



Annual report

2021



The future is now.

We believe clean air is a right, not a privilege. This belief, in combination with a strong values-based culture, motivates our employees and drives our business forward.

OUR SOLUTIONS

Hexagon Purus is a global leader in key technologies needed for zero emission mobility. Our 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.

We work to accelerate the energy transition by providing Type 4 high-pressure cylinders and systems for the storage

and transport of compressed hydrogen, as well as battery systems and electric drivetrain integration for fuel cell and battery electric medium and heavy-duty vehicles.

Our customers include world's leading automotive OEMs, industrial gas companies and refueling infrastructure providers to bring cost-effective, highly technical, safe and reliable energy storage solutions to market, enabling a clean energy future.

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HEXAGON PURUS AT A GLANCE

With a global and strategically located footprint and a workforce of more than 400, we are in pole position to help drive the zero emission transition.

OUR GLOBAL REACH

Locations

12

- Production and assembly sites
- Sales and engineering hubs
- Headquarters in Oslo



OUR PEOPLE

Workforce

415



OUR RESULT

Revenue in MNOK

508



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

Hexagon Purus' strong values-based culture drives our performance and guides our decision-making processes and behavior. Guided by our common core values of Integrity and Drive, we have dedicated employees across the Group driving the change towards a cleaner energy future. Our team works hard at turning our vision into reality because we strongly believe that clean air is a right not a privilege, that technology is no longer a barrier and that the need for change is urgent.

We hold ourselves accountable for our interactions internally, as well as externally with our customers, suppliers, shareholders, and communities.

VISION

Clean air everywhere

PURPOSE

Driving Energy Transformation

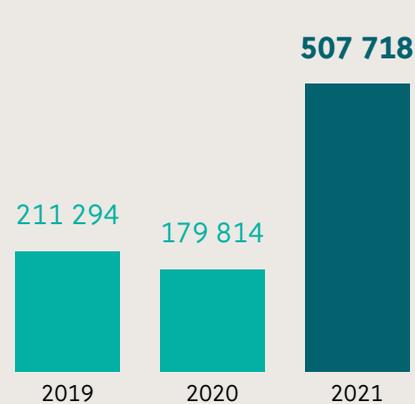
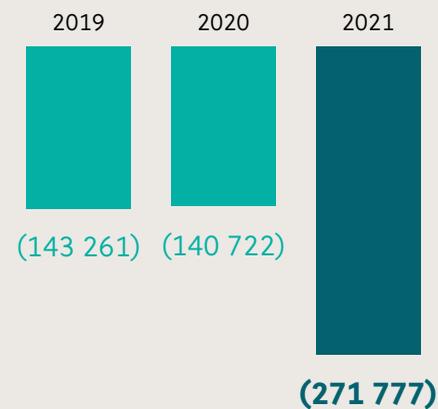
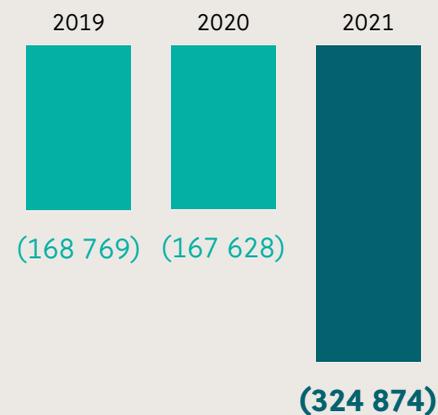
VALUES

Integrity and Drive

FINANCIAL HIGHLIGHTS 2021

+110%
organic revenue
growth

+182%
total revenue
growth

REVENUE
NOK1000EBITDA
NOK1000EBIT
NOK1000

All figures in NOK 1 000

Revenues and profit

	2021	2020	2019
Revenue	507 718	179 814	211 294
Operating profit before depreciation (EBITDA)	(271 777)	(140 722)	(143 261)
Operating profit (EBIT)	(324 874)	(167 628)	(168 769)
Profit before tax ¹	(347 273)	(273 373)	(193 672)
Profit after tax ¹	(345 152)	(308 026)	(167 895)

Capital 31 December

	2021	2020	2019
Total assets	2 101 745	2 094 625	977 231
Equity	1 415 398	1 629 021	(104 816)
Equity ratio ²	67%	78%	(11%)

Definition of key figures

¹ Before discontinued operations.² Shareholders' equity as a percentage of total assets.

Highlights 2021

Acquired Wystrach, a leading European systems and solutions provider for storage and transport of compressed gases. The combination brings unprecedented expertise and capacity together to create the vertically integrated industry leader in hydrogen storage solutions.



Signed a global supply agreement with Air Liquide, a world leader in gases, technologies and services for Industry and Health to supply Type 4 hydrogen cylinders to the Group and their affiliates around the world.

Signed an exclusive long-term supply agreement with a leading European bus OEM to supply hydrogen storage systems for the OEM's next generation two axle (12 meter) and articulated (18 meter) fuel cell bus offerings.





Signed a long-term agreement with Nikola Corporation, a global leader in zero-emissions transportation and infrastructure solutions to develop and supply high-performance Type 4 hydrogen cylinders.

Broke ground on construction of a new 60 000 square foot manufacturing facility in Kelowna, Canada to house the production of battery systems and hydrogen fuel storage systems.



Signed joint venture agreements with CIMC Enric for China and Southeast Asia to encompass cylinder and systems production for Fuel Cell Electric Vehicles (FCEVs) and hydrogen distribution in China and Southeast Asia.

Objectives for 2022

We are raising the bar in 2022. While we have short-term goals specific to performance in 2022, we also have set ourselves goals that are part of our longer term strategy to scale up, grow revenue and drive the zero emission transition.

Grow Group revenue by approximately 75 per cent

Continue to secure long-term customer agreements, improving medium to long-term revenue visibility and customer diversification

Build organizational capabilities and resources to successfully execute on various strategic and growth initiatives

Execute capacity expansion and product development initiatives, and prepare facilities for customer start of production

Complete transfer of stock listing to the main list of the Oslo Stock Exchange



A WORD FROM THE CEO

Dear shareholders, clients, partners and colleagues,

We have just reported the results from our first full year as a listed company – and what a year it has been! We successfully executed our planned activities and more, putting us ahead of the ambitious business plan we shared when we listed the company in December 2020.

Hexagon Purus is a technology company that provides zero emission solutions for a wide range of vehicles and mobility applications. We are enablers, helping to drive the energy transition.

During the past year, we have seen the energy transition continue to accelerate and become more relevant than ever. The main driver continues to be sustainability – the need to fight climate change and secure our planet's resources for future generations. But the energy transition is not only about sustainability – in many key geographies, it is now increasingly also seen as a means to secure energy independence.

Our transformation to a mass market enabler of zero emission mobility solutions is now well underway. In the past year, we have taken several big steps forward, securing leading early-mover positions in many key mobility application areas. We have won several milestone contracts with leading customers and OEMs, we have seen an incredible acceleration of momentum for green technologies and zero emission solutions, the regulatory environment is increasingly supportive, and customers are rapidly shifting their efforts in a sustainable direction. Most importantly, we have validated our technology and our competitiveness with customers, and we have

achieved a clearer line-of-sight to significantly higher volumes. As such, we have gotten all the confirmation we need to embark on the next stage of development, the mass industrialization stage.

None of our achievements would have been possible without the competent, dedicated and hardworking team that makes up Hexagon Purus. I am proud and humbled to lead such a high-quality organization.

With our leading technology, long industrial legacy, strong customer experience, global platform – and not least the awesome Hexagon Purus team – I am confident about the future and look forward to what we can accomplish in the years ahead.

Best regards,



Morten Holum
President & CEO



OUR BUSINESS

Driving the transition to zero emission mobility



Hexagon Purus is an established player in the zero emission mobility space with a market leading position not just in compressed hydrogen Type 4 cylinders and systems but also commercial vehicle battery systems, electric drivetrain components and vehicle integration. Our products enable multiple applications including light, medium and heavy-duty vehicles, buses, distribution, rail, maritime, aerospace and ground storage.

The global push to decarbonize various sectors of the economy is spurring industry momentum and creating exciting growth opportunities for Hexagon Purus. In the near-term for Hexagon Purus, this is evidenced in revenue growth especially in hydrogen distribution and transit bus applications. However, activity levels in other applications including heavy-duty truck, rail and maritime are robust and bode well for future revenue.



Truck

The demand for zero emission medium and heavy-duty trucks is developing at a rapid pace. Hexagon Purus sees growing interest in the company's hydrogen fuel storage system, battery system and electric drivetrain solutions, and is involved in several ongoing development projects in this application area.

In 2021, the company signed a long-term agreement with Nikola Corporation to develop and supply its high-performance Type 4 hydrogen cylinders. The scope of the agreement is over a multi-year period with an estimated sales value in excess of EUR 200 million. Initial production of cylinders will be from the Kassel facility.

Hexagon Purus was also awarded several contracts in 2021 exceeding USD 7 million to perform vehicle integration for battery electric (BEV) and fuel cell electric (FCEV) trucks with its suite of proprietary solutions including battery systems, hydrogen storage systems, power electronics, accessory drive modules and vehicle software.

Breakthrough contracts

More recently, in 2022, Hexagon Purus entered a binding letter of intent with Hino Motors to supply battery systems for serial production of battery electric heavy-duty trucks with a targeted start of production in 2024. Additionally, the company has been nominated by another leading and long-standing commercial truck OEM to provide battery systems for serial production of battery electric heavy-duty trucks with an intended start of production in 2024. The total sales value with these two OEMs over the contemplated life is estimated at USD 1.8-2.2 billion.

Expanding capacity

To meet growing demand and to support initial production volumes with both OEM customers, Hexagon Purus is building a new factory in Kelowna, Canada. The new 60 000 square foot automated facility will house the production of battery systems and hydrogen fuel storage systems. The new facility is expected to be ready for move in during the summer of 2022.





Hydrogen Distribution

The push for hydrogen distribution solutions is growing as a result of increased energy demand. With increasing uses of hydrogen not only as an industrial gas but also more recently as a transportation fuel, the company is seeing rapidly growing interest in its solutions in Europe and North America which enable hydrogen to be transported from the point of production to the point of use or sale.

Hexagon Purus' transport modules with Type 4 composite lightweight design cylinders are one of the most efficient gas transport and storage systems available worldwide. The cylinders allow for very high payloads which reduces the environmental footprint of gas transport and reduces the total cost of ownership for gas suppliers.

Through the acquisition of Wystrach, Hexagon Purus has expanded its product portfolio and further increased its exposure to the growing hydrogen infrastructure buildout through distribution modules, mobile refueling and stationary storage solutions. The acquisition adds best-in-class hydrogen systems design and assembly capacity, further vertically integrating Hexagon Purus in the hydrogen systems supply chain

and leapfrogging its plans to organically grow its systems capabilities. Wystrach's customer base includes Air Liquide, Deutsche Bahn, DHL, Infracore, Linde, Messer, Nippon Gases and SOL among others.

Strategically important agreements

During 2021, Hexagon Purus entered into a global supply agreement and national exclusivity agreement with Air Liquide for the supply of Type 4 hydrogen cylinders to the Group and its affiliates. The company also entered into a long-term agreement with Certarus, a North American market leader in clean energy solutions, to deliver hydrogen distribution modules.

The company delivered several hydrogen distribution solutions for industrial and mobility applications in Europe and North America and received several new orders as well, including more recently in new markets like Poland, and for new applications such as hydrogen refueling for transportation and hydrogen storage systems for residential use.



Light Duty Vehicle

In August 2020, Hexagon Purus was selected by a key Northeast Asian OEM for the serial supply of composite cylinders for their current zero emission Fuel Cell Electric SUV. Hexagon Purus is now preparing for production ramp to support this customer towards the end of 2022 out of its Kassel facility.

The company was recently selected to work together with BMW, Robert Bosch and TesneT Engineering to develop an innovative hydrogen storage systems solution for future fuel cell passenger cars.



Bus

As countries and cities around the world announce strategic policies to decarbonize mobility, there is a strong push to first target public transportation. Hexagon Purus has a strong track-record in developing hydrogen solutions for buses and has together with leading partners broken new ground in zero emission solutions for transit buses.

In 2021, Hexagon Purus signed an exclusive long-term supply agreement with a leading European bus OEM under which the company will supply hydrogen storage systems for the OEM's next generation fuel cell bus offering. Deliveries will take place between 2021 and 2024. The value of the contract is estimated at EUR 30 million.

Additionally, New Flyer, North America's largest bus and coach manufacturer and an existing customer of the company, placed an order for the supply of high-pressure hydrogen cylinders for their zero emission Xcelsior CHARGE H2™ hydrogen fuel cell electric transit buses.

The company has also recently received an inaugural order for hydrogen storage systems from a Polish bus OEM for serial production of fuel cell transit buses.



Rail

Hexagon Purus is at the forefront of developing hydrogen solutions for the rail industry. Through Wystrach, the company is already supplying hydrogen storage systems to Alstom for the Coradia iLint hydrogen powered passenger train under a long-term LOI. The company is also involved in several ongoing rail projects both in Europe and North America and received in January 2021 an order to deliver high pressure cylinders to Talgo S.A, a leading manufacturer of intercity, standard and highspeed passenger trains, for its first hydrogen prototype train in Spain.



Maritime

Hexagon Purus has accelerated its commercial efforts to bring zero emission technology to the maritime industry and in 2021 established a new business area, Hexagon Purus Maritime to serve this promising market. Although the business has global ambitions, the main focus from the onset will be Norway, a nation with some of the strongest maritime technology industries in the world. The growing national interest in zero emission vessels along the Norwegian coast along with the launch of the Norwegian Hydrogen roadmap is expected to fuel growth.

Hexagon Purus' hydrogen storage and distribution business is well positioned to support this ambitious energy transition in the national maritime sector and to take a global leading role in the emerging maritime hydrogen market.

Hexagon Purus is already playing an important role in several demonstration and development projects in Norway that are supported by national institutions such as The Research Council of Norway, Innovation Norway and Enova. These projects include Pilot-E type projects such as Hellesylt Hydrogen Hub, H2CarbonCat and "Utslippsfri arbeidsbåt for havbruk".

Executive management



Morten Holum

President & CEO

Morten Holum was appointed President of Hexagon Purus in March 2020. He joined Hexagon Composites in 2019 as Executive Vice President and Chief Operating Officer. Morten has extensive international business expertise from different industries and prior to joining Hexagon, he was CEO of Saferoad Group, a leading European supplier of road safety and road infrastructure solutions. He has also held key management positions in Norske Skog, Norsk Hydro and American Airlines.

Position

Experience

Number of shares

115 708¹



Dilip Warriar

CFO

Dilip Warriar was appointed Chief Financial Officer of Hexagon Purus in August 2020. He holds an MBA from New York University's Stern School of Business. Dilip has broad experience in the clean mobility industry; prior to his role as CFO, he was Vice President, Finance at Agility Fuel Solutions. Previously he was an equity research analyst at Stifel Nicolaus covering the clean transportation and energy storage industry sectors.

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Heiko Chudzick

EVP Operations

Heiko Chudzick was appointed Executive Vice President, Operations in January 2022. He joined Hexagon Group in 2018 and has broad international experience from several senior positions in the automotive sector and in ThyssenKrupp. Heiko holds a Dipl.-Ing. with a degree in Mechanical Engineering and a major in Automotive Engineering from RWTH Aachen University.

20 619



Anne Lise Hjelseth

EVP People & Culture

Anne Lise Hjelseth joined Hexagon Purus in January 2022, as Executive Vice President, People & Culture. Prior to joining Hexagon Purus, she held leading HR positions for Eli Lilly, Cambi, Kitron and Wallenius Wilhelmsen. Anne Lise holds a Master of Science degree in organic chemistry from the Norwegian University of Science and Technology (NTNU).

41 237

¹ Includes shares owned by related parties

Executive management cont.



Frank Haeberli

SVP Asia

Frank Haeberli was appointed Senior Vice President, Asia in July 2020. He joined Hexagon Group 15 years ago and most recently held the position as Group Vice President, Strategic Projects. Frank has held several key management positions in Hexagon and has extensive experience and a strong track-record from international business development projects.

60 664



Michael Kleschinski

EVP Light Duty, Distribution & Cylinders

Michael Kleschinski was appointed Executive Vice President in March 2020. From 2016, Michael was President of Hexagon Purus and has previously held different management positions within production and engineering. He has extensive experience with design and manufacturing of composites.

71 065



Todd Sloan

EVP Systems

Todd Sloan was appointed Executive Vice President in February 2019. Previously he was Senior Vice President Innovation and Global Business Development at Agility Fuel Solutions. Todd is one of the founders of Agility Fuel Solutions and is an innovator with 20+ years of experience in the clean mobility industry.

45 787

Position

Experience

Number of shares

BOARD OF DIRECTORS' REPORT

A highly successful and eventful 2021; well positioned for further successes in 2022

Hexagon Purus is a global leader in key technologies needed for zero emission mobility. Our 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. The parent company, Hexagon Purus ASA, is registered in Ålesund and headquartered in Oslo, Norway. Business activities are mainly located in Germany, USA, Canada and China.

Key developments of 2021

- Completed the acquisition of Wystrach GmbH, a leading European systems and solutions provider for storage and transport of compressed gases.
- Signed joint venture agreements with CIMC Enric to enter China which is expected to be the world's largest zero emission hydrogen vehicle and distribution market
- Signed a long-term agreement with Nikola Corporation, a global leader in zero-emissions transportation and infrastructure solutions to develop and supply its high-performance Type 4 hydrogen cylinders. The scope of the agreement is over a multi-year period with an estimated sales value in excess of EUR 200 million
- Signed a global supply agreement with Air Liquide, a world leader in gases, technologies and services for Industry and Health. The agreement covers the supply of Type 4 hydrogen cylinders to Air Liquide Group and its affiliates around the world. In conjunction, Hexagon Purus has entered its first local supply agreement with an Air Liquide affiliate in a key region that is adopting hydrogen as a major part of its energy transition
- Signed an exclusive long-term supply agreement ("LTA") with a leading European bus OEM. Under this LTA, Hexagon Purus will supply hydrogen storage systems for the OEM's next generation two axle (12 meter) and articulated (18 meter) fuel cell bus offerings. This OEM has been a long-standing customer of Hexagon Purus. Deliveries under the LTA will take place between 2021 and 2024 with an

estimated sales value of approximately EUR 30 million (including some deliveries already made in 2021)

- Signed a multi-year agreement (as part of a broader agreement together with Hexagon Agility encompassing CNG solutions) to supply hydrogen distribution modules to Certarus. Under the agreement, Hexagon Purus received an initial order for SMARTSTORE® hydrogen distribution modules with an estimated value of USD 3.2 million
- New Flyer, North America's largest mass mobility solutions provider, placed an order with Hexagon Purus for the supply of high-pressure hydrogen tanks for their zero-emission Xcelsior CHARGE H2™ hydrogen fuel cell electric transit buses. The contract value is approximately NOK 7.7 million and deliveries commenced in Q1 2021
- Broke ground on new construction of a new 60 000 square foot manufacturing facility in Kelowna, Canada, to house the production of battery packs and hydrogen fuel storage systems
- Established a new business area, Hexagon Purus Maritime to accelerate commercial

efforts to bring zero emission technology to the maritime industry. Concurrently, Hexagon Purus exited its direct ownership position in the Hyon AS JV but remains invested in the consortium through its shareholding in Norwegian Hydrogen AS

- Completed the transfer of the discontinued CNG LDV business to the ownership of Hexagon Composites ASA

Revenue/EBITDA

Hexagon Purus' revenue for the year 2021 increased by 182 per cent to NOK 508 million compared with NOK 180 million in 2020 and reported EBITDA was NOK -272 (-141) million. The growth in revenue was driven primarily by continued strength in hydrogen distribution and transit bus applications as well as the acquisition of Wystrach GmbH which contributed NOK 140 million in revenue and NOK 18 million in EBITDA. Continued investments in personnel and infrastructure to support and accelerate Hexagon Purus' development as well as the incremental costs of being an independent and publicly traded company drove negative profitability.

Profit/loss

Hexagon Purus recorded a net loss after tax for the full year 2021 (before profit from discontinued

operations) of NOK -345 (-308) million. Net financial items were NOK -19 (-104) million primarily driven by reduction in interest and foreign exchange fluctuations on intercompany debt positions.

The results of Hexagon Purus' Compressed Natural Gas Light Duty Vehicle (CNG LDV) business were reported as discontinued operations in historically financial figures following the decision to transfer it to Hexagon Composites' gas-mobility (g-mobility) business. This transfer was completed on October 1, 2021.

Financial position

At year-end, the balance sheet amounted to NOK 2 102 (2 095) million and the Group's equity ratio was 67 per cent. Property, plant and equipment were NOK 268 (77) million and intangible assets were NOK 752 (415) million. The acquisition of Wystrach contributes substantially to the increase. IFRS 16 Leases were implemented on 1 January 2019; as of year-end 2021 the right of use assets balance was NOK 52 (30) million. Inventory was NOK 261 (62) million. Outstanding receivables were NOK 220 (27) million. Interest bearing debt decreased to NOK 56 (161) million in 2021. Equity decreased to NOK 1 415 (1 629) million primarily driven by the negative profit after tax which is partly offset by a capital raise

of NOK 144 million related to issuance of consideration shares concerning the acquisition of Wystrach.

The fair value of the identifiable assets and liabilities of Wystrach GmbH as of the date of the acquisition included property plant and equipment of NOK 113 million, intangible assets included goodwill of NOK 332 million, Inventory of NOK 171 million, other assets of NOK 118 million and total liabilities of NOK 334 million, see [note 4](#) for more details.

Cash flow and liquidity

Total cash amounted to 453 (1 246) million at the end of 2021. The Company subsequently raised NOK 600 million in gross proceeds on February 15, 2022 through a private placement of 24 742 268 new shares. Following this raise, the Company expects that cash will be sufficient to cover planned capital expenditures, operational requirements and financing activities in 2022.

Net cash flow from operating activities was NOK -456 (-227) million. Depreciation and amortization totaled NOK 53 (54) million.

Net cash flow from investing activities was NOK -298 (-22) million, largely driven by the acquisition of Wystrach GmbH and increased capital

expenditure. Net cash flow from financing activities was NOK -39 (1 435) million with the prior year period reflecting proceeds from a NOK 750 million private placement in December 2020 and NOK 500 million of proceeds from Hexagon Composites in August 2020. Net currency differences presented separately totaled NOK 0.5 (-6) million.

Borrowings

Following the successful completion of the Wystrach GmbH acquisition in Q4 2021, Hexagon Purus has external debt of NOK 56 million as of year-end and also has an outstanding deferred payment of NOK 43 million to be settled in cash by March 31, 2023, to the selling shareholders of Wystrach. NOK 161 million of intercompany debt due to Hexagon Composites was settled against the transfer of the CNG LDV business which was completed on October 1, 2021. The residual intercompany debt was subsequently settled in cash. See [note 4](#) and [5](#) for more information.

Share price development and dividends

At the end of 2021 the total number of shares in Hexagon Purus ASA was 233 536 669 (par value NOK 0.10). The share price moved between NOK 21.6 and NOK 82.1 ending the year at NOK 21.6 and representing a market value of approximately NOK 5.0 billion. Given Hexagon

Purus' relatively early stage of development and significant growth opportunities, the Board of Directors does not recommend a dividend for the year 2021.

COVID-19

22 confirmed cases of COVID-19 infection were reported among Hexagon Purus personnel in 2021, all of whom have recovered or are recovering. All production facilities have remained open and only marginally affected during the year. For more detail on the Company's risks, responses, impacts and resilience in relation to the COVID-19 pandemic, please refer to the Outlook section of this report.

Risk management

Hexagon Purus works systematically to identify and manage risks. Risk management is executed by Group management and management in operating entities. 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. The Group also fulfills certain financial functions through services provided by Hexagon Composites. In addition, the operating subsidiaries have financial controllers that perform similar tasks at the subsidiary level.

The Group is exposed to credit risk related to counterparty default on contractual agreements and trade, and other current receivables. The Company has policies and procedures to ensure that sales are made to customers with appropriate credit profiles within defined limits. No material losses on outstanding receivables were recorded in 2021 or 2020. Continuing business trade receivables at the end of the year amounted to NOK 220 million.

The Group's interest-bearing liabilities have variable interest rates, which expose the Group to volatility in future interest payment amounts. The aim of the Group's interest rate management is to reduce interest expense while keeping this volatility within acceptable limits.

Liquidity risk is the risk of the Group not being able 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.

To the extent the Group does not generate sufficient cash from operations to fund its existing and future business plans, the Group may need to raise additional funds through public or private debt or equity financing to execute its growth strategy and to fund capital expenditures. Adequate sources of capital funding might not be available when needed or may only be available at unfavourable terms. If funding is insufficient at any time in the future, the Group may be unable to, inter alia, fund acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's growth plans, financial condition and results of operations.

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 (its presentation currency) against other currencies.

The Group's profit after tax is also affected by currency movements, as the results of foreign companies are translated to Norwegian kroner using the weighted average exchange rate for the period. The most important foreign currencies to the Company are the US Dollar and Euro. The Group currently does not use financial instruments to manage foreign exchange risk.

Please see [note 20](#) to the consolidated financial statements for further information related to financial risk factors and mitigating actions.

Operational risk

Business risk relates to the risk of loss and reduced profitability due to changes in the Group's competitive position. Factors which can impact the competitive position include new players in the industry, pressure on market prices and future demand and supply factors. Depending on developments, these factors can have a negative impact on results and financial positions.

Operational and technological risk

Hexagon Purus currently has a strong position in the markets it operates in. The Group uses its expertise to develop and commercialize new products, processes and technologies. The Group has protected its products, technologies and production processes with patents where deemed

appropriate. However, the Group is exposed to competing technologies and processes that could have a negative effect on its competitive position and, in turn profitability and financial position. Hexagon Purus operates in markets with strict standards for quality and delivery. Deviations from these standards could result in significant additional costs, lost revenues and damage to the Group's reputation. To mitigate these risks, the company has procedures and controls in place to identify and prevent deviations.

The Group's products are subject to governmental laws and regulations, including regulations relating to quality, health and safety. The Group manufactures its products in accordance with, and its products are subject to inspection standards pursuant to, applicable regulation and requisite approvals. However, the Group cannot predict the future costs of complying with applicable regulations, standards and permits as these develop. Adoption of new laws, regulations or public requirements that impose more stringent requirements concerning the safety aspects of Hexagon Purus' products could result in increase of compliance expenditure, suspension of production, product recalls or claims from third parties, which in each case could have a material adverse effect on the Group's business, financial position, results of operations and cash flow.

Raw materials and components risk

The Group is exposed to developments in the price of its raw materials and components, and, in particular, the cost of carbon fiber and lithium-ion battery cells. The price of these raw materials is linked to various factors including developments in the price of oil, precursor commodities and energy and the prevailing market balance where supply is dependent on a limited number of suppliers.

Climate risk

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 economy opens new business opportunities for Hexagon Purus, as a solutions provider in this space. We strive to maximize the positive climate impact of Hexagon Purus' technologies by enabling the avoidance of greenhouse gas emissions from both material production and waste management in the application of those technologies.

Climate change also represents some level of physical risk to Hexagon Purus 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 Purus 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.

The most critical factors in Hexagon Purus' own greenhouse gas emissions are the production processes which, throughout the value chain, must be reduced to further strengthen Hexagon Purus' business model. In addition, the transition to a low-carbon economy will entail extensive policy, legal, technology, and market changes, with a potential to have significant impact on Hexagon Purus' revenues. More information on climate and environmental risks and how these are managed can be found in the 2021 Sustainability Report for Hexagon Composites ASA.

Corporate governance

While the Group is not subject to the Norwegian recommendations in NUES (Norwegian Code of Practice for Corporate Governance), the Group intends to prepare reports on the Code as if it applied to it in the future.

Corporate social responsibility

Hexagon Purus strives to conduct its business in an economically, socially and environmentally responsible manner. The Company's principles and practices are referred to in Hexagon Composites ASA's 2021 Sustainability Report.

Directors and officers insurance

The Board of Directors and management personnel of Hexagon Purus ASA are covered by Hexagon Composites' Directors and Officers liability insurance policy. 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.

The working environment and the employees

Keeping its employees safe during its operations is a Hexagon Purus value. The Group's manufacturing uses complex machinery and industrial processes, rapidly moving parts and equipment, heat, caustic chemicals, and pressurized gas. The Group has established training and operational requirements to ensure a safe and healthy work environment. We believe this promotes efficiency and lowers operating costs.

Leave of absence due to illness was measured to 6 per cent in 2021 (4 per cent in 2020) of the total working hours in the Group in Germany; 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. The Group has succeeded to keep the leave of absence from illness at an acceptable level for the year despite challenges posed by COVID-19. The Group will continue its efforts to reduce the number of sick days and has ongoing initiatives such as offering gym memberships and physical therapy as well as plans to rotate tasks between the employees. No incidents or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year.

The working environment is considered to be good, and efforts for continued improvements are made on an ongoing basis. The Group's various working environment committees held regular meetings in 2021. Several issues have been discussed in the committees, which have resulted in recommendations of improvements to the related departments. The cooperation with employee trade unions has been constructive and contributed positively to operations.

Equal opportunities and discrimination

In an increasingly complex and demanding business environment, teams with complementary skill sets, backgrounds and perspectives are vital for success. As a global organization, Hexagon Purus employs people of many different nationalities. Research shows that companies with a more diverse workforce perform better

financially. Hexagon Purus believes that people with different approaches and experience drive innovation and ensure a dynamic work environment. The Group has continued to build a diverse internal talent pool. This is achieved both through the Group's selection processes and the work environment it promotes and supports. Preferential treatment or discrimination in working conditions due to gender, religion or ethnic background is strictly prohibited. The Group has prioritized the recruitment of women, despite the challenges of a traditionally male-dominated, industrial operating environment. The lowest proportion of women employees is in production, while the proportion of women in other areas such as accounting and finance, human resources and administration is more balanced.

Environmental report

Waste from production facilities, including waste considered harmful to the environment, is within regulatory limitations. Where the Group's operations are within regulation by licenses or impositions, the operation is well within the required levels. A significant portion of the environmental work is concentrated on establishing systems for measuring dust, physical environment and noise in the production facilities.

The Group participates in Hexagon Composites Group's program for environmental improvements. To address the challenges associated with recycling composite waste, Hexagon Purus and Hexagon Composites are engaged in initiatives locally and in the EU to develop circular value streams for ground composite materials. The Group cooperates with research partners such as SINTEF and the Norwegian University of Science and Technology (NTNU), as well as other manufacturers, to explore potential reuses of composite materials. Most of the manufacturing sites have recycling programs ensuring landfill diversion. Carbon fiber not used in production is sent for recycling. The raw materials and pallets used for packaging have been reduced.

Research & development

In order to maintain a leading position within its markets, Hexagon Purus invests in technological and product development. Several research & development (R&D) projects are carried out in cooperation with major customers. The Group expensed R&D costs amounting to NOK 47 (15) million in 2021. The Group has received government contributions of NOK 2 (2) million towards research and development activities for 2021. The total net carrying amount of capitalized technology and development amounted to NOK 141 (55) million as of 31 December 2021, while amortization of capitalized technology & development

amounted to NOK 6 (4) million. The Group has 78 (34) full-time equivalents for engineering and R&D activities who are mostly directly expensed.

After balance sheet date

- Signed a long-term binding letter of intent with Hino Motors Manufacturing U.S. to provide battery packs for multiple Hino truck platforms with serial production planned from 2024. The total sales value over the life of the agreement is estimated at USD 1 billion
- Nominated by a leading and long-standing commercial truck OEM to provide battery packs for serial production of battery electric heavy-duty vehicles between 2024 and 2027, with an option to extend until 2029. The total sales value for the initial period from 2024-2027 is estimated at approximately USD 800 million, increasing to approximately USD 1.2 billion if the extension option is exercised
- Received orders worth EUR 7.2 million approximately for hydrogen distribution systems from various customers
- Received inaugural orders for hydrogen cylinders from Reliance Industries Limited in India

- Selected to work together with BMW, Robert Bosch and TesTneT Engineering to develop an innovative hydrogen storage system solution for future fuel cell passenger cars
- Signed a 10-year lease for a new 60 000 square foot facility in Westminster, USA for cylinder manufacturing and engineering, expected to be ready for move in during the summer of 2022
- On 15 February 2022, the Company issued 24 742 268 new shares in a private placement at a price of NOK 24.25 per share
- Received inaugural order for high-pressure hydrogen fuel systems from a Polish bus OEM
- The Russian invasion of Ukraine and its outfall and consequences are at the time of preparing the financial statement difficult to assess and predict. However, given the Group's relatively limited investments and market activities in Russia and Ukraine and their surrounding areas, the management does not assess this event to have a significant effect on the reported figures as of December 31, 2021

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

Outlook

Hexagon Purus' revenue growth in the near-term continues to be driven by hydrogen distribution and transit bus applications as evidenced in the revenue trends of 2021 and recent contract awards.

Through the acquisition of Wystrach GmbH, Hexagon Purus has expanded its product portfolio and further increased its exposure to the growing hydrogen infrastructure segment through distribution modules, mobile refueling and stationary storage solutions. The acquisition adds best-in class hydrogen systems design and assembly capacity, further vertically integrating Hexagon Purus in the hydrogen systems supply chain and leapfrogging its plans to organically grow its systems capabilities.

While revenue contribution from heavy duty vehicle applications has declined in recent quarters due to OEM program timing, development work and project activity in this key application remain high. It is expected that revenue contribution from this application will grow in the coming years as battery and fuel cell electric vehicle platforms transition to commercial start of production. Hexagon Purus has recently entered a binding letter of intent with Hino Motors and been nominated for its first battery system

serial production contract by an established and long-standing OEM for deliveries starting in 2024. The total sales value of these contracts is estimated between USD 1.8 and 2.2 billion.

Hexagon Purus is closely monitoring the COVID-19 situation and has prepared contingency plans at each site. The pandemic has made global supply chains more uncertain and continues to extend the lead times for certain components, including battery cells. It is not possible to accurately predict the final outcome from COVID-19 related effects, but the Company will remain vigilant and committed to employing further counter measures to mitigate such effects, if required.

With several growth initiatives underway, including building organizational capabilities and production capacity to support customer launch activity as well as expected market demand in the coming years in North America, Europe and Asia, Hexagon Purus is in the investment phase of its development. Such investments are expected to impact profitability over the near to-medium term.

2022 revenue is expected to grow approximately 75 per cent based on strong backlog and order trends; EBITDA losses are expected to increase by approximately 50 per cent.

The forward-looking statements made above are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that are expected to occur in the future. They are therefore not guarantees of future performance. While the statements reflect the current views and expectations of Hexagon Purus based on information currently available to it, they are subject to various assumptions, in addition to risks and uncertainties that may be outside of its control. We cannot provide any assurance that the assumptions underlying such forward-looking statements are free from errors nor accept any responsibility for the future accuracy of the opinions expressed herein, or the actual occurrence of the forecasted developments. Actual results could differ materially from those expressed or implied in forward-looking statements. Any forward-looking statements are based only on conditions as of the date on which they are made and we are under no obligation to update or alter such forward-looking statements whether as a result of new information, future events or otherwise.

Going concern

In accordance with the Norwegian Accounting Act Section 3-3a, we confirm that the conditions for continued operations are present and that

the annual report has been prepared under the assumption of going concern. This assumption is based on profit forecasts for 2022 as well as the Company's long-term strategic forecasts. The Company raised NOK 600 million in new equity through a private placement in February 2022. At the date of this report the Company has a solid financial position with sufficient liquidity and a robust equity ratio. The Company is predicting strong growth in the years to come. This growth will require further financing and the Board is of the opinion that such financing will be available, through equity and/or loans, given the outlook for the Company and the industries it is operating in.

The Parent Company

The Parent Company Hexagon Purus ASA incurred a loss for the year after tax of NOK 51.9 million in 2021. The Board of Directors of Hexagon Purus ASA propose the loss for the year is allocated as follows

(NOK 1 000)	2021
Share premium	(51.9)
Total allocation	(51.9)

Statement from the Board of Directors and Group president

We confirm to the best of our knowledge that:

- the financial statements for the Group for 2021 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 assets, liabilities, financial position and financial performance as a whole, and
- the Board of Directors' Report gives a true and fair overview of the Group's development, profit and financial position, together with a description of the principal risks and uncertainties that they face.

Oslo, Norway, 21 March 2022
The Board of Directors of Hexagon Purus ASA



Jon Erik Engeset
Chairman of the Board



Espen Gundersen
Board Member



Jannicke Hilland
Board Member



Martha Kold Bakkevig
Board Member



Rick Rashilla
Board Member



Karen Romer
Board Member



Knut Flakk
Board Member



Morten Holum
President & CEO

Board of Directors



Jon Erik Engeset

Chairman

Jon Erik Engeset has been CEO & President of Hexagon Composites since 2013. Prior to joining Hexagon, Jon Erik was the CEO of Saferoad Group, a leading European supplier of road safety solutions. He also has extensive experience from executive positions at Rolls Royce and Norsk Hydro.

Jon Erik holds an MSc and MBA from NHH - Norwegian School of Economics.

60 518¹



Espen Gundersen

Board member

Espen Gundersen has extensive experience from executive positions. Until February 2022, he was the CFO and Deputy CEO of Tomra Systems, where he has held various positions since 1999. He currently sits on the board of Kitron.

He is a professional accountant and has his MBA from BI Norwegian Business School.

20 619



Martha Kold Bakkevig

Board member

Martha Kold Bakkevig has extensive board experience from various industries, including Kongsberg and BW Group. She was the CEO of Deepwell from 2007-2017.

Martha holds two PhD's, one of them specializing in Strategies for Commercialization of New Technology from BI.

4 124¹



Jannicke Hilland

Board member

Jannicke Hilland is currently the CEO of BKK Energy. Jannicke has extensive energy sector experience from Statoil and Norsk Hydro. She also sits on various boards, including: Nysnø Klimainvesteringer, Energi Norge and Bonheur.

She has a PhD in Engineering from the University of Bergen

10 309

Board position

Experience

Education

Number of shares

¹ Includes shares owned by related parties

Board of Directors cont.



Knut Flakk

Board member

Knut Flakk owns the Flakk Gruppen and has extensive experience from establishing, developing and operating industrial companies both in Norway and internationally. He has been CEO of the Flakk Group since 1996.

Knut holds an MSc from BI Norwegian Business School and MBA from London Business School.

4 781 061¹



Rick Rashilla

Board member

Rick Rashilla was named SVP Research & Development in Hexagon Composites in 2020. Prior to his R&D role, Rick held several key management positions in the Group. He has 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.

Rick holds a Bachelor of Science in Industrial Management from the University of Cincinnati.

54 587



Karen Romer

Board member

Karen Romer was appointed SVP Communications in Hexagon Composites in April 2020. Prior to joining Hexagon, Karen was Senior Director at Hill & Knowlton Norway (H+K) where she led the corporate communications practice. Karen has extensive experience from senior communications positions at Lindorff, Couche-Tard/Statoil Fuel & Retail and Aker Solutions.

Karen holds a Bachelor of Arts degree in English Literature from Fordham University.

2 334

Board position

Experience

Education

Number of shares

¹ Includes shares owned by related parties

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Income statement Group

1 JANUARY – 31 DECEMBER

(NOK 1 000)	Note	2021	2020	2019
CONTINUING OPERATIONS¹				
Revenue				
Revenue from contracts with customers	6, 7	506 039	178 121	207 154
Other operating revenue	6, 7	1 679	1 693	4 140
Total revenue		507 718	179 814	211 294
Operating expenses				
Cost of materials	14	324 566	86 717	128 232
Payroll & social security expenses	8, 22, 24, 29	209 602	123 497	143 157
Other operating expenses	4, 11, 15, 21	245 327	110 322	83 167
Total operating expenses before depreciation		779 495	320 536	354 556
Operating profit before depreciation (EBITDA)	6	(271 777)	(140 722)	(143 261)
Depreciation, amortization and impairment	9, 10, 11	53 098	26 906	25 508
Operating profit (EBIT)		(324 874)	(167 628)	(168 769)
Share of profit from associates and joint ventures	12	(2 957)	(1 885)	(749)
Finance income	18, 19	14 250	10 110	3 243
Finance costs	18, 26	(33 691)	(113 969)	(27 397)
Profit/loss before tax from continuing operations		(347 273)	(273 373)	(193 672)
Tax expense	30	(2 120)	34 654	(25 777)
Profit/loss from continuing operations		(345 152)	(308 026)	(167 895)

¹ The income statement represents Purus/e-mobility as continuing operations for all periods

(NOK 1 000)	Note	2021	2020	2019
DISCONTINUED OPERATIONS				
Profit/loss after tax from discontinued operations	5	(8 552)	(34 602)	69 279
Profit/loss for the year		(353 704)	(342 628)	(98 616)
Attributable to:				
Equity holders of the parent	25	(353 704)	(342 628)	(98 616)
Earnings per share				
Ordinary		(1.48)	(1.50)	(298.84)
Diluted		(1.48)	(1.50)	(298.84)
Earnings per share from continuing operations				
Ordinary	25	(1.49)	(1.34)	(508.77)
Diluted	25	(1.49)	(1.34)	(508.77)

Statement of comprehensive income

(NOK 1 000)	Note	2021	2020	2019
Profit/loss after tax		(353 704)	(342 628)	(98 616)
OTHER COMPREHENSIVE INCOME:				
Items that will be reclassified through profit or loss in subsequent periods				
Exchange differences on translation of foreign operations		(11 553)	12 675	(957)
Net total of items that will be reclassified through profit and loss in subsequent periods		(11 553)	12 675	(957)
Total comprehensive income for the period		(365 257)	(329 954)	(99 573)
Attributable to:				
Share premium	25	(365 257)	(329 954)	(99 573)

Financial position of the Group

(NOK 1 000)	Note	31 Dec 2021	31 Dec 2020	31 Dec 2019
ASSETS¹				
Non-current assets				
Property, plant & equipment	9	267 705	76 634	103 359
Right-of-use assets	11	52 219	30 457	53 577
Intangible assets	10	752 294	415 097	475 378
Investments in associates and joint ventures	12	7 024	2 066	651
Other non-current assets	13, 19	2 476	751	3 226
Deferred tax asset	30	-	-	41 213
Total non-current assets continuing operation		1 081 718	525 005	677 404
Current assets				
Inventories	14	261 235	61 586	100 678
Trade receivables	15, 19	220 286	26 657	125 015
Contracts assets (accrued revenue)	7, 15, 19	4 165	814	3 100
Other current assets	16, 19	80 943	14 440	5 941
Cash and short-term deposits	17, 19	453 398	1 246 351	65 093
Total current assets continuing operation		1 020 027	1 349 849	299 827
Assets held for sale	5	-	219 771	-
Total assets		2 101 745	2 094 625	977 231

¹ In the statement of financial position CNG LDV (discontinued operations) is presented as held for sale as of 31 Dec 2020. As of 31 Dec 2019 CNG LDV is reported as continuing operations.

(NOK 1 000)	Note	31 Dec 2021	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES¹				
Equity				
Issued capital	23	23 354	22 909	330
Share premium	23	1 383 981	1 605 739	14 443
Other paid-in capital		8 063	372	-
Total paid-in capital		1 415 398	1 629 021	14 773
Other equity		-	-	(119 590)
Total other equity		-	-	(119 590)
Total equity	23	1 415 398	1 629 021	(104 816)

(NOK 1 000)	Note	31 Dec 2021	31 Dec 2020	31 Dec 2019
Non-current liabilities				
Interest-bearing loans and borrowings	19, 20, 26, 27	42 126	-	729 428
Lease liabilities	11, 26	31 794	21 795	47 828
Non-current provisions	4	7 235	3	1 613
Other non-current financial liabilities	4	109 106	-	-
Net employee defined benefit liabilities	22	1 892	2 635	2 076
Deferred tax liabilities	30	52 231	11 024	22 325
Total non-current liabilities continuing operation		244 384	35 457	803 269
Current liabilities				
Trade and other payables	19	191 409	83 988	139 207
Contract liabilities	7	121 827	32 068	33 276
Interest-bearing loans and borrowings	11, 19, 20, 26, 27	13 635	161 016	-
Lease liabilities, short term	11, 26, 27	21 285	9 244	12 810
Income tax payable	30	8 178	-	20
Provisions	21	12 882	17 162	13 392
Other current liabilities	27, 28	72 747	49 512	80 073
Total current liabilities continuing operation		441 964	352 990	278 778
Liabilities directly associated with the assets held for sale 5		-	77 158	-
Total liabilities		686 347	465 604	1 082 047
Total equity and liabilities		2 101 745	2 094 625	977 231

Oslo, Norway, 21 March 2022
The Board of Directors of Hexagon Purus ASA


Jon Erik Engeset
Chairman of the Board


Espen Gundersen
Board Member


Jannicke Hilland
Board Member


Martha Kold Bakkevig
Board Member


Rick Rashilla
Board Member


Karen Romer
Board Member


Knut Flakk
Board Member


Morten Holum
President & CEO

¹ In the statement of financial position CNG LDV (discontinued operations) is presented as held for sale as of 31 Dec 2020. As of 31 Dec 2019 CNG LDV is reported as continuing operations.

Cash flow statement Group

(NOK 1 000)

	Note	2021	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES¹				
Profit before tax from continuing operations		(347 273)	(273 373)	(193 672)
Profit/loss before tax from discontinued operations		(8 414)	(36 066)	67 516
Profit before tax		(355 687)	(309 439)	(126 156)
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and impairment of property, plant and equipment	9	17 129	16 934	12 370
Depreciation and impairment of right-of-use assets	11	18 116	20 213	20 211
Amortization and impairment of intangible assets	10	17 853	17 312	14 626
Share-based payment expense	24	7 691	372	-
Share of net profit of associate and a joint venture	12	2 957	1 885	749
Movements in pensions	22, 31	(743)	559	898
Working capital adjustments				
Change in trade receivables, contract assets and prepayments	15	(147 288)	81 046	(43 357)
Change in inventories and right of return assets	11, 14	(29 089)	(21 318)	11 018
Change in trade and other payables, contract liabilities	28	33 607	(34 063)	81 478
Change in other accrual accounting entries	13, 27	(26 930)	(38 306)	11 792
Other adjustments to reconcile to operating cash flow				
Interest received	18	(1 625)	(1 107)	(352)
Interest paid	18	8 593	40 034	31 233
Income tax paid (-refunded) for the period	30	(908)	(832)	98
Net cash flow from operating activities		(456 324)	(226 707)	14 607

(NOK 1 000)	Note	2021	2020	2019
CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchase of property, plant and equipment	9	(107 711)	(50 063)	(51 640)
Proceeds from sale of property, plant and equipment	9	-	37 372	-
Purchase and development of intangible assets	10	(37 735)	(15 034)	(63 027)
Proceeds from sale of intangible assets		-	8 357	-
Cash related to acquisition of subsidiary net of cash acquired	4	(146 189)	-	-
Investments in associated companies	12	(8 580)	(3 300)	-
Proceeds from sale of shares in associated companies	12	665	-	-
Interest received	18	1 625	1 107	352
Net cash flow used in investing activities		(297 924)	(21 561)	(114 315)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from loans	26	10 657	771 588	140 325
Repayment of loans	26	(21 755)	-	-
Interest payments	18	(8 593)	(40 034)	(31 233)
Changes to non-current provisions		(979)	-	-
Repayment of principal portion of lease liabilities	11, 26	(17 606)	(18 688)	(9 709)
Interest on lease liabilities	11, 26	(913)	(1 243)	(626)
Transaction costs of issue of shares	23	-	(26 582)	-
Proceeds from new equity	23	-	750 000	-
Net cash flow (used in)/from financing activities		(39 189)	1 435 041	98 757
Net decrease/increase in cash and cash equivalents		(793 437)	1 186 773	(950)
Net foreign exchange difference		483	(5 515)	(509)
Cash and cash equivalents at 1 January	17	1 246 351	65 093	66 552
Cash & cash equivalents outgoing balance		453 398	1 246 351	65 093

¹ The cash flow statement is presented including CNG LDV (discontinued operations) for 2020 and 2019.

Statement of changes in equity

(NOK 1 000)	Issued capital	Share premium	Other paid-in capital	Other equity and retained earnings	Foreign currency translation reserve	Total equity
As of 1 January 2019	330	14 443	-	(20 016)	-	(5 243)
Profit for the period	-	-	-	(98 616)	-	(98 616)
Other comprehensive income	-	-	-	-	(957)	(957)
Total comprehensive income	-	-	-	(98 616)	(957)	(99 573)
Share-based payments etc	-	-	-	-	-	-
Changes in paid-in capital	-	-	-	-	-	-
As of 31 December 2019	330	14 443	-	(118 632)	(957)	(104 816)
As of 1 January 2020	330	14 443	-	(118 632)	(957)	(104 816)
Profit for the period	-	(342 628)	-	-	-	(342 628)
Transferred to share premium	-	(106 915)	-	118 632	(11 717)	-
Other comprehensive income	-	-	-	-	12 675	12 675
Total comprehensive income	-	(449 543)	-	118 632	958	(329 954)
Share-based payments	-	-	372	-	-	372
Debt conversion	19 832	1 320 168	-	-	-	1 340 000
Changes in paid-in capital	2 747	747 253	-	-	-	750 000
Transaction costs	-	(26 582)	-	-	-	(26 582)
As of 31 December 2020	22 909	1 605 739	372	-	-	1 629 021
As of 1 January 2021	22 909	1 605 739	372	-	-	1 629 021
Profit for the period	-	(353 704)	-	-	-	(353 704)
Other comprehensive income	-	(11 553)	-	-	-	(11 553)
Total comprehensive income	-	(365 257)	-	-	-	(365 257)
Share-based payments	-	-	7 691	-	-	7 691
Changes in paid-in capital	444	143 628	-	-	-	144 072
Transaction costs	-	(129)	-	-	-	(129)
As of 31 December 2021	23 354	1 383 981	8 063	-	-	1 415 398

On 26 October 2020 there was a restructuring of Hexagon Purus Group's debt to Hexagon Group by which Hexagon Composites ASA became the sole creditor for the total outstanding loan positions towards entities within Hexagon Purus Group. The total loan amount did include an additional new loan of NOK 500 million to Hexagon Purus ASA with the intention to provide cash for operation and growth of Hexagon Purus Group. The total loan was subordinated to any external financing in Hexagon Purus Group and it had a right to be converted to equity when the solidity in Hexagon Purus Group needed to be improved. On 30 October 2020 the Company issued 201 289 712 new shares in a share split and debt conversion. In the extraordinary shareholder's meeting 30 October 2020 the shares were split into 201 619 712 shares, and debt of NOK 1 340 million was converted to equity, resulting in a share face value of NOK 0.10. In the same extraordinary shareholders meeting, the Board of Directors was granted the power to increase the share capital by maximum NOK 8.35 million in face value.

On 9 December 2020 the Company issued 27 472 527 new shares in a private placement at the price of NOK 27.30 per share.

On 23 November 2021 related to the closing of the Wystrach acquisition, the company issued 4 444 430 consideration shares to the previous shareholders of Wystrach GmbH.

After the balance sheet date, on 15 February 2022, the Company issued 24 742 268 new shares in a private placement at the price of NOK 24.25 per share.

Notes

Note 1 Corporate information

Hexagon Purus ASA, the parent of Hexagon Purus Group, is a public limited liability company with its registered office in Norway. The company's headquarters is at Korsegata 4B, 6002 Aalesund, Norway.

The Board of Directors authorized the annual report for publication on 21 March 2022.

Hexagon Purus is the world leading supplier of light-weight Type 4 high-pressure tanks and systems for the storage and distribution of compressed gases, in particular hydrogen. In addition, Hexagon Purus Group delivers battery electric solutions for fuel cell electric and battery electric vehicles (FCEV and BEV). Our solutions and proven technology serve a wide range of mobility and storage applications, enabling our customers to reduce their carbon footprint and increase their competitive edge. We are well positioned across the entire value chain with vehicle tanks and systems for cars, trucks, buses, ground storage, transportation, marine and rail.

Additionally Hexagon Purus Group is a part of and consolidated into Hexagon Group. Hexagon delivers safe and innovative solutions for a cleaner energy future. Hexagon Group has approximately 1 500 employees across 23 global locations.

In addition to the parent Hexagon Purus ASA, the following companies are included in the consolidated financial statements of Hexagon Purus Group:

Company	Home country	Registered office	Ownership	Votes
Hexagon Technology H2 AS	Norway	Aalesund	100%	100%
Hexagon Purus HK Holding AS	Norway	Aalesund	100%	100%
Hexagon Purus Maritime AS	Norway	Aalesund	100%	100%
Hexagon Composites Germany GmbH	Germany	Herford	100%	100%
Hexagon Purus GmbH	Germany	Kassel	100%	100%
Hexagon Purus Property GmbH	Germany	Kassel	100%	100%
Wystrach GmbH	Germany	Weeze	100%	100%
Wyrent GmbH	Germany	Weeze	100%	100%
xperion E&E Overseas GmbH	Germany	Herford	100%	100%
xperion E&E US Holding Inc.	USA	Heath, OH	100%	100%
xperion E&E USA LLC	USA	Heath, OH	100%	100%
Hexagon Purus North America Holdings Inc.	USA	Lincoln, NE	100%	100%
Hexagon Purus LLC	USA	Lincoln, NE	100%	100%
Hexagon MasterWorks Inc.	USA	Lincoln, NE	100%	100%
Hexagon Purus Systems USA, LLC	USA	Costa Mesa, CA	100%	100%
Hexagon Purus Systems Canada Ltd	Canada	Kelowna	100%	100%
Joint ventures / Associates				
Norwegian Hydrogen AS	Norway	Aalesund	20.98%	20.98%

Hexagon Purus GmbH have transferred the CNG LDV operations to Hexagon Composites ASA with financial effect 1. October 2021.

There are two entities established in Hong Kong for the purpose of owning the JV activities in China together with the Group's partner. The entities contain no activity yet in 2021.

Hexagon Purus exited its direct ownership position in the Hyon AS but remains invested in the consortium through its shareholding in Norwegian Hydrogen AS.

Morten Holum is President & CEO of Hexagon Purus Group and General Manager in Hexagon Purus ASA.

Note 2 Basis of preparation and other significant accounting policies

This note describes generally applicable accounting principles. Accounting principles related to specific items are described in the relevant notes below.

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) as issued by the International Accounting Standards Board (IASB) which have been adopted by the EU and are mandatory for financial years beginning on or after 1 January 2021, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31 December 2021.

The consolidated financial statements have been prepared on a historical cost basis, with exception for contingent considerations from business combinations, which are recognised to fair value over profit and loss.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

2.2 Functional currency and presentation currency

The functional currency is determined in each entity in the Group based on the currency within the entity'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 of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rate are recognized continuously in the accounting period.

The Group's presentation currency is NOK. This is also the Parent Company's functional currency. The statement of financial position figures of entities with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period for balance sheet items, including goodwill, and the exchange rate at the date of the transaction for profit and loss items. The monthly average exchange rates are used as an approximation of the transaction exchange rate. Translation differences are recognized in other comprehensive income ("OCI").

When investments in foreign subsidiaries are sold, the accumulated translation differences relating to the subsidiary attributable to the equity holders of the parent are recognized in the statement of comprehensive income. When a loss of control, significant influence or joint control is present 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 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.

2.4 Impairment testing

Recognized goodwill is assessed annually for impairment, in fourth quarter. 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 [note 3](#) and [10](#) for further information related to goodwill.

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 current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2.5 Estimation uncertainty and significant judgements

In the process of applying the Group's accounting policies in accordance with IFRS, management has made several judgements and estimates. All estimates are assessed to the most probable outcome based on the management's best knowledge. Estimates and assumptions are regularly reassessed and are based on historical experience and other factors, including forecast events that are considered probable under current circumstances.

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 significant accounting estimates that are made are discussed in each note later in this report. The Group's most important accounting estimates and judgemental areas are related to the following items:

- Depreciation and impairment of property, plant & equipment and intangible assets
- Development cost
- Product warranty provisions
- Impairment of goodwill
- Revenue recognition
- Leases
- Deferred tax assets
- Fair value of assets and liabilities acquired in a business combination

2.6 New standards, interpretations and amendments adopted by the group

The Group has not early adopted any standard, interpretation or amendments that has been issued but is not yet effective. Standards, interpretations and amendments that are issued up to the date of issuance of the consolidated financial statements, but not yet effective, are considered not relevant and not to have an impact on the consolidated financial statements of the Group.

Note 3 Basis for consolidation and business combinations

The Group's consolidated financial statements comprise Hexagon Purus ASA and its subsidiaries as of 31 December 2021. See other note for changes in the group's structure.

3.1 Accounting principles for consolidation

An entity has been 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 other notes

which contains a list of the subsidiaries and also a list of 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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, when applicable, are presented separately under equity in the Group's balance sheet.

3.1.1 Business combinations

Business combinations are accounted for by using the acquisition method, see also other note on changes in the group structure. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and consist of cash, consideration of shares issued and contingent consideration. A contingent consideration is classified as a liability in accordance with IFRS 9 Financial Instruments: Recognition and Measurement. Subsequent changes in the fair value are recognized in profit or loss.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as 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 to 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 fair value. The resulting gain or loss, if any, is recognized in profit and loss net after transaction cost.

Hexagon Purus acquired Wystrach GmbH and Wyrent GmbH as of 10 November 2021. As part of Hexagon Group, there have been several changes under common control that are described in other notes.

3.1.2 Acquired goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not depreciated but is tested at least annually for impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.1.3 Transaction related issues

Acquisition related costs are expensed as incurred and included in other operating expense.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. 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.

3.1.4 Change in ownership without loss of control

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

3.1.5 Loss of control

In cases where changes in the ownership interest of a subsidiary leads to loss of control, the consideration is measured at fair value. Assets (including goodwill) and liabilities of the subsidiary and non-controlling interest at their carrying amounts are derecognized at the date when the control is lost.

The fair value of the consideration received is recognized and any investment retained is recognized at fair value. Gain or loss is recognized in profit and loss at the date when the control is lost. The gain or loss is presented on a separate line included in operating expenses.

Note 4 Changes in the Group structure

4.1 Separation from Hexagon group

Purus has been reported as a business segment in Hexagon Group since 2018. Prior to this, the relevant entities were part of the high-pressure segment in Hexagon Group. Over the last years, as Hexagon has gathered zero-emission activities in Purus, the Purus group structure and its own group parent – Hexagon Purus ASA – have been established.

Hexagon Group's business covers the spectrum of low carbon and no carbon mobility solutions. Its strategy focuses along three axes; g-mobility, e-mobility, and world class manufacturing. Since January 2020, Hexagon Group has combined all its e-mobility activities in Hexagon Purus to develop its leading position and pursue zero-emission opportunities in the growing e-mobility market. In that reorganization, CNG LDV remained a part of the Hexagon Purus structure. On 19 August 2020, Hexagon Group publicly announced the decision of its Board of Directors to transfer its Compressed Natural Gas Light Duty Vehicle (CNG LDV) activities from Hexagon Purus, to Hexagon's gas-mobility (g-mobility) business. This transfer was the final step to establish Hexagon Purus as a pure e-mobility business. The final accounting effect of this transfer took place in 2021.

The transfer of CNG LDV to the g-mobility business is a logical step from an industrial perspective. It conforms more with Hexagon's g-mobility business, which is currently in the fast lane, benefitting from increased adoption of cleaner energy alternatives, especially natural gas and renewable natural gas.

4.2 Common control transactions

4.2.1 Accounting principles for common control transactions

For the purpose of preparing consolidated financial statements of Hexagon Purus Group, the transfer of entities or business into Hexagon Purus Group is accounted under the pooling method of accounting (predecessor accounting) using values reflected in the consolidated financial statements of Hexagon Group (which can be different from transaction value in each entity). To present historical financial information that is representative for the business going forward, comparative financial information of Hexagon Purus Group is restated to reflect historical financial information of transferred entities and businesses. Comparatives are those of the existing businesses owned by Hexagon Purus Group as of 31 December 2021, subject to when the underlying entities became part of the Hexagon Group. For entities or businesses transferred out of Hexagon Purus Group and into Hexagon Group (under common control), are to be consolidated until disposal in accordance with the requirements of IFRS 10.

The tables below presents the various transactions in the full period of these financial statements into and out of Hexagon Purus Group treated as common control transactions as it is related to Hexagon Group entities or companies.

4.2.2 Transfers into Hexagon Purus Group

Year	Time	Entity	Transaction	Accounting
2020	January	Hexagon Purus Systems USA LLC and Hexagon Purus Systems Canada Ltd	The entities were established as subsidiaries in Hexagon Purus Group, the business operation was transferred from Hexagon Group's Agility segment.	New entities are consolidated into Purus from 2020. Comparable numbers are established for 2019, with the effect from 4 January 2019 (Agility was acquired and consolidated into Hexagon Composites ASA Group from 4 January 2019).
2020	January	Hexagon Masterworks Inc	The entity was transferred into Hexagon Purus Group from Hexagon Group's Mobile Pipeline segment.	Hexagon Masterworks' numbers for 2019 are used as comparable numbers.

4.2.3 Transfers out of Hexagon Purus Group

Year	Time	Entity	Transaction	Accounting
2020	January	Hexagon Purus GmbH	Mobile Pipeline customer facing business in Germany was transferred out of Purus to Hexagon's Mobile Pipeline segment.	The comparable profit and loss numbers for 2019 includes this business and balance sheet figures as of 31 December 2019, From 1 January 2020 figures from this business are not included in Purus Group and the sale resulted in a smaller reduction of the customer contracts amount in Purus Group.
2021	October	Hexagon Purus GmbH	Hexagon Purus GmbH have transferred the CNG LDV operations to Hexagon Group's Agility segment with financial effect 1 October 2021.	The CNG LDV operation is classified as held for sale according to IFRS as of 31 December 2020. See other note on discontinued operations for more details.

The transfers have established Hexagon Purus as a pure e-mobility business.

The fair value of Wystrach was NOK 399.9 million. The acquisition is settled with MNOK 147.5 million in cash, NOK 144.5 million in consideration shares in Hexagon Purus ASA, NOK 43.0 million in deferred payment and contingent liabilities of NOK 64.9 million expected to be settled in cash in 2023 and 2024. Contingent considerations are dependent upon revenue- and EBITDA targets of Wystrach in 2021, 2022 and 2023 and is recognised as a best estimate of target achievement.

The deferred payment of NOK 43.0 million at acquisition, with a closing balance at NOK 43.5 million, is presented as other non-current financial item. The contingent liability of NOK 64.9 million at acquisition, with a closing balance at NOK 65.6 million, is presented as non-current financial liabilities.

In the Group's profit for 2021, Wystrach is included from the 1 November. The difference between 1 November and the acquisition date 11 November is assessed to be immaterial for the Group. Wystrach's contribution to the Group's revenue and EBITDA in 2021 was NOK 140 million and NOK 18 million respectively. If the acquisition had taken place on 1 January 2021, the Group total revenue and profit after tax would have amounted to NOK 662 million and NOK -356 million.

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

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

Note 5 Discontinued operation

5.1 Non-current assets held for sale and discontinued operations

Non-current assets and groups of non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sales transaction instead of through continued use. This is only regarded as having been fulfilled when a sale is highly probable and the non-current asset (or groups of non-current assets and liabilities) is available for immediate sale in its present form. The management must be committed to a sale and the sale must be expected to be carried out within one year after the classification date.

Non-current assets and groups of non-current assets and liabilities which are classified as held for sale are valued at the lower of their former carrying amount or fair value minus sales costs.

The estimates in discontinued operations are mainly related to the assessments made regarding the valuation of assets being part of the operation. This includes estimates of both tangible and intangible assets. In addition, there are estimates applied to allocate previously common and shared costs between the continuing and discontinuing operation. To qualify the estimates made, the company has applied its best technological and management resources in addition to drawing on external resources where necessary.

5.2 CNG LDV as discontinued operation

On 19 August 2020, Hexagon Composites announced the decision of its Board of Directors to transfer its Compressed Natural Gas Light Duty Vehicle (CNG LDV) activities from Hexagon Purus to Hexagon Composites' natural gas-mobility (g-mobility) business. This transfer will establish Hexagon Purus as a pure e-mobility business. The decision was made by relevant management levels and the financial elements of the transactions are concluded. The completion of the transfer took place 1 October 2021, and the CNG LDV business unit was effectively sold and derecognized on this date.

The results from CNG LDV operation for the period are presented below.

Condensed income statement (NOK 1 000)	As per 30.09.2021	2020	2019
Revenue	199 651	192 802	455 405
Expenses	212 323	201 734	366 196
Operating profit before depreciation (EBITDA)	(12 672)	(8 932)	89 209
Depreciation and impairment	17 524	27 554	21 669
Operating profit (EBIT)	(30 196)	(36 486)	67 510
Net finance	1 423	420	(6)
Profit before tax from discontinuing operations	(31 619)	(36 066)	67 516
Tax	138	1 464	(1 764)
Post-tax profit/(loss) from discontinued operations	(31 757)	(34 602)	69 279
Gain on disposal of discontinued operations before tax	23 205	-	-
Tax on disposal of discontinued operations	-	-	-
Profit/(loss) after tax for the period from discontinued operations	(8 552)	(34 602)	69 279

The major classes of assets and liabilities of the CNG LDV operation, classified as held for sale as of 31 December 2020, are presented below.

Assets and liabilities	31 Dec 2020
Assets	
Property, plant and equipment	26 602
Right-of-use assets	31 002
Intangible assets	82 161
Total non-current assets	139 766
Inventories	60 409
Trade receivables	19 598
Cash and short-term deposits	-
Total current assets	80 004
Total assets held for sale	219 771
Interest-bearing loans and borrowings, related party	4 256
Lease liabilities	26 395
Deferred tax liabilities, pension liabilities	3 930
Total non-current liabilities	34 581
Trade and other payables	23 001
Contract liabilities	(637)
Lease liabilities, short term	5 239
Other current liabilities	14 973
Total current liabilities	42 577
Total liabilities held for sale	77 158

The net cash flows generated/(incurred) by CNG LDV are, as follows:

	31 Dec 2020
Operating	(46 793)
Investments	1 221
Financing	4 256
Net cash inflow/(outflow)	(41 316)
Earnings (loss) per share (EPS):¹	
Basic, profit/(loss) for the year from discontinued operations	(0.15)
Diluted, profit/(loss) for the year from discontinued operations	(0.15)

1) Number of shares = outgoing balance number of shares

There has been no cash proceeds at the balance sheet date related to accomplishment of the sale transactions. The settlement of the sale transaction took place in October 2021.

Note 6 Operating segments

The chief operating decision maker of the Hexagon Purus Group is the CEO and the Board of Directors.

For management purposes, the assessment is that the Purus Group has had two operating segments; Purus and CNG LDV. The CNG LDV segment is separated from Purus at balance sheet date. Since the process has been ongoing and the CNG LDV segment has been considered discontinued operation, it has been presented also as a separate segment. After the demerger Purus Group consists of only one operating segment.

The following tables present revenue and profit information as well as balance sheet information for the Purus Group's operating segments:

(NOK 1 000)	2021	2020	2019
Purus			
Revenues from contracts with customers	506 039	178 121	207 154
Other operating revenue	1 679	1 693	4 140
Total revenue	507 718	179 814	211 294
Segment operating profit before depreciation (EBITDA)	(271 777)	(140 722)	(143 261)
Segment operating profit (EBIT)	(324 874)	(167 628)	(168 769)
Segment assets	2 101 745	1 874 854	-
Segment liabilities	686 347	388 446	-
CNG LDV¹			
Revenues from contracts with customers	196 850	189 202	455 405
Other operating revenue	2 801	3 601	-
Total revenue	199 651	192 803	455 405
Segment operating profit before depreciation (EBITDA)	(12 672)	(8 932)	89 209
Segment operating profit (EBIT)	(30 196)	(36 486)	67 510

¹ CNG LDV is reported as discontinued operation up to 1 October 2021.

As described, the CNG LDV segment has been transferred from Purus, and has been sold to other parts of Hexagon Group on fair value assessment basis. The valuation of the CNG LDV operation was finally completed when transfer was completed by 1 October 2021. Fair value assessment of the CNG LDV operation was in the range of 14 million EUR.

Revenue by region

(NOK 1 000)	2021	2020	2019
Geographical regions			
Norway	382	22	16
Europe	344 012	39 075	36 112
North America	155 399	130 099	169 491
Latin America & the Caribbeans	-	-	64
Asia	7 651	10 532	5 611
Australia/Oceania	274	86	-
Total	507 718	179 814	211 294

Non-current assets by region

(NOK 1 000)	2021	2020	2019
Geographical regions			
Norway	82 844	58 247	52 826
Europe	939 445	427 531	553 436
North America	49 691	36 410	26 052
Asia	238	-	-
Total external	1 072 218	522 188	632 314

Non-current assets for this purpose consists of Property, Plant & Equipment, Right of use Assets and Intangible Assets.

Investments by region

(NOK 1 000)	2021		2020		2019	
	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets
Geographical regions						
Norway	1 683	32 973	-	12 002	-	60 526
Europe	84 389	4 762	41 136	1 471	42 432	1 213
North America	21 371	-	8 927	1 561	9 208	1 288
Asia	267	-	-	-	-	-
Total	107 710	37 735	50 063	15 034	51 640	63 027

Note 7 Revenue from contracts with customers

7.1 Accounting principles for revenue from contracts with customers

The Group's main revenues come from the sale of its own mass-produced standard products and accompanied services.

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.

7.1.1 Sale of goods (cylinders, products, system 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 of the product. There are several payment terms, including upfront payment and secured payment, but the normal credit term is 30 to 60 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration and the existence of significant financing components.

7.1.1.1 Variable Consideration

Some contracts with customers provide rights of

return, trade discounts or volume rebates. The Group uses the expected value method to estimate the goods that will not be returned as this best predicts the amount of variable consideration to which the Group will be entitled. For trade discounts and volume rebates the sale of goods are measured at the fair value of the consideration received or receivable, net of allowances for trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. The Group performs the assessment on individual contracts to determine the estimated variable consideration and related constraints.

7.1.1.2 Significant financing component

Generally, the Group sometimes receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

7.1.1.3 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.

7.1.2 Sale of services

To some extent the Group provides other services in relation to reinspection and testing of products, in addition to 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.

7.1.3 Funded development contracts

The Group has entered into and will enter into funded development contracts with some 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.

7.1.4 Contract balances

7.1.4.1 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.

7.1.4.2 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).

7.1.4.3 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 performs under the contract.

7.1.5 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.

7.2 Estimates related to revenue recognition

A crucial estimate is related to determining the timing of satisfaction of services and funded development contracts.

The Group has concluded that revenue for services and funded development contracts in most cases 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.

7.3 Purus revenue recognition

Set out below is the disaggregation of the Group's revenue from contracts with customers.

The Group's customer base is relatively fragmented in terms of size and concentration such that the Group is not dependent on any single customer. Nevertheless, one international industrial gas group made up 12 per cent of Group revenues for 2021. No customer or customer group did exceed 10 per cent of annual sales in the group in 2020 and 2019.

Revenue recognition (NOK 1 000)	2021	2020	2019
External and internal customers			
Sale of cylinders and systems	440 431	132 347	183 082
Sale of services and funded development	54 498	28 611	9 790
Other revenues	1 054	1 593	671
Contracts with customers at a point in time	495 983	162 551	193 543
Sale of cylinders and systems	3 441	(2 398)	(4 184)
Sale of services and funded development	-	4 514	18 795
Other revenues	-	-	-
Contracts with customers over time	3 441	2 116	14 611
Revenue from contracts with external customers	499 424	164 667	208 154
Sale of cylinders and systems	2 736	11 235	453
Sale of services and funded development	4 691	3 811	(786)
Other revenues	68	100	3 473
Rental income	799	-	-
Contracts with related parties	8 294	15 146	3 140
Total revenue	507 718	179 813	211 294
Type of goods or service			
Sale of cylinders and systems	446 608	141 185	179 352
Sale of services and funded development	59 189	36 936	27 799
Other revenues	1 921	1 693	4 143
Total revenue from contracts with customers	507 718	179 814	211 294
Timing of revenue recognition			
Goods transferred at a point in time	495 983	162 552	193 543
Services transferred over time	3 441	2 117	14 612
Transactions with related parties	8 294	15 146	3 140
Total revenue from contracts with customers	507 718	179 815	211 295

¹ CNG LDV is reported as discontinued operation in previous periods.

Contract balances (note 15)

(NOK 1 000)	2021	2020	2019
Trade receivable	220 286	26 657	125 015
Contracts assets (accrued revenue)	4 165	814	3 100
Contract liabilities (incl. prepayment from customers)	121 827	32 068	33 276

All contracts are for periods 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. The entire contract liabilities was recognized in the subsequent period.

Note 8 Payroll costs and number of employees

(NOK 1 000)	Note	2021	2020	2019
Salaries/fees		166 070	95 796	104 770
Contractors/hired personnel		14 832	1 063	12 282
Board remuneration		2 625	83	-
Share-based payments		7 691	372	-
Bonuses and incentive programs	24	14 639	7 502	9 024
Pension expense, defined-benefit plans	22	374	501	-
Pension expense, defined-contribution plans	22	3 100	1 660	1 265
Other personnel related expenses		3 085	13 281	8 060
Other social security costs		12 042	10 837	10 946
Capitalized personnel costs (development projects)		(14 856)	(7 600)	(3 190)
Payroll costs from continued operations		209 602	123 497	143 157
Payroll costs related to discontinued operation		57 465	66 444	61 827
Average number of full-time equivalents:		275	240	209
Hexagon Purus Canada		49	30	25
Norway		7	8	7
Germany ¹		304	175	190
USA		55	41	31
Total number of full-time equivalents		415	254	253

¹ Germany includes total numbers of full time employees in Wystrach, 187 full time employees. Included in the group from 1 November 2021.

Capitalized payroll costs related to technology development projects amounted to MNOK 14.9 in 2021, MNOK 7.6 in 2020 and MNOK 3.2 in 2019.

Capitalized expenses presented as part of other personnel related expenses.

Note 9 Property, plant and equipment

9.1 Accounting principles for property, plant and equipment

Items of property, plant and equipment are valued at their cost, less accumulated depreciation and impairment losses. An asset is derecognized from the balance sheet on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is recognized in the income statement.

The cost of an item of property, plant and equipment includes its original purchase price and all costs necessary to bring the asset to working condition for its intended use. Subsequent expenditure on repair and maintenance of assets is recognized as an expense in the income statement, while expenses that are expected to generate future economic benefits are capitalized.

The cost of a non-current asset is depreciated to the residual value over the asset's useful life. Depreciation is calculated on a straight-line basis. The following depreciation periods apply:

- Buildings 10–20 years
- Plant, machinery and equipment 3–15 years
- Fixtures & fittings, motor 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. Depreciation of an asset ceases at the earlier date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the asset is derecognized.

Assets under construction are classified as property, plant and equipment and are carried at cost until its manufacture or development is completed. Assets under construction are not subject to depreciation until the assets are available for use.

9.2 Estimates related to depreciation and impairment of property, plant and equipment

Group management determines the useful lives and depreciation rates for items of property, plant & equipment. 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.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Group has assessed that there are no indicators of impairment as of 31 December 2021 and has therefore not recognized any impairment as per date or in 2020 and 2019.

As part of the demerger of CNG LDV, substantial assets are separated out of Hexagon Purus Group. The transfer of assets took place at fair value assessment of the assets.

9.3 Property, plant and equipment in Hexagon Purus Group

(NOK 1 000)	Buildings and real estate properties	Machinery and equipment	2021 total
Fixed assets			
Opening balance at cost price	15 658	153 609	169 267
Opening balance accumulated depreciations	(6 255)	(86 377)	(92 632)
Opening balance booked value	9 403	67 232	76 635
Additions this year at cost price	974	106 737	107 711
Additions at cost price from purchase of companies	118 455	49 661	168 116
Additions accumulated depreciation from purchase of companies	(29 415)	(25 681)	(55 097)
Depreciations this year	(2 583)	(14 546)	(17 129)
Translation differences	3 096	(2 680)	415
Disposals	(73)	(12 873)	(12 946)
Assets held for sale	-	-	-
Closing balance 31 December	99 857	167 849	267 705
Closing balance at cost price	138 110	294 453	432 563
Closing balance accumulated depreciations	(38 253)	(126 605)	(164 858)
Amortization rate	5–10%	7–33%	
Useful life	10–20 years	3–15 years	
Depreciation method	Straight-line	Straight-line	

(NOK 1 000)	Buildings and real estate properties	Machinery and equipment	2020 total
Fixed assets			
Opening balance at cost price	12 969	164 870	177 839
Opening balance accumulated depreciations	(4 241)	(70 238)	(74 479)
Opening balance booked value	8 728	94 632	103 360
Additions this year at cost price	5 393	44 670	50 063
Depreciations this year	(1 400)	(15 535)	(16 935)
Translation differences	416	3 705	4 121
Disposals	(470)	(36 902)	(37 372)
Assets held for sale	(3 264)	(23 338)	(26 602)
Closing balance 31 December	9 403	67 232	76 635
Closing balance at cost price	15 658	153 609	169 267
Closing balance accumulated depreciations	(6 255)	(86 377)	(92 632)
Amortization rate	5–10%	7–33%	
Useful life	10–20 years	3–15 years	
Depreciation method	Straight-line	Straight-line	

(NOK 1 000)	Buildings and real estate properties	Machinery and equipment	2019 total
Fixed assets			
Opening balance at cost price	7 576	139 302	146 878
Opening balance accumulated depreciations	(2 674)	(80 079)	(82 753)
Opening balance booked value	4 902	59 223	64 125
Net additions this year at cost price	4 624	47 016	51 640
Depreciations this year	(787)	(11 583)	(12 370)
Translation differences	(12)	(25)	(37)
Closing balance 31 December	8 728	94 632	103 359
Amortization rate	5–10%	7–33%	
Useful life	10–20 years	3–15 years	
Depreciation method	Straight-line	Straight-line	
Useful life	10–20 years	3–15 years	
Depreciation method	Straight-line	Straight-line	

Note 10 Intangible assets

10.1 Accounting principles for 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. 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.

10.1.1 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 useful life. The expected useful life of patents and licenses varies between 6 and 17 years.

10.1.2 Research and development cost

Expenses relating to research activities are recognized in the statement of comprehensive income 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 a commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalized include the cost of materials, direct salary costs and a share of the directly attributable common expenses. Capitalized development costs are recognized at their cost minus accumulated amortization and impairment losses.

Research costs are expensed as incurred. The development costs of projects (relating to the design and testing of new or improved products) are capitalized as intangible assets if all the following criteria are met:

1. it is technically feasible to complete the intangible asset so that the asset will be available for use or for future sale;
2. it is the management's intention to complete the asset and use or sell it;
3. it is possible to use or sell the asset;
4. it can be demonstrated how the asset will generate future economic benefits;
5. technological and financial resources are available to complete the asset; and
6. the costs can be reliably measured.

Other development costs are expensed as incurred. Development costs that have previously been expensed are not capitalized 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.

10.1.3 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.

As part of the demerger of CNG LDV, some customer relationship values are separated out of Hexagon Purus Group.

10.2 Estimates related to depreciation and impairment of intangible assets

Group management determines the useful lives and depreciation rates for items of intangible assets. The expected useful life of the Group's capitalized development cost and customer relationships is largely dependent on technological development and continued sales to customers. The present depreciation period is 5-20 years, but there is an uncertainty for the expected useful life in the interval between 10-20 years.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Group has not recognized any impairment in 2021, 2020 or in 2019, as the Group has assessed that there are no indicators of impairment.

10.3 Estimates related to 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.

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.

10.4 Estimates related to 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.

10.5 Intangible assets in Hexagon Purus Group

(NOK 1 000)	Technology and development	Patents and licenses	Customer relationships	Goodwill	2021 total
Intangible assets					
Opening balance at cost price	53 044	7 111	95 425	323 107	478 687
Opening balance accumulated depreciations	(2 946)	(2 646)	(57 998)	-	(63 590)
Opening balance booked value	50 097	4 466	37 427	323 107	415 097
Net additions this year at cost price	33 323	4 412	-	-	37 735
Additions from purchase of companies	64 941	1 533	78 654	187 369	332 497
Depreciations this year	(6 343)	(1 901)	(9 608)	-	(17 852)
Translation differences	871	(738)	(766)	(12 888)	(13 521)
Disposals	(1 662)	-	-	-	(1 662)
Closing balance 31 December 2021	141 228	7 772	105 707	497 587	752 294
Closing balance at cost price	152 180	12 318	173 313	497 587	835 398
Closing balance accumulated depreciations	(10 951)	(4 546)	(67 606)	-	(83 104)
Amortization rate	5–20%	6–34%	11–14%	None	
Useful life	5–20 years	6–17 years	7–9 years	Indefinite	
Depreciation method	Straight-line	Straight-line	Straight-line	None	

(NOK 1 000)	Technology and development	Patents and licenses	Customer relationships	Goodwill	2020 total
Intangible assets					
Opening balance at cost price	62 745	-	110 692	369 348	542 785
Opening balance accumulated depreciations	(24 071)	-	(43 337)	-	(67 408)
Opening balance booked value	38 675	-	67 355	369 348	475 378
Net additions this year at cost price	14 928	-	106	-	15 034
Depreciations this year	(4 282)	-	(13 030)	-	(17 312)
Translation differences	5 354	-	4 452	22 710	32 516
Disposals	-	-	(8 357)	-	(8 357)
Assets held for sale	(112)	-	(13 099)	(68 951)	(82 162)
Closing balance 31 December 2020	54 563	-	37 427	323 107	415 097
Closing balance at cost price	60 155	-	95 425	323 107	478 687
Closing balance accumulated depreciations	(5 592)	-	(57 998)	-	(63 590)
Amortization rate	5–20%		11–14%	None	
Useful life	5–20 years		7–9 years	Indefinite	
Depreciation method	Straight-line		Straight-line	None	

(NOK 1 000)	Technology and development	Patents and licenses	Customer relationships	Goodwill	2019 total
Intangible assets					
Opening balance at cost price	-	-	106 832	372 512	479 344
Opening balance accumulated depreciations	-	-	(48 637)	-	(48 637)
Opening balance booked value	-	-	58 195	372 512	430 707
Net additions this year at cost price	39 984	-	23 043	-	63 027
Depreciations this year	(1 310)	-	(13 316)	-	(14 626)
Translation differences	1	-	(567)	(3 164)	(3 730)
Closing balance 31 December 2019	38 675	-	67 355	369 348	475 378
Amortization rate	5–20%		11–14%	None	
Useful life	5–20 years		7–9 years	Indefinite	
Depreciation method	Straight-line		Straight-line	None	

Research & development costs totalling NOK 47 million (15) were expensed in 2021. The Group has received government grants of NOK 2 million (2) in 2021, which has been offset against research and development costs.

10.5.1 Impairment testing of goodwill

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 the carrying amount for the unit in question. When the recoverable amount exceeds the carrying amount, capitalized goodwill is maintained. When the recoverable amount is lower than the carrying amount, capitalized goodwill is written down to its recoverable amount. The carrying amount 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 substantial growth in the cash flows into perpetuity.

The Hexagon Purus goodwill in Hexagon Purus Group is the result of accounting under the pooling method of accounting in which Hexagon Purus Group use values reflected in the consolidated financial statements of Hexagon Composites ASA Group.

The goodwill of the following cash flow generating unit is subject to impairment testing:

The goodwill of the following cash flow generating unit is subject to impairment testing:

The goodwill items of the following cash flow generating units are subject to impairment testing

(NOK 1 000)	2021	2020	2019
Purus	497 588	323 107	304 391
CNG LDV	-	68 951	64 957
Total goodwill	497 588	392 058	369 348

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 before tax of 9.1 per cent has been used.

Hexagon Purus group initial business plan projections imply 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.

Sensitivity analysis for the goodwill

In connection with the impairment testing of goodwill as of 31 December 2021, the Group carried out sensitivity analyses. The present value of the cash flow in the calculations made is, among other things, sensitive to changes in the discount rate. The

sensitivity analysis uses the economic assumptions referred to above as its starting point. Calculations have been made based on one of the estimated economic assumptions being changed and in which the other economic assumptions remain unchanged.

The sensitivity analyses for the CGU demonstrate that recoverable amounts of Hexagon Purus goodwill exceed the recognized value by a good margin, and a reasonable change in key assumption (+/- 1.0 per cent for WACC and +/- 2.0 per cent on EBITDA margin) would not cause the carrying amount to exceed value in use.

The market value of the groups equity measured by the share price on the Euronext Growth as of 31 December 2021 gives a headroom of approximately NOK 4 200 million. The value in use is estimated to give an even higher headroom.

Note 11 Leases

11.1 Accounting principles for leases

The Group has applied IFRS 16. 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.

11.1.1 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.

The following depreciation periods apply:

- Buildings 2-5 years
- Plant, machinery and equipment 3-5 years
- Fixtures & fittings, motor vehicles 3-5 years

11.1.1.1 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 its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

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 as separate line items in the statement of financial position.

11.1.1.2 Right-of-use assets

The Group measures the right-of-use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognized
- Any lease payments made at or before the commencement date, less any incentives received
- Any initial direct costs incurred by the Group. An estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset, unless there is an option to purchase the asset which has been determined to be exercised with reasonable certainty, in which case the right of use asset is depreciated over the expected economic life of the underlying asset.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

11.2 Estimates related to leases – significant judgement in determining the lease term of contracts with renewal options and incremental borrowing rate

The group has several offices and other facilities leases with options to extend the lease. The renewal options have been included in the calculation of the lease liability if management is reasonably certain to exercise the option to renew the contract. Management has used judgment when considering all relevant factors that create an economic incentive to extend the lease. In this assessment Management has considered the original lease term and the significance of the underlying assets, i.e. the offices and other facilities.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

11.3 Leases in Hexagon Purus Group, the Group as lessee/leases

(NOK 1 000)	Buildings and real estate properties	Machinery and equipment	2021 total
Right-of-use assets			
Opening balance at cost price	52 579	2 413	54 992
Opening balance accumulated depreciations	(22 922)	(1 613)	(24 535)
Opening balance book value	29 657	801	30 457
Additions this year at cost price	19 961	12 384	32 345
Additions from purchase of companies	-	7 899	7 899
Depreciations this year	(16 383)	(1 733)	(18 116)
Translation differences	(272)	(95)	(367)
Closing balance 31 December	32 963	19 256	52 219
Useful life	2 - 5 years	3 - 5 years	
Depreciation method	Linear	Linear	Linear

(NOK 1 000)	Buildings and real estate properties	Machinery and equipment	2020 total
Right-of-use assets			
Opening balance at cost price	54 866	18 922	73 788
Opening balance accumulated depreciations	(18 862)	(1 349)	(20 211)
Opening balance book value	36 004	17 573	53 577
Additions this year at cost price	22 392	3 067	25 459
Depreciations this year	(13 623)	(6 590)	(20 213)
Translation differences	2 310	326	2 636
RoU-assets classified as held for sale - at cost price	(26 989)	(19 902)	(46 891)
RoU-assets classified as held for sale - acc. depreciation	9 563	6 326	15 889
Closing balance 31 December	29 657	800	30 457
Useful life	2 - 5 years	3 - 5 years	
Depreciation method	Linear	Linear	Linear

(NOK 1 000)	Buildings and real estate properties	Machinery and equipment	2019 total
Right-of-use assets			
Opening balance at cost price	43 923	10 000	53 923
Opening balance accumulated depreciations	-	-	-
Opening balance book value	43 923	10 000	53 923
Additions this year at cost price	10 943	8 922	19 865
Depreciations this year	(18 862)	(1 349)	(20 211)
Closing balance 31 December	36 004	17 573	53 577
Useful life	2 - 5 years	3 - 5 years	
Depreciation method	Linear	Linear	Linear

Lease liabilities (continuing operation)

(NOK 1 000)	2021	2020	2019
Discounted lease liabilities and maturity cash outflows			
Current lease liabilities	21 285	9 244	12 810
Non-current lease liabilities	31 794	21 795	47 828
Total lease liabilities	53 079	31 039	60 638

(NOK 1 000)	2021	2020	2019
Lease liability cash flow (excl interests)			
Less than 1 year	21 285	9 244	12 810
1-2 years	12 193	11 328	24 859
2-3 years	15 938	5 490	12 048
3-4 years	2 992	4 934	10 829
4-5 years	672	42	92
More than 5 years	-	-	-
Total discounted lease liabilities at 31 December	53 079	31 038	60 638

(NOK 1 000)	2021	2020	2019
Lease interest expense cash flow			
Less than 1 year	461	420	582
1-2 years	450	513	1 126
2-3 years	430	196	431
3-4 years	248	69	150
4-5 years	24	1	1
More than 5 years	-	-	-
Total lease interest following periods	1 612	1 199	2 290

(NOK 1 000)	2021	2020	2019
Implied lease cash outflow			
Less than 1 year	21 746	9 664	13 392
1-2 years	12 643	11 841	25 985
2-3 years	16 368	5 687	12 479
3-4 years	3 240	5 003	10 980
4-5 years	695	43	93
More than 5 years	-	-	-
Total undiscounted lease liabilities at 31 December	54 692	32 238	62 929

Summary of the lease liabilities

(NOK 1 000)	2021	2020	2019
Opening balance 1 January	31 039	60 638	56 241
New lease liabilities recognized in the year	32 345	18 547	14 340
New lease liabilities from purchase of companies	7 899	-	-
Cash payments for the principal portion of the lease liability	(17 606)	(18 688)	(9 709)
Cash payments for the interest portion of the lease liability	(913)	(1 243)	(626)
Interest expense on lease liabilities	913	1 243	626
Currency exchange differences	(598)	2 176	(234)
Liabilities held for sale	-	(31 634)	-
Total lease liabilities at 31 December	53 079	31 039	60 638

Summary of cash outflows leases

(NOK 1 000)	2021	2020	2019
Cash payment for leases	18 519	19 931	10 335
Variable payments	1 936	692	675
Cash payments related to short term leases and leases of low value	210	25	-
Total cash outflow for leases	20 664	20 647	11 010

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 high enough 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.

Note 12 Investments in associates and joint ventures

12.1 Accounting principles for investments in associates and joint ventures

Associates are entities where 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 an 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 to the extent of the interest in the associate or joint venture and is recognized against profit/loss from investment in associates and joint ventures.

If there is an indication 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 incurred a legal or constructive obligation on behalf of the associate or joint venture.

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.

12.2 Joint ventures and associates

The Group has classified its investment in Norwegian Hydrogen AS as an associate, and the Group has ownership and voting rights of 20.98 per cent. The Group contributed NOK 7 880 000 in a share capital increase in Norwegian Hydrogen AS in 2021.

Note 13 Other non-current assets

(NOK 1 000)	2021	2020	2019
Other non-current assets	2 476	751	3 226
Total other non-current assets	2 476	751	3 226

The non-currents assets mostly refer to different kind of deposits for rental agreements etc.

Note 14 Inventories

14.1 Accounting principles for inventories

Inventories are valued at the lower of historical cost and net realizable value. Net realizable value is the estimated selling price (in the normal course of business) less the estimated costs of completion and the estimated cost necessary to make the sale. Cost is based on the average cost price, and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location. Goods produced by the Group itself include variable and fixed costs that can be allocated based on normal capacity utilization.

Where inventory items purchased internally in the Group contain an element of profit, this profit element is eliminated until the inventory items are sold out of the Group.

(NOK 1 000)	2021	2020	2019
Raw materials and consumables	182 866	75 164	67 667
Work in progress	67 453	14 831	17 521
Finished goods	10 916	32 001	15 490
Inventories of business held for sale	-	(60 409)	-
Total inventories	261 235	61 587	100 678
Provision for obsolete inventory in balance sheet	6 795	7 251	14 901
Carrying amount of holdings used as pledged assets	-	-	-

Provisions for obsolete inventory in balance sheet, are presented net at each category of inventory.

Note 15 Trade receivables

Trade receivables are recognized at transaction price and subsequently measured at initial recognized amount less impairment losses.

(NOK1000)	2021	2020	2019
Trade receivables	222 022	47 190	127 187
Provisions for loss	(1 736)	(935)	(2 172)
Trade receivables of business held for sale	-	(19 598)	-
Trade receivables after provision for losses	220 286	26 657	125 015
Carrying amount of trade receivables used as pledged assets	-	-	-

Losses on trade receivables are classified as other operating expenses in the income statement. In the assessment, consideration is made to guaranteed and insured amounts (see other note concerning credit risk). Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

As of 31 December the company had the following ageing of trade receivables

	Trade receivables						Total
	Contract assets	Not due	<30 days past due	30-60 days past due	60-90 days past due	>90days past due	
2021							
Expected credit loss rate	-	-	-	0.7%	-	21.7%	-
Carrying amount at default	4 165	100 952	68 507	40 167	5 672	6 724	222 023
Expected credit loss	-	-	-	(280)	-	(1 456)	(1 736)
Net carrying amount	4 165	100 952	68 507	39 887	5 672	5 268	220 286
2020							
Expected credit loss rate	-	0.2%	1.5%	7.0%	9.0%	12.8%	-
Carrying amount at default	814	9 024	12 315	968	289	4 995	27 591
Expected credit loss	-	(18)	(182)	(68)	(26)	(641)	(935)
Net carrying amount	814	9 006	12 133	900	263	4 354	26 656
2019							
Expected credit loss rate	-	0.2%	0.5%	1.0%	4.8%	7.7%	-
Carrying amount at default	3 100	42 322	57 184	4 264	1 296	22 120	127 186
Expected credit loss	-	(84)	(284)	(42)	(62)	(1 699)	(2 171)
Net carrying amount	3 100	42 238	56 900	4 222	1 234	20 421	125 015

Changes in the provision for losses are as follows

(NOK 1 000)	2021	2020	2019
Opening balance 1 January	935	2 172	1 357
Additions from purchase of companies	535	-	-
Provision for losses for the year	830	(1 228)	1 513
Actual losses during the year	(537)	(77)	(697)
Translation differences	(27)	68	(1)
Closing balance 31 December	1 736	935	2 172

Credit risk and currency risk regarding trade receivables are described in more detail in [note 20.1](#).

Note 16 Other current assets

(NOK 1 000)	2021	2020	2019
Other debtors	14 956	6 573	548
Prepaid expenses & accruals	44 231	5 138	2 771
Entitlement to VAT and sales tax	18 924	2 395	4
Entitlement to income tax refund	39	7	373
Other ¹	2 793	327	2 245
Total other current assets	80 943	14 440	5 941

¹ Other in 2020 includes receivables related to the Norwegian Skattefunn.

Note 17 Bank deposits, cash and cash equivalents

Cash & cash equivalents consist of cash in hand and at bank. Any positive balances against bank overdrafts are included as a component of cash and cash equivalents in the cash flow statement. The cash flow statement has been prepared using the indirect method. Bank overdrafts (if any) are reported under short-term loans in the balance sheet. Received interest income is classified as investment activities and interest payments is classified as investment activities in the cash flow statement.

(NOK 1 000)	2021	2020	2019
Cash at bank and in hand	453 398	1 246 351	65 093
Bank deposits, cash and cash equivalents	453 398	1 246 351	65 093
Bank overdrafts	-	-	-
Cash & cash equivalents in the cash flow analysis	453 398	1 246 351	65 093
Undrawn Group overdraft facility	-	-	-
Undrawn loan facilities	-	-	-
Restricted funds included in cash & cash equivalents ¹	1 182	528	-

¹ Restricted tax withholdings.

Note 18 Net financial items

(NOK 1 000)	2021	2020	2019
Interest income	1 642	1 107	310
Foreign exchange items	12 607	2 368	2 923
Other finance income	-	6 635	-
Total finance income continued operations	14 250	10 110	3 243
Finance income from discontinued operations	667	975	306
Loss on exchange items	24 185	72 685	2 110
Cost of interest on loans etc.	8 593	40 034	24 661
Cost of interest on lease liabilities	913	1 243	626
Other finance expense	-	9	-
Total finance expense continued operations	33 691	113 971	27 397
Finance expense from discontinued operations	2 090	555	482
Net financial items	(19 441)	(103 859)	(24 154)

Note 19 Financial assets and financial liabilities

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.

19.1 Financial assets principles

The Group's financial assets are trade receivables, 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. The Group classified its financial assets as financial assets at amortized cost.

19.1.1 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 amortized cost includes trade receivables and other short-term deposits. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

19.1.2 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
 - the Group has transferred substantially all the risks and rewards of the asset, or
 - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

19.2 Financial assets in Hexagon Purus Group

Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 31 December 2021, 31 December 2020 and 31 December 2019:

Financial assets

(NOK 1 000)	2021	2020	2019
Debt instruments at amortized cost:			
Trade receivables	220 286	26 657	125 015
Other current financial assets	36 712	9 302	3 170
Non-current financial assets	2 476	751	3 226
Total	259 474	36 710	131 411
Total current	256 998	35 959	128 185
Total non-current	2 476	751	3 226

19.2.1 Impairment of financial assets

For trade receivables and contract assets, the Group uses a simplified approach to calculating expected credit losses (ECL). Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on ECLs over the life of the trade receivable and the contract asset on each reporting date. The Group has established a provision matrix that is based on its historical credit losses, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual 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. Further information on any impairment of financial assets is provided in [notes 15](#) and [20.1](#).

19.3 Financial liabilities

Financial liabilities are subsequently recognized at amortized cost, as loans and borrowings, payables.

19.3.1 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.

Contingent Consideration in business combinations is recognized and measured to fair value, and changes in fair value included in the statement for profit and loss.

19.3.2 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.

19.4 Financial liabilities in Hexagon Purus Group

Set out below is an overview of financial liabilities held by the Group as at 31 December 2021, 31 December 2020 and 31 December 2019:

Financial liabilities

(NOK 1 000)	2021	2020	2019
Financial liabilities at amortized cost			
Trade and other payables	191 409	83 988	139 207
Non-current interest bearing loans and borrowings	42 126	-	729 428
Other non-current financial liabilities	43 490	-	-
Current interest bearing loans and borrowings	13 635	161 016	-

(NOK 1 000)	2021	2020	2019
Financial liabilities at fair value			
Other non-current financial liabilities (Contingent liabilities)	65 616	-	-
Total	356 276	245 004	868 635
Total current	205 044	245 004	139 207
Total non-current	151 232	-	729 428

19.5 Measurement of fair value

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 amortized cost. Non-current interest-bearing liabilities are recognized in accordance with amortized cost.

Carrying amount and fair value of financial assets and financial liabilities

(NOK 1 000)	2021		2020		2019	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets						
Other non-current assets	2 476	2 476	751	751	3 226	3 226
Trade receivables	220 286	220 286	26 657	26 657	125 015	125 015
Other current financial assets	36 712	36 712	9 302	9 302	3 170	3 170
Bank deposits, cash and cash equivalents	453 398	453 398	1 246 351	1 246 351	65 093	65 093
Financial liabilities						
Internal loans	-	-	161 016	161 016	729 428	729 428
Loan from financial institutions	55 761	55 761	-	-	-	-
Other non-current liabilities	109 106	109 106	-	-	-	-
Trade and other payables	191 403	191 403	83 988	83 988	139 207	139 207

The management assessed that the fair values of bank deposits, cash and cash equivalents, trade receivables, other non-current assets, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Note 20 Financial risk management

The Group's principal financial liabilities, comprise intercompany loans and borrowings, and trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operation. The Group's principal financial assets include trade receivables, cash and cash equivalents that derive directly from its operations.

The Group is exposed to interest rate risk, liquidity risk, currency risk and credit risk. The Group's management regularly evaluates these risks and defines guidelines on appropriate financial risk governance framework for the Group. Procedures for risk management are adopted by the board and carried out by the chief financial officer in close cooperation with the subsidiaries.

The Group may use financial instruments under its strategy to hedge risks associated with interest rate and foreign currency fluctuations. The Group is not using any such instruments for the time being.

20.1 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 credit (primarily trade receivables) are approved and undergo a credit check.

Trade receivables amounted to NOK 220 million (NOK 27 million). The subsidiary Hexagon Purus GmbH applies credit insurance to covers parts of

the companies' receivables. Except for parts in Hexagon Purus GmbH, trade receivables 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, in the balance sheet represents the maximum risk exposure. The Group considers its maximum risk exposure to be the carrying amount of its trade receivables, contract assets and other current assets.

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 grouping 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 15 provides information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix.

20.2 Interest rate risk

The Group is exposed to interest rate risk from its financing activities. The Group's interest-bearing liabilities – from financial institutions and previously internal from Hexagon Group - have variable interest rates, which means it is affected by changes in interest rates. The Group has substantial amounts in bank deposits at year-end. As the interest on deposits are low for the time being, the risk related to this part is considered limited.

In general, the aim of the Group's interest rate risk management is to control interest expenses, while also keeping the volatility of future interest payments within acceptable limits. The Group's strategy is for its finance departments to regularly evaluate the interest rate exposure of Hexagon Purus Group's assets and liabilities based on a total assessment of interest expectations and risk profile. The Group may use derivatives to adjust its effective interest rate exposure, but has considered this being unnecessary for the time being due to limited volume of external financing.

The majority of the loan positions were converted to equity in 2020, with a remaining loan balance due in 2021. The outgoing balance of interest-bearing positions are all related to the acquisition of Wystrach. The volume is still relatively low and interest sensitivity is thereby considered limited.

The average effective interest rate on financial liabilities was as follows

	2021	2020	2019
Loan from related party	5.2%	5.3%	4.7%
Loan from financial institutions	1.56%–5.50%	-	-
Leases	1.50%–4.88%	1.50%–4.88%	1.50%–4.88%

The following table shows the group's sensitivity to potential changes in interest rates for loans from financial institutions (loan from related party excluded). 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)
2021	+50	(217)	-
	(50)	217	-
2020	+50	-	-
	(50)	-	-
2019	+50	-	-
	(50)	-	-

20.3 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.

The majority of excess liquidity is invested in bank deposits.

Since the Group is in a process of investing heavily in a growing market and strategic expansion requires substantial funding, a major risk is related to the ability of providing funds for the growth as and when needed. This is a major area of focus for the Group management. For this purpose there has been a private placement after the balance sheet date. Further process for long term financing of the Group can be expected in the months and years to come.

31 December 2021 Remaining period

(NOK 1 000)	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Repayment of bank loans	368	1 103	2 942	19 130	22 996	46 539
Overdraft facility	-	-	8 637	-	-	8 637
Loan from related party	-	-	585	-	-	585
Interest on bank loans	87	260	693	3 510	1 850	6 400
Leases	1 867	3 528	15 475	32 209	-	53 079
Interest on leases	90	170	616	737	-	1 613
Other non-current financial liabilities	-	-	-	109 106	-	109 106
Trade payables	134 647	55 140	1 623	-	-	191 409
Total	137 058	60 201	30 571	164 692	24 846	417 368

31 December 2020 Remaining period

(NOK 1 000)	Less than 1 month	1-3 months	3-12 months	1-5 years	5 years	Total
Repayment of internal loan	-	-	161 016	-	-	161 016
Interest on loan	806	2 418	2 418	-	-	5 642
Leases	598	1 793	4 782	23 866	-	31 039
Interest on leases	27	81	215	876	-	1 199
Trade payables	42 053	39 440	2 495	-	-	83 988
Total	43 484	43 732	170 926	24 742	-	282 884

31 December 2019 Remaining period

(NOK 1 000)	Less than 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Total
Repayment of internal loan	-	-	-	729 428	-	729 428
Interest on loan	562	1 685	4 493	193 298	-	200 038
Leases	1 168	3 503	9 342	46 625	-	60 638
Interest on leases	14	42	113	457	-	626
Trade payables	38 555	50 397	47 622	2 633	-	139 207
Total	40 298	55 628	61 569	972 442	-	1 129 937

20.4 Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

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 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.

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 Group can use forward contracts to reduce its currency risk from cash flows denominated in foreign currencies. For the time being, the Group has no such contracts. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. The Group hedges its exposure to fluctuations on the translation into euros of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards.

(NOK 1000)	Movement of NOK against USD	Effect on profit/ loss before tax	Effect on OCI pre tax
2021	+5%	(4 735)	-
	(5%)	4 735	-
2020	+5%	(4 368)	-
	(5%)	4 368	-
2019	+5%	(3 508)	-
	(5%)	3 508	-

(NOK 1000)	Movement of NOK against EUR	Effect on profit/ loss before tax	Effect on OCI pre tax
2021	+5%	(8 490)	-
	(5%)	8 490	-
2020	+5%	(6 829)	-
	(5%)	6 829	-
2019	+5%	(2 776)	-
	(5%)	2 776	-

The table explains the effect on the Group's profit/loss from +/- 5% change in EUR or USD for its financial instruments.

20.5 Capital structure and equity

The main goal of the Hexagon Purus Group's capital structure management is to ensure it maintains a level of equity which is reasonable in relation to the Group's operations and an acceptable credit rating. Hexagon Purus Group is a growth case where high investments in business development will be necessary to achieve future growth and profitability. Hence, the major financing element in the near future is expected to be equity. By achieving a relatively low debt to equity ratio, the Group will be able to support its operations and in doing so maximize the value of its shares. In addition, relatively high share of equity will balance the business risk in a sound way.

It is targeted that the Group's shareholders shall receive a competitive return on their shares, mainly through price increases in the Group's shares. The Group is not expecting to pay dividends based on financial performance in the nearest periods.

The Group manages and makes necessary changes to its capital structure by regularly assessing prevailing economic conditions and prospects of short and medium-term growth. Capital structure management is largely dealt with by means of new share issues. The Board of Directors is granted the power to increase the share capital by maximum NOK 8.35 million in face value. No other changes to guidelines or capital structure is planned at the time of authorization of this report.

Note 21 Short term provisions

21.1 Accounting principles

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is significant, the provision is calculated by discounting estimated future cash flow using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically associated with the obligation.

A provision for guarantees is recognized when the underlying products or services are sold. The provision is based on historical information about guarantees and a weighting of possible outcomes according to the likelihood of their occurrence. A provision for onerous contracts is recognized when the Group's expected economic benefits under the contract are lower than the unavoidable costs of meeting the obligations under the contract.

21.2 Estimates related to product warranty provisions

Management estimates the warranty provision using information on historical warranty costs and other relevant information relevant to future warranty claims. Factors that can influence estimated liabilities include the results of productivity and quality initiatives, as well as prices of parts and labor costs.

The Group seeks to minimize the level of warranty or other claims from third parties through a diligent focus on quality. The Group also seeks to consistently recognize any potential impact of unanticipated events. Provisions are made for both general and, if required, specific warranty claims on Low-Pressure and High-Pressure cylinders or on delivered systems.

Such provisions are typically based on

- i) historical warranty costs levels for equivalent products and services,
- ii) our assessment of any ongoing third-party legal disputes or quality related matters in the ordinary course of business. In such cases, including products liability cases, the Group prepares estimates based on experience, professional judgment of legal counsel, and other assumptions it believes to be reasonable. The Group also recognizes an asset if insurance covers all or part of any recorded liability. As additional information becomes available, potential liability related to pending litigation is reassessed and related estimates are updated., and
- iii) a forward view based on the changing levels and complexity of our business activities within cylinder and systems business areas respectively.

The warranty period is mostly one year from delivery with exceptions for individual contract. The provision can thereby be expected to be related to activity and new contracts.

(NOK 1 000)	2021	2020	2019
Balance 1 January	17 162	13 392	9 227
Translation differences	-	525	(21)
Additions from purchase of companies	431	-	-
Provisions for the year	1 753	14 068	4 186
Provisions used (and reversed) during the year	(4 693)	-	-
Provision held for sale	-	(10 823)	-
Warranty provision, other changes	(1 771)	-	-
Balance 31 December	12 882	17 162	13 392

Note 22 Pensions

22.1 Accounting principles for pension plans

22.1.1 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 through other comprehensive income. Actuarial gains and losses are not reclassified over profit and loss.

22.1.2 Defined contribution pension plans

Pension premiums relating to defined contribution plans are recognized as an expense as they are incurred.

22.2 Pension plans in Purus

The Norwegian companies in the group are legally obliged to have occupational pension arrangements under the Norwegian Mandatory Occupational Pension Act. The Norwegian pension arrangements satisfy the requirements of this act. This arrangement is a defined contribution plan.

Our subsidiaries in the USA offer defined contribution plans subject to USA statutory requirements. The defined contribution plans cover full-time employees and employer contributions range up to 6 per cent of defined compensation subject to employee contributions. For some of the plans, there can also be an additional payment at the end of the year in accordance with the terms of the defined contribution plan.

In Germany most employees are not covered by a pension plan. There is a historical defined benefit plan 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 seven active and three retired in the pension plan. The pension liability is calculated by an actuary. The net pension liability is presented below. Based on the limited participation and liability, the plan is considered of low significance.

Summary of pension cost in the Group

(NOK 1 000)	2021	2020	2019
Defined contribution pension plan	3 100	2 669	1 870
Defined benefit pension plan	374	501	
Total	3 474	3 170	1 870

Pension related assets and liabilities

(NOK 1 000)	2021	2020	2019
Pension liabilities	1 892	2 635	2 076

Note 23 Share capital and share premium

23.1 Accounting principles share capital

23.1.1 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 reported as a reduction in equity. Gains or losses related to own share transactions are recognized directly in equity.

23.1.2 Costs arising from equity transactions

Transaction costs directly related to an equity transaction are recognized directly in equity.

Changes in share capital and share premium

	Number of shares			Share capital (NOK 1 000)			Share premium (NOK 1 000)		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Ordinary shares									
Issued and paid 1 January	229 092 239	330 000	30 000	22 909	330	30	1 605 739	14 443	-
Split of shares and debt conversion (new par value 0.10)	-	201 289 712	-	-	19 832	-	-	1 320 168	-
Issued new share capital	4 444 430	27 472 527	300 000	444	2 747	300	143 628	747 253	14 443
Transaction cost	-	-	-	-	-	-	-	(26 582)	-
Issued and paid, end of period	233 536 669	229 092 239	330 000	23 354	22 909	330	1 749 367	2 055 282	14 443
Transferred to share premium	-	-	-	-	-	-	(365 386)	(449 543)	-
Net total	-	-	-	-	-	-	1 383 981	1 605 739	14 443

The company does not hold any treasury shares.

In an extraordinary shareholder's meeting 30 October 2020 the shares are split into 201 619 712 shares, and conversion of NOK 1 340 million of debt to equity, resulting in a share face value of NOK 0.10. In the same extraordinary shareholders meeting, the Board of Directors is granted the

power to increase the share capital by maximum NOK 8.35 million in face value.

On 9 December 2020 the Company issued 27 472 527 new shares in a private placement at the price of NOK 27.30 per share.

On 23 November 2021 related to the closing of the

23.2 Share capital and shareholders

	2021	2020	2019
Ordinary shares of NOK 0.10 (2021/2020) and NOK 1.00 (2019) each	233 536 669	229 092 239	330 000
Total number of shares	233 536 669	229 092 239	330 000

The Company's share capital consists of one class of shares and is fully paid-up.

Wystrach acquisition, the company issued 4 444 430 consideration shares to the previous shareholders of Wystrach GmbH.

After the balance sheet date, on 15 February 2022, the Company issued 24 742 268 new shares in a private placement at the price of NOK 24.25 per share.

20 Largest shareholders as of 31 December 2021

	Number of shares	Shareholding
Hexagon Composites ASA	171 166 135	73.3%
Clearstream Banking S.A.	14 326 271	6.1%
Mitsui & Co LTD	5 204 029	2.2%
Deutsche Bank Aktiengesellschaft	4 699 768	2.0%
Flakk Composites AS	3 027 799	1.3%
J.P. Morgan Bank Luxembourg S.A.	2 713 589	1.2%
State Street Bank and Trust Comp	2 273 831	1.0%
MP Pensjon PK	2 112 605	0.9%
Citibank Europe PLC	2 068 865	0.9%
Nordnet Bank AB	1 678 511	0.7%
Brødr. Bøckmann AS	1 323 120	0.6%
UBS AG London Branch	1 111 646	0.5%
Verdipapirfondet Storebrand Norge	1 024 173	0.4%
The Bank of New York Mellon	852 963	0.4%
Nødingen AS	787 288	0.3%
Skandinaviska Enskilda Banken AB	763 723	0.3%
KTF Finans AS	756 950	0.3%
Morgan Stanley & Co. International	660 675	0.3%
J.P. Morgan Securities PLC	567 945	0.2%
Saxo Bank A/S	506 508	0.2%
Total 20 largest shareholders	217 626 394	93.1%
Remainder	15 910 275	6.9%
Total	233 536 669	100.0%

Note 24 Share-based payment

24.1 Accounting principles and estimates

The Group has a share-based program for the senior and key executives. The share-based program for the senior and key executives is settled in shares. The fair value of the issued instruments 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 performance share units (PSUs) and restricted share units (RSUs) is measured at grant date and calculated using the Black & Scholes model or alternative generally accepted models where relevant.

The cost of the employee share-based transaction is expensed over the average vesting period. The value of the issued 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. 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 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.

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of the Group's share program, RSUs and PSUs at the grant date, the Group uses the Black & Scholes model or alternative generally accepted models where relevant.

24.2 Programs

The Company has two share-based long-term incentive plans. The first plan is a management investment program with Performance Share Units ("PSUs") matching. This plan is limited to four members of the executive management team. Each eligible employee will in 2024 be entitled to up to three new shares in the Company per share invested, at no consideration, provided he or she is still employed in the Company at such date. The entitlement depends on fulfilment of three criteria, one per matching share. One criterion is tied to increase in share price, one is tied to Company performance criteria, and one is tied to continued employment.

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 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 8.5 million year-to-date 31 December 2021. The unamortized fair value of all outstanding RSUs and PSUs as of 31 December 2021 is estimated to be NOK 18.8 million.

There are no cash settlement obligations. All outstanding instruments are granted at the same date in 2020. As these programs do not have a precedent in the Group, the Group does not have a past practice of cash settlement for outstanding instruments.

There were no share-based payments in the Group in 2019. Management personnel did participate in management incentive programs in Hexagon Group before 2020.

	RSU key personnel	PSU executive management	RSU executive management
Instruments 2021			
Opening balance 2021, number of instruments	485 000	421 242	210 621
Grants	91 000	-	-
Lapsed/cancelled	(15 000)	-	-
Closing balance 31.12.2020, number of instruments	561 000	421 242	210 621
Quantity 31 December 2021 (shares)	561 000	421 242	210 621
Contractual life ¹	2.50	2.50	2.50
Strike price ¹	-	-	-
Share price ¹	27.30	27.30	27.30
Expected lifetime ¹	3.54	3.54	3.54
Volatility ¹	30.00%	30.32%	30.00%
Interest rate ¹	0.390%	0.390%	0.390%
Dividend ¹	-	-	-
FV per instrument ¹	27.30	20.83	27.30

¹ Weighted average parameters at grant of instrument.

	RSU key personnel	PSU executive management	RSU executive management
Instruments 2020			
Opening balance 2020, number of instruments	-	-	-
Grants	485 000	421 242	210 621
Closing balance 31.12.2020, number of instruments	485 000	421 242	210 621
Quantity 31.12.2020 (shares)	485 000	421 242	210 621
Contractual life ¹	3.54	3.54	3.54
Strike price ¹	0.00	0.00	0.00
Share price ¹	27.30	27.30	27.30
Expected lifetime ¹	3.54	3.54	3.54
Volatility ¹	30.00%	39.65%	30.00%
Interest rate ¹	0.390%	0.390%	0.390%
Dividend ¹	0.00	0.00	0.00
FV per instrument ¹	27.30	20.83	27.30

¹ Weighted average parameters at grant of instrument.

Note 25 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 recognized option expenses in the numerator. In the calculations, share options are considered to have been converted at the grant date. Redeemed options are included from the date of issue.

(NOK 1 000)	Note	2021	2020	2019
Profit/loss from continuing operations for the year flowing to holders of ordinary shares				
Profit/loss for the year		(345 152)	(308 026)	(167 895)
Weighted average number of shares outstanding 31 December				
Ordinary shares issued 1 January	23	229 092 239	330 000	30 000
Own shares		-	-	-
Issued new shares		4 444 430	228 762 239	300 000
Outstanding number of shares 31 December		233 536 669	229 092 239	330 000
Weighted average number of shares outstanding 31 December¹		233 536 669	229 092 239	330 000
Profit/loss per share (continuing operation)		(1.49)	(1.34)	(508.77)
Diluted number of shares outstanding 31 December				
Ordinary shares issued 1 January	23	229 092 239	330 000	30 000
Own shares		-	-	-
Issued new shares		4 444 430	228 762 239	300 000
Effect of employee options issued		-	-	-
Outstanding shares 31 December adjusted for dilution effects		233 536 669	229 092 239	330 000
Weighted average number of shares outstanding 31 December adjusted for dilution effects		233 536 669	229 092 239	330 000
Diluted profit/loss per share (continuing operation)		(1.49)	(1.34)	(508.77)

¹ Weighted average number of shares 31 December 2020 represented by closing balance 31 December 2020.

There are 1 192 863 instruments (including contingently issuable shares), consisting of 771 621 RSUs and 421 242 PSUs, that could potentially dilute basic earnings per share in the future. These are not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

Note 26 Interest-bearing liabilities

(NOK 1 000)	2021	2020	2019
Opening balance (loan from related party)	161 016	729 428	586 010
Proceeds from new loan with related party	-	771 588	143 418
Debt conversion	-	(1 340 000)	-
Settlement of loan with related party without cash effect	(142 615)	-	-
Repayment of loans	(21 755)	-	-
Additions of loans from acquired companies	48 458	-	-
Proceeds from new loans	10 657	-	-
Closing balance 31 December	55 761	161 016	729 428

Hexagon Purus has been funded by Hexagon Composites up until December 2020. Movements in loan from Hexagon Composites is due to funding of operations, including investments in tangible and intangible assets, in addition to effects from changes in currency exchange rates. Funding related to operations have been made interest bearing either at time of transfer of cash or by being added to loan principal by end of each quarter. Terms of the interest-bearing positions have been at fair value floating quarterly.

At end of quarter three 2020, net debt positions in Hexagon Purus against Hexagon Composites were converted to interest bearing debt. On 30 October 2020, the net debt position was converted to equity. The residual of NOK 161 million was settled against a share purchase agreement where Hexagon Composites acquired the CNG LDV entities from Hexagon Composites Germany GmbH. The remaining residual intercompany debt after the completion of this share purchase agreement, was settled in cash as soon as the demerger process was completed.

Carrying amount

(NOK 1 000)	Interest rate conditions	Currency	Maturity	2021	2020	2019
Unsecured loan from related party	NIBOR 3 months + margin	NOK	2021	-	-	729 428
Total unsecured non-current liabilities				-	-	729 428
Secured loans						
Volksbank an der Niers eG	EURIBOR 3 mnths + margin	EUR	30/09/2036	7 169	-	-
Deutsche Bank AG	EURIBOR 3 mnths + margin	EUR	30/03/2037	14 154	-	-
Deutsche Bank AG	EURIBOR 3 mnths + margin	EUR	30/06/2033	16 403	-	-
Deutsche Bank AG	EURIBOR 3 mnths + margin	EUR	30/11/2025	4 401	-	-
Total non-current liabilities, not including 1st year's instalments				42 126	-	729 428

As of 31 December 2021

(NOK 1 000)	2022	2023	2024	2025	2026	Thereafter
Repayments structure for non-current liabilities (1 st year as current)	4 413	4 400	4 450	4 380	2 950	25 946

Reconciliation for liabilities arising from financing activities

(NOK1 000)	Financial liabilities	Lease liabilities	Total
Liabilities 1 January 2019	586 010	56 241	642 251
Financing activities with cash settlement			
Proceeds from borrowings	140 325		140 325
Repayment of lease liabilities		(10 335)	(10 335)
Financing activities without cash settlement			
New lease liabilities		14 340	14 340
Exchange differences	3 093	(234)	2 859
Other transactions without cash settlement		626	626
Balance 31 December 2019	729 428	60 638	790 066
Liabilities 1 January 2020	729 428	60 638	790 066
Financing activities with cash settlement			
Proceeds from borrowings	771 588		771 588
Repayment of lease liabilities		(19 931)	(19 931)
Financing activities without cash settlement			
Conversion of debt to equity	(1 340 000)		(1 340 000)
New lease liabilities		18 547	18 547
Exchange differences		2 176	2 176
Other transactions without cash settlement	4 256	1 243	5 499
Liabilities held for sale	(4 256)	(31 634)	(35 890)
Balance 31 December 2020	161 016	31 039	192 055
Liabilities 1 January 2021	161 016	31 039	192 055

(NOK1 000)	Financial liabilities	Lease liabilities	Total
Financing activities with cash settlement			
Repayment of loans and liabilities	(21 755)	-	(21 755)
Repayment of lease liabilities	-	(18 519)	(18 519)
Proceeds from loans and liabilities	10 657	-	10 657
Financing activities without cash settlement			
Additions from purchase of companies	48 458	7 899	56 357
Deferred payment and contingent liabilities	109 106	-	109 106
Transfer of CNG / LDV segment	(142 615)		(142 615)
New lease liabilities		32 345	32 345
Exchange differences	-	(598)	(598)
Other transactions without cash settlement	-	913	913
Balance 31 December 2021	164 867	53 079	217 946

Note 27 Short-term interest-bearing loans

(NOK 1 000)	2021	2020	2019
Unsecured loan from related party	-	-	-
Short term loan	585	161 016	-
Secured current interest-bearing liabilities	-	-	-
Overdraft facility	8 637	-	-
1 st year's instalments, non-current interest-bearing liabilities	4 413	-	-
Total	13 635	161 016	-
1 st year's instalments, lease liabilities	21 285	9 244	12 810

The loan from Hexagon Composites ASA was settled in relation to the sales of the discontinued operation, CNG LDV, in October 2021.

The Group has overdraft facilities in three different banks in total EUR 2.3 million at disposal for the subsidiary Wystrach GmbH. The term for the overdraft facility is EURIBOR 3 mnths + margin.

Note 28 Other current liabilities

(NOK 1 000)	2021	2020	2019
Public duties payable	5 910	3 730	7 761
Accrued expenses and other current liabilities	49 271	39 574	68 683
Other current liabilities	17 566	6 208	3 629
Total	72 747	49 512	80 073

Note 29 Related parties disclosure

The Group's related parties consist of joint ventures, main shareholders, members of the Board and management. Transactions with joint ventures (if any) are disclosed in another note.

Hexagon Group and Hexagon Purus Group historically have had a close relationship as Hexagon Purus Group is at the time of these prepared financials statements as of 31 December 2021 owned 73 per cent of Hexagon Composites ASA. The cooperation includes sharing of manufacturing resources, contract manufacturing and exchange of capacity within all areas of business, process, product and system development. In addition, there has been a tradition to share management and administrative resources for the benefit of all parties having more and better solutions than otherwise would have been possible. All the transactions are carried out as part of normal business and at arm's length prices and terms. Increasing independence for Hexagon Purus Group going forward, will enforce the focus on these principles.

Hexagon Purus GmbH have transferred the CNG LDV operations to Hexagon Group's Agility segment with financial effect 1 October 2021. See [note 5.2](#) for further information about the transaction.

The following table provides the total amount of transactions that have been entered into with related parties during the year, as well as balances with related parties as at 31 December 2021, 31 December 2020 and 31 December 2019.

There are no sales to, purchases from, loans to, receivables or liability/payables to associated companies/joint venture of the Group, except from the investment in associated company. There are no sales to, purchases from, loans to, receivables or liability/payables to main shareholders and 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.

The income statement includes the following amounts resulting from transactions with related parties (Hexagon sister companies and parent)

(NOK 1 000)	2021	2020	2019
Sales revenue	10 538	56 923	86 084
Cost of materials	181 159	34 454	18 843
Other operating expenses	37 577	70 331	42 646
Interest paid to group companies/financial expenses from related parties	7 617	40 383	31 219

The balance sheet includes the following amounts resulting from transactions with related parties (Hexagon sister companies and parent)

(NOK 1 000)	2021	2020	2019
Trade receivables	46 631	22 166	22 390
Trade payables	50 150	24 801	55 083
Amounts owed by related parties	50 531	123	-
Amounts owed to related parties	1 337	165 648	-

Remuneration of the board and management

-NOK 1 000	Salaries and fees	Bonuses paid ¹	Benefits in kind	Paid pension premium	Value of vested instruments ²	Total remuneration 2021
Executive management						
Morten Holum, President & CEO	3 090	1 722	10	180	-	5 002
Dilip Warriar, Chief Financial Officer	2 510	610	178	168	-	3 466
Michael Kleschinski, EVP Light Duty, Distribution & Cylinders	2 401	1 138	64	-	1 060	4 663
Todd Sloan, EVP Systems	1 971	1 004	49	187	-	3 210
Frank Haerberli, SVP Asia	1 538	779	10	180	988	3 494
Jon Erik Engeset, Chairman	660	-	-	-	-	660
Martha Kold Bakkevig	340	-	-	-	-	340
Espen Gundersen	360	-	-	-	-	360
Karen Romer	340	-	-	-	-	340
Jannicke Hilland	300	-	-	-	-	300
Rick Rashilla	203	-	-	-	-	203
Knut Flakk	200	-	-	-	-	200
Total remuneration	13 913	5 252	311	715	2 047	22 239

¹ Bonuses paid in the year, related to the year 2020. The Board of Directors was employed from 14 December 2020.

² Value of vested instruments relates to vesting share-based payments in Hexagon Composites ASA which was granted prior to separating Purus Group from Hexagon Group

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 22](#) Pensions. The Group President participate in the Group's defined contribution plan.

Group management participate in the Company's share-based incentive scheme, which are described in [note 24](#), sShare-based Payment. As of 31 December 2021 the Group President holds 74 (74) thousand shares, has 147 (147) thousand provisional performance share units (PSUs) outstanding, and 73 (73) thousand restricted share units (RSUs) outstanding. In addition, the Group President holds 34 (34) thousand provisional performance share units in Hexagon Composites ASA. The Group CFO holds 60 (60) thousand restricted share units (RSUs) as per 31 December 2021. In addition, the Group CFO holds 17 (17) thousand provisional performance share units in Hexagon Composites ASA.

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

	2021	2020	2019
Jon Erik Engeset (Chairman) ¹	39 899	39 899	-
Karen Romer (Board member)	272	272	-
Rick Rashilla (Board member)	33 968	10 458	-
Knut Flakk (Board member) ²	4 698 587	4 598 587	-

¹ Of the shares owned by Jon Erik Engeset 9 705 are privately owned, 30 194 are owned by a company controlled by Engeset

² Of the shares owned by Knut Trygve Flakk 19 869 are privately owned, 4 678 718 are owned by a companies controlled by Flakk

Shares held by key management personnel

	2021	2020	2019
Morten Holum	74 471	74 471	-

Expensed auditor fees were divided among the following services (excl. VAT)

(NOK 1 000)	2021	2020	2019
Statutory audit and auditing-related services	2 408	1 983	872
Other attestation services	132	-	-
Tax advice	738	-	354
Other non-auditing services	172	512	40
Total	3 450	2 495	1 266

Note 30 Income tax

30.1 Accounting principles for 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 nominal value and are classified as non-current assets and non-current liabilities in the balance sheet. Deferred tax is presented as a gross amount for the geographical countries in which the Group operates.

Deferred tax is recognized directly in other comprehensive income if the tax items relate to items recognized in other comprehensive income. Deferred tax is recognized directly in equity if the tax items relate to items recognized directly in equity.

30.2 Tax expense

(NOK 1 000)	2021	2020	2019
Income tax payable in the income statement	1 976	-	-
Change in deferred tax in income statement	(4 097)	34 654	(25 777)
Tax expense	(2 120)	34 654	(25 777)
Income tax payable in the balance sheet	8 178	-	20
Prepaid tax abroad in the balance sheet	836	-	-
Tax payable from acquired companies at acquisition date	(7 603)	-	-
FX translation effects	566	-	-
Total income tax payable in the income statement	1 976	-	20
Nominal tax rates in Norway	22%	22%	22%
Profit before tax	(347 273)	(273 373)	(193 672)
Tax based on nominal tax rate in Norway	(76 400)	(60 142)	(42 608)
Varying foreign tax rates vs. Norwegian tax rate	(11 357)	-	-
Other non-taxable income and non-taxable expenses	9 808	-	-
Not capitalized due to uncertainty	78 403	60 142	-
Other differences relating to foreign subsidiaries	719	698	16 666
Reversal of capitalized tax asset	-	33 541	-
Share of profit/loss from associates	651	415	165
Tax expense from prior periods	(3 944)	-	-
Tax expense in income statement from continuing operations	(2 120)	34 654	(25 777)
Tax related to discontinued operations	138	(1 464)	(1 764)
Tax expense from continuing and discontinued operations	(1 982)	33 190	(27 541)

Deferred tax assets and deferred tax liabilities

(NOK 1 000)	Balance sheet			Change in deferred tax in income statement		
	2021	2020	2019	2021	2020	2019
Deferred tax asset						
Loss carried forward	(143 049)	(91 470)	(45 938)	(51 579)	(45 531)	(13 773)
Property, plant & equipment	-	(4 232)	-	4 232	(4 232)	(1 059)
Intangible assets	-	(3 717)	(3 789)	3 717	72	(3 789)
Inventories	(515)	(157)	-	(358)	(157)	-
Trade receivables	-	-	(1 796)	-	1 796	(1 796)
Provisions for liabilities/other current liabilities	(3 282)	(5 526)	(2 918)	2 244	(2 608)	(2 225)
Other	(3 963)	(3 624)	(2 952)	(339)	(671)	(593)
Deferred tax asset– gross	(150 809)	(108 726)	(57 393)	(42 083)	51 331	(23 236)
Reduction of tax assets due to uncertainty	148 620	91 776	14 905	56 844	76 871	-
Deferred tax assets - net carrying amount	(2 189)	(16 950)	(42 488)	14 761	25 541	(23 236)
Deferred tax liabilities						
Property, plant & equipment	1 906	5 449	2 656	(3 543)	2 793	1 982
Intangible assets	50 485	11 228	17 875	39 257	(1 598)	(6 871)
Trade receivables	739	638	656	101	(19)	656
Pensions (overfunded)	18	661	-	(643)	661	-
Provisions for liabilities/other current liabilities	1 272	9 996	2 414	(8 724)	7 276	1 691
Deferred tax liabilities – gross	54 419	27 972	23 601	26 447	9 113	(2 541)
Net recognized deferred tax liabilities/assets (-)	52 230	11 022	(18 887)	41 208	34 654	(25 777)
Change in deferred tax from purchase of companies / OCI	-	-	-	45 306	-	-
Net change in deferred tax in income statement	-	-	-	(4 097)	34 654	(25 777)
Carrying amounts						
Deferred tax asset	-	-	(41 213)	-	-	-
Deferred tax liabilities	52 230	11 024	22 325	-	-	-
Net recognized deferred tax assets/ deferred tax liabilities	52 230	11 024	(18 888)	-	-	-

The Group has a total loss carry forward of MNOK 737 (MNOK 477) as of December 31 2021, of which MNOK 376 (MNOK 274) are related to foreign activities. The loss carry forward are indefinitely.

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

Deferred tax recognized in the statement of comprehensive income are as follows

(NOK 1 000)	2021	2020	2019
Actuarial gains/losses, pensions	-	-	-
Derivatives	-	-	-
Total	-	-	-

Note 31 Government grants

Accounting principles for government grants

Government grants, including the Norwegian Skattefunn, are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them, and that the grants will be received.

Grants related to income are presented as reductions of the expenses they are intended to compensate.

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.

(NOK 1 000)	2021	2020	2019
Governmental grants related to income			
Governmental grants booked as deferred revenue	-	354	-
Governmental grants reducing booked value of asset	76	442	-
Total governmental grants related to income	76	796	-
Governmental grants related to income	-	-	-
Governmental grants presented as income	303	164	-
Governmental grants reducing R&D personnel cost	768	-	-
Governmental grants reducing R&D other costs	872	-	-
Total governmental grants related to income	1 943	164	-
Grant total governmental grants received	2 019	960	-

Note 32 Purchasing commitments

The Group has the following commitments resulting from purchasing materials

(NOK 1 000)	2021	2020	2019
First year	-	-	16 052
Second year	-	-	-
Thereafter	-	-	-
Total	-	-	16 052

The Group has the following commitments resulting from facility construction

(NOK 1 000)	2021	2020	2019
First year	127 064	-	16 052
Second year	-	-	-
Thereafter	-	-	-
Total	127 064	-	-

The Group has the following commitments resulting from leases

(NOK 1 000)	2021	2020	2019
First year	117 652	-	16 052
Second year	14 667	-	-
Thereafter	22 000	-	-
Total	154 319	-	-

Note 33 Covid-19 considerations

22 confirmed cases of COVID-19 infection were reported among Hexagon Purus personnel in 2021, all of whom have recovered or are recovering. All production facilities have remained open and only marginally affected during the period.

Hexagon Purus is closely monitoring the COVID-19 situation and has prepared contingency plans at each site. The Company is not able to accurately predict the final outcome from COVID-19 related effects but will remain vigilant and committed to employing further counter measures to mitigate such effects, if required. Hexagon Purus has been impacted by longer lead times related to certain components, including battery cells. This has had some impact on revenues in 2021 but we do not see this as a recurring issue in the medium and long term.

At the date of approval of this report, there are not other effects identified from COVID -19.

Note 34 Climate risk assessment

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 economy opens new business opportunities for Hexagon Purus, as a solutions provider in this space. We strive to maximize the positive climate impact of Hexagon Purus technologies by enabling the avoidance of greenhouse gas emissions from both material production and waste management in the application of those technologies.

Climate change also represents some level of physical risk to Hexagon Purus 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.

The most critical factors in Hexagon's own greenhouse gas emissions are the production processes which, throughout the value chain, must be reduced to further strengthen Hexagon's business model. In addition, the transition to a low-carbon economy will entail extensive policy, legal, technology, and market changes, with a potential to have significant impact on Hexagon's revenues. More information on climate and environmental risks and how these are managed can be found in the ESG Report for Hexagon Composites.

Note 35 Events after the balance sheet date

- Signed a long-term binding letter of intent with Hino Motors Manufacturing U.S. to provide battery packs for multiple Hino truck platforms with serial production planned from 2024. The total sales value over the life of the agreement is estimated at USD 1 billion
- Nominated by a leading and long-standing commercial truck OEM to provide battery packs for serial production of battery electric heavy-duty vehicles between 2024 and 2027, with an option to extend until 2029. The total sales value for the initial period from 2024-2027 is estimated at approximately USD 800 million, increasing to approximately USD 1.2 billion if the extension option is exercised.
- Received orders worth EUR 7.2 million approximately for hydrogen distribution systems from various customers
- Received inaugural orders for hydrogen cylinders from Reliance Industries Limited in India
- Selected to work together with BMW, Robert Bosch and TesTneT Engineering to develop an innovative hydrogen storage system solution for future fuel cell passenger cars
- Signed a 10-year lease for a new 60 000 square foot facility in Westminster, USA for cylinder manufacturing and engineering, expected to be ready for move in during the summer of 2022
- On 15 February 2022, the Company issued 24 742 268 new shares in a private placement at a price of NOK 24.25 per share
- Receives inaugural order for high-pressure hydrogen fuel systems from a Polish bus OEM.
- The Russian invasion of Ukraine and its outfall and consequences are at the time of preparing the financial statement difficult to assess and predict. However, given the Group's relatively limited investments and market activities in Russia and Ukraine and their surrounding areas, the management does not assess this event to have a significant effect on the reported figures as of December 31 2021.

There have not been any other significant events after the balance sheet date that have not been previously disclosed in this report.

Note 36 Exchange rates

	Exchange rate 1 Jan 2021	Average exchange rate 2021	Exchange rate 31 Dec 2021
USD	8.5326	8.5991	8.8194
CAD	6.6976	6.8567	6.9400
EUR	10.4703	10.1648	9.9888

Income statement – Parent Company

HEXAGON PURUS ASA

(NOK 1 000)	Note	2021	2020	2019
Internal transactions		88 773	-	-
Other revenue		640	18	-
Total operating income		89 413	18	-
Payroll & social security expenses	9	45 225	3 801	-
Depreciation		224	-	-
Other operating expenses		91 202	15 169	34
Total operating expenses		136 652	18 970	34
Operating profit (EBIT)		(47 238)	(18 952)	(34)
Finance income	11	84 263	12 654	-
Finance expense	11	88 931	74 012	-
Profit/loss on ordinary activities before tax		(51 906)	(80 310)	(34)
Tax	8	-	-	-
Profit/loss on ordinary activities		(51 906)	(80 310)	(34)
Profit/loss for the year		(51 906)	(80 311)	(34)
Share premium		(51 906)	(80 311)	(34)
Total transferred		(51 906)	(80 311)	(34)

Balance sheet – Parent Company

HEXAGON PURUS ASA

(NOK 1 000)	Note	31 Dec 2021	31 Dec 2020	31 Dec 2019
ASSETS				
Financial assets				
Property, plant & equipment		1 726	-	-
Investments in subsidiaries	2	1 522 369	70 375	11 772
Investments in shares	2	10 880	6 350	3 050
Loans to group companies	4	192 005	934 694	-
Other non-current assets		2 342	-	-
Total non-current assets		1 729 322	1 011 419	14 822
Current assets receivables				
Trade receivables	4	169	22	-
Other receivables group	4	8 099	12 184	-
Other receivables	4	1 760	98	-
Bank deposits, cash and cash equivalents	5	372 387	1 184 250	15
Total current assets		382 416	1 196 554	15
Total assets		2 111 738	2 207 972	14 837

(NOK 1 000)	Note	31 Dec 2021	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES EQUITY				
Paid-in capital				
Share capital	2	23 354	22 909	330
Own shares		-	-	-
Share premium	4	2 066 629	1 974 971	14 443
Other paid-in capital		8 063	372	-
Total paid-in capital	2	2 098 046	1 998 252	14 773
Other equity		-	-	-
Total other equity		-	-	-
Total equity		2 098 046	1 998 252	14 773

(NOK 1 000)	Note	31 Dec 2021	31 Dec 2020	31 Dec 2019
LIABILITIES				
Other non-current liabilities				
Liabilities to group companies	4	-	-	-
Total other non-current liabilities	4	-	-	-
Current liabilities				
Liabilities to group companies	3, 4	-	164 369	-
Trade payables		3 861	28 519	-
Trade payables to group companies	4	1 736	15 534	-
Public duties payable		-	154	-
Other current liabilities		8 096	1 144	64
Total liabilities		13 692	209 720	64
Total equity and liabilities		2 111 738	2 207 972	14 837

Oslo, Norway, 21 March 2022
The Board of Directors of Hexagon Purus ASA


Jon Erik Engeset
Chairman of the Board


Espen Gundersen
Board Member


Jannicke Hilland
Board Member


Martha Kold Bakkevig
Board Member


Rick Rashilla
Board Member


Karen Romer
Board Member


Knut Flakk
Board Member


Morten Holum
President & CEO

Cash flow statement – Parent Company

HEXAGON PURUS ASA

(NOK 1 000)	Note	2021	2020	2019
Cash flow from operating activities				
Profit before tax		(51 906)	(80 311)	(34)
Tax paid for the period		-	-	-
Depreciation		224	-	-
Share-based payment expense		7 691	372	-
Change in receivables		2 276	(12 304)	-
Changes in payables		(38 457)	43 989	25
Changes in other current items		4 454	1 298	39
Net cash flow from operating activities		(77 454)	(46 956)	30
Cash flow from investment activities				
Purchase of property, plant & equipment and intangible assets		(1 951)	-	-
Investments in associated companies	2	(1 456 524)	(61 903)	(14 822)
New loans to subsidiaries	4	745 820	405 307	-
Net cash flow from investing activities		(712 655)	(996 597)	(14 822)

(NOK 1 000)	Note	2021	2020	2019
Cash flow from financing activities				
Changes in long term loans	4	(21 755)	164 369	-
Proceeds from issues of shares		-	723 418	14 792
Net change in bank overdraft		-	-	-
Net cash flow from financing activities		(21 755)	887 787	14 792
Net change in cash & cash equivalents				
Net change in cash & cash equivalents	5	(811 863)	1 184 235	-
Cash & cash equivalents at beginning of period		1 184 250	15	15
Cash & cash equivalents at end of period		372 387	1 184 250	15
Undrawn group overdraft facility				
		-	-	-
Undrawn credit facility				
		-	-	-

Notes – Parent Company

HEXAGON PURUS ASA

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.

Sales revenue

Revenue from services is recognized as services are rendered. The portion of sales revenue relating to future rendering of services is capitalized as unearned revenue on the sale and recognized thereafter as the service is 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 its 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 instruments such as trade receivables, trade payables and interest-bearing liabilities, the Company also uses forward exchange contracts and interest rate swaps to limit the Company's currency and interest rate exposure. The effects of these instruments are recognized as they arise, together with the hedged objects. The interest rate instruments are not measured at the fair value on the balance sheet date

because the Company uses hedge accounting. The currency instruments are valued at fair value and converted to the exchange rate specified on the balance sheet date.

Shares

In the company accounts, the cost method of accounting is used for all shares. All shares are valued at cost in the company accounts.

Share-based payment

Share based payment are accounted for in accordance with NRS 15A, applying IFRS 2 under Norwegian Legislation. Senior executives in the Group have from 2015 to 2018 received options to subscribe for shares in the Parent Company. From 2019 the incentive program involve performance share units (PSUs) instead of options. The fair value of share options and PSUs are measured at the grant date and the cost is recognized, together with a corresponding increase in other paid-in capital, over the period in which the performance and/or service conditions are fulfilled. The fair value is calculated using the Black & Scholes model. The employer's contribution is accrued over the period

in which the service conditions are fulfilled, based on the intrinsic value.

Pension expenses

Pensions are accounted for in accordance with NRS 6A, applying IAS 19 under Norwegian Legislation.

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.

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 1 Equity

(NOK 1 000)	Share capital	Own shares	Share premium	Other paid-in capital	Total equity
Equity as of 1 January 2021	22 909	-	1 974 971	372	1 998 253
Profit/loss for the year	-	-	(51 906)	-	(51 906)
Other comprehensive income	-	-	-	-	-
Share-based payments	-	-	-	7 691	7 691
Actuarial gains/losses for the year	-	-	-	-	-
Movement in own shares	-	-	-	-	-
Changes in paid-in capital	-	-	-	-	-
Issued new share capital	444	-	143 628	-	144 072
Transaction cost	-	-	-	-	-
Other	-	-	(63)	-	(63)
Equity at 31 December 2021	23 353	-	2 066 629	8 063	2 098 046

On 23 November 2021 related to the closing of the Wystrach acquisition, the company issued 4 444 430 consideration shares to the previous shareholders of Wystrach GmbH.

Note 2 Shares in subsidiaries, associates and joint ventures

Subsidiaries

(NOK 1 000)	Registered office	Ownership share	Voting share	Carrying amount
Hexagon Technology H2 AS	Ålesund, Norway	100%	100%	50 030
Hexagon Purus HK AS	Ålesund, Norway	100%	100%	30
Hexagon Purus Maritime AS	Ålesund, Norway	100%	100%	500
Hexagon Composites Germany GmbH	Herford, Germany	100%	100%	1 074 120
Hexagon Purus NA Holding Inc.	USA	100%	100%	397 689
				1 522 369

Joint ventures and associates

(NOK 1 000)	Registered office	Ownership share	Voting share	Carrying amount
Norwegian Hydrogen AS	Norway	20.98%	20.98%	10 880

Hexagon Purus ASA exited its direct ownership position in the Hyon AS JV but remains invested in the consortium through its shareholding in Norwegian Hydrogen AS.

Equity and profit/loss as reported in most recent annual accounts of subsidiaries (company)

(NOK 1 000)	Hexagon Technology H2 AS	Hexagon Purus HK AS	Hexagon Purus Maritime AS	Hexagon Composites Germany GmbH	Hexagon Purus NA Holding Inc.
Cost of acquisition	50 030	30	500	1 074 120	397 689
Equity at 31 December 2021	31 275	(35)	494	871 439	388 600
Profit 2021	(17 008)	-	(899)	(10 301)	215

Share of equity and profit/loss as reported in most recent annual accounts of joint ventures and associates (company)

NOK 1 000)	Norwegian Hydrogen AS
Cost of acquisition	10 880
Equity at 31 December 2021	13 477
Profit 2021	1407

Note 3 Receivables and liabilities

(NOK 1 000)	2021	2020	2019
Receivables due for payment after 1 year			
Other non-current receivables	-	-	-
Loans to group companies	192 005	934 694	-
Total	192 005	934 694	-
Short-term liabilities			
Liabilities to credit institutions	-	-	-
Total	-	-	-
Liabilities secured with collateral	-	-	-

Note 4 Intra-group transactions and balances

(NOK 1 000)	2021	2020	2019
Income			
Administrative services to subsidiaries	88 554	-	-
Total	88 554	-	-
Receivables			
Loans to group companies	192 005	934 694	-
Trade receivables	8 099	12 184	-
Other current receivables	-	-	-
Total	200 104	946 878	-
Liabilities			
Loan from group companies - Current	-	164 369	-
Liabilities to group companies - current	1 736	15 534	39
Total	1 736	179 903	39

Note 5 Bank deposits

(NOK 1 000)	2021	2020	2019
Restricted tax withholdings	742	482	-

Note 6 Share capital and shareholder information

Share capital consists of

(Amounts in NOK)	Number	Nominal	Carrying amount
A shares	233 536 669	0.10	23 353 667

The Company's share capital consists of one class of shares and is fully paid-up.

20 Largest shareholders as of 31 December 2021

	Number of shares	Shareholding
Hexagon Composites ASA	171 166 135	73.3%
Clearstream Banking S.A.	14 326 271	6.1%
Mitsui & Co LTD	5 204 029	2.2%
Deutsche Bank Aktiengesellschaft	4 699 768	2.0%
Flakk Composites AS	3 027 799	1.3%
J.P. Morgan Bank Luxembourg S.A.	2 713 589	1.2%
State Street Bank and Trust Comp	2 273 831	1.0%
MP Pensjon PK	2 112 605	0.9%
Citibank Europe PLC	2 068 865	0.9%
Nordnet Bank AB	1 678 511	0.7%
Brødr. Bøckmann AS	1 323 120	0.6%
UBS AG London Branch	1 111 646	0.5%
Verdipapirfondet Storebrand Norge	1 024 173	0.4%
The Bank of New York Mellon	852 963	0.4%
Nødingen AS	787 288	0.3%
Skandinaviska Enskilda Banken AB	763 723	0.3%
KTF Finans AS	756 950	0.3%
Morgan Stanley & Co. International	660 675	0.3%
J.P. Morgan Securities PLC	567 945	0.2%
Saxo Bank A/S	506 508	0.2%
Total 20 largest shareholders	217 626 394	93.1%
Remainder	15 910 335	6.8%
Total	233 536 669	100.0%

Ownership structure

The total number of shareholders as of 31 December 2021 was 4 618 of whom 287 were foreign shareholders. The number of shares held by foreign shareholders was 47 096 911 or 20.17 per cent.

The Board proposes to the general assembly that there will be no dividend to be paid for the fiscal year 2021.

Note 7 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 8 employees. Pension arrangements are dealt with according to the Norwegian Accounting Standard NRS 6A for pension costs.

The defined contribution pension plan's contribution rates is 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 NOK9 34.69 thousand, excluding employer's contributions.

Note 8 Tax

Tax expense for the year consists of

(NOK 1 000)	2021	2020	2019
Income tax payable	-	-	-
Change in deferred tax	-	-	-
Total tax expense	-	-	-

Calculation of tax base for the year

(NOK 1 000)	2021	2020	2019
Profit before tax	(51 906)	(80 311)	(34)
Permanent differences	21 136	(26 431)	
Change in temporary differences	1471	120	34
Use of loss carryforwards	-	-	-
Tax base for the year	(29 300)	(106 622)	-

Overview of temporary differences

(NOK 1 000)	2021	2020	2019
Receivables	-	-	-
Non-current assets	-	-	-
Provisions	(1 756)	(120)	-
Pensions	-	-	-
Loss carryforwards	(135 956)	(106 656)	(34)
Reduction of tax asset due to uncertainty	137 712	106 776	34
Total	-	-	-
Deferred tax 22%	-	-	-

Note 9 Payroll, number of employees, remuneration, loans to employees etc.

Payroll costs

(NOK1000)	2021	2020	2019
Wages/salaries and fees	8 719	2 761	-
Share-pased payments/bonuses	15 489	-	-
Employer's contribution	2 915	453	-
Contracted personnel	14 377	-	-
Board remuneration	2 590	-	-
Pension expense	934	213	-
Other contributions	200	375	-
Total	45 225	3 802	-

There were five (5 in 2020, 0 in 2019) employees in the Company during the financial year. Some key personnel are contracted from subsidiaries in the Group and presented here as contracted personnel.

The board of directors were employed from 14 December 2020.

(NOK1000)	Salaries and fees	Paid bonus ¹	Natural contributions	Paid pension premium	Value of vested instruments	Total remuneration
Executive management						
Morten Holum, President & CEO	3 090	1722	10	180	-	5 002
Board of directors						
Jon Erik Engeset, Chairman	660	-	-	-	-	660
Martha Kold Bakkevig	340	-	-	-	-	340
Espen Gundersen	360	-	-	-	-	360
Karen Romer	340	-	-	-	-	340
Jannicke Hilland	300	-	-	-	-	300
Rick Rashilla	203	-	-	-	-	203
Knut Flakk	200	-	-	-	-	200
Total remuneration	5 117	1 722	10	180	-	7 029

¹ Bonuses paid in the year relate to the year 2020.

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 "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 12](#), Share-based Payment. As of 31 December 2021 the Group President holds 74 thousand shares, 147 thousand performance share units (PSUs) and 73 thousand restricted share units (RSUs).

Shares owned by board members or related parties

	2021	2020	2019
Jon Erik Engeset, (Chairman) ¹	39 899	39 899	-
Karen Romer (Board Member)	272	272	-
Rick Rashilla (Board Member)	33 968	10 458	-
Knut Flakk (Board member) ²	4 698 587	4 598 587	-

¹ Of the shares owned by Jon Erik Engeset, 9 705 are privately owned, 30 194 are owned by a company controlled by Engeset.

² Of the shares owned by Knut Trygve Flakk 19 869 are privately owned, 4 678 718 are owned by a companies controlled by Flakk.

Shares held by key management personnel

	2021	2020	2019
Morten Holum	74 471	74 471	-

Expensed auditors' fees and comprised of the following services (not including VAT)

(NOK 1 000)	2021	2020	2019
Statutory audit and auditing-related services	1 114	455	32
Other attestation services	130	-	-
Tax advice	618	-	-
Other non-auditing services	139	512	-
Total	2 002	967	32

Note 10 Share-based payment

The Company has two share-based long-term incentive plans. The first plan is a management investment program with Performance Share Units ("PSUs") matching. This plan is limited to five members of the executive management team. Each eligible employee will in 2024 be entitled to up to three new shares in the Company per share invested, at no consideration, provided he or she is still employed in the Company at such date. The entitlement depends on fulfilment of three criteria, one per matching share. One criterion is tied to increase in share price, one is tied to Company performance criteria, and one is tied to continued employment.

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 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 8.5 million year-to-date 31 December 2021. The unamortized fair value of all outstanding RSUs and PSUs as of 31 December 2021 is estimated to be NOK 18.8 million.

There are no cash settlement obligations. As these programs do not have a precedent in the Group, the Group does not have a past practice of cash settlement for outstanding instruments.

All outstanding instruments are granted at the same date in 2021. The following table lists the input applied to calculate the fair value of the plans:

Instruments 2021	RSU key personnel	PSU executive management	RSU executive management
Opening balance 2021, number of instruments	485 000	421 242	210 621
Grants	91 000	-	-
Lapsed/cancelled	(15 000)	-	-
Closing balance 31.12.2020, number of instruments	561 000	421 242	210 621
Quantity 31 December 2021 (shares)	561 000	421 242	210 621
Contractual life ¹	2.50	2.50	2.50
Strike price ¹	-	-	-
Share price ¹	27.30	27.30	27.30
Expected lifetime ¹	3.54	3.54	3.54
Volatility ¹	30.00%	30.32%	30.00%
Interest rate ¹	0.390%	0.390%	0.390%
Dividend ¹	-	-	-
FV per instrument ¹	27.30	20.83	27.30

¹ Weighted average parameters at grant of instrument.

Instruments 2020	RSU key personnel	PSU executive management	RSU executive management
Opening balance 2020, number of instruments	-	-	-
Grants	485 000	421 242	210 621
Closing balance 31.12.2020, number of instruments	485 000	421 242	210 621
Quantity 31.12.2020 (shares)	485 000	421 242	210 621
Contractual life ¹	3.54	3.54	3.54
Strike price ¹	0.00	0.00	0.00
Share price ¹	27.30	27.30	27.30
Expected lifetime ¹	3.54	3.54	3.54
Volatility ¹	30.00%	39.65%	30.00%
Interest rate ¹	0.390%	0.390%	0.390%
Dividend ¹	0.00	0.00	0.00
FV per instrument ¹	27.30	20.83	27.30

¹ Weighted average parameters at grant of instrument.

There were no share-based payments in the Group in 2019. Management personnel did participate in management incentive programs in Hexagon Group before 2020.

Note 11 Net financial items

Finance income

(NOK 1 000)	2021	2020	2019
Interest income from group companies	19 923	12 523	-
Other interest income	1 194	122	-
Other finance income (currency gains)	63 146	9	-
Total finance income	84 263	12 654	-

Finance expense

(NOK 1 000)	2021	2020	2019
Interest expenses to group companies	7 617	6 741	-
Other interest expenses	-	3	-
Currency losses	80 602	67 268	-
Other finance expense	712	-	-
Total finance expense	88 931	74 012	-

Note 12 Financial market risk

The Company's international activities expose it to currency risk and interest risk. Derivative financial instruments are used to minimize 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. The Company have historically used interest rate swaps to minimize the risk.

Currency risk

Fluctuations in exchange rates represent a financial risk to the Company, both directly and indirectly. The Company have used currency swaps and borrows in foreign currency to minimize the risk.

Note 13 On Covid-19

In the parent company there are no direct effects from COVID -19. In the subsidiaries there are all together 22 confirmed cases of COVID-19 infection were reported among Hexagon Purus personnel in 2021, all of whom have recovered or are recovering. All production facilities have remained open and only marginally affected during the period.

Hexagon Purus is closely monitoring the COVID-19 situation and has prepared contingency plans at each site. The Company is not able to accurately predict the final outcome from COVID-19 related effects but will remain vigilant and committed to employing further counter measures to mitigate such effects, if required. At the date of approval of this report, there are not other effects identified from COVID-19.

Note 14 Events after the balance sheet date

On 15 February 2022, the Company issued 24 742 268 new shares in a private placement at a price of NOK 24.25 per share

The Russian invasion of Ukraine and its outfall and consequences are at the time of preparing the financial statement difficult to assess and predict. However, given the company's relatively limited investments and market activities in Russia and Ukraine and their surrounding areas, the management does not assess this event to have a significant effect on the reported figures as of December 31 2021.

There have not been any significant events after the balance sheet date.



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Hexagon Purus ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hexagon Purus 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 2021, and the income statement and the 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 as at 31 December 2021, 31 December 2020 and 31 December 2019, the income statement, statement of comprehensive income, cash flow statement and statement of changes in equity for the years 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 2021 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 2021, 31 December 2020 and 31 December 2019 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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 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.

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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 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 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 there is a material misstatement of this other information or that the information required by applicable 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 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.

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.

Independent auditor's report - Hexagon Purus ASA 2021

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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.

Aalesund, 21 March 2022

ERNST & YOUNG AS

War-André Norvik
State Authorised Public Accountant (Norway)

Independent auditor's report - Hexagon Purus ASA 2021

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Glossary

ASA	Public Limited company in Norway	JOINT VENTURE	Legally signed contractual agreement whereby two or more parties undertake an economic activity
BAR	Unit of pressure. 1 millibar = 100 N/m ²	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
BEV	Battery Electric Vehicle	LDV	Light-Duty Vehicle
CHG	Compressed Hydrogen Gas	OEM	Original Equipment Manufacturer
CO₂	Carbon Dioxide	OSE	Oslo Stock Exchange (Oslo Børs)
EBIT	Earnings before interests and taxes	X-STORE®	High-pressure composite cylinder for bulk transportation and storage of CNG
EBITDA	Earnings before interest, taxes, depreciation and amortization	RESIN	Chemical adhesives for strengthening glass and/or carbon fiber
EV	Electric Vehicle	SCM³	Standard cubic meters. Unit for volumetric measurement of oil, natural gas and natural gas condensate at standard conditions defined in the ISO standard ISO 13443
FCEV	Fuel Cell Electric Vehicle	SINTEF	Stifelsen for industriell og teknisk forskning / Foundation for Industrial and Technical Research
GHG	Greenhouse Gas	TYPE 1	Steel cylinder
HDV	Heavy-Duty Vehicle	TYPE 2	Steel cylinder, composite-reinforced
HSE	Health, Safety & Environment. Collective term for activities relating to health protection, environmental protection, working environment and employee safety.	TYPE 3	Composite cylinder with metal liner
HYDROGEN	Light, colourless gas (Symbol H), produced on an industrial scale	TYPE 4	Composite cylinder with polymer liner
ISO	International Organization for Standardization – publishes standards in a large number of areas		

Financial calendar 2022

Annual General Meeting

27 April 2022

1st quarter 2022

10 May 2022

2nd quarter and half year report 2022

9 August 2022

3rd quarter 2022

1 November 2022

4th quarter 2022

14 February 2023

Details

Interim report and presentation material will be released at 07:00 CET and made available on www.hexagonpurus.com and www.newsweb.no

The interim results are presented live at 8:30 am CET. Hexagon Purus ASA reserves the right to change the dates. All presentations are broadcasted live and open to all interested parties.

Two weeks before the presentation of the interim report Hexagon Purus 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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