.

When the transfer of the asset is determined to be a true sale, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that related to the right-of-use being retained. The said proportionate share of the asset is derived from the recognized lease liability following the transaction in percentage of the fair market value of the underlying asset being sold. Effectively, the Group recognizes the amount of a gain or a loss only related to the rights transferred to the buyer-lessor.

In the event the transfer of the underlying asset to the buyer does not represent a true sale, the Group continues to carry the underlying asset and recognizes a financial liability equal to the transfer proceeds.

The Group as a lessor
For contracts where the Group acts as a lessor, it classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

For operating leases, the Group recognizes lease payments as rental income. Rental income is recognized mainly on a straight-line basis over the lease terms. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the rental income.

2.10 Borrowing cost
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.11 Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset
The Group's financial assets are derivatives, non-listed equity instruments, loans, trade receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group classified its financial assets in the following categories:
- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets at fair value through profit and loss

Financial assets at amortized cost
The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Groups financial assets at amorti
includes trade receivables and other s
deposits. Trade receivables that do no
significant financing component are r
at the transaction price determined u
Revenue from contracts with custome

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instrumen
through OCI if both of the following c
met:
- The financial asset is held where th
model objective of both holding to
tractual cash flows and selling, and
- The contractual terms of the financ
rise on specified dates to cash flows
payments of principal and interest o
pal amount outstanding

For debt instruments at fair value thro
interest income, foreign exchange rev
impairment losses or reversals are rec
the statement of profit or loss and co
same manner as for financial assets m
amortized cost. The remaining fair val
are recognized in OCI. Upon derecog
cumulative fair value change recogniz
recycled to profit or loss. The Group d
any debt instruments at fair value thro

Financial assets at fair value through profit and loss
Financial assets at fair value through p
include financial assets held for tradin
assets designated upon initial recogn

value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. The category includes foreign exchange contracts and interest rate swaps not designated as hedging instruments.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

either
1. the Group has transferred substantially all the risks and rewards of the asset, or
2. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities
Financial liabilities are subsequently recognized at amortized cost, as loans and borrowings and payables. Contingent consideration in business combinations is recognized and measured at fair value and changes in fair value are recognized in the income statement. Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives assets.

Loans, borrowings and payables
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Hedges of a net investment in a foreign operation
A hedge of a net investment in a foreign operation is accounted for in a similar way as a cash flow hedge. Foreign exchange gains or losses on the hedging instruments relating to the effective portion of the hedge are recognized directly in OCI, while any foreign exchange gains and losses related to the ineffective portion are recognized in profit and loss. On disposal of the foreign entity, the cumulative value of foreign exchange gains or losses recognized directly in equity is transferred to profit and loss.

Fair value hedges are not applicable to the group.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible
next 12-months (a 12-month ECL). Fo
exposures for which there has been a
increase in credit risk since initial reco
allowance is required for credit losses
the remaining life of the exposure, irr
the timing of the default (a lifetime E

For trade receivables and contract ass
applies a simplified approach in calcu
Therefore, the Group does not track c
credit risk, but instead recognizes a lo
based on lifetime ECLs at each report
The Group has established a provisio
is based on its historical credit loss ex
adjusted for forward-looking factors s
debtors and the economic environme

For debt instruments at fair value thro
Group applies the low credit risk simp
every reporting date, the Group evalu
the debt instrument is considered to
risk using all reasonable and supporta
tion that is available without undue c
In making that evaluation, the Group
the internal credit rating of the debt i
addition, the Group considers that th
a significant increase in credit risk wh
payments are more than 30 days past

The Group considers a financial asset
when contractual payments are 90 da
However, in certain cases, the Group
sider a financial asset to be in default
or external information indicates that
is unlikely to receive the outstanding

amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.12 Intangible assets

Intangible assets acquired independently are measured on initial recognition at cost. The cost of intangible assets acquired as part of a business combination is recognized at fair value in the Group's opening balance at the date of acquisition. Capitalized intangible assets are recognized at cost less any amortization and impairment.

Internally generated intangible assets, with the exception of capitalized development expenses, are not capitalized, but expensed as incurred.

The useful life is either finite or indefinite. Intangible assets with a finite useful life are amortized over their useful economic life and tested for impairment if there are any indications that the intangible asset may be impaired. The amortization method and period are assessed at least once a year. Changes to the amortization method and/or period are accounted for as a change in accounting estimate.

Intangible assets with an indefinite economic life are not amortized, but are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortized. The economic life is assessed annually with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a definite economic life is made prospectively.

Patents and licenses

Amounts paid for patents and licenses are recognized in the balance sheet and are amortized on a straight-line basis over their expected useful life. The expected useful life of patents and licenses varies between 5 and 20 years.

Research and development cost

Expenses relating to research activities are recognized in the income statement as they incur. Expenses relating to development activities (relating to the design and testing of new or improved products) are capitalized to the extent that the product or process is technical and commercially viable, and the Group has sufficient resources to complete the development work. Expenses that are capitalized include the costs of materials, direct salary costs and a share of the directly attributable overhead expenses. Capitalized development costs are recognized at their cost minus accumulated amortization and impairment losses. Other development costs are recognized in the statement of comprehensive income as incurred.

Development costs that have previously been expensed are not recognized in subsequent periods. Capitalized development costs are amortized on a straight-line basis over the estimated useful life of the asset. Capitalized development costs with an indefinite useful life or related to projects under development are tested annually for impairment in accordance with IAS 36.

Customer relationships

Purchased customer contracts have a finite useful life and are recognized at cost less amortization. Customer contracts and technology are amortized using the straight-line method over their estimated useful lives.

2.13 Impairment of non-financial assets

Intangible assets with an indefinite useful life are not amortized but tested annually for impairment. Items of property, plant and equipment, right of use assets and intangible assets are tested for impairment if there is reason to believe that future earnings do not justify the asset's carrying amount. The difference between the carrying amount and the recoverable amount is recognized as an impairment loss. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

When testing for impairment, non-current assets are grouped at the lowest level at which it is possible to distinguish independent cash inflows (cash generating units, CGU). A CGU is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets. At each reporting date, the Group considers the possibility of reversing previous impairment losses on non-financial assets (except goodwill and other intangible assets with an indefinite useful life).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects cur
assessments of the time value of mon
risks specific to the asset. In determin
less costs of disposal, recent market t
taken into account. If no such transac
identified, an appropriate valuation m
These calculations are corroborated b
multiples, quoted share prices for pu
companies or other available fair valu

The Group bases its impairment calcu
detailed budgets and forecast calcula
are prepared separately for each of th
CGUs to which the individual assets a
These budgets and forecast calculatio
cover a period of five years. A long-te
is calculated and applied to project fu
after the fifth year.

2.14 Provisions

Provisions are recognized when the G
present obligation (legal or constructi
of a past event, and it is probable (mo
not) that a financial settlement will ta
result of this obligation and the size o
can be measured reliably. If the effect
erable, the provision is calculated by d
estimated future cash flows using a dis
before tax that reflects the market's p
time value of money and, if relevant,
cally associated with the obligation.

Warranty provisions: The Group prov
for general repairs of defects that exis
time of sale, as required by law. Provis
to these assurance-type warranties ar

when the product is sold, or the service is provided to the customer. Initial recognition is based on historical information about warranties and a weighting of possible outcomes according to the likelihood of their occurrence. The initial estimate of warranty-related costs is revised annually.

Onerous contracts: If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

2.15 Equity

Financial instruments are classified as liabilities or equity in accordance with the underlying economic realities. Interest, dividend, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income. Amounts distributed to holders of financial instruments that are classified as equity will be recorded directly in equity.

(I) Own shares

In the event of a purchase of own shares, the purchase price and any directly associated costs are recognized as a change in equity. Own shares are presented as a reduction in equity. Gains or losses on transactions involving own shares are recognized directly in equity.

(II) Costs arising from equity transactions

Transaction costs directly related to an equity transaction are recognized directly in equity after deducting tax expenses.

(III) Other equity

(a) Translation differences

Translation differences arising in connection with exchange-rate differences on consolidation of foreign entities are recognized in other comprehensive income. Exchange-rate differences in monetary amounts (liabilities or receivables) which are in reality a part of a company's net investment in a foreign entity are also included as translation differences.

If a foreign entity is sold, the accumulated translation differences linked to the entity are reversed and recognized in profit or loss in the same period in which the gain or loss on sale is recognized.

(b) Change in actuarial gains/ losses (pension commitments)

Actuarial gains or losses resulting from changes in assumptions and basic data are recognized directly in other comprehensive income.

(c) Dividends

Proposed dividends are classified as other equity until they are approved by the general assembly of Hexagon Composites ASA.

(IV) Other paid-in capital – Share-based payments

The Group has a share-based program for certain employees in senior and key positions. The fair value of the share instruments is measured at the date of the grant using the Black & Scholes model. The fair value of the issued options, performance share units (PSUs) and restricted share units (RSUs) is expensed as an employee cost with a corresponding increase in other paid in capital over the vesting period, which is over the agreed-upon future service time.

(V) Hedging reserve

Forward exchange contracts and interest rate derivatives that qualify as hedging instruments (cash flow hedges) are recognized at fair value, with a corresponding entry in total comprehensive income, and transferred to the revaluation reserve (net of tax). Realized gains or losses are recognized in profit or loss to offset gains or losses on the items that were hedged.

2.16 Revenue from contracts with customers

The Group's main revenues come from the sale of its own mass-produced standard products in the different segments:

1. Hexagon Agility
2. Hexagon Ragasco
3. Hexagon Digital Wave
4. Hexagon Purus

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The products are mainly sold in relation to separately identifiable contracts with customers.

Sale of goods (cylinders, products, systems etc.)

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery
product. There are several credit term
upfront payment and secured payme
credit term is 30 to 90 days upon deliv

The Group considers whether there a
ises in the contract that are separate p
obligations to which a portion of the t
price needs to be allocated. In determ
transaction price for the sale of goods
considers the effects of variable consi
the existence of significant financing

(i) Variable consideration

Some contracts with customers provid
return, trade discounts or volume reb
Group uses the expected value metho
the goods that will not be returned as
predicts the amount of variable consi
which the Group will be entitled. For t
and volume rebates the sale of goods
at the fair value of the consideration r
receivable, net of allowances for trade
volume rebates. If revenue cannot be
ured, the Group defers revenue recog
the uncertainty is resolved. The Group
assessment on individual contracts to
the estimated variable consideration a
constraints.

(ii) Significant financing component

Generally, the Group receives short-t
from its customers. Using the practica
in IFRS 15, the Group does not adjust
amount of consideration for the effec
icant financing component if it expec

inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for these goods or services will be one year or less.

(iii) Warranty provision
The Group typically provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers. Such warranties are evaluated as assurance-type warranties which are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. See note 19 for an overview of the warranty provision.

Services
To some extent the Group provides other services in relation to reinspection and testing of products and non-recurring engineering and design or development. These services are normally sold on their own and based on relative stand-alone selling prices. The Group recognizes revenue from services over time using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Funded development contracts
The Group has entered into funded contracts with a limited number of customers for development services. The Group recognizes revenue over time as the services are performed. Progress is measured using an input method to measure progress towards certain project milestones as the customer simultaneously receives and consumes the benefits provided by the Group.

Contract balances
(i) Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

(ii) Trade receivable
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(iii) Contract liability
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group fulfils the performance obligation under the contract.

Cost to obtain a contract
The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense such costs when the related revenue is expected to be recognized within one year. When revenue will be recognized over several reporting periods the Group recognizes incremental costs of obtaining a contract with a customer as an asset, provided that the costs are expected to be recovered throughout the contract. The costs are amortized on a systematic basis that is consistent with the transfer of the related goods or services to the customer and subsequently re-assessed at the end of each reporting period.

2.17 Employee benefits
Defined benefit pension plans
Defined benefit plans are valued at the present value of accrued future pension benefits at the end of the reporting period. Pension plan assets are valued at their fair value.

The current service cost and net interest income/costs are recognized immediately and is presented as a payroll & social security expense in the income statement. Net interest income/cost is calculated by using the discount rate of the liability at the beginning of the period on the net liability. Changes in net pension liabilities as a result of payments of premiums and pension payments have been taken into consideration. The difference between the actual return and the accounted return is recognized continuously through other comprehensive income. The pension cost is affecting the payroll & social security costs in the income statement. Actuarial gains and losses, including changes in value, both for assets and liabilities, are recognized trough other comprehensive income. Actuarial gains and losses are not reclassified over profit and loss.

Multi-employer plans
Some of the Norwegian employees participate in a new AFP pension scheme. The scheme is a defined benefit multi-employer pension plan, funded through premiums that are defined a
of salary. The scheme's retirement be
tion and plan assets cannot be reliabl
and allocated at present. For account
the scheme is treated as a defined co
plan, with premium payments expens
and no pension liability recognized.

Defined contribution pension plans
Pension premiums relating to define
plans are recognized as an expense a
incurred.

Share-based payment
The Group has share-based program
and key executives. The programs are
shares, and consist of share options, p
share units (PSUs) and restricted shar
In addition, certain key executives hav
programs settled in cash. The fair valu
share-based programs is expensed o
period which is over the agreed-upon
period and, where applicable, the per
conditions are fulfilled. The fair value
options, PSUs and RSUs is measured
and calculated using the Black & Scho

The cost of the employee share-base
expensed over the vesting period. The
issued options, PSUs and RSUs of the
that are settled with equity instrumen
the company's own shares) is recogni
and personnel cost in profit and loss v
sponding increase in other paid-in ca
settlement options are however recog
corresponding change in provisions.

tax is recorded as a liability and is recognized over the estimated vesting period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.18 Government grants
Government grants, including the Norwegian Skattefunn incentive scheme, are recognized when there is reasonable assurance that the Group will comply with the conditions stipulated for the grants, and that the grants will be received. Operating grants are recognized systematically during the grant period. Grants are deducted from the cost which the grant is meant to cover. Investment grants are capitalized and recognized systematically over the asset's useful life. Investment grants are recognized as deferred income. The Group currently has grants with the United States Department of Energy which is recognized as grant income.

2.19 Income taxes
The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities, with the exception of:
- temporary differences linked to goodwill that are not tax deductible
- temporary differences related to investments in subsidiaries, associates or joint ventures when the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognized when it is probable that the Group will have a sufficient profit for tax purposes in subsequent periods to utilize the tax asset. The Group recognize previously unrecognized deferred tax assets to the extent it has become probable that the Group can utilize the deferred tax asset. Similarly, the Group will reduce a deferred tax asset to the extent that the Group no longer regards it as probable that it can utilize the deferred tax asset.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen. Deferred tax assets and liabilities are recognized at their nominal value and classified as non-current assets and non-current liabilities in the balance sheet.

Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to items recognized directly in equity.

2.20 Segments
For management reporting purposes, the Group is organized into different business areas according to product/service range. The Group's segment reporting format is business areas. Financial information relating to segments and geographical areas is presented in note 4.

2.21 Contingent liabilities and contingent assets
Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred.

Contingent assets are not recognized in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Group.

2.22 Events after the balance sheet date
New information on the Group's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the Group's financial position at the end of the reporting period but w
the Group's financial position in the f
disclosed if significant.

2.23 New accounting standards, in
and amendments adopted by the
The Group has not early adopted any
interpretation or amendments that h
but is not yet effective. Standards, int
and amendments that are issued up
issuance of the consolidated financia
but not yet effective are considered n
not to have an impact on the consoli
statements of the Group.

Note 3 Estimation uncertainty and significant judgments

The management has used estimates and assumptions that have affected assets, liabilities, income, expenses and information on potential liabilities. This particularly applies to the depreciation of tangible and intangible fixed assets, impairment of goodwill and evaluations related to acquisitions. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience and other factors, including forecast events that are considered probable under current circumstance. Changes in accounting estimates are recognized during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods.

The Group prepares estimates and makes assumptions about the future. The accounting estimates based on this process are, by definition, rarely completely in line with the final outcome. Estimates and assumptions represent a risk of material changes in the reported amounts of revenues, expenses, assets, liabilities and equity over the next financial year.

The Group's most important accounting estimates are related to the following items:

- Fair value of assets and liabilities at the time of acquisition
- Impairment of goodwill
- Depreciation and impairment of property, plant & equipment and intangible assets
- Leases
- Capitalized development cost
- Contingent considerations
- Unlisted equity investments
- Revenue from contracts with customers

Fair value of assets and liabilities at the time of acquisition

The Group is required to allocate the purchase price of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values. Such valuations require management to make significant judgments in selecting valuation methods, estimates and assumptions. For the acquisitions of Wystrach GmbH and Wyrent GmbH in 2021 the Group engaged a third-party appraisal firm to assist the Group in determining the fair values of the assets acquired and liabilities assumed. The significant purchased intangible assets recorded by Hexagon Composites included customer relationships, trade name and technology. Critical estimates in the evaluations for such intangible assets include, but are not limited to, estimated average customer relationship based on customer attrition, applying a relief from royalty model using an appropriate royalty rate and expected developments in technology and markets.

Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Management's fair value estimates are based on reasonable, but not entirely certain, assumptions. See also note 5.

Impairment of goodwill

Recognized goodwill is assessed annually for impairment. Recoverable amounts from cash-generating units are calculated based on their value in use. There is uncertainty associated with the assumptions used as a basis in the preparation of budgets for the calculation of value in use. These calculations require the use of estimates and assumptions about future income and expense trends. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate.

See also note 11 for further information on impairment testing of goodwill.

Depreciation and impairment of property, plant & equipment and intangible assets

Group management determines the useful lives and depreciation rates for items of property, plant & equipment and intangible assets. The expected useful life of the Group's production equipment is largely dependent on technological development. The present depreciation period is 3–20 years, but an uncertainty exists for the interval between 10–20 years.

Leases – Significant judgement in
the lease term of contracts with re
options and incremental borrowin
The group has several offices and oth
leases with options to extend the leas
options are included in the calculatio
liability if management is reasonably
cise the option to renew the contract.
has used judgment when considering
factors that create an economic incen
the lease. In this assessment Manage
considered the original lease term an
cance of the underlying assets, i.e. the
other facilities.

In the event the Group cannot readily
the interest rate implicit in the lease, t
the incremental borrowing rate (IBR)
the lease liability. The IBR is the rate c
that the Group would have to pay to b
similar term, and with a similar securi
necessary to obtain an asset of a simi
the right-of-use asset in a similar eco
ronment. The IBR therefore reflects w
'would have to pay', which requires es
when no observable rates are availab
for subsidiaries that do not enter into
transactions). The Group estimates th
observable inputs (such as market int
when available and is required to mak
entity-specific estimates (such as the
stand-alone credit rating). See also n

Capitalized development costs
The Group capitalizes development costs for a project in accordance with the Groups accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to project plan. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. For criteria for recognition, see note 2.12 and note 11.

There is uncertainty about the date for when the criteria for recognition of intangible assets are satisfied and there is uncertainty associated with the valuation and allocation of the cost of acquisition for intangible assets.

Contingent considerations
As a part of business combinations, the purchase price consideration may have to be estimated dependent upon the content of the sale-and purchase agreement, herein e.g., contingent considerations. Such liabilities are subject to estimation uncertainty as they typically are dependent upon the financial performance of, and/or other quantitative and qualitative events of the acquired entity. Management uses significant judgement in the valuation of such liabilities such as, but not limited to, future profitability, discount rates and probability of certain target achievement. Any subsequent revaluations of said liabilities are recognized as fair value adjustments through profit and loss. See also note 5.

Unlisted equity investments
Estimating fair value of unlisted companies requires judgement by management. The fair value of unlisted equity investments is estimated by using commonly used valuation techniques or by implicit valuations derived from private placements undertaken in the companies.

Revenue from contracts with customers – determining the timing of satisfaction of services and funded development contracts
The Group has concluded that revenue for services and funded development contracts is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the installation or the defined milestones that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group determined that the input method is the best method in measuring progress of the services and funded development contracts because there is a direct relationship between the Group's effort (i.e., total costs incurred) and the transfer of service to the customer. The Group recognizes revenue on the basis of the total costs expended relative to the total expected costs to complete the service and funded development contract. See also note 4.

Note 4 Operating segment and revenue breakdown

The Group's operation is divided into four strategic business areas, which are organized and managed separately. These four business areas are also defined as the group's reportable operating segments as the different business areas sell different products, address different customer groups and have different risk profiles.

The Hexagon Composites group is divided into the following reportable operating segments

a. Hexagon Agility - global leader of (renewable) natural gas fuel systems and delivery solutions for the mobility market.
b. Hexagon Ragasco - world's leading manufacturer of composite LPG cylinders.
c. Hexagon Digital Wave - global leader in innovative cylinder testing and monitoring technology.
d. Hexagon Purus - leading global provider of technology needed for zero emission mobility

The executive management group is the Chief Operating Decision Makers (CODMs) and monitor the operating results of their respective business areas separately for the purpose of making decisions about resource allocation and performance assessment.

No operating segments have been aggregated to form the above reportable operating segments. Transactions between the segments are based on arm's length basis.

Other information
The Group's customer base is relative
in terms of size and concentration su
not dependent upon any one single c
customer or customer group exceede
of annual sales in the group in 2022 a

Geographical segments
The Group's activities are divided int
regions: Europe, North America, Sout
Middle East and Norway.

Transactions in the different segment
eliminated.

Business segment data 2022

(NOK 1 000)	Hexagon Agility	Hexagon Ragasco	Hexagon Digital Wave	Corporate / elimination	Hexagon ex. Purus	Hexagon Purus	Elimination
Revenue from external customers:							
Sale of cylinders and equipment (at a point in time)	3 204 885	701 029	89 297	3 141	3 998 352	909 715	67
Sale of services and funded development (transferred over time)	-	-	-	-	-	4 882	
Internal transactions	260 981	4 977	24 679	(1 601)	289 036	44 040	(333 076)
Other operating income	8 093	210	2 025		10 327	4 034	
Total revenue from contract with customers	**3 473 959**	**706 216**	**116 001**	**1 540**	**4 297 716**	**962 670**	**(333 009)**
Rental income	3 919	-	-	1 107	5 027	1 255	(1 353)
Total revenue	**3 477 878**	**706 216**	**116 001**	**2 648**	**4 302 743**	**963 925**	**(334 362)**
Operating profit for segment before depreciation/amortization (EBITDA)	**208 988**	**123 256**	**6 715**	**8 709**	**347 667**	**(405 505)**	**(5 353)**
Operating profit for segment (EBIT)	**28 186**	**86 362**	**1 193**	**(9 907)**	**105 834**	**(500 594)**	**(593)**
Profit/loss from associates	(3 571)	-	-	-	(3 571)	51 888	-
Net financial items	(56 880)	(301)	(6 166)	(14 543)	(77 890)	7 808	-
Tax expense	12 691	16 685	258	(11 394)	18 240	(9 380)	-
Profit/loss for the year	**(44 956)**	**69 376**	**(5 231)**	**(13 056)**	**6 134**	**(431 518)**	**(593)**
Segment assets	**4 550 321**	**581 399**	**109 677**	**1 750 450**	**6 991 847**	**2 654 903**	**(1 743 009)**
Segment liabilities	**2 104 101**	**391 626**	**46 015**	**1 077 791**	**3 619 533**	**967 282**	**([illegible]51 880)**
Investments in property, plant & equipment for the year	213 979	38 352	1 825	13 022	267 180	240 030	
Depreciation and impairment	91 911	29 252	2 109	2 534	125 806	33 779	
Investments in intangible assets for the year	4 940	-	-	18 164	23 104	52 625	
Amortization and impairment	46 344	-	-	12 812	59 156	36 906	
Additions of right-of-use assets for the year	121 532	-	293	1 695	123 520	122 472	
Depreciation and impairment	37 786	7 642	3 413	3 270	52 110	24 404	

Geographical information 2022

(NOK 1 000)	Europe	North America	South America	South-East Asia	Middle East	Norway
Revenue divided among customer locations from external customers	2 064 775	2 567 103	105 204	105 270	30 816	59 139
Non current assets[1]	1 256 284	2 636 664		13 517		473 928
Investments in property, plant & equipment for the year	171 320	287 003		10 460		38 427
Investments in intangible assets for the year	1 621	5 246		3 043		65 819

[1] Non-current assets for this purpose consists of property, plant & equipment, right-of-use assets and intangible assets.

Contract balances	2022	2021
Trade receivables	865 403	880 396
Contract assets	9 488	4 165
Contract liabilitites	548 643	277 658

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In 2022, TNOK 13 165 (2021 TNOK 10 915) was recognized as provision for doubtful debtors on trade receivables.

Contract assets are initially recognized for revenue earned from installation and project services as receipt of consideration is conditional on successful completion of installation or project. Upon completion and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables. The higher amount in contract assets in 2022 is the result of normal fluctuations in this part of the business at the end of the year. All contracts are for period of one year or less or are build based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contract liabilities include short-term advances received for funded services & development and paid not delivered goods to external customers. The outstanding balances of these accounts increased in 2022 due to increasing activities in services & funded development projects. The entire contract liabilities was recognized in the subsequent period.

Performance obligations

Information related to the Group´s performance obligations and related revenue recognition is summarized below:

Sale of goods

The performance obligation is generally satisfied upon delivery of cylinders and other equipment. The normal credit term is 30 to 90 days upon delivery. Recognition of revenue at the point of delivery is only recognized for an amount of the consideration that reflects the estimated variable consideration the Group is expected to ultimately be entitled. The variable consideration is re-assessed at the end of each reporting period and recognized as (or when) the uncertainty is subsequently resolved and is estimated based on the expected value approach.

Sale of services

The Group provides services in relation to reinspection and testing of products and non-recurring engineering and design or development. These may be sold separately or bundled together with the sale of goods. The Group has determined that these services should be accounted for as a separate performance obligation as the services are separately identifiable. The performance obligation is satisfied over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognizes revenue on the basis of the labor hours incurred relative to the total expected labor hours to complete the installation. When a contract includes separate performance obligations in relation to both sale of goods and installation, the consideration is allocated between the performance obligations based on observable stand-alone selling prices.

Sale of funded development contra

The Group has entered into contracts
number of customers for developmen
As the inputs (raw materials, labor ho
integrated into a combined output, th
product has been determined to cons
performance obligation. Further, the
process & integration significantly mo
assets under construction until delive
assessed that the performance obliga
over time because it has at all times a
right to payment for performance con
date, including a reasonable margin.
the asset has no alternative use for th
is limited practically from readily direc
in its completed state, as the Group w
a significant loss from modifying the
it could be sold to another customer.
measures progress based on costs inc
to the total expected costs to comple
as this measurement most faithfully c
Group's progress towards complete s
the performance obligation

Business segment data 2021

(NOK 1 000)	Hexagon Agility	Hexagon Ragasco	Hexagon Digital Wave	Corporate / elimination	Hexagon ex. Purus	Hexagon Purus	Elimination
Revenue from external customers:							
Sale of cylinders and equipment (at a point in time)	2 410 469	575 245	47 213	3 084	3 036 012	494 222	947
Sale of services and funded development (transferred over time)	70	-	-	-	70	3 441	
Internal transactions	202 693	2 495	9 029	21 018	235 235	7 495	(242 731)
Other operating income	2 608	398	942	17	3 965	880	
Total revenue from contract with customers	**2 615 840**	**578 138**	**57 184**	**24 119**	**3 275 282**	**506 039**	**(241 784)**
Rental income	1 695	-	-	766	2 461	1 679	(787)
Total revenue	**2 617 535**	**578 138**	**57 184**	**24 885**	**3 277 743**	**507 718**	**(242 571)**
Operating profit for segment before depreciation/amortization (EBITDA)	**292 655**	**94 972**	**(10 677)**	**4 005**	**380 955**	**(271 777)**	**(595)**
Operating profit for segment (EBIT)	**138 508**	**60 325**	**(14 826)**	**(12 634)**	**171 373**	**(324 874)**	**(595)**
Profit/loss from associates	-	-	-	-	-	(2 957)	-
Net financial items	(38 031)	(5 785)	(4 859)	(76 575)	(125 250)	(19 441)	-
Tax expense	39 104	11 017	206	(22 374)	27 953	(2 120)	-
Profit/loss for the year	**61 373**	**43 523**	**(19 891)**	**(66 835)**	**18 170**	**(345 152)**	**(595)**
Segment assets	**3 819 260**	**516 251**	**83 882**	**1 263 465**	**5 682 859**	**2 101 745**	**(1 269 358)**
Segment liabilities	**1 641 009**	**392 111**	**113 013**	**317 044**	**2 463 177**	**686 347**	**([illegible]8 580)**
Investments in property, plant & equipment for the year	146 378	39 418	6 784	946	193 527	107 711	
Depreciation and impairment	77 605	29 232	1 108	3 051	110 996	17 129	
Investments in intangible assets for the year	5 962	-	-	16 059	22 020	37 735	
Amortization and impairment	41 599	-	-	10 948	52 547	17 853	
Additions of right-of-use assets for the year	24 309	12 777	-	536	37 622	32 345	
Depreciation and impairment	34 944	5 415	3 041	2 640	46 039	18 116	

Geographical information 2021

(NOK 1 000)	Europe	North America	South America	South-East Asia	Middle East	Norway
Revenue divided among customer locations from external customers	1 197 409	2 174 867	15 425	81 447	14 996	58 746
Non current assets[1]	1 109 628	2 121 649		7 897		438 284
Investments in property, plant & equipment for the year	127 469	131 085				42 684
Investments in intangible assets for the year	4 778	7 072				47 905

[1] Non-current assets for this purpose consists of property, plant & equipment, right-of-use assets and intangible assets

Note 5 Business combinations and changes in the Group`s structure

In 2022, there were no business combinations or changes to the Group's reporting- or segment structure.

Acquisition of Wystrach in 2021

On 10 November 2021, Hexagon Purus GmbH, a wholly owned subsidiary of Hexagon Purus acquired 100 per cent of the shares of Wystrach GmbH and Wyrent GmbH (together "Wystrach"). Wystrach have been reported as a part of the Hexagon Purus segment in the Hexagon Group since November 2021.

Wystrach is a leading European systems and solutions provider for storage and transport of compressed gases. The Company specializes in the design, manufacturing and assembly of hydrogen systems including steel system structures and high-pressure piping and has its production facilities in Weeze, Germany.

The Transaction represented a step-change for Hexagon Purus and reinforced its position as a global leader in zero emission mobility solutions. Wystrach has brought significant systems assembly capacity and knowhow and complemented the capabilities of Hexagon Purus, improving control of the value chain and accelerating time to market. Combining two industry frontrunners has and will increase scale, organizational bandwidth and execution capabilities and put Hexagon Purus in pole position to capitalize on the strong market growth expected for hydrogen storage solutions.

The fair value of the identifiable assets and liabilities of Wystrach as at the date of acquisition were:

Wystrach GmbH (NOK 1 000)	Fair va
Assets	
Intangible assets:	
Customer relationships	
Technology	
Software and licenses	
Tangible assets:	
Land and land rights	
Buildings	
Technical equipment and machines	
Other equipment, factory and office equipment	
Right-of-use Assets	
Current assets:	
Inventories	
Trade receivable	
Other current assets	
Cash	
Total assets	

(NOK 1 000)	Fair value recognised on acquisition
Liabilities	
Liabilities to banks	48 458
Lease liabilities	7 683
Accruals for pensions and similar obligations	980
Deferred tax liabilities	44 837
Provisions	481
Trade payables	105 542
Payments received on account of orders	58 031
Income tax liabilities	7 436
Other liabilities	60 880
Total liabilities	**334 328**
Net identifiable assets and liabilities at fair value	**212 567**
Goodwill	187 369
Purchase consideration	**399 935**
Consideration shares issued in Hexagon Purus ASA	144 500
Deferred payment	43 037
Contingent liabilities	64 933
Purchase consideration transferred / Paid in cash	**147 466**
Less cash and cash equivalents acquired	1 277
Acquisition, net of cash acquired	**146 189**

The fair value of Wystrach was NOK 399.9 million. The acquisition was settled with MNOK 147.5 mill NOK 144.5 million in consideration shares in Hexagon Purus ASA, NOK 43.0 million in deferred pay contingent liabilities of NOK 64.9 million expected to be settled in cash in 2023 and 2024. Earn-out dependent upon revenue- and EBITDA targets of Wystrach in 2021, 2022 and 2023 and is recognise estimate of target achievement. There have been no changes to the fair value assessment in 2022.

In the Group's profit for 2021, Wystrach was included from 1 November. Wystrach's contribution to t revenue and EBITDA in 2021 was NOK 140 million and NOK 18 million respectively. If the acquisition place on 1 January 2021, the Group total revenue and profit after tax in 2021 would have amounted million and NOK -339 million respectively.

The goodwill recognized is primarily attributed to the expected synergies and other benefits from c assets and activities of Wystrach with the Hexagon Purus Group. The goodwill is not deductible for purposes.

Transaction costs of NOK 12.4 million were expensed as other operating expenses in the income sta are part of operating cash flows in the statement of cash flows for 2021.

Note 6 Net financial items

(NOK 1 000)	2022	2021
Interest income	15 207	4 394
Unrealised gains from forward exchange contracts with actual gains or losses through profit and loss	26 523	1 121
Foreign exchange items	230 043	118 466
Other finance income	-	1 611
Total finance income	**271 773**	**125 592**
Loss on exchange items	90 937	92 784
Unrealised loss on forward exchange contracts and interest rate swaps with actual gains or losses through profit and loss	137 747	52 681
Cost associated with redemption of bond loan[1]	-	46 839
Cost of interest on loans etc.	96 786	48 580
Cost of interest on lease liabilities	9 537	7 980
Other finance expense	6 846	21 421
Total finance expense	**341 855**	**270 283**
Net financial items	**(70 082)**	**(144 691)**

[1] This consists of MNOK 22.7 in cash for call premium and MNOK 24.2 non-cash impact for accelerated realisation of other charges being amortised over the original tenor of the bond.

Note 7 Tax

Tax expense

(NOK 1 000)	Note	2022
Income tax payable in the income statement		60 363
Change in deferred tax in income statement		(51 503)
Tax expense		**8 859**
Income tax payable in the balance sheet		53 057
Income tax receivable in the balance sheet	15	(1 992)
Net income tax payable (+) / receivable (-) in the balance sheet		**51 065**
Prepaid taxes		38 474
Settled taxes not paid		(4 539)
Tax payable from acquired companies at acquisition date		-
Effect on tax payable of group contributions in Norway		534
FX translation effects		(25 171)
Total income tax payable in the income statement		**60 363**
Nominal tax rates in Norway		22%
Profit before tax		(417 118)
Tax based on nominal tax rate in Norway		(91 766)
Adjusted for tax effects of:		
Varying foreign tax rates vs. Norwegian tax rate		(26 885)
Change in not capitalized loss due to uncertainty		141 207
Other differences relating to foreign subsidiaries		(7 918)
Share of profit/loss from associates		(11 213)
Other non-taxable income and non-deductible expenses		4 875
Tax expense from prior periods		-
FX translation effects		559
Tax expense		**8 859**

Deferred tax assets and deferred tax liabilities

(NOK 1 000)	Balance sheet 2022	Balance sheet 2021	Income statement 2022	Income statement 2021
Deferred tax				
Loss carryforwards	(254 038)	(167 763)	(86 275)	(48 859)
Interest deduction limitation reserve	(33 123)	-	(33 123)	-
Pension	(10)	(168)	158	(611)
Plant & equipment	77 210	66 549	10 662	21 167
Intangible assets	107 581	118 887	(11 306)	31 778
Inventories and trade receivables	(31 765)	(4 479)	(27 286)	10 083
Derivatives	(42 437)	(18 121)	(24 316)	(35 473)
Provisions for liabilities/other current liabilities	(35 764)	(25 367)	(10 397)	(4 484)
Other	148 450	91 346	57 104	7 820
Deferred tax liabilities net	**(63 895)**	**60 883**	**(124 778)**	**(18 579)**
Reduction of tax assets due to uncertainty	270 265	172 599	97 666	66 477
Deferred tax assets / liabilities - net carrying amount	**206 370**	**233 482**	**(27 112)**	**47 898**
Change in deferred tax from purchase of companies			-	45 306
Change in deferred tax from group contributions in Norway			534	2 188
Change in deferred tax due to OCI			(139)	(81)
Change in deferred tax on FX translation			23 996	6 691
Net change in deferred tax in income statement			**(51 503)**	**(6 206)**

Carrying amounts

(NOK 1 000)	2022
Deferred tax asset	-
Deferred tax liabilities	206 370
Net recognised deferred tax assets/deferred tax liabilities	**206 370**

Deferred tax recognised in the statement of comprehensive income are as follows:

(NOK 1 000)	2022
Deferred tax asset	-
Deferred tax liabilities	139
Total	**139**

Overview loss carried forward

(NOK 1 000)	2022
Norway	[illegible]79 687
North America	497 004
Europe	[illegible]14 110
Total	**1 [illegible]90 801**

The losses are carried forward indefinitely.

Deferred tax assets are recognized when it is probable that the Group will have sufficient taxable p
subsequent periods to utilize the tax assets.

Note 8 Earnings per share

Earnings per share is calculated by dividing profit for the year by the weighted average number of shares outstanding.

To calculate diluted earnings per share, the profit and weighted average number of shares outstanding is adjusted to accommodate all dilution effects associated with share options. All share options are taken into consideration in the "denominator", and adjustments are made for recognised option expenses in the numerator. There are 5 697 864 (6 456 404) instruments that could potentially dilute basic earnings per share in the future. These are not included in the calculation of the diluted earnings per share because they are antidilutive for the periods presented. See note 27 for further specification type of instruments.

(NOK 1 000)	Note	2022
Profit/loss for the year flowing to holders of ordinary shares		
Profit/loss for the year		(425 977)
Profit/loss for activities held for sale		-
Profit/loss for the year		**(425 977)**
Weighted average number of shares outstanding 31 Dec	17	
Ordinary shares issued 1 Jan		201 619 712
Own shares		(650 418)
Issued new shares		-
Outstanding number of shares 31 Dec		**200 969 294**
Weighted average number of shares outstanding 31 Dec		**200 970 857**
Profit/loss per share		**(2.12)**
Diluted number of shares outstanding 31 Dec	17	
Ordinary shares issued 1 Jan		201 619 712
Own shares		(650 418)
Issued new shares		-
Outstanding shares 31 Dec adjusted for dilution effects		**200 969 294**
Weighted average number of shares outstanding 31 Dec adjusted for dilution effects		**200 970 857**
Diluted profit/loss per share		**(2.12)**

Note 9 Payroll costs and number of employees

The Group - payroll costs

(NOK 1 000)	Note	2022	2021
Salaries/fees[1]		1 266 800	876 046
Bonuses and share-based payments		114 039	116 648
Pension expense, defined-benefit plans	18	(1 121)	481
Pension expense, defined-contribution plans	18	47 754	38 649
Other social security expenses		67 788	69 474
Payroll expenses		**1 495 259**	**1 101 298**

[1] Capitalized payroll expenses related to technology development projects amounted to MNOK 22.5 in 2022 and MNOK 18.5 in 2021.

	2022
Average number of full-time equivalents:	**1 606**
Corporate management, R&D and support	
Norway	15
North America	27
Hexagon Agility	
North America	731
Norway	34
Germany	175
Hexagon Purus	
Norway	18
North America	126
Germany	372
China	11
Hexagon Digital Wave	
North America	52
Hexagon Ragasco	
Norway	128
North America	4
Russia	5
Total number of employees 31 December	**1 698**

Note 10 Property, plant & equipment

(NOK 1 000)	Land and buildings	Plant and equipment	Fixtures & fittings, vehicles	Assets under construction
Cost of acquisition				
Cost of acquisition 1 January 2022	296 549	1 079 970	218 274	234 686
Additions	1 265	33 248	43 714	428 983
Transfer from assets under construction	12 918	157 128	19 383	(189 429)
Disposals/scrap[1]	(113 892)	(3 055)	(41 841)	(7 548)
Additions from purchase of companies	-	-	-	-
Translation differences	17 605	67 068	21 515	21 992
Cost of acquisition 31 December 2022	**214 445**	**1 334 359**	**261 045**	**488 683**
Accumulated depreciation and impairment				
Accumulated depreciation 1 January 2022	67 896	645 665	105 293	-
Depreciation for the year	21 476	103 557	33 809	-
Impairment	-	-	743	-
Disposals/scrap[1]	(31 420)	(1 709)	(23 213)	-
Translation differences	2 786	27 455	9 887	-
Accumulated depreciation and impairment 31 December 2022	**60 738**	**774 968**	**126 520**	-
Net carrying amount as of 31 December 2022	**153 707**	**559 391**	**134 525**	**488 683**
Of which pledged	-	-	-	-
Useful life	10–20 years	3–15 years	3–10 years	
Depreciation method	Straight-line	Straight-line	Straight-line	

[1] On 31 December 2022, Agility North Carolina LLC, a wholly owned subsidiary of Hexagon within the Hexagon Agility segment, affected a sale- and leaseback transaction of its facility in Salisbury, North Carolina. The net carrying amount was MUSD 8.7 and is presented as disposals. See note 24 for more information.

(NOK 1 000)	Land and buildings	Plant and equipment	Fixtures & fittings, vehicles	Assets under construction
Cost of acquisition				
Cost of acquisition 1 January 2021	189 935	990 552	212 274	97 024
Additions	8 557	38 601	20 141	233 938
Transfer from assets under construction	2 421	63 129	29 898	(95 447)
Disposals/scrap	(185)	(36 936)	(56 989)	-
Additions from purchase of companies	89 040	10 239	13 741	-
Translation differences	6 782	14 386	(791)	(828)
Cost of acquisition 31 December 2021	**296 549**	**1 079 970**	**218 274**	**234 686**
Accumulated depreciation and impairment				
Accumulated depreciation 1 January 2021	55 049	587 226	100 243	-
Depreciation for the year	12 498	85 027	29 570	-
Impairment	-	-	1 031	-
Disposals/scrap	(185)	(31 556)	(24 977)	-
Translation differences	534	4 968	(573)	-
Accumulated depreciation and impairment 31 December 2021	**67 896**	**645 665**	**105 293**	**-**
Net carrying amount as of 31 December 2021	**228 653**	**434 305**	**112 981**	**234 686**
Of which pledged	-	-	-	-
Useful life	10–20 years	3–15 years	3–10 years	
Depreciation method	Straight-line	Straight-line	Straight-line	

Addition from purchase of companies of MNOK 113.0 relates to the acquisition of Wystrach GmbH, Germany (see note 5).

Note 11 Intangible assets

Hexagon Composites ASA has the following purchased and own-developed intangible assets

(NOK 1 000)	Goodwill	Patents and licences	Technology-development	Customer relationships
Cost price				
Opening balance 1 January 2022	1 573 061	239 453	354 061	540 994
Additions	-	13 722	62 008	-
Disposals	-	(343)	(74)	-
Translation differences	144 036	23 250	12 186	17 880
Cost of acquisition 31 December 2022	**1 717 097**	**276 081**	**428 180**	**558 874**
Accumulated amortization and impairment				
Opening balance 1 January 2022	274	51 279	118 270	153 221
Amortization for the year	-	17 201	31 245	47 617
Disposals	-	(261)	(74)	-
Translation differences	(274)	2 538	(5 769)	(5 888)
Accumulated amortization and impairment 31 December 2022	**-**	**70 757**	**143 672**	**194 950**
Net carrying amount 31 December 2022	**1 717 097**	**205 324**	**284 508**	**363 924**
Useful life	Indefinite	3–17 years	5–20 years	7–15 years
Amortization method	None	Straight-line	Straight-line	Straight-line

Hexagon Composites ASA has the following purchased and own-developed intangible assets

(NOK 1 000)	Goodwill	Patents and licences	Technology-development	Customer relationships
Cost price				
Opening balance 1 January 2021	1 370 132	215 435	244 151	456 522
Additions from purchase of companies	187 369	1 533	64 941	78 654
Additions	-	17 175	42 580	-
Disposals	-	(198)	(45)	-
Translation differences	15 561	5 508	2 433	5 818
	-	-	-	-
Cost of acquisition 31 December 2021	**1 573 061**	**239 453**	**354 061**	**540 994**
Accumulated amortization and impairment				
Opening balance 1 January 2021	274	36 143	96 833	118 635
Amortization for the year	-	13 543	21 083	35 725
Impairment	-	-	47	-
Disposals	-	(198)	-	-
Translation differences	-	1 791	307	(1 039)
Accumulated amortization and impairment 31 December 2021	**274**	**51 279**	**118 270**	**153 321**
Net carrying amount 31 December 2021	**1 572 788**	**188 174**	**235 790**	**387 673**
Useful life	Indefinite	3–17 years	5–20 years	7–15 years
Amortization method	None	Straight-line	Straight-line	Straight-line

Addition from purchase of companies of MNOK 332.5 relates to the acquisition of Wystrach GmbH, Germany (see note 5).

Research & development costs totalling MNOK 148.8 (MNOK 104.7) were expensed in 2022. The Group has received government grants of MNOK 7.6 (MNOK 11.7) in 2022. MNOK 7.6 (MNOK 11.7) has been offset against research and development costs.

The Group has recognized goodwill as a result of several acquisitions of business enterprises. Each goodwill item is linked to a cash generating unit (CGU). When the acquired business enterprise is maintained as an independent business enterprise it is, as a starting point, the CGU. Entities that have considerable synergies and for which the type of activity is the same, are considered to be a unified CGU. This applies when acquired business enterprises are integrated with an existing Hexagon Composites company or the acquired business enterprise is, in operative terms, closely linked together with existing Hexagon Composites businesses. In these instances, it is the linking enterprise that is the level of the CGU where goodwill is measured and followed up. In the Group, four CGU's have been identified which capitalized goodwill has been linked to.

Impairment testing
Goodwill is not depreciated but is subject to impairment testing in the fourth quarter each year. If there are particular indications of possible impairment, the impairment test is carried out on a quarterly basis. The impairment test is carried out by the calculated recoverable amount being compared with invested capital for the unit in question. When the recoverable amount exceeds invested capital, capitalized goodwill is maintained. When the recoverable amount is lower than invested capital, capitalized goodwill is written down to its recoverable amount. Invested capital consists of the units' total assets less interest-free current liabilities and interest-free non-current liabilities. The recoverable amount is based on expected future cash flows for the relevant unit based on the management's approved budget and strategy figures for the next four years. These are estimated based on current sales and margins and the expected market development. For subsequent periods it is assumed that there will be an increase in the cash flows equivalent to expected general growth within the various business areas.

The expected future investment requirements for the units are reflected in the calculations. These are in accordance with the management's approved budget and strategy. For the period beyond the next four years, it is assumed that the re-investment requirement will be equivalent to expected depreciation. Changes in working capital have been assessed and adjusted in accordance with expected developments.

When there are indications that a company's assets (including goodwill) may be impaired, an impairment test is conducted using the company's weighted average capital cost (WACC) as an estimate for the discount rate (= return on assets ratio). Correspondingly, WACC is also used for annual impairment testing. The WACC rate which is used to discount future cash flows is based on 10-year risk-free interest rates in the market, the company's borrowing interest, beta factor, equity ratio and market risk premium, adjusted for the liquidity risk and size of the company.

Value in use is calculated by discounting future cash flows. Present value calculations are based on expected future cash flows for the different cash-generating units, as described above and the units are not expected to have a finite useful life. The projections take into account appropriate and typically modest forms of growth in the cash flows into perpetuity.

Key assumptions used in value in use calculations
The most important assumptions for calculating value in use are related to estimates for operating revenues, EBITDA margins, discount rates and growth rates beyond the forecast period of 5 years. A weighted average cost of capital after tax of 11.9 per cent (8.7 per cent last year) has been used for all Cash Generating units (CGUs).

Following the spin-off and separate li
Hexagon Purus in December 2020, th
Group has defined separate targets f
businesses ex Purus ("Hexagon profo
Hexagon Agility, Hexagon Ragasco ar
Digital Wave. These are typically more
nesses with a longer historical basis f

Hexagon Purus is less mature, howev
leading position, operating in an extr
environment. The addressable marke
nity roadmap have been thoroughly s
business plan produced on the basis
a significant market share of the rapi
e-mobility market globally.

All operating revenues and EBITDA m
based on the stated forecast periods,
mance and management expectation
development for the future. Growth r
consistent with industry and market f
where conservatively applied outside
forecast periods.

Hexagon (ex Purus)

Hexagon proforma primary forecast horizon is 5 years from 2023 to 2027 and from which projections are made, on a rolling 5 year basis, using prudently conservative growth rates which collectively approximate to 15 per cent. Hexagon proforma collectively employs targets of:

- At least 15 per cent annual operating revenue growth
- Attaining 15 per cent EBITDA margin

The differing CGUs within Hexagon proforma may have differing revenue growth and EBITDA margins at differing periods of time, but collectively are expected to attain the Hexagon proforma targets within the primary forecast horizon. Hexagon Digital Wave is in the middle of a transformational business plan, through digitalization, incorporating opex investments over the next three years which weigh on positive margins short-term and increase growth in revenues and margins longer-term.
The Assumptions used per CGU in relation to the Hexagon proforma targets are as follows:

- Hexagon Agility attaining > target revenue growth and > target EBITDA margin
- Hexagon Ragasco attaining < target revenue growth and > target EBITDA margin
- Hexagon Digital Wave > target revenue growth and > target EBITDA margin

Hexagon Purus

The Hexagon Purus business is in its early phase and should use a longer forecast period than the other more mature businesses, in order to develop and implement its addressable green technology and e-mobility activities and attain a steady state operation and profit margins. To conform with IFRS 36 with a maximum 5 year forecast horizon, and given start-up companies do not by nature have previous history to rely on, terminal values and growth rates are applied at the end of year 5. With the focus of global climate change mitigation pointed towards promoting fuels that reduce GHG and Co_2 emissions there is strong support that adoption rates will increase at an even faster rate than we have seen historically with CNG/RNG – and as already observed with the zero-emission regulation friendly European BEV adoption. Hexagon Purus' initial business plan projections are for significant growth: NOK 4 to 5 billion in revenues by 2025 and double-digit EBITDA margins in the longer-term.

In this regard the following assumptions are used specifically in relation to the business activities for which the historical goodwill attributable to Hexagon Purus arose, being hydrogen cylinders, distribution, ground storage , marine, rail and other cylinder applications:

- at target revenue growth and attaining target EBITDA margin

The goodwill items of the following cash generating units are subject to impairment testing

	2022
Hexagon Agility	1 124 360
Hexagon Digital Wave	36 646
Hexagon Purus	523 741
Hexagon Ragasco	32 350
Total goodwill	**1 717 097**

The assumptions that were used as a basis for the calculations made at the end of 2022 resulted in headroom for all of the above.

Other assumptions for the impairment testing of goodwill

The recoverable amount is calculated based on the general assumptions referred to above. The calculations do not assume major changes in the nature of business activities compared with 2022.

In the prognosis period, an increase in the operating profit equal to the general growth in the economy is, at a minimum, expected.

The impairment testing is performed in the functional geographic currency of the CGU being USD for Hexagon Agility and Hexagon Digital Wave, and NOK for Hexagon Ragasco.

Sensitivity analyses for the goodw

In connection with the impairment te
will, the Group has carried out sensiti
These sensitivity analyses are carried c
cash-generating unit. The present val
cash flow in the calculations made is,
things, sensitive to changes in the dis
sensitivity analysis uses the economic
referred to above as its starting point.
have been made based on one of the
economic assumptions being change
which the other economic assumptio
unchanged.

The sensitivity analyses for the CGU d
that recoverable amounts of Hexagon
Hexagon Ragasco, Hexagon Digital W
Hexagon Purus goodwill exceed the r
value by a good margin, and a reason
in key assumption (+ 1.0 per cent for W
2.0 per cent on EBITDA margin) would
carrying amount to exceed value in us

Note 12 Other non-current financial assets

(NOK 1 000)	2022	2021
Cross-currency interest swap[1]	25 431	-
Loans to associated companies[2]	48 270	-
Equity investments at fair value[3]	67 727	379
Total other non-current financial assets	**141 429**	**379**

[1] On 16 May 2022, Hexagon Composites ASA entered into three float-to-fix interest rate swaps, a USD 10 million swap with a 10 year maturity, a USD 10 million swap with a 7 year maturity, and a USD 33 million swap with a 5 year maturity. The swaps principal value represents approximately 40 per cent of the Company's term loan (NOK 1 100 million) and revolving credit facility (NOK 350 million).
[2] Loans to associated companies includes accrued interests as per 31 December.
[3] NOK 67.3 million relates to the fair value of Norwegian Hydrogen AS, which was reclassified from an associated company to an equity investment as per 27 August, 2022, following a private placement in Norwegian Hydrogen AS and where the Group's significant influence in the entity ceased. See also note 26 for further information and gain related to the reclassification.

Note 13 Inventories

(NOK 1 000)	2022	2021
Raw materials and consumables	1 143 340	787 377
Work in progress	176 940	115 226
Finished goods	226 217	244 401
Total inventories	**1 546 497**	**1 147 004**
Provision for obsolete inventory in balance sheet	(77 530)	(38 529)
Carrying amount of holdings used as pledged assets	-	-

Note 14 Trade receivables

(NOK 1 000)	2022
Trade receivables	878 568
Provisions for expected credit loss	(13 165)
Trade receivables after provision for losses	**865 403**
Carrying amount of trade receivables used as pledged assets	-

Losses on trade receivables are classified as other operating expenses in the income statement. Se
is the information about the credit risk exposure on the Group's trade receivables and contract ass
provision matrix:

As of 31 December the Company had the following ageing of trade receivables

	Contract assets	Total	Not due	<30 days	30–60 days	60 d
Expected credit loss rate 2022	-	1.5%	0.4%	0.2%	4.5%	16.
Estimated total gross carrying amount at default 2022	9 488	878 568	540 017	222 194	55 274	11
Expected credit loss 2022	-	13 165	2 126	528	2 4[illegible]4	1
Expected credit loss rate 2021	-	1.2%	0.2%	0.4%	6.7%	0.
Estimated total gross carrying amount at default 2021	4 165	891 311	578 086	141 610	59 3[illegible]7	60
Expected credit loss 2021	-	10 915	1 071	569	3 9[illegible]8	[illegible]

Changes in the provision for losses are as follows

	2022	2021
Opening balance 1 January	10 915	13 293
Additions from purchase of companies	-	898
Provision for losses for the year	1 897	595
Actual losses during the year	(358)	(4 026)
Translation differences	712	155
Closing balance 31 December	**13 165**	**10 915**

Credit risk and currency risk regarding trade receivables are described in more detail in note 25.

Note 15 Other current assets

(NOK 1 000)	2022	2021
Prepaid expenses	80 757	90 202
Prepayment to suppliers	61 188	-
VAT refund	6 956	24 681
Prepaid tax overseas	1 773	28 017
Forward exchange contracts	-	1 162
Other[1]	38 097	38 381
Total other current assets	**188 772**	**182 443**

[1] Other in 2022 included receivables from the Skattefunn tax incentive scheme and other grants of NOK 4 820 thousand (7 837 thousand).

Note 16 Bank deposits, cash and cash equivalents

(NOK 1 000)	2022
Cash at bank and in hand	713 547
Bank deposits, cash and cash equivalents	**713 547**
Cash & cash equivalents in the cash flow analysis	713 547
Undrawn Group overdraft facility	135 769
Undrawn loan facilities	225 000
Restricted funds included in cash & cash equivalents[1]	9 283

[1] Restricted tax withholdings.

Note 17 Share capital, shareholder information and dividend

(NOK 1 000)	2022	2021
Ordinary shares of NOK 0.10 each	201 619 712	201 619 712
Total number of shares	**201 619 712**	**201 619 712**

The Company's share capital consists of one class of shares and is fully paid-up.

Changes in share capital and share premium

	Number of shares		Share capital (NOK 1 000)		Share premium (NOK 1 000)	
	2022	2021	2022	2021	2022	2021
Ordinary shares						
Issued and paid 1 January	201 619 712	201 619 712	20 162	20 162	2 075 999	2 075 999
Issued new share capital	-	-	-	-	-	-
Transaction cost					-	-
Issued and paid 31 Dec	**201 619 712**	**201 619 712**	**20 162**	**20 162**	**2 075 999**	**2 075 999**
Own shares						
1 January	847 292	1 851 723	85	185		
Change during period	(196 874)	(1 004 431)	(20)	(100)		
31 December	**650 418**	**847 292**	**65**	**85**		

As of 31 December 2022 the Company had 650 418 own shares (847 292). The cost of acquisition of NOK 18 789 thousand (NOK 20 690 thousand) is entered as a reduction in equity. The shares are held as "own shares", and the Company is entitled to sell them in the future.

20 Largest shareholders as of 31 December 2022	Number of shares
MITSUI & CO LTD	45 833 321
FLAKK COMPOSITES AS[1]	20 000 000
CLEARSTREAM BANKING S.A.	17 773 882
MP PENSJON PK	12 127 762
BRØDR. BØCKMANN AS	5 649 663
KTF FINANS AS	5 000 000
NØDINGEN AS	4 968 704
BROWN BROTHERS HARRIMAN & CO	4 470 699
FOLKETRYGDFONDET	3 840 921
STATE STREET BANK AND TRUST COMPANY	3 064 779
RBC INVESTOR SERVICES TRUST	2 452 681
JPMORGAN CHASE BANK, N.A., LONDON	2 225 119
THE NORTHERN TRUST COMPANY, LONDON	1 925 070
VERDIPAPIRFONDET STOREBRAND NORGE	1 923 372
RBC INVESTOR SERVICES TRUST	1 659 414
NORDNET BANK AB	1 433 120
SKANDINAVISKA ENSKILDA BANKEN AB	1 349 798
VERDIPAPIRFONDET KLP AKSJENORGE IN	1 310 744
FLAKK INVEST AS[1]	1 300 000
SIX SIS AG	1 287 392
Total 20 largest shareholders	**139 596 441**
Remainder	62 023 271
Total	**201 619 712**

[1] These shareholdings are controlled by the Chair of the Board, Knut Flakk.

Ownership structure
The total number of shareholders as of 31 December 2022 was 5 666 of whom 452 were foreign shareholders. The number of shares held by foreign shareholders was 111 390 509 or 56.2 per cent.

The Board proposes to the general assembly that there will be no dividend to be paid for the fiscal year 2022, the same as for 2021.

Dividends are included as allocations to the owners in the period in which they are paid.

The Board (unanimous) has a mandate to increase share capital by up to NOK 2 016 195 by issuing up to 20 161 950 shares (par value NOK 0.10). This authorization is valid until the next ordinary general assembly.

Note 18 Pension and other non-current employee benefits

The Norwegian companies in the Group are legally obliged to have occupational pension arranger the Norwegian Mandatory Occupational Pension act. The Norwegian pension arrangements satisfy ments of this act. Plans in other jurisdictions follows local requirements and agreements. Below is a table of the pension cost in the Group for the various pension plans. Further details on the various provided below:

(NOK 1 000)	2022
Defined contribution pension plan	45 582
Defined benefit pension plan	(1 121)
Multi-employer pension plan in Norway (new AFP)	2 172
Total	**46 633**

Defined contribution plans in the Group:
The defined contribution pension plans in the Norwegian companies have contribution rates from salaries in the range of 0 to 7.1 times the national insurance base rate (G) and from 8 per cent for sa range from 7.1 G to 12 G. As of 31 December 2022 the Norwegian defined contribution pension plan members.

Our subsidiaries in the US and Canada offer defined contribution plans subject to US and Canadia requirements. The defined contribution plans cover full-time employees and employer contributio 6 per cent of defined compensation subject to employee contributions. For some of the plans, ther an additional payment at the end of the year in accordance with the terms of the defined contribut 31 December 2022, 919 (740) members were covered by the plan. There are no defined contribution in Germany.

The table below provides a split of expenses in the defined contribution plans:

(NOK 1 000)	2022	2021
Defined contribution pension plans - Norway	15 124	12 205
Defined contribution pension plans - USA / Canada	30 458	24 621
Total	**45 582**	**36 826**

Defined benefit plans in the Group:
There are historical defined benefit plans in Norway and Germany with a very limited participation. The obligation for the defined benefit pension plans is calculated on a straight-line basis. Unrealized gains and losses resulting from changes in actuarial assumptions are recognized in other comprehensive income. There are 10 active and 11 retired in the pension plans. The pension liabilities and assets are calculated by actuaries and presented below. Based on the limited participation, assets and liabilities, the plans are considered of low materiality and significance.

(NOK 1 000)	2022	2021
Pension assets	402	-
Pension liabilities	2 321	4 645

Multi-employer pension plan in Norway
126 (121) of the Norwegian employees is a member of a new "agreement-based early retirement plan" (new AFP). The AFP plan is a lifelong supplement to the regular pension. Employees can take the new AFP scheme from the age of 62 or remain in employment and earn further benefits until the standard retirement age of 67. The AFP pension scheme is a defined benefit multi-employer pension plan, funded through premiums that are defined as a percentage of salary. The scheme's retirement benefit obligation and plan assets cannot be reliably measured and allocated at present. For accounting purposes, the scheme is treated as a defined contribution plan, with premium payments expensed as incurred, and no obligation recognized in the balance sheet. Premiums are 2.5 per cent (2.5 per cent in 2021) for salaries in the range 1.0 - 7.1 times the national insurance base rate (G) and is expected to increase in the coming years. Total contribution for the arrangement was NOK 2 172 thousand in 2022 and NOK 1 823 thousand in 2021. Expected premium for 2023 is NOK 2 248 thousand.

Note 19 Provisions

Non-current provisions

(NOK 1 000)	2022
Other non-current provisions	6 133
Total non-current provisions	**6 133**

Current provisions

(NOK 1 000)	2022
Balance 1 January	66 747
Additions from purchase of companies	-
Provisions for year	53 713
Translation differences	6 708
Provisions used during year	(24 611)
Balance 31 December	**102 557**

The Group seeks to minimize the level of warranty or other claims from third parties through a dilig
quality. The Group also seeks to consistently recognize any potential impact of unanticipated even
are made for both general and, if required, specific warranty claims on Low-Pressure and High-Pre
cylinders or on delivered systems. Such provisions are typically based on i) historical warranty costs
equivalent products and services, ii) our assessment of any ongoing third-party legal disputes or q
matters in the ordinary course of business. In such cases, including products liability cases, the Gro
estimates based on experience, professional judgment of legal counsel, and other assumptions it b
be reasonable. The Group also recognizes an asset if insurance covers all or part of any recorded lia
additional information becomes available, potential liability related to pending litigations reasses
related estimates are updated., and iii) a forward view based on the changing levels and complexit
business activities within cylinder and systems business areas respectively.

The warranty period is mostly one year from delivery with exceptions for individual contracts. The p
thereby be expected to be related to activity and new contracts.

Note 20 Interest-bearing liabilities

(NOK 1 000)	Interest rate conditions	Currency	Maturity	Facility size (nok)	Carrying amount 2022	2021
Secured						
Term loan DNB and Danske Bank (bullet)	Nibor 3 month + margin	NOK	9 Dec 2024	1 100 000	1 100 000	1 100 000
Revolving credit facility DNB and Danske Bank (bullet)	Nibor 3 month + margin	NOK	9 Dec 2026[4]	350 000	350 000	31 732
Accordion facility DNB and Danske Bank (bullet)	Nibor 3 month + margin	NOK	31 Mar 2024[4]	325 000	100 000	-
Overdraft facility DNB and Danske Bank	Nibor 3 month + margin	NOK	9 Dec 2024	250 000	130 002	-
Total DNB and Danske Bank[1]				**2 025 000**	**1 680 002**	**1 131 732**
Bank loan Volksbank an der Niers AG	1.55%	EUR	30 Sep 2036	N/A	7 356	7 677
Bank loan Deutsche Bank AG	1.96%	EUR	30 Mar 2037	N/A	16 881	15 469
Bank loan Deutsche Bank AG	2.88%	EUR	30 Jun 2033	N/A	14 524	17 547
Bank loan Deutsche Bank AG	1.79%	EUR	30 Nov 2025	N/A	5 586	5 865
Overdraft facility Deutsche Bank	Euribor 3 month + margin	EUR		15 771	-	8 637
Total Deutsche Bank and Volkesbank[2]				**15 771**	**44 347**	**55 194**
Total secured interest-bearing liabilities					**1 724 348**	**1 186 927**
Other current interest bearing liabilities					-	585
Amortized transaction costs loans[3]					(7 534)	(7 820)
Total interest-bearing liabilities					**1 716 815**	**1 179 692**
hereof current:						
Overdraft facility					130 002	8 637
Current interest bearing liabilities					100 000	585
1st year's instalments, classified as current					4 673	4 413
Total current interest-bearing lialities					**234 674**	**13 635**
Total non-current interest bearing liabilities					**1 482 141**	**1 166 057**

Estimated repayment structure for non-current liabilitie (NOK 1 000) as of 31 December 2021

2023	2024	2025	2026	20
234 674	1 104 672	3 134	354 422	3 10

[1] On December 9, 2021, Hexagon Composites ASA entere Senior Secured bilateral loan facility with DNB and Dan overall size of the committed facility was NOK 1 700 mill ing a term loan of NOK 1 100 million, a multi-currency r facility (RCF) of NOK 350 million and an overdraft facilit million. The size of the uncommited facility amounted t of NOK 400 million, where NOK 325 was called upon an committed as of 30 September 2022. At 31 December 20 commitment under the facilities was NOK 2 0 5 million

[2] The bank loans towards Volkesbank and Deutsche Bank Wystrach. Wystrach has in addition an overdraft facility of 31 December 2022.

[3] Costs associated with the loans are amortized over the loans using the effective interest method. Buyback pre amortization associated with the bond loan amounted and MNOK 24.2 respectively and was expensed in 2021 note 6).

[4] Maturity includes extension options.

Covenants

As of 31 December 2022, financial covenants, related to equity ratio and leverage (NIBD/EBITDA) were in compliance with comfortable headrooms.

Reconciliation for liabilities arising from financing activities

(NOK 1 000)	Non-current interest bearing liabilities	Current interest-bearing liabilities	Lease liabilities	Total
Liabilities 1 January 2021	1 206 127	-	275 705	1 481 832
Financing activities with cash settlement				
Repayment of non-current liabilities	(1 265 825)	-	-	(1 265 825)
New interest bearing liabilities	1 134 459	4 595	-	1 139 054
Repayment of lease liabilities	-	-	(62 736)	(62 736)
Repayment of current liabilities	-	-	-	-
Financing activities without cash settlement				
Additions from acquisition of companies	43 831	4 627	7 899	56 358
New lease liabilities	-	-	69 966	69 966
Reclassification 1st year's instalments	(4 413)	4 413	-	-
Exchange differences	(3 419)	-	1 897	(1 522)
Other transactions without cash settlement	55 297	-	-	55 297
Liabilities 31 December 2021	1 166 057	13 635	292 732	1 472 424

(NOK 1 000)	Non-current interest bearing liabilities	Current interest-bearing liabilities	Lease liabilities
Liabilities 1 January 2022	1 166 057	13 635	292 732
Financing activities with cash settlement			
Repayment of non-current liabilities	-	(4 560)	-
New interest bearing liabilities	318 268	221 039	-
Repayment of lease liabilities	-	-	(73 947)
Repayment of current liabilities	-	-	-
Financing activities without cash settlement			
Additions from acquisition of companies	-	-	-
New lease liabilities	-	-	307 333
Reclassification 1st year's instalments	(4 673)	4 673	-
Exchange differences	2 089	(113)	25 474
Other transactions without cash settlement	399	-	-
Liabilities 31 December 2022	1 482 140	234 674	551 592

Note 21 Other financial liabilities and provisions

(NOK 1 000)	2022	2021
Cross-currency swap	216 885	81 423
Deferred payment from business combination	-	43 490
Contingent liabilities from business combination	39 789	65 616
Total non-current financial liabilities	**256 675**	**190 529**
Deferred payment from business combination	45 776	-
Contingent liabilities from business combination	29 275	-
Total current financial liabilities	**75 051**	-

In 2019 the company entered into a cross-currency swap of USD 120.3 to effectively convert long-term financing from NOK to USD. During 2021 the swap was settled and re-issued with an USD denominated balance of 132.7 million. In relation with the refinancing of the Group in December 2021 the maturity of the swap was extended concurrent with the initial maturity of the bank loan. The value of the swap as of 31 December 2022 was NOK -216 885 thousand.

Deferred payment from business combinations of NOK 43 490 thousand and contingent liabilities from business combinations of NOK 65 616 thousand in 2021 relates to the acquisition of Wystrach GmbH, Germany (see also note 5). As of 31 December 2022, the deferred payment and a portion of the contingent liability are classified as current. There have been no changes in the valuation of the contingent liabilities during the year. The change in the carrying values relates only to changes in foreign exchange rates, as the liability is denominated in EUR.

Note 22 Current interest-bearing liabilities

(NOK 1 000)	2022
Current interest-bearing liabilities overdraft facility	130 002
Other current interest-bearing liabilities	100 000
1st year's instalments, non-current interest-bearing liabilities	4 673
Total current interest-bearing liabilities	**234 674**
1st year's instalments, lease liabilities	70 574
Total	**305 248**

Current interest-bearing debt is subject to the same financial terms as the secured non-current int debt disclosed in note 20. The overdraft facilities within the Group are generally priced on base rat addition to periodic charges connected to the provision of the facilities.

Note 23 Other current liabilities

(NOK 1 000)	2022
Public duties payable	26 949
Unpaid salaries, bonuses, holiday pay	11 892
Accrued expenses and other current liabilities	204 313
Total	**243 154**

Note 24 Leases

Right of use assets (NOK 1 000)	Land and buildings	Plant and equipment	Fixtures & fittings, vehicles	2022 Total
At cost				
Cost of acquisition 1 Jan	**373 042**	**78 270**	**5 537**	**456 849**
Additions of right-of-use assets	241 082	1 505	3 404	245 992
Expirations at maturity	(52 166)	-	(262)	(52 428)
Disposals	-	-	-	-
Transfers and reclassifications	-	-	-	-
Additions from purchase of companies	-	-	-	-
Translation differences	30 763	4 175	424	35 362
Cost of acquisition 31 Dec	**592 722**	**83 951**	**9 102**	**685 775**
Accumulated depreciation and impairment				
Accumulated depreciation and impairment 1 Jan	**136 613**	**34 391**	**3 536**	**174 540**
Depreciation for the year	62 113	12 775	1 626	76 514
Impairments for the year	-	-	-	-
Expirations at maturity	(52 166)	-	(262)	(52 428)
Disposals	-	-	-	-
Transfers and reclassifications	-	-	-	-
Additions from purchase of companies	-	-	-	-
Translation differences	11 670	2 041	205	13 917
Accumulated depreciation and impairment	**158 230**	**49 208**	**5 105**	**212 542**
Carrying amount of right-of-use assets as of 31 Dec	**434 492**	**34 743**	**3 998**	**473 233**
Useful life	3–17 years	3–7 years	2–5 years	
Depreciation method	Straight-line	Straight-line	Straight-line	

Sale- and leaseback transactions
On 31 December 2022, Agility North Carolina LLC, a wholly owned subsidiary of Hexagon within the Agility segment, affected a sale- and leaseback transaction of its facility in Salisbury, North Carolina consists of approximately 19 000 square metres for production and assembly of fuel systems, as we imately 144 000 square metres of land. The consideration received for the facility amounted to NOK which resulted in an accounting gain of NOK 8 million net of transaction costs. The gain is present operating income in the income statement.

The lease agreement has a lease term of 16 years with options to extend for two 10 year periods. Ini of lease liability per 31 December was NOK 135 million. Extension options are, due to uncertainty of included in the lease liability calculation. Recognized right of use asset amounted to NOK 72 millio a 84 per cent proportionate share (derived by the ratio of the recognized lease liability over the of t market value), pre-sale book value of NOK 86 million.

In addition to the affected sale-and leaseback transaction of the existing facility in Salisbury, North buyer also acquired the right to develop Agility's planned NOK 136 million expansion of the Salisbu expansion is estimated to commence in January 2025, where a separate lease agreement will be en with the buyer. Both the sale-and leaseback agreement and the outsourcing of the expansion proj according to Hexagon's preference of renting instead of owning its facilities.

Right of use assets (NOK 1 000)	Land and buildings	Plant and equipment	Fixtures & fittings, vehicles	2021 Total
At cost				
Cost of acquisition 1 Jan (right-of-use asset)	**349 678**	**30 983**	**6 892**	**387 553**
Additions of right-of-use assets	46 443	22 733	790	69 966
Expirations at maturity	(8 077)	-	(124)	(8 201)
Disposals	-	-	-	-
Transfers and reclassifications	(20 121)	20 324	(204)	-
Additions from purchase of companies	-	7 101	798	7 899
Translation differences	5 118	(2 872)	(2 616)	(369)
Cost of acquisition 31 Dec	**373 042**	**78 270**	**5 537**	**456 849**
Accumulated depreciation and impairment				
Accumulated depreciation and impairment 1 Jan	**109 986**	**6 663**	**4 352**	**121 002**
Depreciation for the year	52 509	10 245	1 401	64 155
Impairments for the year	-	-	-	-
Expirations at maturity	(8 077)	-	(124)	(8 201)
Disposals	-	-	-	-
Transfers and reclassifications	(19 770)	18 868	902	-
Additions from purchase of companies	-	-	-	-
Translation differences	1 965	(1 385)	(2 996)	(2 416)
Accumulated depreciation and impairment	**136 613**	**34 391**	**3 536**	**174 540**
Carrying amount of right-of-use assets as of 31 Dec	**236 429**	**43 879**	**2 001**	**282 309**
Useful life	3–17 years	3–7 years	2–5 years	
Depreciation method	Straight-line	Straight-line	Straight-line	

Lease liabilities

(NOK 1 000)	2022 Total
Undiscounted lease liabilities and maturity of cash outflows	
Less than 1 year	100 831
1–2 years	102 808
2–3 years	79 016
3–4 years	67 828
4–5 years	59 817
More than 5 years	345 007
Total undiscounted lease liabilities at 31 December	**755 305**

Summary of the lease liabilities

(NOK 1 000)	2022 Total
At initial application 1 January	[illegible]92 732
New lease liabilities recognised in the year	[illegible]07 333
Additions from purchase of companies	-
Transfers and reclassifications	-
Cash payments for the principal portion of the lease liability	([illegible]3 947)
Cash payments for the interest portion of the lease liability	(9 537)
Interest expense on lease liabilities	9 537
Currency exchange differences	[illegible]5 474
Total lease liabilities at 31 December	**[illegible]51 592**
Current lease liabilities	[illegible]70 574
Non-current lease liabilities	[illegible]81 018

Summary of cash outflows leases

(NOK 1 000)	2022 Total	2021 Total
Cash payments for leases	83 485	70 715
Variable payments	12 650	10 427
Cash payments related to short-term leases and leases of low value	1 666	1 386
Total cash outflows for leases	**97 801**	**82 528**

Some of the leases have options to extend the contract beyond the period used in the calculations. For most cases the probability of utilizing such options are not sufficiently high to include options in the calculation of the leases. The leases do not contain any termination options that are considered significant for the calculations.

The leases do not contain any restrictions on the Group's dividend policy or financing, and there are no requirements to financial performance or ratios. The Group does not have significant residual value guarantees related to its leases to disclose. No operational risks related to leases are identified.

As of 31 December 2022, there was one significant lease agreement within the Hexagon Purus segment which had not yet commenced and thus not yet reflected in the balance sheet. This relates to a production facility currently under construction in Kassel, Germany, which is expected to commence in the second half of 2023. The construction cost of the building is estimated to approximately NOK 400 million and the Group is committed to enter into a 15 year lease with an option to buy after 10 years.

The Group has entered into some minor short-term leasing agreement for mobile pipeline systems to customers. The carrying amount of assets leased to others under operating leases are as follows:

The Group as a lessor

(NOK 1 000)	2022 Total	2021 Total
Cost price leased assets included in fixtures & fittings	9 484	31 552
Total	**9 484**	**31 552**
Accumulated depreciation of leased assets	3 832	4 487
Book value leased assets per 31 December	**5 652**	**27 064**

All leases are on short-term and the future minimum lease payment related to the fixed assets in 2023 are expected to be MNOK 2.0.

Note 25 Market risk

Financial risk

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, a
other payables. The main purpose of these financial liabilities is to finance the Group's operations.
principal financial assets include trade receivables, cash and cash equivalents that derive directly f
tions. The Group use some financial derivatives for hedging purposes.

The Group is exposed to interest rate risk, liquidity risk, currency risk and credit risk. The Group's m
regularly evaluates these risks and defines guidelines on appropriate financial risk governance fra
Group. Procedures for risk management are adopted by the board and carried out by the chief fin
close cooperation with the subsidiaries.

The Group may use financial instruments to hedge risks associated with interest rate and foreign c
ations. The Group uses derivative financial instruments to minimize these risks under its strategy f
currency exposure. The accounting treatment of financial derivatives is described in note 2.

The Group has the following financial assets and liabilities divided into different categories for accounting treatment and reconciled against the balance sheet items 31 December 2022

(NOK 1 000)	Derivatives designated as hedging instruments through profit or loss	Equity instruments designated at fair value through OCI	Financial instruments at fair value through P&L	Financial instruments at amortized cost	Total
Assets					
Other non-current financial assets	25 431		67 727	48 270	141 429
Trade receivables				865 403	865 403
Bank deposits, cash and cash equivalents				713 547	713 547
Total financial assets	**25 431**	**-**	**67 727**	**1 627 220**	**1 720 378**
Liabilities					
Non-current interest-bearing liabilities				1 482 140	1 482 140
Other non-current financial liabilities	216 885		39 789	-	256 675
Non-current lease liabilities				481 018	481 018
Current lease liabilities				70 574	70 574
Current interest-bearing liabilities				234 674	234 674
Other current financial liabilities			29 275	45 776	75 051
Trade payables				572 569	572 569
Total financial liabilities	**216 885**	**-**	**69 064**	**2 886 751**	**3 172 701**

The Group has the following financial assets and liabilities divided into different categories for accounting treatment and reconciled against the balance sheet items 31 December 2021

(NOK 1 000)	Derivatives designated as hedging instruments through profit or loss	Equity instruments designated at fair value through OCI	Financial instruments at fair value through P&L	Financial instruments at amortized cost
Assets				
Other non-current financial assets				379
Trade receivables				880 396
Forward exchange contracts	1 162			
Bank deposits, cash and cash equivalents				600 209
Total financial assets	**1 162**	**-**	**-**	**1 480 984**
Liabilities				
Non-current interest-bearing liabilities				1 166 057
Other non-current financial liabilities	81 423		65 616	43 490
Non-current lease liabilities				230 276
Current lease liabilities				62 455
Current interest-bearing liabilities				13 635
Trade payables				392 747
Total financial liabilities	**81 423**	**-**	**65 616**	**1 908 660**

(i) Credit risk
The Group is mainly exposed to credit risk associated with trade receivables and contract assets. The Group minimizes its exposure to credit risk by ensuring that all parties requiring defined levels of credit (primarily trade receivables) are approved and undergo a credit check.

The Group has a small number of large customers or counterparties who could be considered to be a Group due to similarities in credit risk. The risk associated with these counterparties is regularly reviewed and is minimized by measures such as use of credit insurance. The subsidiaries Hexagon Ragasco AS, Hexagon Composites GmbH and Hexagon Purus GmbH applies credit insurance to cover parts of the companies' receivables.

Trade receivables amounted to NOK 878 568 thousand (891 311 thousand). Except of parts in Hexagon Ragasco AS, Hexagon Composites GmbH and Hexagon Purus GmbH these do not have credit insurance. However, these are partly covered through Letter of Credits and prepayments from customers.

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and that outstanding amounts do not exceed the defined credit limits. Credit information is also used in the group's regular appraisal of new and existing customers.

The Group has not issued guarantees for third party obligations.

The carrying amount of the financial assets, including derivatives, in the balance sheet represents the maximum risk exposure. As counterparties in derivative transactions are normally banks, the credit risk associated with derivatives is considered to be negligible. The Group considers its maximum risk exposure to be the carrying amount of its trade receivables (see note 14) and contract assets (see note 4).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. geographical region, product type, customer type and rating, coverage by letter of credit or prepayments or other forms of credit insurance). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. Note 14 disclose the ageing of trade receivables.

(ii) Interest rate risk
The Group is exposed to interest rate risk from its financing activities (see notes 20, 22 and 24). The Group's interest-bearing liabilities have variable interest rates, which means it is affected by chang rates.

The aim of the Group's interest rate risk management is to reduce interest expenses, while also ke volatility of future interest payments within acceptable limits. The Group's strategy is for its finance to regularly evaluate the interest rate exposure of Hexagon Composites liabilities based on a total interest expectations and risk profile. The total fixed-interest term must not exceed 10 years. The G derivatives to adjust its effective interest rate exposure. As a starting point, all interest rate derivativ to the duration and other conditions of individual loans. The principal bank loan facility in the pare has been drawn in Euro, NOK and USD, with EURIBOR/NIBOR/LIBOR base rates. As part of the NO financing of the acquisition of Hexagon Agility, a cross-currency hedge was established where the a variable rate equal to NIBOR + margin and pays a variable rate equal to LIBOR + margin. In addit currency swap, Hexagon Composites ASA entered into three float-to-fix interest rate swaps in May maturity of 5, 7 and 10 years and a total principal amount of USD 53 million.

The following table shows the group's sensitivity to potential changes in interest rates. The calculations take into account all interest-bearing instruments and associated interest rate derivatives (if any) as of 31 December.

	Change in interest rates in base points	Effect on profit/loss before tax (NOK 1 000)	Gains or losses on interest rate derivatives in comprehensive income before tax (NOK 1 000)
2022	+100	(11 944)	-
	(100)	11 944	-
2021	+100	(11 797)	-
	(100)	11 797	-

Based on the interest bearing liabilities which existed as of 31 December 2022, an interest rate increase of 1% would reduce profit after tax by NOK 9 316 thousand (9 202 thousand).

The average effective interest rate on financial liabilities was as follows:

	2022	2021
Bank overdrafts	1.4–5.7%	1.4%
Bank loan	1.5–7.4%	1.5–2.9%
Lease liabilities	1–10.5%	1–6.0%
Bond loan	NA	4.1%

(iii) Liquidity risk

Liquidity risk is the risk of the group not being in a position to fulfil its financial liabilities when they fall due. The group's strategy for managing liquidity risk is to set a level of available liquidity to enable it to discharge its financial liabilities when they fall due, both under normal and unexpected circumstances, without risking unacceptable losses or damaging the group's reputation. Undrawn credit facilities are disclosed in note 16.

The majority of excess liquidity is invested in bank deposits

The following table provides an overview of the maturity structure of the group's financial obligatic undiscounted contractual payments. In cases where the counterparty is entitled to ask for early set amount is included in the earliest period in which the payment may be demanded. If the counterp to ask for on-demand settlement, the amount is included in the first column (under 1 month):

31 December 2022 Remaining period (NOK 1 000)	Less than 1 month	1–3 Months	3–12 Months	1–5 Years	More t[illegible] 5 ye[illegible]
Repayment of interest-bearing liabilities	389	101 168	133 117	1 466 430	23 [illegible]
Interest on interest-bearing liabilities	9 595	19 578	79 903	82 107	1 [illegible]
Non-current financial liabilities	-	-	-	256 675	
Current financial liabilities	-	75 051	-	-	
Repayment of leases	5 900	11 715	52 959	224 637	256 [illegible]
Interest on leases	2 626	5 196	22 481	90 9[illegible]	82 [illegible]
Trade payables	475 232	97 337			
Total	**493 743**	**310 044**	**288 461**	**2 120 8[illegible]**	**364 [illegible]**

31 December 2021 Remaining period (NOK 1 000)	Less than 1 month	1–3 Months	3–12 Months	[illegible] Years	More t[illegible] 5 ye[illegible]
Repayment of interest-bearing liabilities	368	1 103	12 164	1 150 8[illegible]	23 [illegible]
Interest on interest-bearing liabilities	3 020	6 126	27 091	72 9[illegible]	1 [illegible]
Non-current financial liabilities	-	-	-	190 5[illegible]	
Repayment of leases	6 019	11 850	49 369	130 4[illegible]	95 [illegible]
Interest on leases	698	1 356	5 466	18 2[illegible]	11 [illegible]
Trade payables	255 286	137 462			
Total	**265 390**	**157 897**	**94 089**	**1 563 0[illegible]**	**131 [illegible]**

See note 20 for information on long-term loans, and notes 21 and 22 for short-term liabilities.

(iv) Foreign exchange risk

As the Group has production and sales in different countries with different functional currencies, it is exposed to currency risk associated with movements of the Norwegian krone against other currencies, while the Group's presentation currency is NOK. The carrying amount of the Group's net investments in foreign companies fluctuates as the Norwegian krone moves in relation to other relevant currencies. The Group's profit after tax is also affected by currency movements, as the results of foreign companies are translated to the Norwegian currency using the weighted average exchange rate for the period. The Group uses forward contracts to reduce its currency risk from cash flows denominated in foreign currencies. Currency risk is calculated for each currency and takes into consideration assets and liabilities, off-balance sheet obligations and highly probable purchases and sales in the relevant currency.

The following table shows the group's sensitivity to potential changes in the Norwegian krone, with all other conditions remaining constant. The calculation is based on the same movement of the krone against the relevant currencies. The effect on the profit/loss is caused by changes in the value of monetary items and currency derivatives. The effect on equity is caused by currency effects of net investments in foreign currencies.

	Movement of NOK against USD	Effect on profit/loss before tax (NOK 1 000)	Effect on other comprehensive income and expenses before tax (NOK 1 000)
2022	+10%	(15 575)	(21 531)
	(10%)	15 575	21 531
2021	+10%	(9 275)	(21 073)
	(10%)	9 275	21 073

	Movement of NOK against EUR	Effect on profit/loss before tax (NOK 1 000)	Effect on other comprehensive income and expenses before tax (NOK 1 000)
2022	+10%	14 105	67 365
	(10%)	(14 105)	(67 365)
2021	+10%	15 557	62 376
	(10%)	(15 557)	(62 376)

The fair values of derivatives classified as hedging instruments are reported under other current as or other non-current assets/liabilities depending on the recovery or settlement date for the associa item.

As of 31 December 2022, the group had the following forward contracts to hedge forecast sales to c Forward contracts are used to reduce currency risk associated with expected future sales. The term tracts are as follows:

Forward exchange contracts	Currency sell/buy	Amount (1 000)	Maturity	Exchange rate
Forward contracts to hedge expected future sales[1]	EUR/NOK	100/1 050	2023	10.50–10.50
Total				

[1] The forward contracts do not qualify for hedge accounting under IFRS 9.

As of 31 December 2021, the Group had the following forward contracts to hedge future sales to cu

Forward exchange contracts	Currency sell/buy	Amount (1 000)	Maturity	Exchange rate
Forward contracts to hedge expected future sales[1]	EUR/NOK	1 400/15 228	2022	10.38–11.22
Forward contracts to hedge expected future sales[1]	EUR/NOK	100/1 050	2023	10.50–10.50
Total				

[1] The forward contracts do not qualify for hedge accounting under IFRS 9.

Net investments in foreign operations

An intercompany interest-bearing loan from Hexagon Composites ASA of USD 105 091 thousand MNOK 1 035.9 at 31 December 2022 (MNOK 926.8 at 31 December 2021) has been designated as net investments in the subsidiary in the United States, Hexagon USA Holdings Inc. Settlement of this loan is neither planned nor is likely to occur in the foreseeable future. This borrowing is being used to reduce the exposure to the USD foreign exchange risk on this investment. Gains or losses on the retranslation of this borrowing are transferred to OCI to offset any gains or losses in the Group on translation of this loan in the Group.

At 31 December 2022 there is recognized a hedging gain of NOK 85 078 thousand (hedging gain on NOK 23 509 thousand at 31 December 2021) in OCI related to this loan. Accumulated OCI effect in equity at 31 December 2022 is NOK 48 380 thousand (NOK -36 698 thousand at 31 December 2021). The hedging loss recognized in OCI is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognized in profit and loss.

(v) Measurement of fair value

The fair value of forward exchange contracts is calculated by comparing the agreed forward rate and the estimated equivalent forward rate prevailing on the balance sheet date with the same maturity multiplied by the fixed volume specified in the contract. Contingent considerations arising from business combinations are measured as a best estimate of target achievement at each reporting date. For the derivatives, the fair value is confirmed by the financial institution with which the Company has entered into the contract.

The following of the Group's financial instruments are not measured at fair value: Cash & cash equivalents, trade receivable, other current receivables and payables and bank overdrafts. These items are recognized at nominal value in the balance sheet as of 31 December, without taking into account the discount rate which relates to future inflows and outflows. Loans to employees and non-current interest bearing liabilities are recognized in accordance with amortized cost.

The carrying amount of cash and cash equivalents is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and other current receivables and payables is approximately equal to fair value since they are short term and entered into on "normal" terms and conditions. The carrying amount of bank overdrafts are assessed to be approximately equal to fair value because the floating interest rate are adjusted to reflect current conditions.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial in
valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair v
observable, either directly or indirectly
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value tha
based on observable market data.

Carrying amount and fair value of financial assets and financial liabilities

		2022		
(NOK 1 000)	Level	Book value	Fair value	Book value
Financial assets				
Other non-current financial assets	2	141 429	141 429	379
Forward exchange contracts	2	-	-	1 162
Financial liabilities				
Bank loans (incl. amortized costs)	2	1 482 140	1 489 674	1 166 057
Bond loan (incl. amortized costs)	2	-	-	-
Lease liabilities	2	551 592	551 592	292 731
Non-current contingent liabilities	3	39 789	39 789	65 616
Other non-current financial liabilities	3	216 885	216 885	124 913
Current interest-bearing liabilities	2	234 674	234 674	13 635

The fair values of the Group's interest-bearing bank loans and finance leases are determined by us
method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting p
own non-performance risk as at 31 December 2022 and 31 December 2021 was assessed to be insig

The Group enters into foreign exchange contracts with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models using present value calculations.

Financial instruments apprised at fair value with gains and losses in the income statement

	2022		2021	
(NOK 1 000)	Assets	Liabilities	Assets	Liabilities
Level 1: Based on prices in an active market		-	-	-
Level 2: Observable market data[1]	25 431	(216 885)	-	(80 261)
Level 3: Other than observable market data[2]	67 727	(69 064)	379	(65 616)
Total financial instruments at fair value	**93 158**	**(285 950)**	**379**	**(145 877)**

[1] Level 2 relates to currency- and interest rate swaps shown in note 12 and 21, is estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of the balance sheet date.
[2] Level 3 relates to contingent liabilities arising from acquisitions as shown in note 21 and unlisted equity investments at fair value as shown in note 12. The fair value of contingent liabilities is estimated based on expected achievement of earn-out targets and corresponding payments of acquired companies. The fair value of unlisted equity investments are estimated by using commonly used valuation techniques or by implicit valuations derived from private placements undertaken in the companies.

Financial instruments apprised at fair value with gains and losses in the income statement

(NOK 1 000)	2022	2021
Level 1: Based on prices in an active market	-	-
Level 2: Observable market data	(191 455)	(80 261)
Level 3: Other than observable market data	(39 789)	(65 616)
Total financial instruments at fair value	**(231 244)**	**(145 877)**

Financial instruments appraised at fair value with gains and losses over other income and expenses in total comprehensive income

(NOK 1 000)	2022
Level 1: Based on prices in an active market	-
Level 2: Observable market data	-
Level 3: Other than observable market data	-
Total financial instruments at fair value	-

Other information relating to financial instruments
During the reporting period there were no financial assets or liabilities which were reclassified by c measurement method from amortized cost to fair value or vice versa, and there were no changes i measurement which caused transfers between level 1 and level 2, and no transfers to or from level

(vi) Capital structure and equity
The main goal of the Group's capital structure management is to ensure it maintains a strong cred therefore reasonable borrowing terms from lenders) and a level of equity which is reasonable in re Group's operations.

By achieving a good debt/equity ratio, the Group will be able to support its operations and in doin mize the value of its shares. The Group's shareholders shall receive a competitive return on their sh through price increases in the Group's shares, but also in the form of dividends based on financial investment needs.

The Group manages and makes necessary changes to its capital structure by regularly assessing p nomic conditions and prospects of short and medium-term growth.

Capital structure management is largely dealt with by means of new share issues. No changes to g this area were made in 2021 or 2022.

Note 26 Investments in associated companies

Companies	Country	Business segment	Ownership share 1 Jan 2021	Ownership share 31 Dec 2021	Ownership share 31 Dec 2022	Accounting meth
Norwegian Hydrogen AS[1]	Norway	Hexagon Purus	21%	18%	14%	Equity method /
Cryoshelter LH2 GmbH[2]	Austria	Hexagon Purus	-	-	40%	Equity method
Cryoshelter BioLNG GmbH[2]	Austria	Hexagon Agility	-	-	40%	Equity method
CIMC Hexagon Hydrogen Energy Systems Ltd.[3]	Hong Kong	Hexagon Purus	-	-	49%	Equity method
Hyon AS[4]	Norway	Hexagon Purus	33%	-	-	Equity method

[1] Classified as an associated company and accounted for using the equity method in the period 1 January–31 August 2022. As of 1 September, the investment is classified as an equity instrument at fair value through profit or loss.
[2] Acquired on 1 August 2022 and classified as associated companies effective from the same date
[3] Entity legally established in July 2022 and classified as an associated company effective from the same date
[4] On 28 June 2021, Hexagon Purus ASA sold all shares in Hyon AS

Income statement reconciliation

	Norwegian Hydrogen AS		Cryoshelter LH2 GmbH		Cryoshelter BioLNG GmbH		CIMC Hexagon Hydrogen Energy Systems		Hyon AS		
(NOK 1000)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	202
Share of profit after tax	(2 845)	(2 922)	(2 439)	-	(2 579)	-	(5 988)	-	-	(35)	(13 85
PPA amortizations associated companies	-	-	-	-	(992)	-	-	-	-		(99
Gain on loss of significant influence	63 159	-	-	-	-	-	-	-	-	-	63 15
Total profit/loss from investments in associated companies as per 31 Dec	**60 314**	**(2 922)**	**(2 439)**	**-**	**(3 571)**	**-**	**(5 988)**	**-**	**-**	**(35)**	**48 31**

Balance sheet reconciliation	Norwegian Hydrogen AS		Cryoshelter LH2 GmbH		Cryoshelter BioLNG GmbH		CIMC Hexagon Hydrogen Energy Systems		Hyon AS		
(NOK 1000)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	202
Carrying value as at 1 Jan	7 024	2 066	-	-	-	-	-	-	-	-	7 02
Purchase of shares	-	-	33 738	-	23 898	-	-	-	-	-	57 63
Share capital contribution	-	7 880	-	-	-	-	7 743	-	-	700	7 74
Share of profit after tax incl. PPA amortizations	(2 845)	(2 922)	(2 439)	-	(3 571)	-	(5 988)	-	-	(35)	(14 84
Sale of shares	-	-	-	-	-	-	-	-	-	(665)	
Derecognition - loss of significant influence	(4 179)	-	-	-	-	-	-	-	-	-	(4 17
Currency translation effects	-	-	(41)	-	(84)	-	16	-	-	-	(11
Carrying value as per 31 Dec	-	7 024	31 258	-	20 243	-	1 771	-	-	-	53 27

Norwegian Hydrogen AS
Hexagon Purus ASA, a subsidiary of Hexagon Composites ASA, has been a shareholder of Norwegian Hydrogen AS since its inception in 2020. In December 2021, Norwegian Hydrogen conducted a capital raise in which Hexagon Purus' ownership was diluted from 21.0 per cent to 17.7 per cent. Despite having an ownership less than 20 per cent, the Company has in the period from 1 January 2022 to 31 August 2022 retained its classification of Norwegian Hydrogen as an associated company due to an assessment of still having significant influence in the entity. Important factors for this assessment have been Board of Directors representation and being the second largest shareholder of the entity in the same period. On 27 August 2022, Norwegian Hydrogen AS announced that Mitsui & Co. Ltd invests NOK 70 million in a private placement, and thus reducing Hexagon Purus' ownership from 17.7 per cent to 15.0 per cent. Following this private placement, the Company assessed that significant influence is no longer present, as the Company is now the third largest shareholder and the fact that the new shareholder has received two additional seats in the Board of Directors, resulting in diluted decisional and strategical influence. The Company has consequently from this date reclassified the investment to a financial asset (equity instrument) measured at fair value. The fair value of Hexagon Purus' ownership Norwegian Hydrogen, derived from the said capital raise, is NOK 67.3 million, resulting in an accounting gain of NOK 63.1 million, recognized in profit/loss from investments in associates in the income statement. At 31 December 2022, Hexagon Purus ownership share in Norwegian Hydrogen AS was 14 per cent, as a result of a second private placement in the company in October 2022.

Cryoshelter LH2 GmbH and Cryoshelter BioLNG GmbH
In April 2022, Hexagon announced an agreement to acquire a 40 per cent stake in Cryoshelter Gmb
based company specialized in the development of cryogenic tank technology for liquid natural gas
liquid hydrogen (LH2). Upon closing, Cryoshelter GmbH has been demerged into two separate leg
Cryoshelter BioLNG GmbH and Cryoshelter LH2 GmbH. On 1 August 2022, Hexagon Composites m
(NOK 24) million investment and acquired 40 per cent of the shares in Cryoshelter BioLNG GmbH,
to acquire the remaining shares of the next 3–10 years. Hexagon Purus made a EUR 3.4 (NOK 34) m
ment and acquired 40 per cent of the shares in Cryoshelter LH2 GmbH, with options to acquire the
shares over the next 5–10 years. As of 1 August 2022, the said options do not give rise to any de-fact
both investments are consequently accounted for by using the equity method effective from 1 Aug
table below shows the purchase price allocation of the two entities per 1 August 2022.

Purchase price allocation

	Cryoshelter BioLNG GmbH	Cryoshelter LH2 GmbH	Total Cryoshelter
Non-current assets	2 715	203	2 919
Current assets	2 351	5 150	7 502
Non-current liabilities	3 946	3 946	7 891
Current liabilities	21 603	2 951	24 554
Equity as per 1 August 2022	**(20 482)**	**(1 543)**	**(22 025)**
Hexagon's share of equity (40%)	**(8 193)**	**(617)**	**(8 810)**
Intangible assets (Technology)[1] (40%)	22 942	19 702	42 644
Goodwill (40%)	9 148	14 654	23 802
Hexagon's carrying value of the investment	**23 898**	**33 738**	**57 636**

[1] Lifetime of technology asset set to 10 years for LNG technology and 15 years for LH2 technology

CIMC Hexagon Hydrogen Energy Systems Ltd.

In 2021, Hexagon Purus entered into an agreement with CIMC Enric, encompassing cylinder and systems production for Fuel Cell Electric Vehicles (FCEVs) and hydrogen distribution in China and Southeast Asia. In July 2022, CIMC Hexagon Energy Systems Ltd. was legally established and registered in Hong Kong, where Hexagon Purus HK Holding AS, a wholly owned subsidiary of Hexagon Purus ASA, subscribed for 49 per cent of the shares and hold an equal amount of voting rights. CIMC Enric holds the remaining 51 per cent of the shares. The entity is classified as an associate company and accounted for via the equity method as of 1 July 2022. CIMC Hexagon Hydrogen Energy Technologies Ltd. was also legally established and registered in Hong Kong in July 2022. Hexagon Purus HK Holding AS holds a majority shareholding of 51 per cent in this entity while CIMC Enric holds the remaining 49 per cent. As Hexagon Purus controls the entity, the entity is thus consolidated in the Group accounts.

Note 27 Share based payment

Share-based payment in Hexagon Composites ASA

The Company has a performance share units program (PSUs) and a restricted share units program
ing certain employees in senior positions. As at 31 December 2022, total 57 employees were include
programs and 52 employees in the RSUs programs.

22 May 2018 Hexagon Composites ASA issued 1 200 000 call options to senior executives and mana
Group at NOK 20.85 per share, provided that the share price on the date of exercise was minimum
share. The options could be exercised in part or in full within three weeks following the official ann
of the financial results for the fourth quarter of 2020, first quarter of 2021 or second quarter of 2021.
period was extended to 14 December 2021. During 2021, 1 140 000 of the options have been exercise
weighted average share price of NOK 41.96.

20 December 2018 Hexagon Composites ASA issued 100 000 Restricted Stock Units (RSUs) to certai
of the Group. Subject to continued employment three years after date of grant, each employee wo
time receive such number of Hexagon shares as corresponds to the number of RSUs allocated. Du
100 000 of the RSU's have been exercised at the weighted average share price of NOK 30.42.

12 April 2019 Hexagon Composites ASA provisionally awarded 2 492 438 Performance Share Units (
executive management in the Group. The PSUs are non-transferable and will vest on 11 February 2
satisfaction of the applicable vesting conditions (fulfilling Group EBITDA and revenue targets). The
of PSUs vested will depend on 2019 performance and attain minimum zero and maximum 2 492 43
PSU will give the holder the right to receive one share in the Company at an exercise price correspo
the par value of the shares being NOK 0.10. During 2022, 1 078 628 of the options have been exercis
weighted average share price of NOK 28.11.

26 September 2019 Hexagon Composites ASA issued 49 994 Restricted Stock Units (RSUs) to certai
of the Group. Subject to continued employment three years after date of grant, each employee wi
receive such number of Hexagon shares as corresponds to the number of RSUs allocated. During 2
the RSU's have been exercised at the weighted average share price of NOK 23.08.

22 April 2020 Hexagon Composites ASA decided to provisionally award up to 3 711 634 Performance
("PSUs") to executives. The PSUs are non-transferable and will vest in Q1 2023 subject to satisfactio
applicable vesting conditions (fulfilling Group EBITDA and revenue targets). Each vested PSU will g

the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10.

29 July 2020 Hexagon Composites ASA issued 70 000 Restricted Stock Units (RSUs) to certain employees of the Group. Subject to continued employment three years after date of grant, each employee will at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated.

2 May 2021 Hexagon Composites ASA decided to provisionally award up to 1 734 990 Performance Share Units ("PSUs") to executives. The PSUs are non-transferable and will vest in Q1 2024 subject to satisfaction of the applicable vesting conditions. Each vested PSU will give the holder the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10.

20 August 2021 Hexagon Composites ASA issued 100 000 Restricted Stock Units (RSUs) to certain employees of the Group. Subject to continued employment three years after date of grant, each employee will at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated.

2 May 2022 Hexagon Composites ASA decided to provisionally award up to 2 808 616 Performance Share Units ("PSUs") to executives. The PSUs are non-transferable and will vest in Q1 2025 subject to satisfaction of the applicable vesting conditions. Each vested PSU will give the holder the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10.

29 August 2022 Hexagon Composites ASA issued 175 000 Restricted Stock Units (RSUs) to certain employees of the Group. Subject to continued employment three years after date of grant, each employee will at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated.

The fair value of the options, PSUs and RSUs was calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost associated with these programs were NOK 34.4 (25.5) million YTD 31 December. The fair value of all outstanding PSUs (5 028 864) and RSUs (334 500) is estimated to NOK 52.4 million per 31 December 2022.

In addition to the above-mentioned instruments, the Company has issued bonus arrangements to certain executives within the Group. The bonus arrangements are dependent upon the share price development of Hexagon Purus ASA and is converted to a given number of cash settlement options in Hexagon Purus ASA, for the purpose of calculating quarterly fair values using the Black-Scholes model. These cash settlement arrangements involved total expenses of NOK 5.0 (4.6) million in 2022 and a remaining unamortized accrual estimated to MNOK 8.0 as of 31 December 2022.

Overview of options with equity settlement

	Share Options 2022	RSUs 2022	PSUs 2022	Share Options 2021	RSU 20
Outstanding options 1 January	-	212 852	6 243 552	1 140 000	219 99
Options granted	-	200 000	2 660 082	-	100 00
Options exercised	-	(42 852)	(1 078 628)	(1 140 000)	(100 00
Options lapsed/cancelled	-	(35 500)	(2 796 142)	-	(7 14
Share options outstanding 31 December	-	**334 500**	**5 028 864**	-	**212 85**
Exercisable at 31 December	-	-	-	-	
Weighted average exercised price (NOK)	NA	23.08	28.11	41.96	35.4

The following table list the input to the model used for the plan for year ended 31 December

	RSUs Awarded 2022	PSUs Awarded 2022	RSUs Awarded 2021
Weighted average fair values at the measurement date per share (NOK)	28.05	35.12	32.50
Dividend yield (%)	-	-	-
Expected volatility (%)	-	-	-
Risk-free interest rate (%)	-	-	-
Expected lifetime (years)	4.00	3.84	4.00
Weighted average share price (NOK)	-	-	-
Model used	Black-Scholes	Black-Scholes	Black-Scholes

Share-based payment in Hexagon Purus ASA

The Company has a performance share units program (PSUs) and a restricted share units program (RSUs) covering certain employees in senior positions. As at 31 December 2022, total 37 employees were included in the PSUs programs and 42 employees in the RSUs programs.

On 14 December 2020, the Company announced that key members of Hexagon Purus' executive management team exercised their right to purchase the maximum number of shares allowable in the management investment program, equal to a total number of 210 621 shares. As part of this management investment program, the Company awarded up to 421 242 related PSUs and 210 621 Restricted Stock units ("RSUs") to the executives. The instruments are non-transferable and will vest in 2024 when the Board of Directors approve the annual accounts for 2023, subject to satisfaction of the applicable vesting conditions. Each vested instrument will give the holder the right to receive one share in the Company.

The second share-based long term incentive plan is an employee RSU program, where 561 000 RSUs are currently issued to key personnel and management employees of the Group. Subject to satisfaction of the applicable vesting conditions, each RSU entitles eligible employees to receive such number of Hexagon Purus shares as corresponds to the number of RSUs vested at the date on which the Company's Board of Directors approves the Company's annual accounts for the financial year of 2023.

The third share-based long term incentive plan is an employee PSU program, where 988 686 PSUs are currently issued to key personnel and management employees of the Group. Subject to satisfaction of the applicable vesting conditions and share price development, each PSU entitles eligible employees to receive up to twice the number of Hexagon Purus shares as corresponds to the number of PSUs vested on March 3, 2025.

The fourth share-based long term incentive plan is an employee RSU program, where 91 350 RSUs are currently issued to key personnel of the Group. Subject to satisfaction of the applicable vesting conditions, each RSU entitles eligible employees to receive such number of Hexagon Purus shares as corresponds to the number of RSUs on March 3, 2025.

The fair value of the RSUs and PSUs are calculated on the grant date, using the Black-Scholes model and Monte Carlo simulation, and the cost is recognized over the service period. Cost of the RSU and PSU schemes, including social security, was NOK 15.8 (7.7) million year-to-date 31 December 2022. The unamortized fair value of all outstanding RSUs and PSUs as of 31 December 2022 is estimated to be NOK 38.0 million (NOK 18.8) million as of 31. December 2021).

Overview of number of outstanding options

	RSUs 2022	PSUs 2022	RSUs 2021
Outstanding options 1 January	771 621	421 242	695 621
Options granted	96 350	988 686	91 000
Options exercised	-	-	-
Options lapsed/cancelled	(36 090)	-	(15 000)
Share options outstanding 31 December	**831 881**	**1 409 928**	**771 621**
Exercisable at 31 December	-	-	-
Weighted average exercised price (NOK)	NA	NA	NA

The following table list the input to the model used for the plan for year ended 31 December

	RSUs Awarded 2022	PSUs Awarded 2022	RSUs Awarded 2021
Weighted average fair values at the measurement date per share (NOK)	27.3–27.7	27.3–34.0	27.30
Dividend yield (%)	-	-	-
Expected volatility (%)	30%	30%	30%
Risk-free interest rate (%)	-	-	-
Expected lifetime (years)	3.54	4.00	3.54
Weighted average share price (NOK)	-	-	-
Model used	Black-Scholes	Black-Scholes	Black-Scholes

Note 28 Transactions with related parties

The Group's related parties consist of associates, main shareholders, members of the Board and management. Transactions with associates are disclosed in note 26.

There are no sales to, purchases from, loans to, receivables or liability/payables to members of the Board. There are no sales to, purchases from, loans to, receivables or liability/payables to key management personnel of the Group, except for any short-term postings related to salary payout and remuneration of out-of-the pocket expenses.

All the transactions were carried out as part of normal business and at arm's length prices.

The income statement includes the following amounts resulting from transactions with related parties

(NOK 1 000)	2022	2021
Sales revenue	-	-
Other operating income	-	-
Cost of materials	-	-
Other operating expenses	4 773	3 437

The balance sheet includes the following amounts resulting from transactions with related parties

(NOK 1 000)	2022	2021
Trade receivables	-	-
Trade payables	473	449

Remuneration of the Board and Executive management 2022

(NOK 1 000)	Salaries and fees	Bonuses[1]	Benefits in kind	Pension premium	Value of share options[2]
Executive management	24 169	18 300	463	1 529	14 485
Board of Directors	2 154	-	-	-	-
Total remuneration	**26 323**	**18 300**	**463**	**1 529**	**14 485**

[1] Bonuses relates to bonuses expensed in the year.
[2] The value of share options relates to recognized costs for the year. Executives hold other share-based instruments as well (see note Share based payments).

Remuneration of the Board and Executive management 2021

(NOK 1 000)	Salaries and fees	Bonuses[1]	Benefits in kind	Pension premium	Value of share options[2]
Executive management	24 840	15 342	144	1 355	11 588
Board of Directors	1 990	-	-	-	-
Total remuneration	**26 830**	**15 342**	**144**	**1 355**	**11 588**

[1] Bonuses relates to bonuses expensed in the year.
[2] The value of share options relates to recognized costs for the year. Executives hold other share-based instruments as well (see note Share based payments).

Pursuant to Section 6-16a and b of the Norwegian Public Limited Liabilities Companies Act, the Company will disclose a separate remuneration report regarding the determination of pay and benefits to the CEO and management executives. Reference is made to the separate remuneration report which will be made available on the Company`s website.

The Chairman of the Board has no agreement relating to termination benefits. In his employment agreement, the Group President has a period of notice of 6 months. He has an agreement for up to 12 months' severance pay. The management of the Group have a target-based bonus agreement.

Group management participates in the Company's general pension arrangements, which are described in note 18, Pensions. The Group President and CFO participate in the Group's defined contribution plan.

Group management participate in the Company's share-based incentive scheme, which are described in note 26, Share-based Payment. As of 31 December 2022 the Group President has 164 thousand (147 thousand) provisional performance share units (PSUs performance adjusted) outstanding. In addition he has 573 thousand cash settlement options (573 thousand). The CFO has 109 thousand (99 thousand) provisional performance share units (PSUs performance adjusted) outstanding.

No loans have been made, or security provided for loans, to any member of Group management, the Board or other elected standing committees or any of their related parties.

Shares owned by Board Members or related parties

	2022	2021
Knut Flakk, (Chair)[1]	27 868 314	27 834 969
Kristine Landmark (Deputy chair)[2]	10 000	10 000
Katsunori Mori (Board member)[3]	45 833 321	45 833 321

[1] Of the shares owned by Knut Flakk, 164 593 are privately owned, 500 000 are owned by his wife and 27 203 721 are owned through limited liability companies.
[2] The shares are owned by Kristine Landmark's husband.
[3] Shares owned by Mitsui & Co., Ltd., represented in the Board by Katsunori Mori.

Shares held by key management personnel

	2022
Jon Erik Engeset, Group President & CEO[1]	378 216
David Bandele, Group Chief Financial Officer	152 654

[1] The shares owned by Jon Erik Engeset, 64 106 are privately owned and 259 448 are owned by related limited liability companies

Expensed auditor fees were divided among the following services (excl. VAT)

(NOK 1 000)	2022
Statutory audit and auditing-related services	9 530
Other attestation services	1 444
Tax advice	4 245
Other non-auditing services	470
Total	15 689

Note 29 Purchasing commitments

The Group has the following commitments resulting from purchasing materials

(NOK 1 000)	2022	2021
2022	-	299 443
2023	599 243	-
Thereafter	-	-
Total	599 243	299 443

The Group has the following commitments resulting from contracts for investments in production facilities/machines

(NOK 1 000)	2022	2021
2022	-	159 747
2023	204 112	-
Thereafter	-	-
Total	204 112	159 747

All contracts relate to investments in production facilities/machines.

Note 30 List of subsidiaries and associates

The following companies are included in the consolidated financial statements

Company	Home Country	Registered office	Business segment	Owner
Subsidiaries				
Hexagon Ragasco AS	Norway	Raufoss	Hexagon Ragasco	1
Hexagon Ragasco NA Inc.	USA	Lincoln, NE	Hexagon Ragasco	1
Composite Scandinavia AB	Sweden	Piteå	Hexagon Ragasco	1
Hexagon Composites India Pvt. Ltd.	India	Bangalore	Hexagon Ragasco	1
Hexagon Composites Russia LLC	Russia	Nizhny Novgorod	Hexagon Ragasco	1
Hexagon USA Holdings Inc.	USA	Lincoln, NE	Unallocated	1
Hexagon R&D Services LLC	USA	Lincoln, NE	Unallocated	1
Hexagon Digital Wave LLC	USA	Centennial, CO	Digital Wave	1
Hexagon Agility Inc.	USA	Costa Mesa, CA	Hexagon Agility	1
Agility Fuel Solutions LLC	USA	Costa Mesa, CA	Hexagon Agility	1
Agility Fuel Systems LLC	USA	Costa Mesa, CA	Hexagon Agility	1
Agility California LLC	USA	Costa Mesa, CA	Hexagon Agility	1
Agility Canada ULC	Canada	Kelowna, BC	Hexagon Agility	1
Agility Fuel Solutions UK Ltd	UK		Hexagon Agility	1
Agility North Carolina LLC	USA	Salisbury, NC	Hexagon Agility	1
AFS Salisbury LLC	USA	Costa Mesa, CA	Hexagon Agility	1
Agility Cylinders, LLC	USA	Lincoln, NE	Hexagon Agility	1
Agility Powertrain Systems, LLC	USA	Costa Mesa, CA	Hexagon Agility	1
Agility India Private Ltd	India	Bangalore	Hexagon Agility	1
Agility Fuel Solutions Norway AS	Norway	Raufoss	Hexagon Agility	1
Agility Fuel Solutions Brazil Ltda	Brazil	Sao Paulo	Hexagon Agility	1
Hexagon Lincoln LLC	USA	Lincoln, NE	Hexagon Agility	1
Hexagon Technical Services LLC	USA	Lincoln, NE	Hexagon Agility	1
Hexagon Mobile Pipeline GmbH	Germany	Kassel	Hexagon Agility	1
Hexagon Composites GmbH	Germany	Kassel	Hexagon Agility	1
Hexagon Operations GmbH	Germany	Kassel	Hexagon Agility	1

Company	Home Country	Registered office	Business segment	Ownership	Votes
Associates owned by Hexagon Composites ASA					
Cryoshelter BioLNG GmbH	Austria		Hexagon Agility	40%	40%
Hexagon Purus ASA	Norway	Aalesund	Hexagon Purus	73%	73%
Hexagon Technology H2 AS	Norway	Aalesund	Hexagon Purus	73%	73%
Hexagon Purus HK Holding AS	Norway	Aalesund	Hexagon Purus	73%	73%
Hexagon Purus Beijing Ltd	China	Beijing	Hexagon Purus	73%	73%
CIMC Hexagon Hydrogen Energy Development Heibei & Co Ltd	China	Heibei	Hexagon Purus	73%	73%
CIMC Hexagon Hydrogen Energy Technologies Ltd	Hong Kong	Hong Kong	Hexagon Purus	51%	51%
CIMC Hexagon Hydrogen Energy Technologies Beijing Ltd.	China	Beijing	Hexagon Purus	51%	51%
CIMC Hexagon Hydrogen Energy Technologies Heibei Ltd.	China	Heibei	Hexagon Purus	51%	51%
Hexagon Purus Germany Holding GmbH	Germany	Herford	Hexagon Purus	73%	73%
Hexagon Purus GmbH	Germany	Kassel	Hexagon Purus	73%	73%
Wystrach GmbH	Germany	Weeze	Hexagon Purus	73%	73%
Wyrent GmbH	Germany	Weeze	Hexagon Purus	73%	73%
Hexagon Purus Real Estate GmbH	Germany	Herford	Hexagon Purus	73%	73%
xperion E&E US Holding Inc.	USA	Heath, OH	Hexagon Purus	73%	73%
xperion E&E USA LLC	USA	Heath, OH	Hexagon Purus	73%	73%
Hexagon Purus North America Holdings Inc.	USA	Lincoln, NE	Hexagon Purus	73%	73%
Hexagon Purus LLC	USA	Lincoln, NE	Hexagon Purus	73%	73%
Hexagon Masterworks Inc.	USA	Taneytown	Hexagon Purus	73%	73%
Hexagon Purus Systems USA, LLC	USA	Costa Mesa, CA	Hexagon Purus	73%	73%
Hexagon Purus Systems Canada, Ltd.	Canada	Kelowna	Hexagon Purus	73%	73%
Hexagon Purus Maritime AS	Norway	Ålesund	Hexagon Purus	73%	73%
Hexagon Raufoss AS	Norway	Raufoss	Unallocated	100%	100%
Hexagon Technology AS	Norway	Aalesund	Unallocated	100%	100%
Hexagon Cylinders India Pvt. Ltd.	India		Unallocated	100%	100%
Associates owned by Hexagon Purus ASA					
Cryoshelter LH2 GmbH	Austria		Hexagon Purus	40%	40%
CIMC Hexagon Hydrogen Energy Systems Ltd	China	Hong Kong	Hexagon Purus	49%	49%

Cryoshelter BioLNG GmbH and Cryoshelter LH2 GmbH were acquired on 1 August 2022.
Wystrach GmbH and Wyrent GmbH were acquired on 10 November 2021.

Note 31 Exchange rates

	Exchange rate 1 Jan 2022	Average exchange rate 2022
USD	8.8194	9.6137
CAD	6.9400	7.3796
EUR	9.9888	10.1021
GBP	11.8875	11.8471
RUB	11.7100	9.6057
SEK	97.4500	95.057
HKD	1.1308	1.228
CNY	138.8400	142.737

Note 32 Climate risk

Climate change is among the most important megatrends affecting businesses across all sectors today. The urgent need for a transition to a resource-efficient, low-carbon economy opens new business opportunities for Hexagon, as a solutions provider in this space. The transition to a low-carbon economy will continue to entail extensive policy, legal, technology, and market changes, with a potential to have significant impact on Hexagon's revenues. The Group has experienced an increasing demand for its near-zero- and zero emission energy solutions in the last couple of years due to an increased global focus on climate change and -mitigation. Hexagon expects this focus to continue and expects strong sustainability-driven demand in all its businesses in the years ahead. This climate-related opportunity has impacted the Company's goodwill impairment tests by being an important driver for future revenue- and activity growth in the financial planning in these tests. In addition, the climate-related opportunities also positively impact the Company's assessment of future economic benefits expected to materialize from capitalized development projects.

Climate change also represents some level of physical risk to the Group in terms of severe climate events that could damage business facilities or disrupt supply chains. The general level of risk and potential impact from physical climate change for Hexagon is, however, considered relatively low – the Group does not have facilities on low-lying shorelines or floodplains or has a history of forest fires around its facilities. Hexagon has not identified material assets expected to have a significantly shorter life due to climate-related risks.

Hexagon strives to maximize the positive climate impact of its technologies by enabling the avoidance of greenhouse gas emissions from both material production and waste management in the application of those technologies. The most critical factors in Hexagon's own greenhouse gas emissions are the production processes which, throughout the value chain, can be reduced to further strengthen Hexagon's business model. More information on climate and environmental risks and how these are managed can be found in the ESG Report.

Note 33 Events after the balance sheet date

Hexagon Purus – Capital raise of NOK 1 300 million
On 1 March 2023, Hexagon Purus ASA successfully completed a Convertible Bond Private Placemen
Equity Private Placement raising total gross proceeds of NOK 1 300 million. Gross proceeds from th
Bond Private Placement amounted to approximately NOK 800 million and is structured as a 5-year
convertible bond with 6 per cent fixed interest rate paid semi-annually in kind. The settlement and
the bonds was formally completed at an extraordinary general meeting in the Company on 16 Mar
proceeds from the Equity Private Placement amounted to approximately NOK 500 million, through
of 18 518 519 new shares. Hexagon Composites ASA waived its right to participate in the private plac
but retains a controlling ownership share of 68.4 per cent following the Equity Private Placement, c
to 73.3 per cent prior to the transaction. The capital raises accommodate support for the Company'
trajectory including its global expansion program and financial targets for 2025.

Hexagon Purus – Memorandum of understanding with Mitsui as anchor investor
In addition to the announcement of the Convertible Bond Private Placement and the Equity Private
on 1 March 2023, Hexagon Purus ASA simultaneously announced a deeper strategic alliance with M
Ltd ("Mitsui"), whereby Mitsui, through a non-binding memorandum of understanding ("MoU"),
to participate as an anchor investor in future capital raises in Hexagon Purus ASA. Mitsui subscribe
was allocated NOK 500 million in the Convertible Bond Private Placement completed 1 March 2023
announced non-binding MoU includes future additional investments up to a total of NOK 1 500 m
to among other things, Hexagon Purus' fulfillment of commercial and operational milestones agre
the parties in good faith.

Hexagon Purus – Signs landmark long-term agreement with Hino Trucks for zero emission heavy-duty trucks in the U.S.
The distribution agreement signed with Hino entails that Hexagon Purus will assemble complete b
heavy-duty trucks for the U.S. market using Hexagon Purus' proprietary zero-emission technology,
battery systems, auxiliary modules, power modules and the vehicle-level software. The agreement
to 10 000 trucks by 2030. The potential total value over the course of this agreement could reach ap
USD 2.0 billion (approximately NOK 20 billion).

Hexagon Agility – Received several orders for Mobile Pipeline modules totaling NOK 343 million
During January and February 2023, Hexagon Agility received three new larger orders from CORE Automated Fueling Solutions, RenewGas Transportation, and Certarus for Mobile Pipeline® TITAN modules worth NOK 46 million, NOK 44 million and NOK 253 million respectively. The latter order with Certarus represented also an inaugural order for Hexagon Agility's newly designed TITAN 450 modules.

Hexagon Agility – Received fuel system orders for UPS heavy-duty renewable natural gas trucks worth approximately NOK 197 million
On 17 February 2023, Hexagon Agility received new 2023-orders from UPS, under a master services agreement from October 2019, totaling USD 19 million (approximately NOK 197 million) for delivery of renewable natural gas (RNG) fuel systems for heavy duty trucks. UPS is the world's premier package delivery company and a leading provider of global supply chain management solutions.

There have been no other significant events after the balance sheet date that have not already been disclosed in this report.

Income statement – Parent Company

HEXAGON COMPOSITES ASA

(NOK 1 000)	Note	2022	2021
Other revenue	2	113 115	127 558
Total operating income		**113 115**	**127 558**
Payroll & social security expenses	3, 4, 5	75 171	63 666
Depreciation and impairment	9	435	373
Other operating expenses	2, 6	47 643	72 622
Operating profit		**(10 132)**	**(9 103)**
Income from investment in subsidiaries	8	-	10 000
Finance income	2, 7, 11, 16, 17	432 508	195 582
Finance expense	7, 11, 16, 17	250 834	170 540
Profit before tax		**171 542**	**25 940**
Tax on profit	8	45 260	12 006
Profit/loss for the year		**126 282**	**13 934**
Allocated to dividends	13	-	-
Transferred equity	13	126 282	13 934
Total transferred		**126 282**	**13 934**

Balance Sheet – Parent Company

HEXAGON COMPOSITES ASA

(NOK 1 000)	Note	2022	2021
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax assets	8	-	9 088
Total intangible assets		-	9 088
PROPERTY, PLANT AND EQUIPMENT			
Land, buildings and other real estate	9	6 471	6 616
Fixtures/fittings, equipment and tools	9	1 083	1 354
Total property, plant & equipment		7 554	7 970
FINANCIAL ASSETS			
Shares in subsidiaries and associates	10	1 958 257	1 401 455
Loans to subsidiaries and associates	2, 11	2 671 456	2 379 357
Other non-current financial assets	11, 17	25 431	12
Investments in other shares		301	301
Total financial assets		4 655 445	3 781 125
Total non-current assets		4 662 999	3 798 184

(NOK 1 000)	Note	2022
Current assets		
Receivables		
Trade receivables		18
Other receivables	2	71 970
Total receivables		71 988
Bank deposits, cash and cash equivalents	12	1 376
Total current assets		73 364
Total assets		4 736 363

(NOK 1 000)	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	13, 14	20 162	20 162
Own shares	13	(65)	(85)
Share premium	13	2 075 999	2 075 999
Other paid-in capital	13	132 346	98 226
Total paid-in capital		**2 228 442**	**2 194 303**
Other equity	13	468 023	372 256
Total other equity		**468 023**	**372 256**
Total equity		**2 696 465**	**2 566 558**
Liabilities			
Other non-current liabilities			
Non-current interest-bearing liabilities	15	1 442 466	1 123 912
Other non-current financial liabilities	16, 17	216 885	81 423
Deferred tax liabilities	8	12 487	-
Total other non-current liabilities		**1 671 839**	**1 205 336**
Current liabilities			
Current interest-bearing liabilities	15	300 943	17 543
Trade payables		1 614	1 426
Income tax payable	8	23 151	31 776
Public duties payable		5 917	6 399
Other current liabilities	2	36 434	38 394
Total current liabilities		**368 059**	**95 539**
Total liabilities		**2 039 898**	**1 300 875**
Total equity and liabilities		**4 736 363**	**3 867 433**

Aalesund, 29 March 2023
The Board of directors of Hexagon Composites ASA

Knut Flakk
Chair

Kristine Landmark
Deputy chair

Katsunori Mori
Board member

Liv Astri Hovem
Board member

Liv Dingsør
Board member

Sam Gabbita
Board member

Jon Erik Engeset
Group President & CEO

Cash flow statement – Parent Company

HEXAGON COMPOSITES ASA

(NOK 1 000)	Note	2022	2021
Cash flow from operating activities			
Profit before tax		171 542	25 940
Tax paid for the period	8	(31 776)	(56 171)
Depreciation and impairment	9	435	373
Share based payment expenses	4, 13	34 120	28 612
Recognised group contribution and dividend		-	(10 000)
Changes in trade payables		189	(3 701)
Changes in other accrual accounting entries		(184 169)	(8 322)
Net cash flow from operating activities		**(9 661)**	**(23 269)**
Cash flow from investment activities			
Purchase of property, plant & equipment and intangible assets	9	(19)	(1 315)
Investment in subsidiaries and associates	10	(463 656)	-
Net payments on loans to/from subsidiaries and associates	11	(97 606)	3 092
Net cash flow from investing activities		**(561 281)**	**1 777**

(NOK 1 000)	Note	2022
Cash flow from financing activities		
New non-current liabilities	15	318 268
Repayment of non-current liabilities		-
New current liabilities	15	283 400
Dividend payments		-
Net proceeds from purchase/sales of own shares	13	(30 495)
Net cash flow from financing activities		**571 172**
Net change in cash & cash equivalents		231
Cash & cash equivalents at beginning of period		1 145
Cash & cash equivalents at end of period	12	**1 376**
Undrawn group overdraft facility	15	**[illegible]19 998**
Undrawn credit facility	15	**[illegible]25 000**

Notes – Parent Company

HEXAGON COMPOSITES ASA

Note 1 Accounting principles

The annual accounts have been prepared in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Consolidated Financial Statements
The consolidated financial statements have been prepared in accordance with the international IFRS standards.

Sales revenue
Revenue from services is recognized as services are rendered.

Classification and valuation of balance sheet items
Current assets and liabilities include items due for payment within one year of the date of acquisition. Other items are classified as non-current assets/liabilities.

Current assets are valued at the lower of cost of acquisition and fair value. Current liabilities are recognized at nominal value on the date of commencement.

Non-current assets are measured at the cost of acquisition but are written down to fair value if impairment is identified which is not considered to be of a temporary nature. Non-current liabilities are recognized at nominal value on the date of commencement. Costs associated with non-current liabilities are amortized over the duration of the loan using the effective interest method.

Receivables
Trade and other receivables are recognized in the balance sheet at their nominal value, following deductions for provisions for expected losses. Provisions for losses are made on the basis of the individual claims.

Assets and liabilities in foreign currency
Foreign currency transactions are recognized at the exchange rate prevailing at the transaction date. Foreign currency monetary items are valued using the exchange rate prevailing at the balance sheet date. Currency gains/losses on receivables/liabilities are classified as financial items.

Property, plant and equipment
Property, plant and equipment is recognized and depreciated over the asset's expected useful life. Direct maintenance of property, plant and equipment is recognized under operating expenses as it is incurred, while overheads or improvement costs are added to the cost price of the asset and depreciated in pace with the asset's own depreciation. If the recoverable amount of the asset is lower than it's carrying amount, this is written down to its recoverable amount. The recoverable amount is the higher of net realizable value and value in use. Value in use is the present value of future cash flows the asset will generate.

Financial instruments
In addition to traditional financial inst
such as trade receivables, trade payab
interest-bearing liabilities, the Compa
currency swaps and interest rate swap
Company's currency and interest rate
The effects of these instruments are r
they arise, together with the hedged
financial instruments are valued at fai
converted to the exchange rate speci
balance sheet date.

Shares
In the company accounts, the cost me
accounting is used for all shares. All s
valued at cost in the company accoun

Share-based payment
The Company has a share-based program for the senior and key executives. The share-based program for the senior and key executives is settled in stocks, and consist of share options, performance share units (PSUs) and restricted share units (RSUs). In addition, certain key executives have share based programs settled in cash. The fair value of the share-based programs is expensed over the vesting period which is over the agreed-upon future service period and, where applicable, the performance conditions are fulfilled. The fair value of the share options, PSUs and RSUs is measured at grant date and calculated using the Black & Scholes model.

The cost of the employee share-based transaction is expensed over the vesting period. The value of the issued options, PSUs and RSUs of the transactions that are settled with equity instruments (settled with the company's own shares) is recognized as salary and personnel cost in profit and loss with a corresponding increase in other paid-in capital. The cash settlement options are however recognized with a corresponding change in provisions. Social security tax is recorded as a liability and is recognized over the estimated vesting period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Pension expenses
Pension premiums relating to defined contribution plans are recognized as an expense as they are incurred.

Tax
Tax expense in the income statement includes income tax payable for the period and changes in deferred tax. Deferred tax is calculated at 22 per cent based on the temporary differences between accounting and fiscal values and loss carryforwards at the end of the financial year.

Tax-increasing and tax-reducing temporary differences which reverse or may reverse in the same period are offset. Net deferred tax asset is recognized to the extent that it is probable that it can be utilized.

Interest-bearing loans and borrowing costs
Loans are recognized at the initial amount received less directly related transaction costs. In subsequent periods, interest-bearing loans are measured at amortized cost using the effective interest method. Profit and loss are entered in the income statement when liabilities are deducted from the balance and via amortization. Borrowing costs are expensed as they arise.

Cash flow statement
The cash flow statement has been prepared using the indirect method. Cash & cash equivalents include cash and bank deposits.

Use of estimates
Preparation of the annual financial statements in accordance with good accounting practice requires the use of estimates and assumptions by management which influence the income statement and the valuation of assets and liabilities, and disclosures on uncertain assets and obligations at the balance sheet date.

Contingent losses which are probable and quantifiable, are expensed as incurred.

Note 2 Intra-group transactions and balances

(NOK 1 000)	2022	2021
Revenue		
Administrative services to subsidiaries	112 008	126 774
Total	**112 008**	**126 774**
Expenses		
Administrative services from subsidiaries	19 226	44 340
Total	**19 226**	**44 340**
Finance income		
Interest income from group companies	162 587	124 561
Total	**162 587**	**124 561**
Receivables		
Non current loans to subsidiaries	2 635 727	2 379 357
Other current receivables to subsidiaries	70 554	66 701
Total	**2 706 281**	**2 446 059**
Liabilities		
Current liabilities to subsidiaries	7 831	20 931
Total	**7 831**	**20 931**

Note 3 Payroll, number of employees, remuneration, loans to emp

Payroll costs

(NOK 1 000)	2022
Wages/salaries and fees	28 082
Employer's contribution	5 175
Pension expense	2 175
Other contributions	39 739
Total	**75 171**

There were 15 (13) employees in the Company during the financial year

(NOK 1 000)	Salaries and fees	Bonuses[1]	Benefits in kind	Pension premium	Val of sha option
Executive management	7 554	3 587	36	561	5 87
Board of Directors	2 154	-	-	-	
Total remuneration	**9 708**	**3 587**	**36**	**561**	**5 87**

[1] Bonuses relates to bonuses expensed in the year.
[2] The value of share options relates to recognized costs for the year. Executives hold other share-based instruments as well (see note Share based payments).

Pursuant to Section 6-16a and b of the Norwegian Public Limited Liabilities Companies Act, the Company will disclose a separate remuneration report regarding the determination of pay and benefits to the CEO and management executives. Reference is made to the separate remuneration report which will be made available on the Company`s website.

The Chairman of the Board has no agreement relating to termination benefits. In his employment agreement, the Group President has a period of notice of 6 months. He has an agreement for up to 12 months' severance pay. The management of the Group have a target-based bonus agreement.

Group management participate in the Company's general pension arrangements, which are described in note 5, Pensions.

No loans have been made, or security provided for loans, to any member of Group management, the Board or other elected standing committees.

Group management participate in the Company's share-based incentive scheme, which are described in note 4, Share-based Payment. As of 31 December 2022 the Group President has 164 thousand (147 thousand) provisional performance share units (PSUs performance adjusted) outstanding. In addition he has 573 thousand cash settlement options (573 thousand). The CFO has 109 thousand (99 thousand) provisional performance share units (PSUs performance adjusted) outstanding.

Shares owned by Board Members or closely-related parties

	2022	2021
Knut Flakk, (Chair)[1]	27 868 314	27 834 969
Kristine Landmark (Deputy chair)[2]	10 000	10 000
Katsunori Mori (Board member)[3]	45 833 321	45 833 321

[1] Of the shares owned by Knut Flakk, 164 593 are privately owned, 500 000 are owned by his wife and 27 203 721 are owned through limited liability companies.
[2] The shares are owned by Kristine Landmarks husband.
[3] Shares owned by Mitsui & Co., Ltd., represented in the Board by Katsunori Mori.

Shares held by key management personnel

	2022
Jon Erik Engeset, Group President[1]	378 216
David Bandele, Group Chief Financial Officer	152 654

[1] The shares owned by Jon Erik Engeset, 118 768 are privately owned and 259 448 are owned by related limited liability compani

Expensed auditor's fees and comprised of the following services (not including VAT)

(NOK 1 000)	2022
Statutory audit and auditing-related services	1 679
Other attestation services	663
Tax advice	810
Other non-auditing services	-
Total	3 152

Note 4 Share-based payment

The Company has a performance share units program (PSUs) and a restricted share units program (RSUs) covering certain employees in senior positions in the Group. As at 31.12.2022, total 57 employees were included in the PSUs programs and 52 employees in the RSUs programs.

22 May 2018 Hexagon Composites ASA issued 1 200 000 call options to senior executives and managers in the Group at NOK 20.85 per share, provided that the share price on the date of exercise was minimum NOK 25.36 per share. The options could be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2020, first quarter of 2021 or second quarter of 2021. The exercise period was extended to 14 December 2021. During 2021, 1 140 000 of the options have been exercised at the weighted average share price of NOK 41.96.

20 December 2018 Hexagon Composites ASA issued 100 000 Restricted Stock Units (RSUs) to certain employees of the Group. Subject to continued employment three years after date of grant, each employee would at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated. During 2021, 100 000 of the RSU's have been exercised at the weighted average share price of NOK 35.42.

12 April 2019 Hexagon Composites ASA provisionally awarded 2 492 438 Performance Share Units (PSUs) to senior executive management in the Group. The PSUs are non-transferable and will vest on 11 February 2022 subject to satisfaction of the applicable vesting conditions (fulfilling Group EBITDA and revenue targets). The actual number of PSUs vested will depend on 2019 performance and attain minimum zero and maximum 2 492 438. Each vested PSU will give the holder the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10. During 2022, 1 078 628 of the options have been exercised at the weighted average share price of NOK 28.11.

26 September 2019 Hexagon Composites ASA issued 49 994 Restricted Stock Units (RSUs) to certain employees of the Group. Subject to continued employment three years after date of grant, each employee will at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated. During 2022, 42 852 of the RSU's have been exercised at the weighted average share price of NOK 23.08.

22 April 2020 Hexagon Composites ASA decided to provisionally award up to 3 711 634 Performance Share Units ("PSUs") to executives. The PSUs are non-transferable and will vest in Q1 2023 subject to satisfaction of the applicable vesting conditions. Each vested PSU will give the holder the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10.

29 July 2020 Hexagon Composites ASA issued 70 000 Restricted Stock Units (RSUs) to certain employees of the Group. Subject to continued employment three years after date of grant, each employee will at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated.

2 May 2021 Hexagon Composites ASA decided to provisionally award up to 1 734 990 Performance Share Units ("PSUs") to executives. The PSUs are non-transferable and will vest in Q1 2024 subject to satisfaction of the applicable vesting conditions. Each vested PSU will give the holder the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10.

20 August 2021 Hexagon Composites ASA issued 100 000 Restricted Stock Units (RSUs) to certain employees of the Group. Subject to continued employment three years after date of grant, each employee will at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated.

2 May 2022 Hexagon Composites ASA decided to provisionally award up to 2 808 616 Performance Share Units ("PSUs") to executives. The PSUs are non-transferable and will vest in Q1 2025 subject to satisfaction of the applicable vesting conditions. Each vested PSU will give the holder the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10.

29 August 2022 Hexagon Composites
175 000 Restricted Stock Units (RSUs)
employees of the Group. Subject to c
employment three years after date of
employee will at such time receive su
Hexagon shares as corresponds to th
RSUs allocated.

The fair value of the options, PSUs an
calculated on the grant date based o
Scholes model, and the cost is recogn
service period. Cost associated with t
were NOK 34.4 (25.5) million YTD 31 D
fair value of all outstanding PSUs (5 0
RSUs (334 500) is estimated to NOK 5
31 December 2022.

In addition to the above-mentioned i
the Company has issued bonus arran
certain executives within the Group. T
arrangements are dependent upon t
development of Hexagon Purus ASA
verted to a given number of cash sett
in Hexagon Purus ASA, for the purpo
lating quarterly fair values using the B
model. These cash settlement arrang
involved total expenses of NOK 5.0 (4
2022 and a remaining unamortized a
mated to MNOK 8.0 as of 31 Decemb

Overview of options with equity settlement

	Share Options 2022	RSUs 2022	PSUs 2022	Share Options 2021	RSUs 2021
Outstanding 1 January	-	212 852	6 243 552	1 140 000	219 994
Granted	-	200 000	2 660 082	-	100 000
Exercised	-	(42 852)	(1 078 628)	(1 140 000)	(100 000)
Lapsed/Cancelled	-	(35 500)	(2 796 142)	-	(7 142)
Share options outstanding 31 December	-	**334 500**	**5 028 864**	-	212 852
Exercisable at 31. December	-	-	-	-	-
Weighted average exercised price (NOK)	NA	23.08	28.11	41.96	35.42

The following table list the input to the model used for the plan for year ended 31 December

	RSUs Awarded 2022	PSUs Awarded 2022	RSUs Awarded 2021
Weighted average fair values at the measurement date per share (NOK)	28.05	35.12	32.50
Dividend yield (%)	-	-	-
Expected volatility (%)	-	-	-
Risk-free interest rate (%)	-	-	-
Expected life of share options (years)	4.00	3.84	4.00
Weighted average share price (NOK)	-	-	-
Model used	Black-Scholes	Black-Scholes	Black-Scholes

Note 5 Pensions and benefit obligations

The Company is legally obliged to have occupational pension arrangements under the Norwegian Mandatory Occupational Pension Act. The Company's pension arrangements satisfy the requirements of this Act.

The parent Company's pension arrangements cover 15 people in total - 13 employed and 2 retired. Pension arrangements are dealt with according to the Norwegian Accounting Standard NRS 6A for pension costs.

The defined contribution pension plan's contribution rates are 7 per cent for salaries in the range of up to 7.1 times the national insurance base rate (G) and 25.1 per cent for salaries in the range 7.1 to 12 G.

Contributions for the year were expensed at NOK 2 175 thousand (1 905), excluding employer's contributions.

Note 6 Leases

Ordinary lease payments for 2022 were NOK 5 652 thousand (5 041).

Future minimum lease payments relating to fixed term leases fall due as follows:

Not later than 1 year
1 to 5 years
Later than 5 years
Total

Note 7 Net financial items

Finance income

(NOK 1 000)	2022	2021
Interest income from group companies	162 587	124 561
Other interest income	5 555	3 081
Other finance income (currency gains)	264 366	67 941
Total finance income	**432 508**	**195 582**

Finance expense

(NOK 1 000)	2022	2021
Other interest expenses	80 220	45 901
Arrangement fees and other commissions	5 510	65 780
Currency losses	163 799	57 205
Other finance expense	1 305	1 653
Total finance expense	**250 834**	**170 540**

Note 8 Tax

Tax expense for the year consists of

(NOK 1 000)	2022
Income tax payable	23 685
Change in deferred tax	21 575
Total tax expense	**45 260**
Income tax payable in the balance sheet	23 151
Effect on tax payable of group contributions	534
Total income tax payable in the income statement	**23 685**

Calculation of tax base for the year

(NOK 1 000)	2022
Profit before tax	171 542
Permanent differences	34 186
Change in temporary differences	(98 070)
Tax base for the year	**107 658**

Received group contributions of NOK 0 thousand (NOK 10 000 thousand) have been entered as in
investments in subsidiaries and included in the pre-tax profit.

Overview of temporary differences

(NOK 1 000)	2022	2021
Financial assets and instruments	263 339	(32 284)
Non-current assets	104	(19)
Provisions	(206 683)	(9 008)
Total	**56 759**	**(41 311)**
Deferred tax 22%	**12 487**	**(9 088)**

Why tax expense for the year does not amount to 22% of profit before tax

(NOK 1 000)	2022	2021
22% of profit before tax	37 739	5 707
Permanent differences 22%	7 521	6 300
Calculated tax expense	**45 260**	**12 006**
Effective tax rate[1]	26.4%	46.3%

[1] Tax expense in relation to profit before tax

The tax rate on general income in Norway is 22 per cent both in the financial year 2022 and 2021. Deferred tax assets and liability were calculated using a tax rate of 22 per cent.

Note 9 Property, plant & equipment

(NOK 1 000)	Land/buildings and other property	Fixtures/fittings, equipment and similar
Cost of acquisition as of 1 January 2022	9 034	5 084
Property, plant & equipment purchased	-	19
Disposals	-	(412)
Cost of acquisition 31 December 2022	**9 034**	**4 691**
Accumulated depreciation and impairment 1 January 2022	2 418	3 730
Disposals		(412)
Depreciation for the year	145	290
Accumulated depreciation and impairment 31 December 2022	2 563	3 608
Carrying amount at 31 December 2022	**6 471**	**1 083**
Useful life	20 years – perpetual	4–10 years – perpetual

Note 10 Shares in subsidiaries and associates

Subsidiaries (NOK 1 000)	Registered office	Ownership share	Voting share	Carrying amount
Hexagon Ragasco AS	Raufoss	100%	100%	64 905
Hexagon Raufoss AS	Raufoss	100%	100%	9 450
Hexagon Technology AS	Ålesund	100%	100%	14 174
Hexagon Purus ASA	Ålesund	73%	73%	1 589 942
Hexagon USA Holdings Inc.	Delaware, USA	100%	100%	32 614
Hexagon Mobile Pipeline GmbH	Kassel, Germany	100%	100%	77 934
Hexagon Composites GmbH	Kassel, Germany	100%	100%	127 846
Hexagon Operations GmbH	Kassel, Germany	100%	100%	8 245
Hexagon Composites Russia LLC	Nizhny Novgorod, Russia	100%	100%	1
Hexagon SGT India	India	100%	100%	9 249
				1 934 359
Associates:				
Cryoshelter BioLNG GmbH	Dobl-Zwaring, Austria	40%	40%	23 898
Total shares in subsidiaries and associates				**1 958 257**

Equity and profit/loss as reported in most recent annual accounts of subsidiaries (company)

(NOK 1 000)	Hexagon Ragasco AS	Hexagon Raufoss AS	Hexagon Technology AS	Hexagon USA Holdings Inc.	Hexagon Mobile Pipeline GmbH
Carrying amount	64 905	9 450	14 174	32 614	77 934
Equity at 31 Dec 2022	134 677	9 767	72 677	677 026	64 099
Profit 2022	49 654	217	18 137	(73 199)	(7 771)

(NOK 1 000)	Hexagon Purus ASA	Hexagon Composites GmbH	Hexagon Operations GmbH
Carrying amount	1 589 942	127 846	8 245
Equity at 31 Dec 2022	2 698 851	(27 834)	(13 878)
Profit 2022	(8 773)	(85 552)	761

(NOK 1 000)	Cryo
Carrying amount	
Equity at 31 December 2022	
Profit 2022	

On 1 August 2022, Hexagon Composites ASA made a EUR 2.4 (NOK 23.9) million investment and ac
40 per cent of the shares in Cryoshelter BioLNG GmbH, with options to acquire the remaining shar
next 3–10 years.

Note 11 Non-current financial assets

Other non-current financial assets

(NOK 1 000)	2022	2021
Other non-current financial assets[1]	25 431	12
Loans to subsidiaries	2 635 727	2 379 357
Loans to associates	35 729	-
Total	**2 696 887**	**2 379 369**

[1] On 16 May 2022, Hexagon Composites ASA entered into three float-to-fix interest rate swaps, a USD 10 million swap with a 10 year maturity, a USD 10 million swap with a 7 year maturity, and a USD 33 million swap with a 5 year maturity. The swaps principal value represents approximately 40 per cent of the Company's term loan (NOK 1 100 million) and revolving credit facility (NOK 350 million).

Note 12 Bank Deposits

(NOK 1 000)	2022
Restricted tax withholdings	**1 264**

The Group's liquidity is organised in a Group overdraft facility. This means that the subsidiaries' ca
formally considered a receivable from the Parent Company and that the companies are jointly resp
withdrawals made by the Group under this arrangement.

Note 13 Equity

(NOK 1 000)	Share capital	Own shares	Share premium	Other paid-in capital	Other equit
Equity as of 1 January 2022	20 162	(85)	2 075 999	98 226	372 25
Profit/loss for the year			-		126 28
Allocated dividends			-	-	
Share-based payment			-	34 119	
Movement in own shares etc.		20			(30 51
Equity at 31 December 2022	**20 162**	**(65)**	**2 075 999**	**132 346**	**468 02**

Note 14 Share capital and shareholder information

Share capital consists of (NOK 1 000)	**Number**	**Nominal**	**Carrying amount**
A shares	201 619 712	0.10	20 161 971

The Company's share capital consists of one class of shares and is fully paid-up.

20 Largest shareholders as of 31 December 2022	**Number of shares**	**Shareholding**
MITSUI & CO LTD	45 833 321	22.73%
FLAKK COMPOSITES AS[1]	20 000 000	9.92%
CLEARSTREAM BANKING S.A.	17 773 882	8.82%
MP PENSJON PK	12 127 762	6.02%
BRØDR. BØCKMANN AS	5 649 663	2.80%
KTF FINANS AS	5 000 000	2.48%
NØDINGEN AS	4 968 704	2.46%
BROWN BROTHERS HARRIMAN & CO	4 470 699	2.22%
FOLKETRYGDFONDET	3 840 921	1.91%
STATE STREET BANK AND TRUST COMPANY	3 064 779	1.52%
RBC INVESTOR SERVICES TRUST	2 452 081	1.22%
JPMORGAN CHASE BANK, N.A., LONDON	2 225 619	1.10%
THE NORTHERN TRUST COMPANY, LONDON	1 925 170	0.95%
VERDIPAPIRFONDET STOREBRAND NORGE	1 923 872	0.95%
RBC INVESTOR SERVICES TRUST	1 659 414	0.82%
NORDNET BANK AB	1 433 020	0.71%
SKANDINAVISKA ENSKILDA BANKEN AB	1 349 798	0.67%
VERDIPAPIRFONDET KLP AKSJENORGE IN	1 310 044	0.65%
FLAKK INVEST AS[1]	1 300 000	0.64%
SIX SIS AG	1 287 592	0.64%
Total 20 largest shareholders	**139 596 341**	**69.24%**
Remainder	62 023 371	30.76%
Total	**201 619 712**	**100.00%**

[1] These shareholdings are controlled by the Chair of the Board, Knut Flakk.

As of 31 December 2022 the Company had 650 418 own shares (847 292). The cost of acquisition of N
thousand (NOK 20 690 thousand) is entered as a deduction in equity. The shares are held as "own
the Company is entitled to sell them in the future.

Ownership structure

The total number of shareholders as of 31 December 2022 was 5 666 of whom 452 were foreign sha
number of shares held by foreign shareholders was 111 390 509 or 56.2 per cent.

The Board proposes to the General Assembly that there will be no dividend to be paid for the fisca
similar as for 2021.

The Board (unanimous) has a mandate to increase share capital by up to NOK 2 016 195 by issuing
shares (par value NOK 0.10). This authorization is valid until the next ordinary General Assembly.

Note 15 Interest-bearing liabilities

Long-term financing

	Interest rate conditions	Currency	Maturity	Facility size	Carrying amou 2022
Secured					
Term loan DNB and Danske Bank (bullet)	Nibor 3 month + margin	NOK	9 Dec 2024	1 100 000	1 100 000
Revolving credit facility DNB and Danske Bank (bullet)	Nibor 3 month + margin	NOK	9 Dec 2026[3]	350 000	350 000
Accordion facility DNB and Danske Bank (bullet)	Nibor 3 month + margin	NOK	31 Mar 2024[3]	325 000	100 000
Overdraft facility DNB and Danske Bank	Nibor 3 month + margin	NOK	9 Dec 2024	250 000	200 943
Total secured interest-bearing liabilities[1]				**2 025 000**	**1 750 943**
Amortized transaction costs loans[2]					(7 534)
Total interest-bearing liabilities					**1 743 409**
hereof current:					
Overdraft facility					200 943
Current interest bearing liabilities					100 000
Total current interest-bearing lialities					**300 943**
Total non-current interest bearing liabilities					**1 442 466**

[1] On December 9, 2021, Hexagon Composites ASA entered into a new Senior Secured bilateral loan facility with DNB and Danske Bank. The overall size of the committed facility was NOK 1 700 million, comprising a term loan of NOK 1 100 million, a multi-currency revolving credit facility (RCF) of NOK 350 million and an overdraft facility of NOK 250 million. The size of the uncommited facility amounted to a maximum of NOK 400 million, where NOK 325 was called upon and became committed as of 30 September 2022. At 31 December 2022 the total commitment under the facilities was NOK 2 025 million.
[2] Costs associated with the loans are amortised over the duration of the loans using the effective interest method.
[3] Maturity includes extension options.

As of 31 December 2022, financial covenants, related to equity ratio and leverage (NIBD/EBITDA) were in compliance with comfortable headrooms.

Note 16 Non-current financial liabilities

Other non-current financial liabilities

(NOK 1 000)	Interest	Duration	Maturity	2022	2021
Cross-currency swap (NOK/USD)[1]	Pay USD Libor 3 m + / Receive NOK Nibor 3 m +	3 years	9 Dec 2024	216 885	81 423
Total				**216 885**	**81 423**

[1] The company has a cross-currency swap to effectively convert the NOK denominated loan into USD. The fixed USD denominated balance on entering into the swap was USD 132.7 million. The swap has a term concurrent with the bank loan. The value of the swap as of 31 December 2022 was NOK 216 885 thousand (NOK 81 423 thousand in 2021).

Note 17 Financial market risk

The Company's international activities expose it to currency risk and interest risk. Derivative financi are used to minimise these risks under the Group's strategy for interest and currency exposure.

Interest rate risk

Interest rate risk arises in the short and medium term from the Company's floating rate liabilities. T uses interest rate swaps to minimise the risk.

Currency risk

Fluctuations in exchange rates represent a financial risk to the Company, both directly and indirect Company uses currency swaps and borrows in foreign currency to minimise the risk.

Note 18 Events after the balance sheet date

Hexagon Purus – Capital raise of NOK 1 300 million
On 1 March 2023, Hexagon Purus ASA successfully completed a Convertible Bond Private Placement and an Equity Private Placement raising total gross proceeds of NOK 1 300 million. Gross proceeds from the Convertible Bond Private Placement amounted to approximately NOK 800 million and is structured as a 5-year unsecured convertible bond with 6 per cent fixed interest rate paid semi-annually in kind. The settlement and delivery of the bonds was formally completed at an extraordinary general meeting in the Company on 16 March 2023. Gross proceeds from the Equity Private Placement amounted to approximately NOK 500 million, through issuance of 18 518 519 new shares. Hexagon Composites ASA waived its right to participate in the private placements but retains a controlling ownership share of 68.4 per cent following the Equity Private Placement, compared to 73.3 per cent prior to the transaction. The capital raises accommodate support for the Company's growth trajectory including its global expansion program and financial targets for 2025.

Hexagon Purus – Memorandum of understanding with Mitsui as anchor investor
In addition to the announcement of the Convertible Bond Private Placement and the Equity Private Placement on 1 March 2023, Hexagon Purus ASA simultaneously announced a deeper strategic alliance with Mitsui & Co. Ltd ("Mitsui"), whereby Mitsui, through a non-binding memorandum of understanding ("MoU"), intends to participate as an anchor investor in future capital raises in Hexagon Purus ASA. Mitsui subscribed for and was allocated NOK 500 million in the Convertible Bond Private Placement completed 1 March 2023, and the announced non-binding MoU includes future additional investments up to a total of NOK 1 500 million, subject to among other things, Hexagon Purus' fulfillment of commercial and operational milestones agreed between the parties in good faith.

Hexagon Purus – Signs landmark long-term agreement with Hino Trucks for zero emission heavy-duty trucks in the U.S.
The distribution agreement signed with Hino entails that Hexagon Purus will assemble complete battery electric heavy-duty trucks for the U.S. market using Hexagon Purus' proprietary zero-emission technology, including battery systems, auxiliary modules, power modules and the vehicle-level software. The agreement provides for up to 10 000 trucks by 2030. The potential total value over the course of this agreement could reach approximately USD 2.0 billion (approximately NOK 20 billion).

Hexagon Agility – Received several orders for Mobile Pipeline modules totaling NOK 343
During January and February 2023, Hexagon Agility received three new larger orders from CORE Au
Fueling Solutions, RenewGas Transportation, and Certarus for Mobile Pipeline® TITAN modules wo
million, NOK 44 million and NOK 253 million respectively. The latter order with Certarus represente
inaugural order for Hexagon Agility's newly designed TITAN 450 modules.

Hexagon Agility – Received fuel system orders for UPS heavy-duty renewable natural gas trucks worth approximately NOK 197 million
On 17 February 2023, Hexagon Agility received new 2023-orders from UPS, under a master services
from October 2019, totaling USD 19 million (approximately NOK 197 million) for delivery of renewab
(RNG) fuel systems for heavy duty trucks. UPS is the world's premier package delivery company an
provider of global supply chain management solutions.

There have been no other significant events after the balance sheet date that have not already bee
this report.

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Hexagon Composites ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hexagon Composites ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2022 and the income statement and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the financial position of the Group as at 31 December 2022, the income statement, statement of comprehensive income, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for*

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Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 23 years from the election by the general meeting of the shareholders in 2000 for the accounting year 2000.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Goodwill - Impairment assessment

Basis for the key audit matter
As at 31 December 2022, Hexagon Composites ASA Group reported goodwill of NOK 1 717 million. The goodwill consists mainly of the cash flow generating units Hexagon Agility of NOK 1 124 million and Hexagon Purus of NOK 524 million. Goodwill is subject to annual impairment testing and estimating the recoverable amount of the related cash generating unit requires management judgement of future revenues, gross margins, operating costs, terminal value growth rates, capital expenditures and discount rate. No impairment was recognized. The impairment test involves significant estimation uncertainty and management judgment and is therefore a key audit matter.

Our audit response
We assessed the internal controls related to the impairment assessment. We involved valuation specialists in our team to support testing of the assumptions and methods used by management. We compared future cash flows against board approved plan for the years 2023-2027 and considered underlying assumptions for expected growth rates and the related cash flows. We assessed the historical accuracy of managements estimates and compared the assessment used for the acquisition. Furthermore, we tested the input of the discount rate against comparable market data. We also tested the mathematically accuracy of the impairment model and performed sensitivity analysis of the assumptions used. We also assessed the disclosures in note 11 Intangible assets in the financial statements.

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Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Group President & CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Hexagon Composites ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Hexagoncompositesasa-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the

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audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Aalesund, 30 March 2023
ERNST & YOUNG AS

Ivar-André Norvik
State Authorised Public Accountant (Norway)

APPENDIX 1

Material topic definitions

Material topic	Description
Our contribution through solutions	
Our solutions	Clean energy and alternative fuel solutions, ranging from the use of renewable natural gas (RNG), compressed natural gas (CNG), liquid petroleum gas (LPG) and MAE testing.
Minimizing our environmental footprint	
GHG emissions	Greenhouse gas emissions from energy, transportation, and Hexagon's other business activities.
Material waste and circularity	Waste generated throughout Hexagon's value chain and activities: reduction, reuse or recycling.
Product safety and compliance	
Product safety	Ensuring the highest safety standards and the quality of our products.

Material topic	Description
Responsible employer	
Occupational health and safety	Worker health and safety practices.
Diversity and inclusion	Representation of female and minority employees in the
Workforce development	Training and development for workers to build capabilitie career opportunities – maintaining and attracting talent.
Governance	
Business ethics and anti-corruption	Preventive measures and zero tolerance for corruption.
Responsible procurement	Ensuring environmental and social considerations are taken into account within our supply chain.

APPENDIX 2

Methodology – summary description

The data we used to calculate the greenhouse gas (GHG) account comes from internal and external sources and is calculated with the help of sustainability experts from Asplan Viak AS and SpareBank 1 Regnskapshuset SMN AS. Reported metric tons of CO_2 equivalents (tCO_2e) are calculated per the Greenhouse Gas Protocol, its standards, recommendations, and guiding documents.

To report a complete scope 1-3 GHG account, we use two methodological approaches. The first approach is the physical data collection method, which involves collecting and analyzing all inputs of raw materials and energy carriers that go into the manufacture of Hexagon's products. This approach highlighted the most significant contributors to the GHG account. For these key flows, comprising 63% of our GHG account, life-cycle assessment-based GHG intensities were collected.

The second approach is the spend-based approach, which attributes a carbon emission intensity to all activities included in our financial reporting. Here, environmentally extended input-output analysis (EE-IOA) data is used to derive GHG intensities per monetary unit spent. This method helps to fill the data gaps for the remaining 37% of our GHG emissions, which covers the purchase of all other raw materials, facility management services, investments in capital equipment, and so forth.

The combination of these approaches allows us to report with a high degree of completeness while ensuring that specific carbon emissions are reported for key raw materials and energy carriers. This further enables us to set a baseline for carbon mitigation strategies aligned with our ongoing commitment to the Science Based Targets initiative.

APPENDIX 3

Reporting on the UN SDGs

Hexagon' contribution to the UN Sustainable Development Goals in 2022

SDG	Goal		Target (indicators)	Hexagon's contribution
3	**Good Health and Well-being**		By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	Our products and solutions
	Ensure access to affordable, reliable, sustainable and modern energy for all	7.1	By 2030, ensure universal access to affordable, reliable and modern energy services	We are committed to the green transition t continued support for EU policies, EU taxon for 55" package, which establishes a roadm emission reductions by 2030 and net-zero 2050.
		7.3	By 2030, double the global rate of improvement in energy efficiency	In 2021, we signed the Science Based Targe 24 months to develop GHG emission reduc line with the decarbonization required to m Agreement – to limit global warming to 1.5
		7.A	By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	
8	**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**	8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors	Hexagon values creating a diverse and incl environment, and has defined both diversi sion and workforce developments two of topics.
		8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	We actively endorse this through our Divers policy, as well as our leadership and develo tion "Hexagon University".
		8.7	Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms	In 2022, we published our Code of Conduc provides guidance to how we act in accord governing principles. Our Anti-Corruption policy was also revised in 2023.
		8.8	Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Hexagon believes the respect for human ri protection of human lives across our opera chain is a business priority.

SDG	Goal	Target (indicators)	Hexagon's contribution
9	**Build resilient infrastructure, promote sustainable industrialization and foster innovation**	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	Hexagon focuses on circular economy issue our development of digital testing and req technologies which enable reducing resour sumption and increasing the life-time of as reduction, reuse and recycling of waste whe
		9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	
		9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	
11	**Make cities inclusive, safe, resilient and sustainable**	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	Our CNG and RNG fuel systems and low pr cylinders are important when considering t of climate change as we are part of the valu enables a reduction of particular matter NC addition CO_2.
12	**Ensure sustainable consumption and production patterns**	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	Hexagon is an advocate and driver of the e transition, and actively progress to minimiz of our waste.
		12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	Hexagon applies the reduce, reuse and rec in all manufacturing sites.
		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	
		12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	At Hexagon, we encourage and enable our to meet their sustainability targets. Our Sup of Conduct is therefore present in every pu made, as well as in our dialogue with suppl
13	**Take urgent action to combat climate change and its impacts**	13.2 Integrate climate change measures into national policies, strategies and planning (13.2.1 Number of countries that have communicated the establishment or operational status of an integrated policy/ strategy/plan which increases their ability to adapt to the adverse impacts of climate change, and foster climate resilience and low greenhouse gas emissions development in a manner that does not threaten food production)	Our contribution to SDG 13 is exemplified b commitment to reach net-zero by no longe and to reduce our GHG footprint substanti short term as well as advancing the transpo sector's pathway compatible with a 1.5C glo target. We intend to go beyond reducing o footprint. Our approach is focused on incre energy solutions, accelerating investment i and zero-emission mobility, mitigating ind from our supply chain and decarbonizing o

Glossary

ASA Public Limited company in Norway

BAR Unit of pressure
1 millibar = 100 N/m2

BIOGAS Produced from raw materials such as agricultural waste, manure, municipal waste, plant material, sewage, green waste or food waste. Also refered to as biomethane or renewable natural gas

BEV Battery Electric Vehicle

CNG Compressed Natural Gas

CO_2 Carbon Dioxide

COMPOSITE Combination of glass/carbon fibre and thermosetting plastic, exploiting the malleability of the plastic and the stiffness and strength of the glass/carbon fibre

CODE OF CONDUCT An outline of the norms, rules, and responsibilities or proper practices of an individual party or an organization

EBIT Earnings before interests and taxes

EBITDA Earnings before interest, taxes, depreciation and amortization

EV Electric Vehicle

FCEV Fuel Cell Electric Vehicle

FLEET OWNER Company that owns and operates groups of motor vehicles owned or leased by a business, government agency or other organization

GHG Greenhouse Gas

HYDROGEN Light, colourless gas (Symbol H), produced on an industrial scale

IA Inclusive Workplace

ISO International Organization for Standardization – publishes standards in a large number of areas

JOINT VENTURE Legally signed contractual agreement whereby two or more parties undertake an economic activity

LDV Light-Duty Vehicle

LNG Liquefied Natural Gas

LPG Liquefied Petroleum Gas (propane gas)

MOBILE PIPELINE® Gas distribution products

MAE TECHNOLOGY Modal Acoustic Emission Technology. Testing method used by placing transducers on the surface of a structure under test, applying stress to the structure and recording any ultrasonic stress waves caused by material fracture

NO_x Nitrogen oxides (NO_x). A generic term f molecules that are chemical compounc nitrogen and oxygen, a significant com pollution

NGO Non-Governmental Organization

OEM Original Equipment Manufacturer

OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES Recommendations from the Organisati Co-operation and Development (OECD business conduct addressed by govern multinational enterprises

PARTICULATE MATTER Generic term to classify air pollutants c suspended particles in air, varying in co size

X-STORE® High-pressure composite cylinder for b transportation and storage of CNG

RESIN Chemical adhesives for strengthening g carbon fiber

RNG Renewable Natural Gas Pipeline compa fuel derived from biogenic or other ren that has lower lifecycle carbon dioxide e eq) emissions than geological natural g

R&D Research & Development, activities that undertake to innovate and introduce n services

SCIENCE BASED TARGETS (SBTs) Net-zero targets set by companies committed to the Science Based Targets Initiative (SBTi) to promote emission reductions in line with climate science and the Paris Agreement

SCOPE 1 Direct emissions calculated from fossil fuel consumption. Direct emissions from purchased services are reported in Scope 3

SCOPE 2 Indirect GHG emissions from purchased energy (electricity and heat). Scope 2 emissions are calculated in two ways. 100 per cent of reported emissions is based on activity data from operational business areas, such as invoices and meter readings

SCOPE 3 Indirect GHG emissions from the purchase of goods and services, including capital goods, upstream emissions from the production of fuels, transportation, operational waste and business travel

STYREN Organic hydrocarbon used in the production of rubber and plastic components

TITAN® High-pressure composite cylinder for bulk transportation and storage of CNG

TYPE 1 Steel cylinder

TYPE 2 Steel cylinder, composite-reinforced

TYPE 3 Composite cylinder with metal liner

TYPE 4 Composite cylinder with polymer liner

U.S. DOT U.S. Department of Transportation

WHISTLEBLOWING Reporting information about an activity within a private or public organization that is deemed illegal, immoral, illicit, unsafe or fraudulent

Financial calendar 2023

Annual General Meeting
26 April 2023

1st quarter 2023
11 May 2023

2nd quarter and half year report 2023
17 August 2023

3rd quarter 2023
9 November 2023

4th quarter 2023
15 February 2024

Details

Interim report and presentation material will be released at 07:00 CET and made available on www.hexagongroup.com and www.newsweb.no.

The interim results are presented live at 8:30 am CET. Hexagon Composites ASA reserves the right to change the dates. All presentations are held in Oslo and are open to all interested parties.

Two weeks before the presentation of the interim report Hexagon Composites practice a quiet period where contact with analysts, investors and media are limited. This is done to minimize the risk of information leakage and potential different information in the market.

Contact us

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HEXAGON

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Minutes of ordinary general meeting in Agility Fuel Solutions Norway AS

Place: The meeting was held by circulating protocol from the meeting

Date: 07.07.2023

Time: 16:00

Present were:

Agility Fuel Solutions, LLC, represented by Ashley Remillard, who represents 3 500 shares and votes.
All of the shares were represented.

All attendants agreed to accomplish the meeting by circulating the protocol.

In addition, the following attended the meeting:

Sindre Rotevatn
Wegar Løkken
Stig Vildåsen
Andrew Griffiths
Eric Bippus

The following issues were on the agenda:

1. Election of meeting chairman

Ashley Remillard was elected to preside over the meeting.

2. Approval of the notice of the meeting

There were no comments on the notice of the meeting, and this was therefore approved.

3. Election of a representative to sign the minutes together with the meeting chairman.

Wegar Løkken was elected to sign the minutes together with the meeting chairman.

4. Approval of the Board's proposal regarding the annual report and accounts, including the distribution of dividend.

The Board's proposal regarding the Company's annual report and accounts, including the auditor's report, was examined. The annual report and accounts were approved unanimously. It was decided to apply the profit for the year in accordance with the Board's proposal.

The decision was unanimous.

5. Election of Board of Directors

There were no changes to the Board of Directors. The Board of Directors remains:

Eric Bippus, Chairman
Sindre Rotevatn

6. Determination of the directors' fees for the previous year

In accordance with the guidelines adopted in the group, the directors' fees were approved as being NOK 0. This is also the guideline for the forthcoming year.

7. Approval of the Company auditor's fee

It was decided to pay the auditor's fee as per account rendered.

The decision was unanimous.

Raufoss, 07.07.2023

Ashley Remillard
Meeting chairman

Wegar Løkken
Elected to sign the minutes.

Statsautoriserte revisorer
Ernst & Young AS

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2619 Lillehammer

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Agility Fuel Solutions Norway AS

Opinion

We have audited the financial statements of Agility Fuel Solutions Norway AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lillehammer, 7. juli 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Tor Kjetil Lund
State Authorised Public Accountant (Norway)

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Tor Kjetil Lund
Statsautorisert revisor
På vegne av: Ernst & Young AS
Serienummer: 9578-5999-4-1309924
IP: 77.16.xxx.xxx
2023-07-07 10:21:19 UTC

bank ID

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Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	01.02.2017	03.04.2017
Telefon	Deres referanse	Vår referanse
90076012	Wegar Løkken	2017/125094

AGILITY FUEL SOLUTIONS NORWAY AS
Postboks 74
2831 RAUFOSS

Fritak for konsernregnskapsplikt for Agility Fuel Solutions Norway AS, org. nr. 915 123 899

Vi viser til deres brev av 1. februar 2017 hvor dere søker om fritak fra plikten til å utarbeide konsernregnskap for Agility Fuel Solutions Norway AS.

Agility Fuel Solutions Norway AS er heleid av Agility Fuel Solutions LLC i USA. Konsernregnskap utarbeides på høyere nivå i konsernet, utenfor EØS etter USGAAP på engelsk språk, hvor selskapet og datterselskapet er omfattet.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Agility Fuel Solutions Norway AS. Det forutsettes at Agility Fuel Solutions LLC utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskaper. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med USGAAP og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7. september 2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten på norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

Postadresse	Besøksadresse:	Sentralbord
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