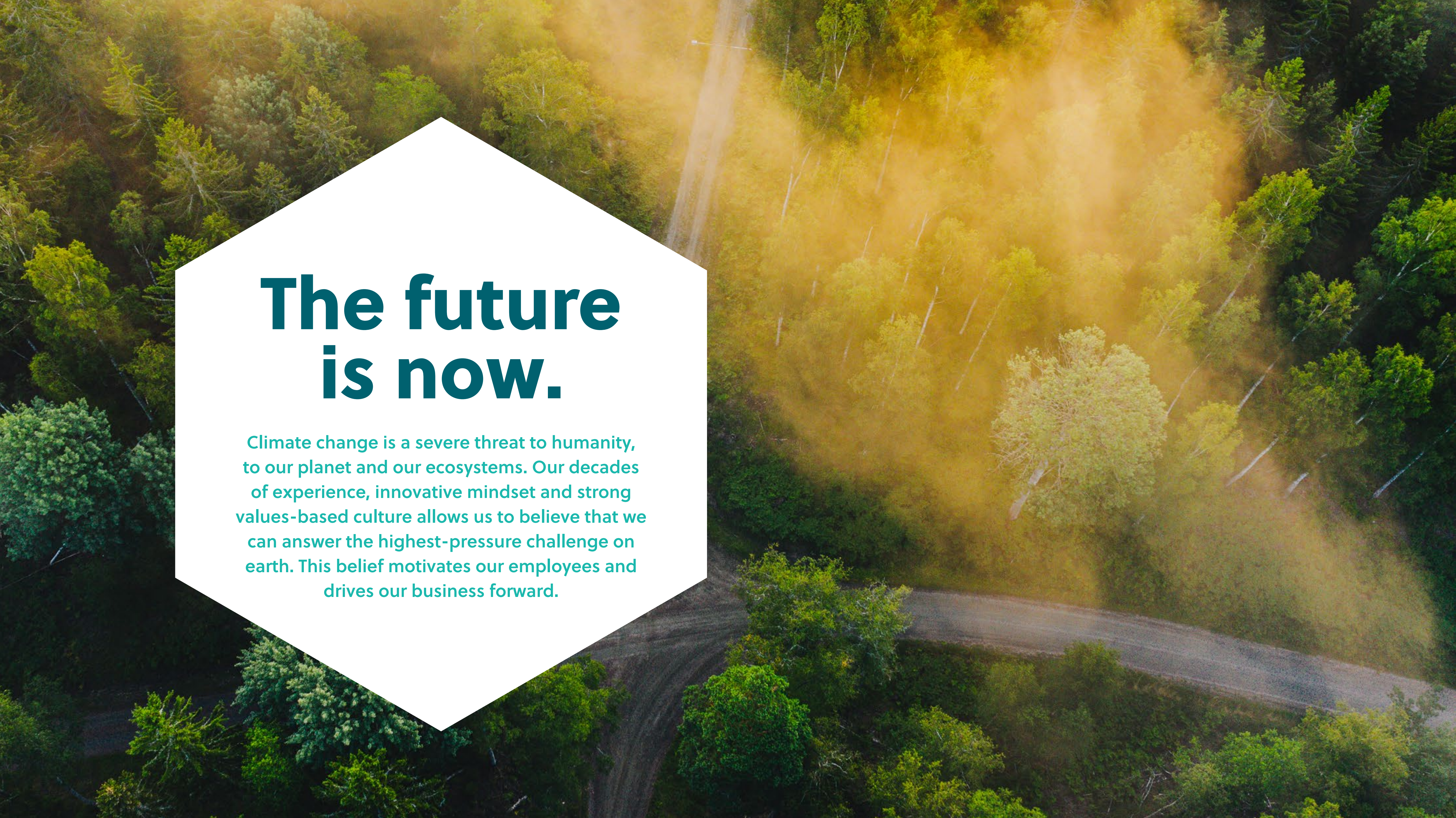
Integrated annual report

2023

HEXAGON PURUS



The future is now.

Climate change is a severe threat to humanity, to our planet and our ecosystems. Our decades of experience, innovative mindset and strong values-based culture allows us to believe that we can answer the highest-pressure challenge on earth. This belief motivates our employees and drives our business forward.

Our business model and sustainable value creation

Sustainable value creation depends on identifying and understanding the impact we have on the planet and how the planet impacts us.

For Hexagon Purus, sustainable value creation relies on six general input factors: production capacity, innovation capital, workforce, relationships and business partners, financial capital and natural capital.

These input factors are further transformed and enhanced by our business model, generating value for our stakeholders and optimizing the use and impact of our input factors.

We use the following input ...

Production capacity

We are present with production facilities in eight locations across three continents ready to serve everyone with ambitions for a sustainable planet.

Innovation capital

We use our extensive engineering and technological knowledge and capabilities to innovate and improve zero-emission technologies for tomorrow.

Workforce

Our workforce of more than 650 employees contributes significantly to ensuring the quality and safety of our products and are the cornerstone of our current and future success.

Relationships and business partners

Our zero-emission technology solutions rely on close and proactive cooperation with our suppliers and business partners, and we are proud to work for a sustainable planet together with them.

Financial capital

Backed by world-class strategic investors, such as specialist investors Mitsui & Co., and Hy24, contributing to a robust financial foundation for long-term growth.

Natural capital

We must optimize the use of our resources, integrating sustainability into all our business decisions.

… to work for a sustainable planet …

HEXAGON PURUS' COMPLEMENTARY OFFERING

Hexagon Purus' complementary technology solutions drive decarbonization across industry and mobility end-markets.

OUR CORE PRODUCTS AND SOLUTIONS TECHNOLOGY OFFERING

- Hydrogen storage cylinders
- Hydrogen fuel storage systems
- Hydrogen storage systems
- Battery systems
- Vehicle integration

Hexagon Purus' technologies are relevant for a wide range of customer applications across hydrogen infrastructure and mobility and battery systems and vehicle integration.

HYDROGEN MOBILITY AND INFRASTRUCTURE

- Hydrogen storage cylinders and fuel storage systems
- Hydrogen distribution modules, stationary storage and mobile refueling stations

BATTERY SYSTEMS AND VEHICLE INTEGRATION

- Battery energy storage systems and full electric vehicle integration

… and create value along the way

OUR RESULTS

Revenue

1 320 MNOK

YoY revenue growth

37%

Equity ratio

51%

OUR ORGANISATION

Workforce

653

YoY overall workforce growth

21%

YoY female workforce growth

34%

OUR CONTRIBUTION

Hydrogen cylinder technology

>6 decades of composite pressure vessel manufacturing experience

Battery systems technology

>2 million miles of on-road practical experience with our battery system technology

Innovation efforts

>18% of employees are dedicated to engineering and R&D activities

Global manufacturing footprint

8 locations across 3 continents

EU Taxonomy eligible revenue

89%

EU Taxonomy aligned CapEx[1]

99%

[1] See EU Taxonomy Report 2023

GO BACK

Contents

This is Hexagon Purus' Integrated Annual Report 2023, presenting our financial statements, notes to the financial statements, and the Board of Directors report. The report also includes information about Hexagon Purus' strategy, business model, and approach to sustainable value creation.

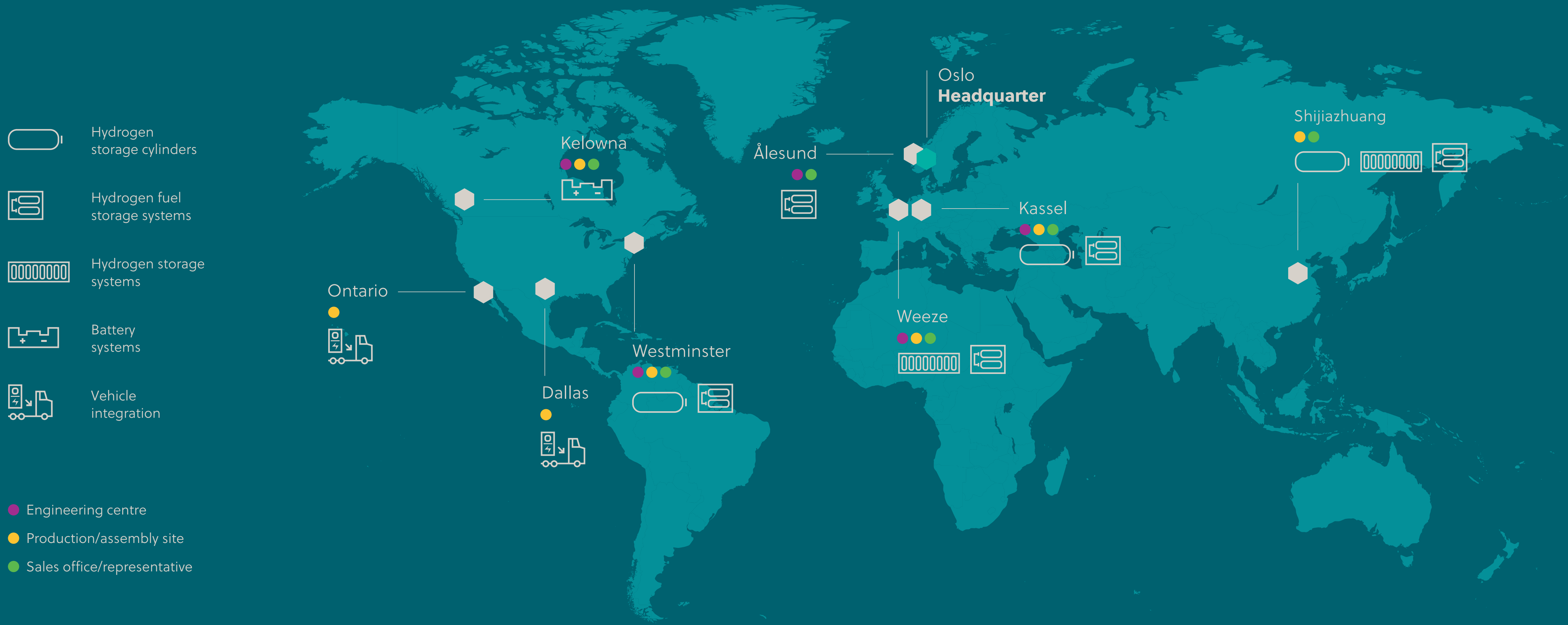
Unless otherwise specified, the information covers the Hexagon Purus Group and its subsidiaries.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) 2021 Universal Standards. An overview of the various disclosures we report on, in addition to any references, comments, or omissions, can be found in the GRI Index, which is disclosed in the appendix of this report, and published separately on www.hexagonpurus.com.

Hexagon Purus has not engaged an independent third-party to perform external assurance on our GRI reporting and/or sustainability reporting.

OUR GLOBAL REACH

With a global and strategically located and scalable footprint, Hexagon Purus is perfectly positioned to play an integral role in driving the zero-emission transition across industry and mobility end-markets.



A driving force for a sustainable planet

Our team is the cornerstone of our success. We are dedicated to fostering an environment where our team members can deliver their best. 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, and our behaviors, we have dedicated employees who are a driving force for a more sustainable planet. Our team works hard at turning our purpose into reality because we strongly believe 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.

PURPOSE

To be a driving force for a sustainable planet

VALUES

Integrity and Drive

BEHAVIORS

Work for each other's success

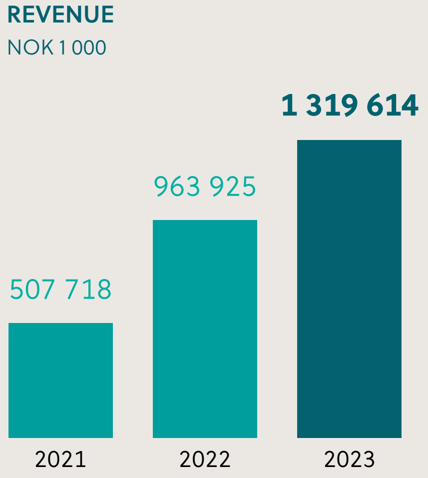
Take responsibility

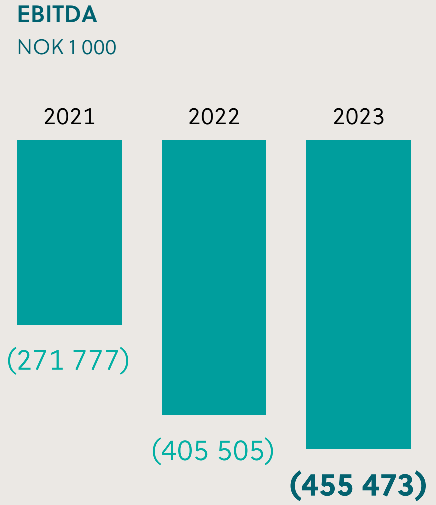
Build trust and be inclusive

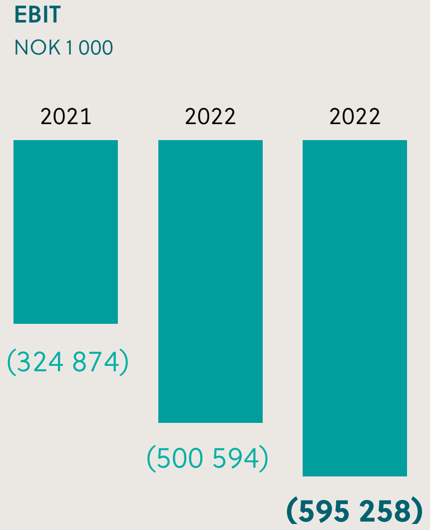
Embrace challenges and failures

GO BACK

FINANCIAL HIGHLIGHTS 2023







+37% total revenue growth from 2022–2023

All figures in NOK 1 000

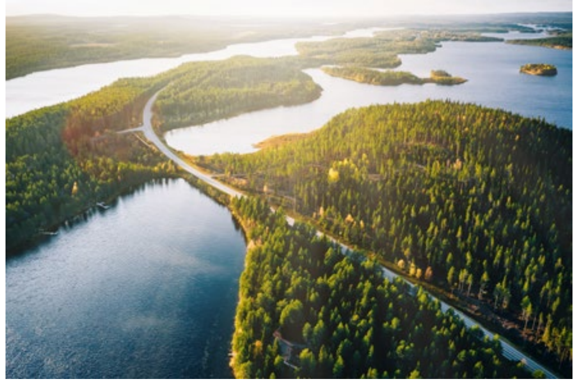
Revenues and profit	2023	2022	2021
Revenue	1 319 614	963 925	507 718
Operating profit before depreciation (EBITDA)	(445 473)	(404 505)	(271 777)
Operating profit (EBIT)	(595 258)	(500 594)	(324 874)
Profit before tax[1]	(691 310)	(440 898)	(347 273)
Profit after tax[1]	(683 517)	(431 518)	(345 152)
Capital 31 December			
Total assets	3 773 007	2 654 903	2 101 745
Equity	1 919 127	1 687 621	1 415 398
Equity ratio[2]	51%	64%	67%

Definition of key figures

[1] Before discontinued operations
[2] Shareholders´equity as a percentage of total assets

Highlights 2023

Successfully transferred from Euronext Growth to the main list of the Oslo Stock Exchange.



Completed two new funding raises, totaling NOK 2.3 billion in gross proceeds. Secured Mitsui & Co., and Hy24 as new strategic investors.

Increased the Company's manufacturing capacity to deliver on major orders and expected customer demand by opening four new facilities in Westminster (Maryland, US), Kelowna (Canada) and Kassel (Germany) and entered into a lease agreement for a vehicle integration site in Dallas (Texas, US).


Picture credit: Daimler Truck North America

Entered into two major contracts in North America for the delivery of complete battery electric trucks to Hino and Daimler Trucks North America estimated to be potentially worth more than USD 2.0 billion.

Picture credit: Panasonic

Signed a multi-year supply agreement with Panasonic for the supply of American-produced battery cells to be used for the Hino and Daimler programs.

Continued to experience strong demand and growth within hydrogen infrastructure solutions. Hexagon Purus signed a multi-year agreement with a global oil & gas company for delivery of hydrogen distribution modules and extended a framework agreement with a leading European producer of green hydrogen for delivery of hydrogen distribution modules.


Picture credit: Solaris

Secured a large order for delivery of hydrogen fuel storage systems to Solaris, a leading European bus manufacturer, under the existing long-term supply agreement. In North America, Hexagon Purus was also chosen by New Flyer for the fourth time as partner for the hydrogen bus market in the region.


Picture credit: Skulebas

Positioned Hexagon Purus Maritime as an early-mover for zero-emission technology in the maritime industry with an order from Hvide Sande Shipyard for a hydrogen fuel storage system for a training ship.

Objectives for 2024

2024 will be an important year of execution for Hexagon Purus. Focus will be on ramping up the Company's newly opened facilities and preparing for serial production as well as continuing to gain ground in the Company's pursuit towards EBITDA break-even in 2025. Selective organizational build-out will continue to enable delivery on customer commitments and to maintain safe and reliable operations.

Achieve at least 50% revenue growth year-over-year

Deliver significant improvement in EBITDA margin year-over-year

Execute existing customer contracts and secure order backlog for 2025

Ramp up newly opened production facilities

GO BACK

A WORD FROM THE CEO

Dear shareholders, clients, partners and colleagues,

In 2020 we set ourselves an ambitious target to reach 4–5 billion NOK in revenue by 2025, and we built a business plan that would take us there in three stages. As we are moving into the third and final stage of that plan – the ramp-up and operational execution phase – I am pleased to report that we are still on track to reach that target. We took substantial steps forward in 2023 towards reaching the 2025 target and delivering on our purpose to be a driving force for a sustainable planet.

The energy transition is moving forward. I am encouraged by the positive developments in the regulatory environment for renewable energy and clean mobility, both in Europe, North America and Asia. Similarly, I am encouraged to see the strong momentum for renewable energy. In 2023, the world´s renewable energy capacity grew by 50 per cent, the fastest pace recorded in the past 20 years. This shows that the COP28 pledge to triple global renewable energy capacity by 2030 can be achieved.

Nevertheless, the energy transition is going slower than what the world requires – and significantly slower than what most people expected a few years ago. The world is not on track to meet the targets set out in the Paris Agreement, and the availability of green hydrogen is much lower than needed. That has delayed the inflection point for hydrogen in many sectors, particularly the heavy-duty mobility segment, which is a significant source of harmful greenhouse gas emissions.

However, Hexagon Purus is already today benefiting from a large existing market for hydrogen used in industries such as pharmaceuticals, semiconductors and food. That hydrogen needs to be transported from source to site, and our distribution modules are significantly more cost-efficient than existing distribution solutions. This gives us the opportunity to grow with demand that is here and now – demand which is less impacted by the delay in the scale-up of green hydrogen production. With sufficient scale and capacity utilization in our existing facilities, the hydrogen infrastructure part of our business is already running at high single-digit EBITDA margins.

We have been capacity constrained in our European hydrogen business in 2023, but we are now close to completing our ambitious capacity expansion program and enter 2024 with significantly higher capacity to serve our customers, backed by a strong portfolio of long-term customer agreements and a solid

"In 2020 we set ourselves an ambitious target to reach 4–5 billion NOK in revenue by 2025 ... I am pleased to report that we are still on track to reach that target."

"We have a strong and diversified pool of customers, sizeable new manufacturing capacity coming online, and a growing order book."

order book. Since the start of 2023, we have opened five brand new manufacturing facilities, and we are in the process of preparing another two facilities that are scheduled to open later in 2024. Simultaneously, we have scaled up our organizational capacity to ensure we have sufficient competence and capacity to deliver in our ramp-up phase. I am pleased that we have been able to continue delivering on our customer commitments and operational targets in parallel with executing complex and capital-intensive construction projects.

As we close out 2023, with the lion's share of the investment program completed, we are now moving into the ramp-up and operational execution phase. With high utilization of the newly installed capacity, and increasingly gaining the benefits of industrial scale, we are confident that we will achieve solid profitability. We expect our hydrogen mobility and infrastructure segment (excluding the China joint venture) to be EBITDA positive already this year. In addition, we expect to start deliveries on the two heavy-duty battery electric truck programs with Hino and Daimler in North America in the fourth quarter of 2024, with a significant volume ramp in 2025. This makes me confident that the target to breakeven on EBITDA for the Group in 2025 is well within reach.

Over the past few years, we have successfully secured a unique market position and delivered transformational growth quarter-over-quarter and year-over-year, with revenue in 2023 more than seven times higher than in 2020. We have a strong and diversified pool of customers, sizeable new manufacturing capacity coming online, and a growing order book. These accomplishments are rooted in the remarkable integrity and drive of the people in Hexagon Purus. Steering a company so rich in competence and passion is a unique and very rewarding opportunity. Seeing how the our global team members embrace challenges, take responsibility, build trust and work to help each other succeed, fills me with confidence that we will succeed.

The world has an urgent need for solutions to address climate change, and I am convinced that our world-leading technology offering can help drive us towards a more sustainable planet.

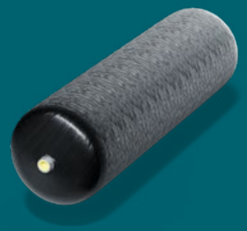
Morten Holum
President & CEO

OUR BUSINESS | HYDROGEN AND BATTERY STORAGE OFFERING

Core component and systems technology offering

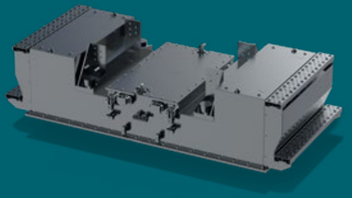
Hexagon Purus is a leading player in the hydrogen infrastructure and zero-emission mobility space offering hydrogen and battery energy storage solutions. The company's hydrogen systems based on Type 4 cylinder technology and battery systems enable safe and efficient use of hydrogen and battery electricity in a variety of zero-emission infrastructure and mobility applications.

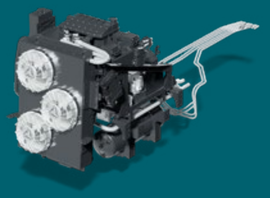
Hexagon Purus' Type 4 hydrogen cylinders and systems

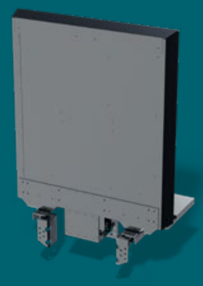

Type 4w cylinder


Hydrogen fuel storage systems

Hexagon Purus' proprietary battery systems for heavy-duty trucks


Battery systems


Auxiliary module


Power module (eBTC)


Vehicle-level software

OUR BUSINESS | HYDROGEN AND BATTERY STORAGE OFFERING

Hydrogen Mobility and Infrastructure

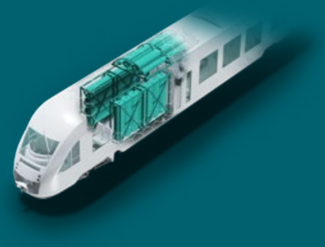
Hexagon Purus' core cylinder, hydrogen- and battery systems technology enables energy to be stored and consumed across multiple applications including hydrogen distribution, hydrogen mobile refueling, transit bus, heavy-duty trucking, rail and maritime.

The global push to decarbonize society is spurring strong momentum and customer demand for Hexagon Purus' zero-emission technologies and creates exciting growth opportunities for Hexagon Purus.

Highlighted hydrogen mobility applications

Hydrogen electric heavy-duty trucking

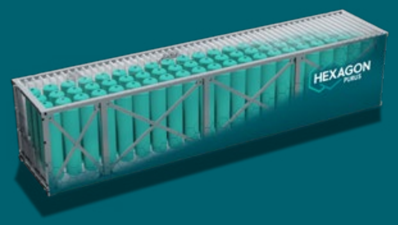
Transit bus



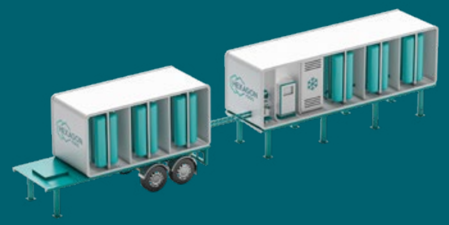
Rail

Maritime

Highlighted infrastructure applications



Hydrogen distribution



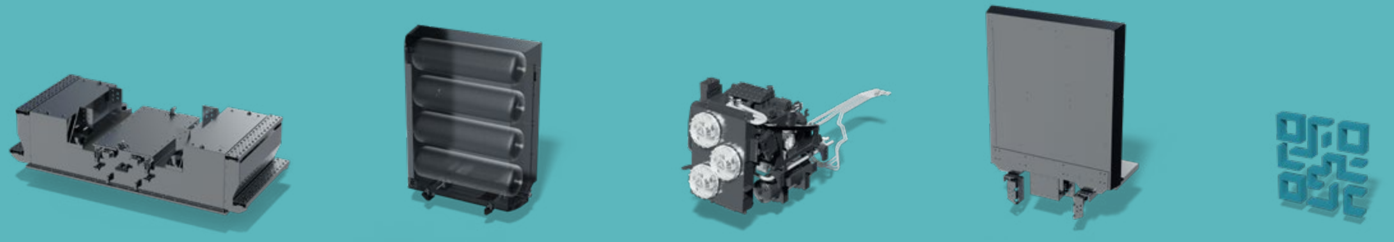
Mobile refueling

OUR BUSINESS | VEHICLE INTEGRATION OFFERING

Complete vehicle integration capabilities in North America

Our unique vehicle integration capabilities coupled with our proprietary product portfolio of key components and technologies required for electrification of heavy-duty trucking, make us an attractive partner for truck OEMs.

Overview of Hexagon Purus' proprietary portfolio technology



Battery systems

Hydrogen fuel storage systems

Auxiliary modules

Power modules (eBTC)

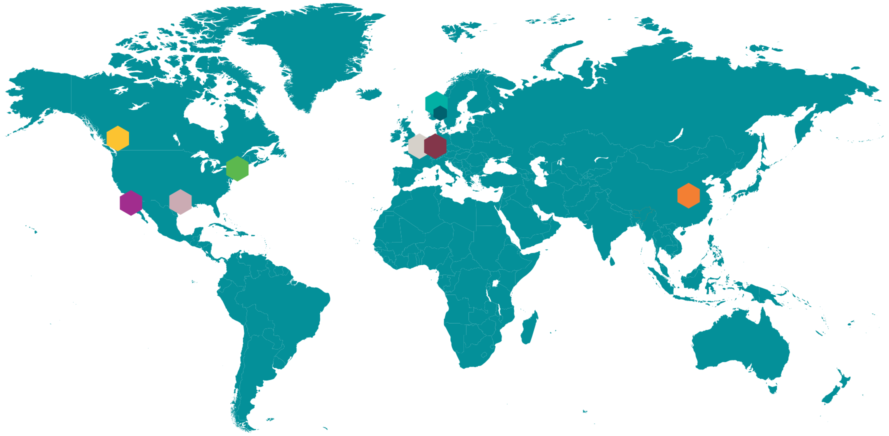
Vehicle-level software

Complete vehicle integration for hydrogen electric heavy-duty trucks

Complete vehicle integration for battery electric heavy-duty trucks

Manufacturing footprint

In 2023, Hexagon Purus significantly scaled up its manufacturing capacity to meet the expected demand for zero-emission technology. The Company now has a footprint spanning eight locations globally.



Battery systems and vehicle integration

Ontario USA

Vehicle integration prototype facility and service center

Footprint: Approximately 1 100 square meter facility

Products: Field service for battery and hydrogen electric trucks

Status: In operation

Kelowna Canada

Engineering center and automated manufacturing facility for battery systems

Footprint: Approximately 6 000 square meter facility

Products: Engineering, battery systems and electrification components

Status: In ramp-up

Dallas USA

Vehicle integration facility for heavy-duty trucks

Footprint: Approximately 19 000 square meter facility

Products: Vehicle integration. Optionality to add battery systems manufacturing capabilities

Status: Brownfield facility Production start: H2 2024

Hydrogen Mobility and Infrastructure

Westminster USA

Hydrogen cylinder and systems manufacturing facility

Footprint: 5 600 square meter facility

Products: Type 4 high-pressure hydrogen cylinders and fuel storage systems

Status: In operation

Kassel Germany

Hydrogen cylinder engineering and manufacturing hub

Footprint: Approximately 22 000 square meter facility

Products: Type 4 high-pressure hydrogen cylinders and fuel storage systems

Status: In ramp-up

Weeze Germany

Hydrogen infrastructure systems assembly hub

Footprint: Approximately 20 000 square meter facility

Products: Type 4 high-pressure hydrogen storage systems

Status: In operation / In ramp-up

Ålesund Norway

Maritime engineering and systems assembly facility

Footprint: Approximately 600 square meter facility

Products: Hydrogen fuel systems for maritime applications

Status: In operation

China Joint-Venture

Shijiazhuang China

Joint-venture hydrogen cylinder and systems manufacturing facility

Footprint: 22 000 square meter facility

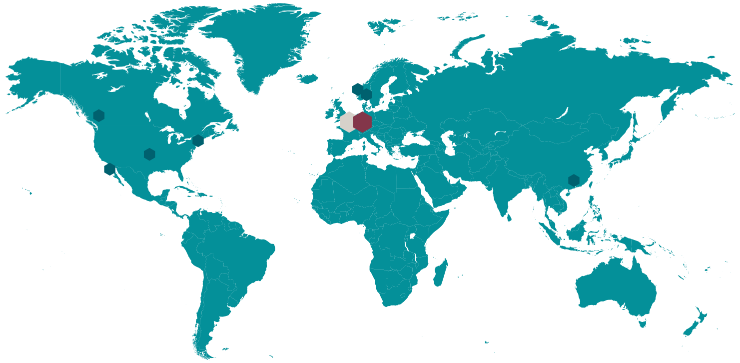
Products: Type 4 high-pressure hydrogen cylinders and storage systems

Status: Construction completed

INFRASTRUCTURE APPLICATIONS

Hydrogen distribution

Our hydrogen distribution and mobile refueling systems based on Type 4 high-pressure cylinders offer the optimal combination of weight and payload resulting in leading total cost of ownership compared to traditional steel tube trailers for transportation of hydrogen between points of production and consumption. Our solutions are equally relevant and competitive for all colors of hydrogen – green, blue or grey.



Weeze Germany **Kassel** Germany

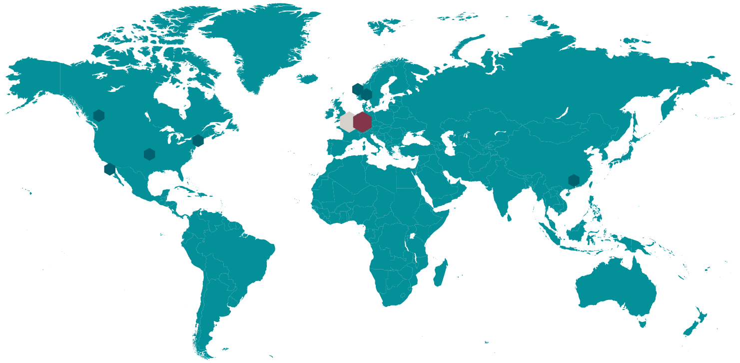
COMMERCIAL OUTLOOK AND HIGHLIGHTS 2023

There is a growing need to transport hydrogen, which has traditionally been transported using steel tube trailers. Hexagon Purus' Type 4 distribution modules can carry three times the amount of hydrogen compared to a steel tube trailer and have a lower total cost of ownership. Hexagon Purus' business for hydrogen infrastructure solutions is mainly driven by large, multinational customers like Air Liquide and Linde that deploy Hexagon Purus' Type 4 hydrogen distribution modules for transportation of grey hydrogen for industrial purposes to sectors such as semiconductors, pharmaceuticals and food production. These are industry verticals where the use of hydrogen, and hence the need for transportation, is expected to grow significantly going forward. The other main customer group for the Company's hydrogen infrastructure solutions is emerging green hydrogen producers as well as energy majors establishing hydrogen refueling infrastructure networks, predominantly in Europe. The new hydrogen infrastructure and systems manufacturing hub that Hexagon Purus recently opened in Weeze, Germany will more than double (at run-rate) the Company's production capacity for hydrogen distribution modules and will help meet the growing demand expected for hydrogen infrastructure solutions.

INFRASTRUCTURE APPLICATIONS

Mobile hydrogen refueling

Hexagon Purus delivers mobile refueling solutions for hydrogen mobility applications. The mobile hydrogen refueling station is a flexible system enabling lower initial capital costs compared to fixed hydrogen refueling stations and allowing for gradual build-up of hydrogen mobility fleets. The system can be modified to serve both on-road and off-road mobility and can be utilized for demonstration purposes.



COMMERCIAL OUTLOOK AND HIGHLIGHTS 2023

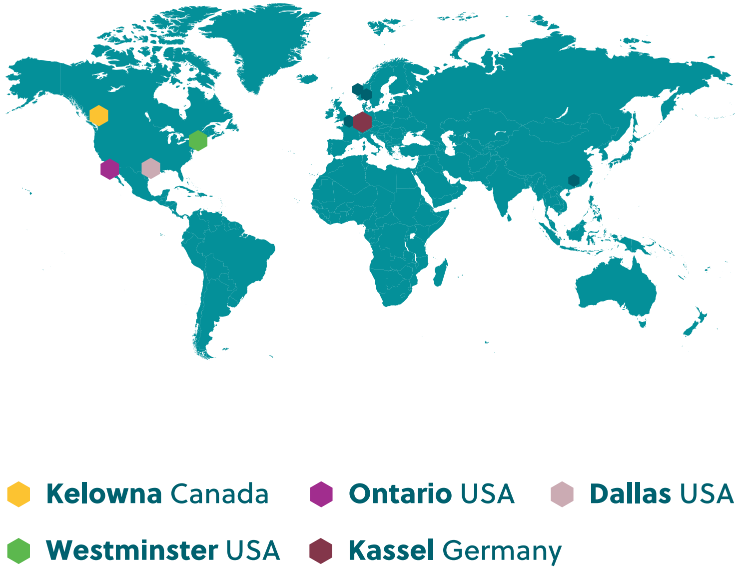
Currently, hydrogen refueling infrastructure is not developed sufficiently for the widespread adoption of hydrogen electric vehicles. Mobile hydrogen refueling stations address this challenge, providing a flexible option for customers that are not yet ready to make capital investments in permanent hydrogen fueling stations.
In addition, these units offer advantages for heavy-duty vehicles such as construction and harbor machines which do not have access to permanent refueling stations and require flexible and transportable refueling options.
These mobile stations can be easily moved and can help demonstrate the viability of hydrogen as an alternative fuel to diesel. Near term demand is expected to be mainly driven by increased adoption of hydrogen transit buses in Europe with the mobile refueling units located at the bus depots for convenient and efficient refueling. Increased adoption of hydrogen heavy-duty trucking and off-road applications is expected to be the main long-term driver for the mobile refueling units to support the gradual scale-up of hydrogen mobility fleets globally.

MOBILITY APPLICATIONS

Heavy-Duty Trucking

Hexagon Purus delivers hydrogen storage cylinders and systems for heavy-duty trucking in addition to battery systems and complete vehicle integration of battery electric and fuel-cell electric vehicles in North America. Hexagon Purus has more than 20 years' experience working with OEMs integrating energy storage systems and offers best-in-class electric drivetrain components and storage technology for battery and hydrogen electric trucking.

Picture credit: Nikola



COMMERCIAL OUTLOOK AND HIGHLIGHTS 2023

Zero emission heavy-duty trucking plays a substantial role in reducing emissions within the transportation sector. In the U.S., both the Environmental Protection Act (EPA) and California Air Resources Board (CARB) have introduced proposals and regulations that address the need for further reductions in emissions in the transportation sector. In California, the Advanced Clean Trucks regulation for truck manufacturers and the Advanced Clean Fleets regulation for fleet owners aim at reducing emissions and accelerating the adoption of zero-emissions vehicles (ZEVs) in the transportation sector. To date, seventeen states have adopted California's regulation for zero-emission trucking. While the hydrogen fueled heavy-duty truck segment is not yet at mass adoption, demand for battery- and hydrogen electric trucking is expected to accelerate towards 2030 on the back of strong regulatory drivers and availability of charging- and refueling infrastructure. Several OEMs are now developing both battery and hydrogen electric heavy-duty offerings to meet future customer demand.

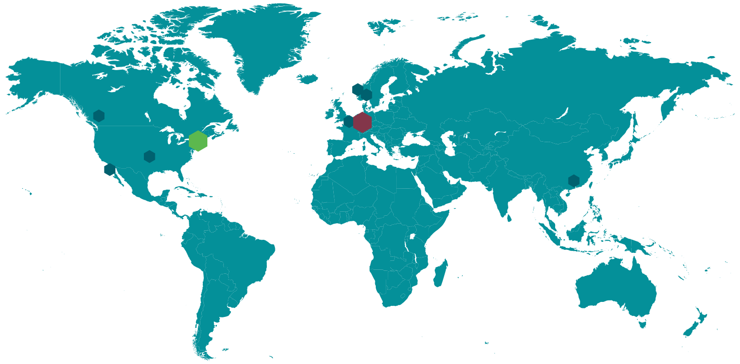
In 2023, Hexagon Purus signed two major agreements for complete vehicle integration of battery electric utility and heavy-duty vehicles with Hino Trucks and Daimler Trucks North America for the North American market.

MOBILITY APPLICATIONS

Transit bus

Hexagon Purus delivers hydrogen cylinders and storage systems to transit bus manufacturers globally. Our flexible and customizable range of high-pressure cylinders systems is perfectly suited for installation in buses and can help reduce noise and harmful emissions into the environment. Our hydrogen solutions offer distinct advantages in both hot and cold climates where air conditioning and heating make heavy demands on batteries.

Picture credit: CaetanoBus



Westminster USA **Kassel** Germany

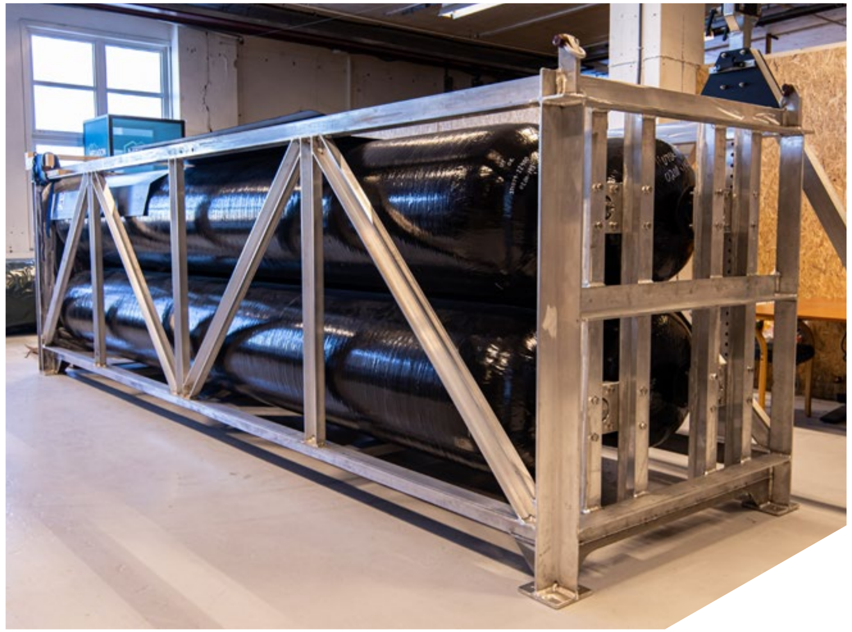
COMMERCIAL OUTLOOK AND HIGHLIGHTS 2023

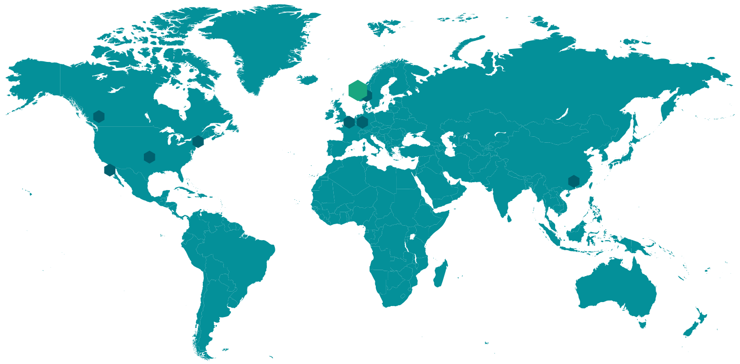
While still at an early commercial stage, transit bus is likely the next hydrogen segment to reach commercial maturity and is expected to grow strongly in 2024. Demand for hydrogen storage is increasing due to the EU targeting a 90% emissions reduction for most new trucks and coaches by 2040 and 100% zero-emission city bus sales by 2030. Several thousand hydrogen buses are already in operation with many operators, particularly public ones, planning to transition their fleets to zero emission. Hydrogen offers advantages in both hot and cold climates when significant on-board energy is needed for heating and cooling and bus fleets do not rely on widespread public refueling infrastructure. Hexagon Purus has strong positions in both Europe and North America and more than 15% of our current order backlog consists of firm purchase orders for delivery of hydrogen storage systems to fuel-cell electric bus OEMs such as Solaris, Caetano and New Flyer.

MOBILITY APPLICATIONS

Maritime

Hexagon Purus combines extensive hydrogen storage and maritime expertise to provide a holistic approach to zero emission maritime solutions. Hexagon Purus is at the forefront of developing innovative hydrogen storage solutions with its Type 4 high-pressure composite cylinders that are ideal for several maritime applications. Together with partners, Hexagon Purus can cover major parts of the maritime hydrogen value chain.





Ålesund Norway

COMMERCIAL OUTLOOK AND HIGHLIGHTS 2023

To achieve the International Maritime Organization's (IMO) net-zero greenhouse gas emissions target by 2050, clean fuels in the maritime industry must be adopted at scale. Hydrogen as a fuel offers exciting long-term decarbonization potential for the maritime segment as it offers a longer range then battery electric and thus enables additional and larger vessels to sail with zero emissions.

Hydrogen and battery electric technologies are both relevant for zero-emission shipping and have different use cases. Hydrogen technology is most suitable for inland or coastal cargo vessels, supply and service vessels for offshore oil & gas, wind farms and fish farming and passenger ferries servicing predictable point-to-point routes.

In 2023, Hexagon Purus received an order from Hvide Sande Shipyard for hydrogen fuel storage system incorporating Type 4 hydrogen cylinders onboard the training ship SKULEBAS. This is an important contract not just to validate our technology but also for training future mariners in zero emission technologies. Hexagon Purus Maritime is also constructing a hydrogen fuel storage system from Moen Marin, the world's largest supplier of working boats to the fish farming industry.

Executive management




	Morten Holum	Salman Alam	Anne Lise Hjelseth	Michael Kleschinski
Position	President & CEO	CFO	EVP, People & Culture	EVP, Hydrogen Mobility & Infrastructure
Experience	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. Prior to joining Hexagon, he was CFO and then CEO of Saferoad Group. He has also held key management positions in Norske Skog, Norsk Hydro and American Airlines. Morten has a BS in Finance and Psychology from Østfold University College and the University of Oslo and an MBA from the University of North Carolina.	Salman Alam joined Hexagon Purus in 2020 and was appointed CFO in March 2023. Prior to that, he served as SVP, Corporate Development of the Company. Before joining Hexagon Purus, he was Director of Finance at Hexagon Composites. Salman has broad international experience within financial services, including from investment banking at Goldman Sachs in London and equity research at Carnegie Investment Bank in Oslo. Salman holds a BSc in Business and Economics from BI Norwegian Business School and an MSc in Finance from London Business School.	Anne Lise Hjelseth joined Hexagon Purus in January 2022 as Executive Vice President and has the responsibility for People & Culture, Sustainability & Communication. She is a seasoned executive with extensive international experience from a variety of industries within HR, Culture, Organizational Development, Communication, and Sustainability. Prior to Hexagon Purus, she was part of the executive teams at Wallenius Wilhelmsen, Kitron and Cambi and held several leadership roles within Eli Lilly & Co. Anne Lise holds a MSc in organic chemistry from the Norwegian University of Science and Technology (NTNU)	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. Michael has a BSc with Honors in Mechanical Engineering from the University of Glasgow and a Ph.D. in composite materials from Darmstadt University.
Number of shares	130 646[1]	8 247	41 237	112 000

[1] Includes shares owned by related parties

Executive management cont.




	Todd Sloan	Dilip Warrier	Heiko Chudzick	Frank Haeberli
Position	EVP, Battery Systems and Vehicle Integration	EVP, Strategic Projects	EVP, Operations	EVP, Asia
Experience	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, now part of Hexagon Composites, and is an innovator with 25 years of experience in the clean commercial vehicle industry. He holds a Bachelor of Engineering in Mechanical Engineering.	Dilip Warrier was appointed Executive Vice President, Strategic Projects in Hexagon Purus in March 2023. Prior to his current role, he served as CFO of the Company, and before that he was VP Finance at Agility Fuel Solutions. Dilip has also been an equity research analyst at CIBC World Markets and Stifel Nicolaus covering clean transportation and energy storage. He holds an MBA from Stern School of Business, New York University, and a Bachelor of Engineering from Mumbai University.	Heiko Chudzick was appointed Executive Vice President, Operations in January 2022. He joined Hexagon Composites in 2018 and has broad international experience from several senior positions in the automotive and steel sector at ThyssenKrupp and Bosch. Heiko holds a Dipl.-Ing. degree in Mechanical Engineering with a major in Automotive Engineering from RWTH Aachen University.	Frank Haeberli was appointed Executive Vice President, Asia in April 2023. He joined Hexagon Group 15 years ago. Frank has held several key management positions in Hexagon Composites and has extensive experience and a strong track-record from international business development projects. Frank has a BSc, Mechanical Engineering from Mannheim University of Applied Sciences and a Bachelor's degree in Law from the University of Constance.
Number of shares	69 759	8 559	61 060	60 664

BOARD OF DIRECTORS' REPORT

Board of Directors' report

Hexagon Purus is a global leader in the hydrogen infrastructure and zero-emission mobility space offering leading hydrogen and battery energy storage solutions and heavy-duty vehicle integration. Our solutions enable the safe and effective use of hydrogen and electricity in a variety of applications including hydrogen distribution, mobile refueling, industrial manufacturing, transit bus, heavy-duty trucking and maritime. Hexagon Purus ASA, is headquartered in Oslo, Norway. Business activities are mainly located in Germany, USA, Canada and China.

GO BACK

Key developments of 2023

- Grew revenue by 37 per cent from NOK 964 million to NOK 1 320 million.
- Opened new facilities in Westminster (MD, US), Kelowna (BC, Canada) and Kassel (Germany) and entered into a lease agreement for a new vehicle integration site in Dallas (Texas, US).
- Added Mitsui and Hy24, the world's largest clean hydrogen pure-play investor, as new strategic investors. Raised, through two convertible bond and one equity private placements, gross proceeds of approximately NOK 2.3 billion.
- Successfully transferred from Euronext Growth on to the main list of the Oslo Stock Exchange.
- Signed several customer agreements for delivery of hydrogen infrastructure solutions, representing a significant increase in order intake.
- Signed multi-year agreements worth potentially more than USD 2 billion with Hino and Daimler Trucks North America for delivery of complete battery electric trucks for the North American market.
- Signed a multi-year agreement with Panasonic for the supply of American-produced battery cells.
- Received additional purchase orders from Solaris under existing long-term supply agreement, for the delivery of hydrogen fuel storage systems to support Solaris' roll-out of hydrogen fuel-cell electric buses in Europe following a recent public tender win in Bologna, Italy.
- Selected to work together with Ford Trucks to deliver a complete hydrogen fuel storage system for its first fuel cell electric-powered vehicle (FCEV) F-MAX as part of the Horizon Europe project ZEFES (Zero Emission Freight EcoSystem), a pan-European project targeting decarbonization of long-haul heavy-duty trucking in Europe.
- Selected by a large European OEM to develop and deliver the next generation mobile hydrogen refueling station for 700 bar commercial vehicles.
- Strengthened position as an early-mover for zero-emission technology in the maritime industry with an order from Hvide Sande Shipyard for a hydrogen fuel storage system for a training ship.

Financial results

Profit/loss

In 2023, Hexagon Purus ("the Company" or "the Group") generated NOK 1 320 million in revenue, up 37 per cent compared to the full-year revenue in 2022. Hydrogen infrastructure solutions continued to be the main driver of growth, coupled with increasing activity within mobility applications, including heavy-duty vehicles and transit bus.

Cost of materials as % of revenue was 59 per cent for the full-year 2023, compared to 61 per cent for the full-year 2022. In relative terms, as a % of revenue, payroll expenses for the full-year 2023 were 47 per cent (46 per cent) and increased on an absolute basis as a function of the continued investments in organizational scale-up. Total operating expenses for the full-year 2023 ended at NOK 1 765 (1 369) million, leading to an operating profit before depreciation (EBITDA) of NOK -445 (-406) million. Depreciation for the full-year 2023 was NOK 150 million, up from NOK 95 million for the full-year 2022 with the increase driven by a higher balance of depreciable assets due to the Company's ongoing capacity expansion program. Operating profit (EBIT) for the full-year 2023 consequently ended at NOK -595 (-501) million.

Share of income from investments in associates, which reflects Hexagon Purus' minority shareholdings in Cryoshelter LH2 GmbH and CIMC Hexagon Hydrogen Energy Systems Ltd., was NOK -13 (52) million for the full-year 2023. Finance income for the full-year 2023 was NOK 104 (37) million, of which approximately NOK 56 million relates to foreign exchange fluctuations and approximately NOK 30 million relates to interest income on bank deposits. The remaining approximately NOK 18 million is related to a revaluation of the Company's ownership interest in Norwegian Hydrogen AS ("NH2"), following NH2's capital raise from Fortescue in October 2023 that valued NH2 at NOK 750 million. Hexagon Purus has a 12.7 per cent ownership interest in NH2.

Finance costs for the full-year 2023 were NOK 187 (29) million, of which approximately NOK 83 million relates to non-cash interest on the 2023/2028 convertible bond. Approximately NOK 22 million stems from interest on lease liabilities and other interest-bearing debt and the remainder relates to foreign exchange fluctuations. Tax expense for the full-year 2023 was NOK-8 (-9) million, and net profit after tax ended at NOK -684 (-432) million.

Cash flow

Net cash flow from operating activities for the full-year 2023 was NOK -713 (-325) million, of which NOK -249 (70) million was due to an increase in net working capital.

Net cash flow from investing activities was NOK -597 (-338) million for the full-year 2023, of which NOK 443 (240) million relates to investments in production equipment and facilities related to the ongoing capacity expansion program. Capitalized product development expenditure was NOK 39 (53) million for the full-year 2023. Settlement of the deferred consideration and parts of the contingent consideration related to the Wystrach acquisition was also made in 2023, amounting to NOK 86 million. Additionally, during 2023, NOK 29 million was contributed to CIMC Hexagon Hydrogen Energy Systems Ltd., of which Hexagon Purus owns 49%. The remaining cash flow from investing activities for the full-year 2023 mainly relates to funding contributions to Cryoshelter LH2 GmbH for the ongoing development work related to developing liquid hydrogen storage solutions. Interest received on deposits for the full-year 2023 amounted to NOK 30 (8) million.

Net cash flow from financing for the full-year 2023 was NOK 1 261 (581) million, mainly driven by issuance of NOK 500 million (gross) in new equity and approximately NOK 800 million (gross) in convertible bonds during 2023. The majority of the outflow from financing is related to lease payments, which for the full-year of 2023 amounted to NOK -21 (-10) million. Payments related to lease liabilities is expected to increase in 2024 as the new facilities developed under the capacity expansion program comes online. Cash interest payments for the full-year 2023 amounted to NOK -21 (-10) million.

Net change in cash and cash equivalents for the full-year 2023 was NOK -74 (-72) million, and currency exchange differences on cash was NOK -25 (10) million. Cash and cash equivalents ended at NOK 307 (382) million. The cash balance for the full-year 2023 does not take into account the approximately NOK 1 000 million (gross) convertible bond offering that was announced in December 2023 and issued in February 2024.

Balance sheet

Total assets at year-end 2023 amounted to NOK 3 773 (2 655) million. The year-over-year increase in total assets is mainly driven by increases to property, plant and equipment to NOK 867 (495) million and right-of-use assets to NOK 545 (152) million as a result of the Company's ongoing capacity expansion program, combined with an increase in working capital to cater for a higher activity level. Trade receivables increased to NOK 275 (229) million at year-end 2023 and inventory stood at NOK 482 (332) million. The Company's working capital position reflects growth throughout 2023, which is expected to continue into 2024.

Increases in equity and non-current liabilities in 2023 is mainly driven by issuance of NOK 500 million (gross) in new equity and approximately NOK 800 million (gross) in convertible bonds in combination with an increase in lease liabilities related to production facilities and equipment as part of the Company's ongoing capacity expansion program. At year-end 2023, the Company had a satisfactory equity ratio of 51 per cent (64 per cent).

Organization

In the fiscal year of 2023, the workforce experienced a growth rate exceeding 20%, bringing the total employee count to 653. When including agency workers, the workforce totals 688. The female workforce grew by 34%. Crucial competencies were acquired at all sites. The company remains steadfast in its commitment to diversity and inclusion, and will continue its efforts in this regard.

Hydrogen mobility and infrastructure

Hexagon Purus' hydrogen storage solutions are based on its leading Type 4 cylinder technology and enable the safe and efficient use of hydrogen in a variety of zero-emission mobility and hydrogen infrastructure applications.

The majority of Hexagon Purus' revenue in 2023 was driven by its suite of hydrogen infrastructure solutions, such as hydrogen distribution modules, stationary storage and mobile refueling units. Hydrogen infrastructure customers included blue-chip industrial gas companies like Air Liquide and Linde, and green hydrogen producers such as Lhyfe.

There is a growing need to transport hydrogen, and Hexagon Purus' Type 4 distribution modules are significantly more cost-effective than existing hydrogen transportation solutions. The Company's commercial pipeline and customer dialogues for hydrogen infrastructure solutions remains strong. For instance, in 2023, the Company entered into a long-term agreement with a leading global energy company and extended an existing framework agreement with a leading European producer of green hydrogen for delivery of hydrogen distribution systems with a total combined value of approximately EUR 44 million. Hexagon Purus' hydrogen distribution systems will be used to deliver green hydrogen for mobility and industrial applications in Europe. Furthermore, in December 2023, Hexagon Purus received purchase orders for the delivery of hydrogen distribution systems to a leading player within the green hydrogen ecosystem, worth approximately EUR 9.6 million. The distribution systems will be used to deliver green hydrogen to industrial applications in Central Europe.

Mobility applications contributed positively to revenue in 2023, mainly driven by deliveries of hydrogen cylinders for Nikola's fuel cell electric heavy-duty truck and deliveries of hydrogen storage for transit bus applications to customers like Solaris and New Flyer. Hexagon Purus was also recently awarded a purchase order by Ford to deliver a complete hydrogen fuel storage system for Ford's development project on fuel cell electric heavy-duty trucks for the European market. The fuel cell electric F-MAX prototype that Ford is developing will operate as part of a larger fleet of zero-emission trucks collecting data from real-world operations as part of the ZEFES project, a pan-European project specifically targeting decarbonization of long-haul heavy-duty trucking in Europe.

The Company's aerospace business continues to contribute positively, both from a revenue and profitability perspective. There continues to be active customer dialogues for development programs and long-term agreements for on-board hydrogen storage for commercial aviation and maritime applications.

Capacity expansion update

In January 2024, Hexagon Purus opened its new hydrogen infrastructure and systems manufacturing hub in Weeze, Germany. Hydrogen infrastructure is a highly important and profitable market segment for Hexagon Purus, and this expansion more than doubles (at run rate) the Company's annual production capacity of Type 4 high-pressure hydrogen infrastructure solutions and is a key enabler for continued profitable revenue growth in 2024 and 2025.

In addition to the above, the Company has opened two new hydrogen cylinder manufacturing facilities in Kassel, Germany (in 2023) and Westminster, US (in 2023). The ramp-up of the new Kassel facility is currently ongoing and has taken more time than expected due to delays in equipment deliveries.

The slower ramp-up has led to delays in certain customer deliveries, impacting revenue recognition in the fourth quarter of 2023.

In China, the Company is together with its joint venture partner CIMC Enric constructing a hydrogen cylinder production and systems assembly facility in Shijiazhuang. The facility construction has been completed and production equipment installation is currently taking place.

Battery systems and vehicle integration

Hexagon Purus delivers industry-leading battery storage systems with complete vehicle integration for medium- and heavy-duty trucks in North America. Additionally, the Company has a suite of IP-protected key components required for heavy-duty vehicle electrification.

In 2023, Hexagon Purus signed two major agreements for complete vehicle integration of battery electric utility and heavy-duty vehicles with Hino Trucks and Daimler Trucks North America for the North American market, potentially worth more than USD 2 billion over the course of most of the current decade. The vehicles will include Hexagon Purus' proprietary and IP protected zero-emission technology, including battery systems, auxiliary modules, power modules and vehicle-level software. These contract awards highlight Hexagon Purus' unique vehicle integration capabilities and the Company's proprietary product portfolio of key components and technologies required for electrification of heavy-duty trucking. It also exemplifies the attractiveness of Hexagon Purus to OEMs looking to go zero-emission.

The battery systems and vehicle integration organization is now actively preparing for expected start of production for both programs towards the end of 2024, including engineering activities, test and validation, and further scale-up of the organization. The supply chain for the Company's electric vehicle integration activities remains complex and dynamic, and the Company is engaging in proactive supplier management to mitigate third-party supply chain risk to the extent possible.

Capacity expansion update

The engineering hub and automated manufacturing facility for battery systems opened in Kelowna in April 2023, and this facility will produce the battery systems for the Hino and Daimler programs. The automated battery module assembly line is currently in the ramp-up phase, and the first prototype battery modules which will be used for validation testing were produced in Kelowna during the fourth quarter of 2023. Further equipment installations to the battery module line will take place during the first half of 2024 to achieve the desired level of line integration and automation.

In Dallas, Texas, Hexagon Purus has entered into a lease agreement for a new brownfield facility that will accommodate vehicle integration and assembly for the Hino and Daimler programs. Facility tenant improvement work will commence in the first quarter of 2024, and the facility is expected to open during the second half of 2024.

Share price development and dividends

At the end of 2023 the total number of shares in Hexagon Purus ASA was 276 797 456 (par value NOK 0.10). The share price moved between NOK 35.02 and NOK 8.81 ending the year at NOK 11.14 and representing a market value of approximately NOK 3.1 billion. The Board of Directors does not recommend a dividend for the year 2023.

Financial risk

The Group has a centralized finance function with overall responsibility for accounting, cash management, capital management, financing arrangements and management of the Group's financial risk factors. In addition, the 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 2023 or 2022. The trade receivables at the end of the year amounted to NOK 275 million.
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 on its strategy and to fund capital expenditures. Adequate sources of capital funding might not be available when needed or may only be available at unfavorable 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 correspond 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 Euro and US Dollar. The Group currently does not use financial instruments to manage foreign exchange risk. Please see note 18 to the consolidated financial statements for further information related to financial risk factors and mitigating actions.

Corporate governance

Hexagon Purus ASA's principles for corporate governance are subject to annual review and discussions by the Board of Directors. The Company follows the Norwegian Code of Practice for Corporate Governance, last updated 14 October 2021 by the Norwegian Corporate Governance Board (NUES). Please see more details in the Hexagon Purus Governance Report (see page 39).

Risk Management

Operating in a global environment and across three continents, we are exposed to internal and external risks and opportunities. We aim to mitigate risk and seize opportunities by integrating risk management and internal controls in our business processes. When we are developing goals, strategies, and business plans aiming for sustainable value creation, we must balance expansive opportunities and growth with business risk and profitability.

We aim to improve our enterprise risk management processes to properly understand and review risks and opportunities in the shorter term and in the longer run. The Board of Directors is reviewing our enterprise risk annually, also suggesting risk mitigating procedures. Our risk management platform is an integrated part of our overall business processes and decisions.

We are actively monitoring our exposure to strategy, operational, financial, reputational, and sustainability risks by relying on our first and second line of defense. Our third line of defense, the Board of Directors and the Audit Committee, are solely responsible for reviewing and concluding on the overall risk exposure for the company. This allows us to implement any risk mitigating measures efficiently to ensure that risk is at an acceptable level while we can still reach our business objectives.

	FIRST LINE OF DEFENSE	SECOND LINE OF DEFENSE	THIRD LINE OF DEFENSE
WHO	Subsidiaries Corporate Staff	External resources Company Internal Controls Function CEO	Auditor Board / Audit Committee
WHAT	First line of defense acts on company culture and attitudes. Responsible for day-to-day incidents, in addition to taking necessary action to report, monitor, control, mitigate, and escalate risk.	Second line of defense works with internal controls to ensure that company policies and guidelines are properly followed. Second line of defense is also in charge of new policies and procedures, in addition to monitoring compliance with company policies and guidelines. Company Internal Controls Function and the CEO have the main responsibility for understanding and monitoring risks, including financial, strategic, and sustainability risks.	
HOW	• Performing internal controls • Ad hoc responses to risk related incidents • Escalating incidents based on severity	• Building internal controls to mitigate risk • Implementing policies and guidelines • Using enterprise management risks • Escalating incidents based on severity • Answering to both the first and third line of defense • Building the bridge between Executive Management, subsidiaries/corporate, and Board/Audit Committee	• Reviewing enterprise management risks continuously • Engaging third-party assessments of internal controls

Impact management
Seizing opportunities and mitigating risks are foundational factors to sustainable growth. However, we must acknowledge the impact our business operations have on the planet. Our approach to impact management is similar to risk management. Hexagon Purus' purpose, values, strategies and policies guide the daily actions of our employees, based on Executive Management decisions and ultimately approved by the Board of Directors.

For impact management we are also relying on the first line of defense to work with impact reductions during our operations. In case impacts are assessed as severe, they are escalated to the second line of defense. The Board of Directors are involved in case there are any impacts that might lead to any of the aforementioned risks. KPIs and progress on the KPIs will be reported to the Executive Management and for the Board of Directors on a regular basis.

Due to the deconsolidation from Hexagon Composites, Hexagon Purus currently has not developed a stand-alone sustainability strategy with separate KPIs measuring and tracking our impacts and our progress. We will revise our sustainability strategy in 2024 in combination with the introduction of CSRD and ESRS, where we will conduct a double materiality assessment to properly understand the sustainability impacts our business has on the environment and the financial impact from sustainability risks and opportunities. To further understand our environmental impact on a product level we will also conduct robust Life Cycle Assessments (LCAs) of our products and solutions.

We will also conduct supplier due diligence and report according to the Norwegian Transparency Act. The Act addresses due diligence procedures on social impacts and human rights in our entire value chain, our operations, and among our business partners, and follows the OECD Due Diligence Guidelines for Responsible Business Conduct. This is a good preparation for the upcoming Corporate Sustainability Due Diligence Directive (CS3D), which broadens the scope of sustainability due diligence.

Risks and opportunities

Recruitment, development and retention

RISK DEVELOPMENT Unchanged

RISK CATEGORY Operational

WHAT IS THE RISK

Our value creation depends on our workforce, its competence, commitment, and output. We need to be able to attract, develop and retain the competence needed to deliver on our ambitious growth plans. There is risk related to our ability to attract certain engineering competence as well as enough capacity and competence for production. There is also risk related to our ability to develop employees as we scale up quickly and to retain the competence we need over time.

RISK MANAGEMENT

We acknowledge that we are competing with both local and international companies to attract, develop and retain the competence we need. We collaborate with selected schools and universities at our locations and use social media to communicate with current and future employees. Our employees' perception of the working environment is monitored, and action plans are made based on their feedback. Our employees are invited and encouraged to take an active part in shaping our workplace. A new performance management system has been introduced, with emphasis on employee development and frequent feedback and connection between leader and employee.

SCENARIO

We cannot attract the competence needed to enable our growth and value creation. We are losing key competence externally. Our employees don't have sufficient knowledge to contribute. This may lead to increased costs, more time needed for onboarding of new employees, lack of ability to scale up and to deliver to our customers and ultimately generate revenue and profitability.

PURUS OPPORTUNITIES

Employee safety, development and well-being are crucial factors for our success. We see talent attraction, development, and retention as opportunities and the foundation to enable successful scale up and delivery on commitments to customers.

Suppliers and sourcing

RISK DEVELOPMENT Increasing

RISK CATEGORY Operational

WHAT IS THE RISK

Our products and solutions require input materials which are scarce and highly competitive.

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.

RISK MANAGEMENT

We will, from time to time, consider to enter into long term supply agreements to hedge both prices and quantity.

We also work proactively with our suppliers to understand the current and future dynamics of the market affecting essential raw materials.

With innovation as one of our core capabilities, we also look at alternative technologies to mitigate current and future risk.

SCENARIO

Purus cannot access materials critical to our products and solutions, thus reducing our production capacity and capability, affecting revenue.

Long term agreements can also add risk, as such agreements commit Hexagon Purus on material and components, where actual demand can turn out to be lower than forecasted, market prices can fall, or the development could make the committed volumes technologically less relevant, affecting cost.

PURUS OPPORTUNITIES

We have a good and proactive relationship with our key suppliers. With long term contracts we are ensuring that we have the input materials to grow and expand our production, while at the same time operating with a stable cost base.

Our proactive approach to our suppliers can also contribute to innovation, implying efficiency gains and new methods or even materials we can use as substitutes for scarce and competitive raw materials.

Geopolitical risk

RISK DEVELOPMENT Unchanged

RISK CATEGORY Financial

WHAT IS THE RISK

We are exposed to changes in the general macroeconomic situation and development in customer markets or in markets where we have operations. Sustained downturn in international trade, either from regulations or from geopolitical events, or lower demand for our products due to short-term focus on fossil fuel energy, may negatively affect adoption of electric hydrogen or battery technology.

Current industry growth is bolstered by regulatory measures backed by governmental bodies. However, this landscape may shift due to geopolitical changes. While we do not depend directly on government funding or subsidies, such factors can influence the trajectory of industry development.

RISK MANAGEMENT

We are constantly monitoring the situation in markets where we either operate in, purchase from, or sell our products and solutions to.

Our global footprint is still limited to 5 countries, allowing us to constantly monitor the situation from a market, supplier, or operational perspective. For areas we assess as especially prone to high geopolitical risks, we regularly review likely scenarios to consider the best way forward.

SCENARIO

Geographies where we either have an operational or market footprint are inaccessible, either due to regulations or the overall governance risk profile of the country.

The implication is that we will have to assess contingency plans for our footprint in relevant markets, which can lead to direct financial losses or unrealized opportunities in markets where we have a presence.

PURUS OPPORTUNITIES

Geopolitical and macroeconomic risks are outside of our direct control. Our strategic investments in the markets where we operate are based on the market potential we have identified in these geographies, primarily due to regulations beneficial to our technologies or market demand.

We are constantly searching for new markets to further diversify geopolitical risks, either from operational or supplier perspectives.

Physical climate change effects

RISK DEVELOPMENT Increasing

RISK CATEGORY Operational

WHAT IS THE RISK

Our global presence makes us exposed to physical climate change risks in the geographies we operate in. We have already experienced the indirect and acute risks from climate change in our Kelowna site as part of the large Canadian wildfires in 2023.

Several of our employees and sites are exposed to the physical risks originating from climate change, wildfires and flooding are among the most likely.

RISK MANAGEMENT

We have performed a climate risk assessment on all our existing sites to understand how climate change can impact our operations. Based on the risk assessment we can invest in measures that either mitigate the risks directly or indirectly.

Going forward we are also assessing climate risk as part of our decision-making process in site selection or supply chain management, among others.

SCENARIO

The world manages to limit global warming and temperature rise to approx. 2°C.

This will increase the likelihood of physical climate risks, all other things being equal, with more frequent acute events such as wildfires, flash floods, heatwaves, and heavy precipitation. These events can be harmful to our employees and to essential company infrastructure. It can also impact our supply chains.

PURUS OPPORTUNITIES

While we can only mitigate the risk exposure or reduce the risk directly on our sites, we can incorporate climate risk assessments for any future site selections, thus making us more robust to face any future uncertainty.

We can also invest in the personal safety of our employees and their safety at work, thus taking care of our most valued resources – our employees.

Climate transition and technology		RISK DEVELOPMENT Unchanged	RISK CATEGORY Strategic
WHAT IS THE RISK Our investments in hydrogen and battery electric technology expose us to a future where these technologies might be assessed as impractical or inferior, either due to regulations, changing market conditions, or innovation and new zero-emission mobility technology. There is also an inherent risk that the climate transition is slower than expected, thus affecting our current growth projections.	**RISK MANAGEMENT** While we are confident that our current technology portfolio answers the current and future demand of the market, we have also invested in potential alternatives such as liquid hydrogen to mitigate. We are also working tactically with our most important customers and targeting key geographies with few alternatives to battery electric technology or hydrogen to ensure that we are a key player in the zero-emission mobility transition.	**SCENARIO** Climate transition is slower than previously anticipated due to lagging regulations or market demand. Our current growth projections are based on future market demand, and any deviation will lead to a change in our projected growth. While we produce premium zero-emission mobility solutions, we cannot realize the full potential of our current technology portfolio.	**PURUS OPPORTUNITIES** Our premium zero-emission mobility solutions, combined with a global and strategically located and scalable footprint, make us perfectly positioned to play an integral role in driving the zero-emission transition across industry and mobility end-markets. Our employees' capabilities, our technological curiosity, and our desire to win the zero-emission mobility game incentivizes us to bring the best solutions to the market.

Transparency act

On 1 July 2022, the Norwegian Transparency Act entered into force and requires Hexagon Purus to carry out due diligence assessments related to fundamental human rights and decent working conditions in its own businesses and supply chains. The Board is pleased that no human rights concerns were raised in the assessments that Hexagon Composites conducted for the Hexagon Group during 2022, and which at that time included Hexagon Purus. Due to the deconsolidation event in 2023, a standalone statement from Hexagon Purus on the Norwegian Transparency Act for 2023 is published on our web pages. Hexagon Purus will complete another assessment during the spring of 2024, followed by a report and a Transparency Act Statement for 2023 published subsequently on our web pages.

Reporting of EU taxonomy related information

The EU Taxonomy was approved by the Norwegian Government in December 2021, and entered into force in Norway on 1 January 2023. During the year, Hexagon Purus continued its efforts to interpret and prepare for the EU Taxonomy by performing technical screening criteria of all its economic activities for substantial contribution, as well as assessing the "do no significant harm" (DNSH) criteria and the minimum safeguards criteria of the same.

2023 is the first year where Hexagon Purus has published its taxonomy-eligible, taxonomy-aligned, and non-eligible economic turnover, CAPEX, and OPEX based on economic activity. 89 percent of Hexagon Purus turnover is assessed as taxonomy-eligible in 2023. While confident that Hexagon Purus satisfies the substantial contribution criteria for climate change mitigation, there is room for improvement in documenting and verifying that the economic activities do no significant harm (DNSH) on the other environmental objectives. Where there is any uncertainty concerning whether or not these criteria have been satisfied, a conservative approach has been taken. Documenting and verifying DNSH criteria is part of the Hexagon Purus CapEx plan (as defined in the EU Taxonomy Delegated Disclosures Act), thus allowing current Hexagon Purus taxonomy-eligible economic activities to become taxonomy-aligned. With this CapEx plan, 99 percent of CapEx is taxonomy-aligned. The accounting policy and disclosures can be found in Hexagon Purus EU Taxonomy Report 2023 (see page 158).

Directors and Officers insurance

The Board of Directors and management personnel of Hexagon Purus ASA are covered by the

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

After the balance sheet date

- Selected by New Flyer for the fourth time as partner for the hydrogen bus market in North America with an estimated contract value of approximately USD 4 million;

- Opened new hydrogen infrastructure and systems manufacturing hub in Weeze, Germany, which significantly increases production capacity for hydrogen infrastructure solutions and;

- On 20 December 2023, the Group announced the completion of a private placement of Convertible Bonds, raising total gross proceeds of approximately NOK 1 000 million (the "Convertible Bonds"). The Convertible Bonds are structured as a 5-year senior unsecured convertible bond with a 10% fixed interest rate payable semi-annually in kind (i.e. through issuance of additional bonds). The conversion price per common share in the Company for the Convertible Bonds has been set to NOK 12.61, which is a 25% premium to the volume-weighted average price of the Hexagon Purus share on the Oslo Stock Exchange over the 45 trading days up to and including 20 December 2023. The raise of the Convertible Bond was approved at an extraordinary general meeting on 11 January 2024, and the Convertible Bond was issued on 1 February 2024.

Regarding global conflicts in 2023

The Russian invasion of Ukraine and other conflicts in 2023 have in addition to bringing about a tragic loss of life, threatened energy security and presented potential risks to international supply chains. Hexagon Purus' supply chains have not been materially affected and the conflicts hve not significantly affected our financial results and operations. However, like all global enterprises, we have not been immune to the pervasive inflationary pressures that characterized the economic landscape of 2023.

Outlook

Market development

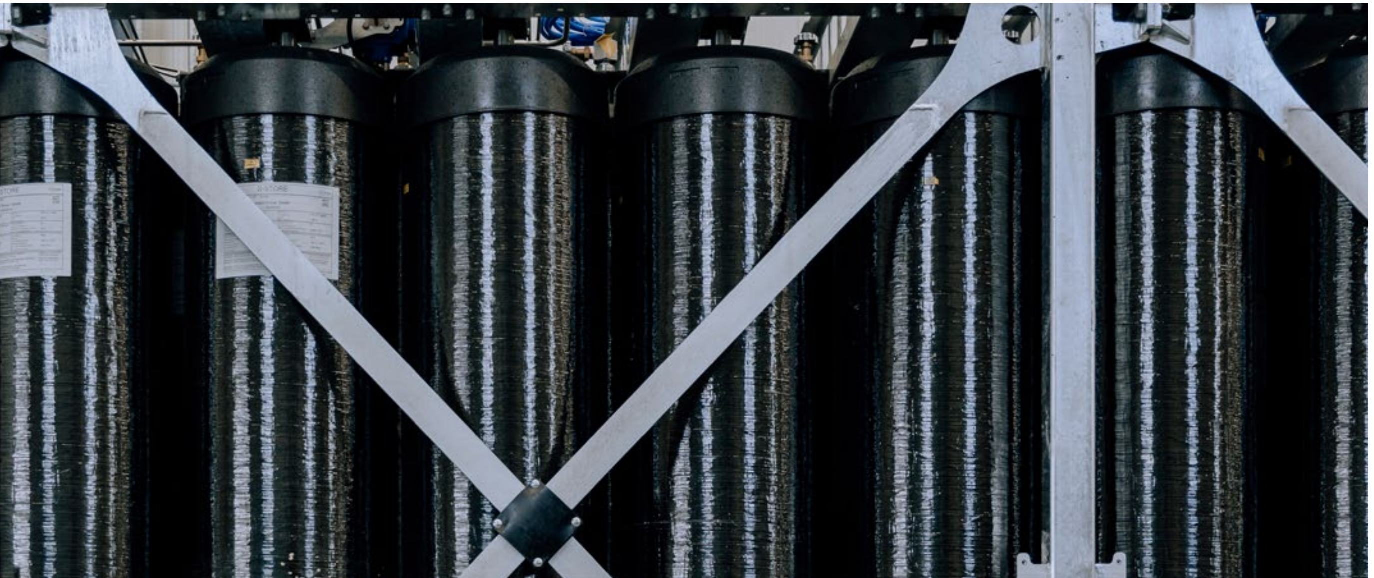
The clean hydrogen industry is facing headwinds in terms of higher construction and operating costs and higher cost of capital on the back of rising interest rates. This has resulted in a higher levelized cost of renewable hydrogen, which has slowed down the development of the global clean hydrogen industry compared to previous expectations. However, 1 400 hydrogen projects have been announced world-wide , up more than 35% compared to the number of projects announced in May 2023. The majority of these projects have been added in Europe, and USD 570 billion in direct investments has been announced in total through 2030 of which approximately 7% have passed the final investment decision (FID) stage. Of the 1 400 projects, more than 70% are expected to be in full or partial deployment by 2030.

Revenue and profitability

For Hexagon Purus, recent market developments have resulted in a slower market for hydrogen mobility than expected a few years ago. This has been offset by a much stronger market for hydrogen infrastructure solutions. Today, Hexagon Purus' business for hydrogen infrastructure is mainly driven by large, multinational customers like Air Liquide and Linde that deploy Hexagon Purus' Type 4 hydrogen distribution modules for transportation of grey hydrogen for industrial purposes to sectors such as semiconductors, pharmaceuticals and food production. These are industry verticals where the use of hydrogen, and hence the need for transportation, is expected to grow significantly going forward. The other main customer group for the Company's hydrogen infrastructure solutions is emerging green hydrogen producers as well as energy majors establishing hydrogen refueling infrastructure networks, predominantly in Europe. The new hydrogen infrastructure and systems manufacturing hub that Hexagon Purus recently opened in Weeze, Germany will more than double (at run-rate) the Company's production capacity for hydrogen distribution modules and will help meet the growing demand expected for hydrogen infrastructure solutions. This application is expected to be the main contributor of revenue growth to the Group also in 2024.

Hydrogen mobility is expected to contribute positively to revenue growth in 2024. This is driven by expectations of increased cylinder deliveries to heavy-duty hydrogen mobility. Additionally, more than 15% of the current order backlog of approximately NOK 1.3 billion consists of firm purchase orders for delivery of hydrogen storage systems to fuel-cell electric bus OEMs such as Solaris, Caetano and New Flyer. The transit bus segment is thus expected to also contribute positively to revenue growth in 2024. The delayed ramp-up of the new state-of-the-art cylinder facility in Kassel, mainly impacting the delivery of heavy-duty cylinders for mobility applications, are being remedied, and steady-state operation is expected to commence by the end of the second quarter of 2024. In China, following the completion of facility construction, production equipment is currently being installed and final equipment deliveries are expected during the first quarter of 2024. Due to rules and regulations specific to the Chinese market, the JV will spend most of 2024 obtaining facility approval, manufacturing license and Type 4 cylinder certification. The external revenue contribution from the Chinese joint venture is therefore expected to be limited in 2024.

For the battery systems and vehicle integration business, 2024 is a ramp-up year with start of production on the Hino and Daimler programs expected in the fourth quarter of 2024. This is expected to contribute positively towards revenue growth towards the end of 2024, and timing of firm purchase orders for the Hino and Daimler programs for execution in 2024 is expected in the second half of the year. The battery modules and pack systems will be produced in Hexagon Purus' facility in Kelowna, Canada, and the other electrification components for the programs and vehicle integration activities will take place in the Company's new Dallas, Texas facility.



Hexagon Purus' order backlog, consisting of firm customer purchase orders, stood at approximately NOK 1.3 billion as of year-end 2023, with the vast majority for execution during 2024. The order backlog for execution in 2024 is expected to continue to grow as 2024 progresses, mainly driven by call-offs from already secured long-term agreements with the likes of Air Liquide, Linde, Lhyfe, Solaris, Nikola, Hino and Daimler. For the full-year 2024, Hexagon Purus is expecting revenue growth of at least 50% year-over-year. 2025 is also expected to be a year of significant growth as several long-term agreements are maturing and in tandem with higher utilization of the production footprint. The Company retains its target of NOK 4–5 billion of revenue in 2025.

Improving profitability and reaching EBITDA break-even in 2025, combined with prudent and restrictive capital deployment is of critical importance to the Company. Several internal initiatives are underway to underpin and build momentum towards reaching profitability by 2025, focusing along three axes:

- Maximizing capacity utilization: Ramp-up and high utilization of production capacity footprint and newly installed asset base;

- Operational improvements: Operational excellence with focus on quality, reducing scrap and inventory management;

- Minimizing capital spend: Complete current capacity expansion program, including new Dallas, Texas facility, but limit new investments beyond already committed investments or initiated capacity expansion programs. Focus on optimizing working capital position.

These initiatives, combined with the expected revenue growth and mix for 2024, are expected to be gross margin accretive and to further improve the Company's gross margins in 2024, compared to 2023. Additionally, with the revenue growth expected for 2024 combined with continued cost consciousness throughout the organization, benefits of further operating leverage to the Company's fixed cost base is also expected in 2024. For instance, the hydrogen infrastructure and mobility business, Hexagon Purus' largest business unit, is expected to reach EBITDA break-even in 2024 (excluding the Chinese joint venture). Additionally, initial revenue from the Hino and Daimler programs in 2024 for the battery systems and vehicle integration business unit will help absorb parts of its cost base. Management is handling the complex situation with strong growth and significant ramp-up activities at several locations in a good and responsible way. The quality issues associated with an early-stage and partly immature supply

GO BACK

chain are not larger than one would expect under the current circumstances.

Consequently, 2023 was the expected trough from a Group EBITDA perspective, and significant improvements to the Group EBITDA margin are expected in 2024. The Company retains its target of reaching EBITDA break-even in 2025.

Capital expenditure

The main priority from a capital deployment perspective is to complete the current capacity expansion program, including the new vehicle integration facility in Dallas, Texas, but limit new investments beyond this. Of the capacity expansion program that was announced at Hexagon Purus' Capital Markets Day in April 2022, construction of all facilities is now almost completed. Most of the production equipment has arrived at the various facilities, but there has been some spill-over from 2023, and the remaining production equipment is expected to arrive and be installed during the first half of 2024.

The automated manufacturing facility for battery systems in Kelowna, Canada, will produce the battery systems that will be integrated onto the battery electric vehicles produced for the Hino and Daimler programs in the new vehicle integration facility in Dallas, Texas. The remaining production equipment for the automated battery module production line is expected to be installed during the first half of 2024. The new vehicle integration facility in Dallas, Texas, is already constructed, allowing for a quicker move-in-date and shorter time to production. Tenant improvements are required to tailor the facility to Hexagon Purus' needs and these improvements, together with the assembly and integration equipment and product development required for delivering on the first phase of the Daimler and Hino programs, are expected to drive approximately USD 20m of CAPEX in 2024.

The second pre-payment installment of USD 6.5m relating to the long-term supply agreement for battery cells with Panasonic is expected to be paid during the first quarter of 2024. The final pre-payments related to the supply agreement of approximately USD 34.4m will be made in 2025.

Given expectations of at least 50% year-over-year revenue growth in 2024, investments in working capital will remain high, especially for the battery systems and vehicle integration business which is moving from small-scale prototyping to serial production. The Company is working to optimize its working capital position, including improving payment terms with customers and suppliers and keeping strong control of inventory.

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. Hexagon Purus 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 2023 as well as the Company's long-term strategic forecasts. 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 debt, given the outlook for the Company and the industries it is operating in.

The parent company

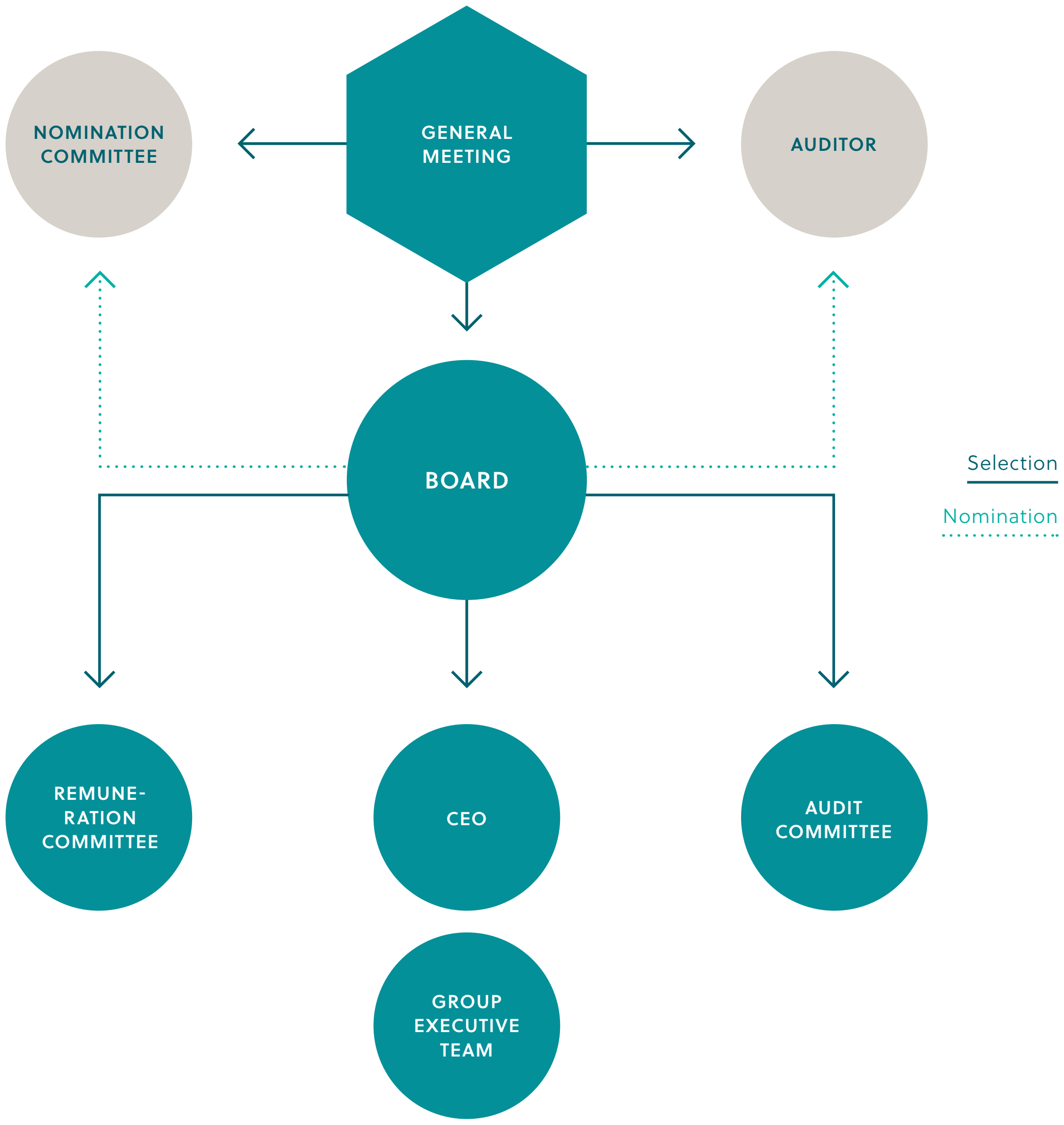
The Parent Company Hexagon Purus ASA incurred a loss for the year after tax of NOK 50.9 million in 2023. The Board of Directors of Hexagon Purus ASA propose the loss for the year is allocated as follows:

(NOK 1 000)	2023
Share premium	(50.9)
Total allocation	(50.9)

Corporate governance

CREATING VALUE FOR OUR STAKEHOLDERS

Hexagon Purus ASA is committed to following the Norwegian Code of Practice for Corporate Governance. We aim to secure a clear division of roles and responsibilities between shareholders, the Board of Directors and executive management to ensure appropriate corporate management. We believe that good corporate governance and high ethical standards contribute to value creation for all interest groups and strengthens trust in the Company among shareholders, in the capital markets and with other key stakeholders.



The Company is subject to reporting requirements for corporate governance under the Accounting Act section 3-3b (available at www.lovdata.no) as well as Oslo Børs' "Oslo rule book II - Issuer Rules" section 4.4 (available at Oslo Børs' website, www.euronext.com).

The principal purpose of the Corporate Governance Code is to ensure (i) that listed companies implement corporate governance practices that regulate the division of responsibilities between the shareholders, the Board of Directors and Executive Management more comprehensively than the legislation requires, and (ii) effective management and control over activities with the aim of securing value creation over time in the best interest of shareholders, employees and other stakeholders.

1. Implementation and reporting of Corporate Governance

Hexagon Purus ASA's principles for corporate governance are subject to annual review and discussions by the Board of Directors. The Company follows the Norwegian Code of Practice for Corporate Governance, last updated 14 October 2021 (www.nues.no) by the Norwegian Corporate Governance Board (NUES).

The Norwegian Code of Practice for Corporate Governance is based on the "comply or explain" principle. The company reports no deviations to the recommendation of the code. Hexagon Purus' purpose is to be a driving force for a sustainable planet. Our core values – integrity and drive – support this purpose and ensure accountability for our actions. The Company is committed to conducting its business in accordance with the highest ethical standards with no tolerance for corruption.

2. Business

Hexagon Purus is a leading player in the hydrogen infrastructure and zero-emission mobility space offering hydrogen and battery energy storage solutions. The company's hydrogen systems based on Type 4 cylinder technology and battery systems enable safe and efficient use of hydrogen and battery electricity in a variety of zero-emission infrastructure and mobility applications. The scope and objectives of our business are defined in the Company's articles of association §3: "The purpose of the company is to conduct business within development of solutions in the field of clean fuels, and everything connected therewith, including investment in other companies." A more comprehensive discussion and analysis of our business activities, strategic priorities and operating results are included in the Integrated Annual Report and the Company's website www.hexagonpurus.com.

The Board has defined clear objectives, strategies and risk profiles for the Company's business activities such that the Company creates value for shareholders in a sustainable manner. When carrying out this work, the Board of Directors takes into account financial, social and environmental considerations. These objectives, strategies and risk profiles are subject to annual review by the Board. Sustainability, including social responsibility, is an integral part of Hexagon Purus's corporate governance process. Formal guidelines for corporate sustainability have been approved by the Board and integrated into the Group's management systems. The Company strives for diversity across its Board, board committees, and the executive team with regards to age, backgrounds, nationalities, educational backgrounds, competencies and genders. Presently, the Board has a 43 per cent female representation and represents a variety of backgrounds. The executive team showcases solid diversity in age and backgrounds, with female representation standing at 13 per cent. Guided by a robust diversity, equity, and inclusion policy, the Company diligently advances efforts to enhance diversity. For further insights, please refer to the sustainability section of the Integrated Annual Report.

3. Equity and dividends

The Company aims to maintain a capital structure considered appropriate to the Group's objectives, strategies and risk profile. Hexagon Purus operates in markets with high growth, and the Company intends to make the necessary investments to develop its business in these markets. At the end of 2023 the total number of shares in Hexagon Purus ASA was 276 797 456 (par value NOK 0.10). The share price moved between NOK 35.02 and NOK 8.81 ending the year at NOK 11.14, which represented a market value of approximately NOK 3.1 billion. Given the Company's growth phase, the Board will not currently prioritize shareholder returns in the form of dividends. Consequently, the Board of Directors does not recommend a dividend for the year 2023.

Authorization to the Board for capital transactions is normally restricted to defined objectives and time limitations that do not exceed the next ordinary general meeting. This applies to the issuance of new shares as well as the purchase of own shares. The board is currently and until the General Meeting of 2024, but no later than 30 June 2024, authorized to acquire own shares on one or more occasions. The Board is also granted authorization for increases in share capital relating to general corporate purposes and share issues in connection with share incentive programs. The Company will propose that these authorizations are renewed.

None of the authorizations have been used as of the date this document was adopted.

4. Equal treatment of shareholders

Hexagon Purus has one class of shares with equal rights, and its policy is to comply with the equal treatment principles of applicable law in capital transactions. Where circumstances require deviation from the main rule of equal treatment of shareholders, the reasoning for such deviations will be included in the stock exchange announcement made in connection with the transaction. The Company normally conducts transactions in its own shares through the stock exchange or at equivalent market rates. If there is limited liquidity in the Company's shares, the Company may consider other ways to ensure equal treatment of all shareholders. Any transactions in own shares will be carried out in compliance with applicable law.

5. Shares and negotiability

All shares in Hexagon Purus are freely negotiable shares with full voting rights. No form of transfer or voting restrictions have been stipulated in the articles of association.

6. General meetings

Hexagon Purus has well-established procedures for publicly announcing and issuing information regarding the general meeting, and all relevant information is published through newsweb.no, and the Company's website. Notice of the general meeting and supporting documents, including the recommendations from the nomination committee, are distributed and published 21 days in advance of the meeting date. The Board will ensure that the Company's shareholders can participate in the general meeting, that the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting. Deadline for shareholders to give notice of their intention to attend the meeting is set close to the date of the meeting, and as per applicable regulations. Normally, shareholders will be able to vote on each individual matter, including on individual candidates nominated for election to the Company's corporate bodies. Hexagon Purus will aim to prepare and facilitate the use of proxy forms that allows for separate voting instructions to be given for each item on the agenda and should nominate a person who will be available to vote on behalf of shareholders as their proxy. The Company has routines for ensuring that the shareholders may elect an independent chairperson for its general meetings.

7. Nomination committee

The Company's nomination committee is regulated by the articles of association. The nomination committee's main responsibility is to evaluate the work and expertise profile of the Board of Directors and to propose suitable candidates. The nomination committee also proposes the fees to be paid to members of the Board. Proposals for candidates, including the reasons for selection and other relevant information are distributed with other documentation related to the annual general meeting. The nomination committee is currently comprised of two members, none of whom are board members. The composition of the committee is intended to reflect the interests of all shareholders, and the members are independent of the Board and other executive management. Members are elected at the annual general meeting.

8. Board of Directors: composition and independence

The Board is composed of individuals with sufficient competence and expertise, capacity and diversity to enable independent evaluations of the Group's operations in the common interests of all shareholders and to ensure its effectiveness as a governing body. The composition of the Board ensures that it can operate independently of any special interests. The majority of the shareholder elected board members are independent of the Company's executive personnel, material business contacts and the Company's major shareholders. Four of the shareholder-elected board members are independent of the Company's major shareholders. The Board does not include members of the Company's executive management. The general meeting elects the chair of the Board and the term of office for members of the Board is no longer than two years at a time. The Annual Report and Hexagon Purus' website provide information about the expertise of the members of the Board of Directors, information on their record of attendance at board meetings, as well as identifying which members are considered to be independent. Members of the Board are encouraged to own shares in the Company.

9. The work of the Board of Directors

The composition of the Board of Directors is specified in the annual accounts. The Board of Directors works with the Chief Executive Officer and external auditors to ensure that the Group is managed in accordance with its corporate objectives, values and ethical guidelines. The Board has an annual plan with particular emphasis on objectives, strategy and implementation and submits an evaluation of its work to the nomination committee annually, and also conducts a self-assessment annually. Clear guidelines require board members and executive management to notify the Board of any significant direct or indirect interest in transactions executed by the Company. These guidelines are incorporated into the board's instructions and instructions for the Chief Executive Officer. These instructions state how agreements with related parties are handled, including whether an independent valuation must be obtained. The Board of Directors will present any such agreements in the Board of Directors' report. The Board ensures that members of the Board and executive management make the Company aware of any material interests that they may have in items to be considered by the Board. In the event that the Board Chair has been actively engaged in such interests, the Chair will recuse himself and appoint a Deputy Chair that will assume responsibility for the matter in question. The Company's audit committee is governed by the Norwegian Public Limited Liability Companies Act as well as separate instruction adopted by the Board of Directors. The Board's audit committee comprised of members that are independent of the Company's executive personnel, material business contacts and the major shareholders. In 2023, the audit committee held five meetings and at year-end the committee comprised of Espen Gundersen, (Chair), Liv Fiksdahl and Martha Kold Monclair. The remuneration committee is governed by a separate instruction adopted by the Board of Directors. The remuneration committee is independent of the Company's executive management and is currently composed of Espen Gundersen (Chair), Hidetomo Araki and Rick Rashilla. The committee held five meetings in 2023. The participation in both the audit- and compensation committee was 100 per cent.

10. Risk management and internal controls

Hexagon Purus works systematically to identify and manage the specific risks facing its business. Risk management is executed by Group management and management of business areas and subsidiaries. The Group finance department is responsible for ensuring that the Group has an adequate system of internal controls, including controls over financial reporting. The department reports to the CFO and has overall responsibility for ensuring compliance with the Group's accounting principles and financial controls. Hexagon Purus believes that its overall strategy, management principles and organizational structure provides a good control environment. The Group's ethical guidelines include considerations related to the Company's stakeholders in value creation and contribute to a culture and values that support this environment. The Board ensures that the Group has appropriate internal controls and appropriate systems for risk management in relation to the scope and type of our business operation. This includes ensuring that the Group's risk management and internal controls are adequate and systematic and that processes are established in accordance with laws and regulations, articles of association, instructions and external and internal guidelines. At least annually, the Board assesses strategies and guidelines for risk management. 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, corporate governance management, financial reporting, financial information and auditing. Please see Risk Management (see page 31) section of the Board of Directors' report in the Integrated Annual Report for further information on the Group's main risks.

11. Remuneration of the Board

The remuneration of the Board of Directors is approved by the Company's general meeting based on a recommendation from the nomination committee, and is intended to reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

Fees are fixed and are not linked to the Company's performance. Board members are not eligible for share option programs. Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the Board of Directors.

12. Salary and other remuneration for executive personnel

The Board has established clear and transparent guidelines on salary and other remuneration of the executive management. Reference is made to the Guidelines for remuneration of executive management of Hexagon Purus ASA approved by the annual general meeting on 27 April 2021. As a leading international company within the zero-emission technology industry, Hexagon Purus must offer a level of total remuneration that ensures that it can attract and retain its Executives. Purus has a global presence with facilities in several locations across several continents, and as such competes for senior management talent worldwide. The individual remuneration components and total remuneration that Purus offers strive to support Purus' competitiveness as an employer at all locations. Remuneration for Executives has been adapted to comply with established local practice and mandatory rules in the jurisdiction of their employment and the overall purpose of the remuneration policy. It is Purus' policy that base salaries shall reflect the individual Executive's position and degree of responsibility. The size of the total remuneration shall be in line with market conditions, at the relevant location and shall take into account inter alia the scope and responsibility associated with the position, as well as the skills, experience, and performance of each Executive.

Hexagon Purus's arrangements in respect of salary and other remuneration are considered to ensure that the executive management and shareholders have converging interests.

The Board of Directors views short-term incentive programs and share-based long-term incentive programs as important parts of the total compensation for Executives. The purpose of the long-term incentive program is to ensure shareholder mindset and retention of competence and talent. Generally, there is a cap incorporated into the Company's long-term incentive programs.

The Company shall ensure that both the remuneration policy and the remuneration report are approved and made available on the Company's website in accordance with statutory legislation. For further details on remuneration of the executive management, refer to the Remuneration report for 2023.

13. Information and communication

The Group follows the Oslo Stock Exchange's recommendations for reporting investor information. The Group's information policy is based on openness and equal treatment of all shareholders and participants in the securities market. Hexagon Purus's policy is to provide all shareholders with correct, consistent, relevant and timely information. Efforts are being directed towards developing disclosures on major value drivers and risk factors. The Company believes it is important that employees, shareholders and investors have equal opportunities to monitor the Company's performance and receive sufficient information to value the Company correctly. The Group seeks to communicate information about its products and markets to central target groups, while ensuring that all stakeholders have equal access to all relevant information provided. All stock exchange releases, financial reports and presentations, other public presentations and press releases are made available on the Company's website www.hexagonpurus.com together with other relevant information. All information distributed to the Company's shareholders will be published on the Company's website at the same time as it is sent to shareholders. Hexagon Purus holds open presentations in connection with its financial reporting, and these presentations are broadcasted live via webcast.

14. Take-overs

The Company's policy is to comply with NUES' recommendations on take-overs, unless any deviation in the concrete instance would be in the best interests of the shareholder community. The Board acknowledges that it should not prevent or obstruct offers for purchase of the Company's business operations or shares. Agreements that restrict the possibility of obtaining other offers for the Company's shares should only be entered into when clearly justified as being in the joint interests of the Company and its shareholders. Agreements between the Company and an offeror that are important to the market's assessment of the offer will be made public before or at the same time as notice is given that an offer will be made. Any proposed transaction that in reality will involve the divestment of the Company's operations as such will be subject to shareholder vote at a general meeting.

15. Auditor

Each year, the Company's external auditor provides an annual written confirmation of his/her independence and objectivity. The auditor attends board meetings that address the annual accounts and presents to the audit committee the main features of a plan for implementing the auditing work. The auditor holds an annual presentation to the Board with an opinion on the Company's accounting principles, asset management and internal control procedures. The Group's auditor is EY, who was appointed by the general meeting. The auditor has no engagements with the Company that could impair their independence, and the Board, through the audit committee, has established guidelines in respect of the use of the auditor for services other than the audit. See Note 27 to the consolidated annual financial statements for information about remuneration to the auditor, including statutory audit and other services.

Statement from the Board of Directors and Chief Executive Officer

We confirm to the best of our knowledge that:

- the financial statements for the Group for 2023 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, 18 March 2024
The Board of Directors of Hexagon Purus ASA

Espen Gundersen
Chair of the Board

Jon Erik Engeset
Board Member

Martha Kold Monclair
Board Member

Hidetomo Araki
Board Member

Susana Quintana-Plaza
Board Member

Liv Fiksdahl
Board Member

Rick Rashilla
Board Member

Morten Holum
President & CEO

Board of Directors

Espen Gundersen

Board position: Chair of the Board

Experience: 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 is currently a full time non-executive board member and sits on the board of Scatec ASA, Kitron ASA and Kid ASA. In addition to being the chair of the Board of Hexagon Purus, Espen also chairs Hexagon Purus' audit and compensation committees. Espen is a professional accountant and has his MBA from BI Norwegian Business School.

Number of shares: 45 619

Jon Erik Engeset

Board position: Board member

Experience: 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.

Number of shares: 199 473 [1]

Martha Kold Monclair

Board position: Board member

Experience: Martha Kold Monclair has extensive board experience from various industries, including Kongsberg Group and BW LPG, and is currently a board member of Edda Wind, Reach Subsea and Ocean GeoLoop. She was the CEO of Deepwell from 2007–2017 and Steinsvik from 2018–2020. Martha holds two PhD's, one of them specializing in Strategies for Commercialization of New Technology from BI. She is also part of Hexagon Purus' audit committee.

Number of shares: 4 124 [1]

Hidetomo Araki

Board position: Board member

Experience: Hidetomo Araki is currently Senior Vice President, Regional Officer of Chemicals in EMEA for Mitsui & Co. Ltd. He joined Mitsui in 2003 and has since held several management positions in Japan, Canada and Germany within the basic and specialty chemicals divisions, performance materials and financial management. Prior to joining Mitsui, Hidetomo Araki worked in investment banking. Hidetomo has a BA, Economics from Keio University and an Executive MSc in Innovation and Entrepreneurship from HEC Paris. He is also part of Hexagon Purus' compensation committee.

Number of shares:

[1] Includes shares owned by related parties

Board of Directors cont.

	Susana Quintana-Plaza	Liv Fiksdahl	Rick Rashilla
Board position	Board member	Board member	Board member
Experience	Susana Quintana Plaza is the CEO and founder of BM2Solar as well as the Chair of the board of QUADRANTE-Engenharia and a supervisory board member for Topsoe. She is also a strategic advisor to several private equity and venture capital funds. Susana Quintana Plaza has many years of international experience in aerospace, energy, venture capital, and consulting at top firms such as Boeing, Booz Allen Hamilton, E.ON Siemens and Galp where she held several senior positions. Susana holds a BSc and MSc in Aeronautical and Astronautical Engineering from the University of Washington and an MBA from Harvard Business School. From 2018–2019, Susana was a member of the Board of Directors of Hexagon Composites ASA.	Liv Fiksdahl is currently Vice President at Capgemeni Invent Norway. She has extensive experience from various board positions and is currently a board member of Posten Norge and Arion Banki. Liv Fiksdahl has more than 30 years of experience from the banking sector, in which her primary focus has been transformation, technology and operations. She has held several leadership positions, including spending close to 11 years as Group EVP at DNB Bank ASA. Liv is educated at Trondheim Business School, BI Norwegian Business School and has completed executive education from INSEAD, Stanford University and Massachusetts Institute of Technology. She is also part of Hexagon Purus' audit committee.	Rick Rashilla was named SVP Research & Development in Hexagon in 2020. Prior to his R&D role, Rick has held several key management positions in the Group, most recently as VP Hydrogen Automotive at Hexagon Purus' location in Germany. 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 has a BS in Industrial Management from the University of Cincinnati. He is also part of Hexagon Purus' compensation committee.
Number of shares			67 362

Sustainability reporting

Sustainability at Hexagon Purus

2023 is the first year where Hexagon Purus includes sustainability performance in its Annual Report as a stand-alone entity. As such, our Annual Report 2023 marks a new era of sustainability reporting while also providing an update on Hexagon Purus' 2023 development, targets and measures within sustainability.

This report has been prepared in accordance with the GRI 2021 Universal Standards. An overview of the various disclosures we report on, in addition to any references, comments or omissions, can be found in the GRI Index. The GRI Index is disclosed in Appendix II (see page 164) of this report, in addition to being published on www.hexagonpurus.com.

Our sustainability reporting describes our company's sustainability impact, and how we are affected and respond to sustainability risks and opportunities.

Organizational boundaries

Hexagon Purus' sustainability reporting for 2023 covers the same companies as the financial reporting, except for the Chinese entities. From 2024 and onwards, we plan to include all Hexagon Purus' subsidiaries and joint ventures (JVs) in the sustainability reporting. A complete overview of which subsidiaries are included for 2023, are listed in Note 1 in the Group Financial Statements. For any future mergers, acquisitions, or disposals, we will aim to adjust historical figures to reflect any such events.

Restatements

Since this is Hexagon Purus' first time reporting on sustainability as a stand-alone entity, there are no restatements for 2023. Any future sustainability reporting will be restated explaining the reason and the effect of the restatements.

External Assurance

With the implementation of the Corporate Sustainability Reporting Directive (CSRD), it is required to report on the European Sustainability Reporting Standards (ESRS) from 2024 and onwards and external (limited) assurance is mandatory. Hexagon Purus is therefore committed to engaging an independent third-party for an external assurance of our sustainability reporting from 2024 and onwards.

GO BACK

Material topics and our sustainability priorities

For 2023, the materiality analysis done by Hexagon Composites before deconsolidation of Hexagon Purus, is used to address both material topics and how they relate to our sustainability priorities.

For 2024, Hexagon Purus will conduct a double materiality analysis aligned with CSRD, where we aim to understand and communicate the impacts in our entire value chain, meanwhile addressing short-, medium-, and long-term risks and opportunities that might have an impact on our business going forward.

We will throughout this report address the material topics by describing: Why the sustainability topic is material; what policies or commitments we have established to address the material topic; any actions we have taken to manage the topic throughout the year; commenting on progress for the reporting year; and measures that will be taken to manage the material topic going forward.

The Executive Management and the Board of Directors are ultimately responsible for reviewing and approving the sustainability information reported in this document. Due to the deconsolidation in 2023, the Hexagon Purus Executive Team and the Hexagon Purus Board of Directors have not been fully involved in the materiality analysis. This will change with the introduction of CSRD.

OUR PRIORITIES	2023 MATERIAL TOPICS
Responsible employer	• Occupational health and safety • Diversity, equity and inclusion • Workforce development
Our contribution through our solutions	• Clean energy solutions
Minimizing our operational environmental footprint	• Greenhouse gas emissions • Material waste and circularity
Product safety and compliance	• Continuous product safety improvements
Governance	• Business ethics and anti-corruption • Responsible procurement

Impacts in our value chain

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

		Design and Product Development	Raw Material Sourcing	Product Processing and Manufacturing	Distribution	Use-stage	End of life
		Our activities related to developing our technology, products and solutions	Selection and engagement with suppliers on our key raw materials; carbon fiber, plastics, metal parts, etc.	All stages of our manufacturing processes and operational activities	Transportation from manufactur-ing to use-stage	Use of our mobility and infrastructure solutions	Treatment and circularity of end-of-life products
Responsible employer	Occupational health and safety			High			
	Diversity, equity and inclusion			High			
	Workforce development	Positive		Positive			
Contribution through our solutions	Clean energy solutions	Positive				Positive	
Minimizing our operational footprint	Greenhouse gas emissions		Significant	High	High		
	Material waste and circularity	Positive		High			High
Product safety and compliance	Continuous product safety improvements	Positive		High		Positive	
Governance	Business ethics and anti-corruption		Significant	High		High	
	Responsible procurement		Significant				

● Significant (negative) impact (or risk) ● High (negative) impact (or risk) ● Positive impact (or opportunity)

Stakeholder engagement

Stakeholders both internally and externally play a crucial role in shaping Hexagon Purus' operations and we strive for active and regular engagement and collaboration with them. The key stakeholders involved in our activities include:

KEY TOPICS	HOW WE ENGAGE	IMPACT ON HEXAGON PURUS
Employees and potential employees		
• Workforce development • Occupational health and safety • Diversity, equity and inclusion	• Internal communication through email, Workplace and Intranet • Local town halls • Global quarterly updates • Department meetings • Employee surveys • Leadership meetings • Training • 1:1s • Social gatherings • Career fairs • Social media	Hexagon Purus' employees are fundamental for our sustainable value creation and to achieve our business goals and ambitions.
Customers		
• Low carbon technology solutions • Climate action • Responsible procurement • Product lifetime • Governance • Human rights in supply chain	• Emails • Meetings • Presentations • Site visits • Conferences • Industry events • Customer surveys	Hexagon Purus' customers have a direct impact on our business through the purchase and use of our products. Collaborating with our customers to ensure that the overall impact of our value chain is as low as possible is important to drive sustainable value creation.

KEY TOPICS	HOW WE ENGAGE	IMPACT ON HEXAGON PURUS
Investors and Strategic Partners		
• Corporate governance • Compliance • Ethics and anti-corruption • EU taxonomy • Product and solution footprint	• Presentations • Annual General Meeting • Meetings and roadshows • Annual Report • Website	Investors and strategic partners have a direct impact on our company through funding and through their control functions. Our investors are integral to provide the financial and organizational capacity to accommodate sustainable value creation.
Suppliers		
• Responsible procurement • Human rights in supply chain • Anti-corruption and integrity • Occupational health and safety	• Emails • Supplier questionnaires • Social media • Website and press releases • Meetings • Industry events • Presentations • Supplier visits and audits	We source complex materials and products to enable a future with zero emission mobility. Building good and stable relationships with our suppliers is therefore a driving force for our company. We are directly impacted by our suppliers through their procurement methods and ethical practices, and thus seek collaboration with our suppliers and business partners to ensure that they are aligned with our vision of sustainable value creation.
NGOs, governments, regulators		
• Anti-corruption and integrity • Human rights • Health and safety • Diversity and inclusion • Environmental action • Local community	• Partnerships • Conferences • Industry events • Community events • Public forums • Industry associations, advisory boards and committees	Our operations are global, and both national and international regulations and legislation affect our business plans and strategy. NGOs, governments and regulators also have expectations for us which are not mandated by laws and regulations, directly impacting our license to operate and accommodating our sustainable value creation.

Responsible employer

Why this topic is material for Hexagon Purus

Our people are the cornerstone of our success. Our value creation relies on our employees and their competence, behaviors and commitment. We are fortunate to have a team of highly skilled and dedicated employees across our sites. We will continue to build a safe environment, both physically and psychologically, that allows people to be at their best.

Occupational health and safety of our employees, workforce development and diversity, equity, and inclusion are the material topics we have defined within Responsible Employer.

GO BACK

How we work to be a responsible employer

Growing from approximately 140 employees in 2020 to more than 650 employees in 2023 illustrates the tremendous organizational expansion we have experienced in the past three years. We also acknowledge that this is a demanding phase as we scale up. We invite our colleagues to share their perspectives to shape our workplace further. We aim to build the Hexagon Purus culture together in line with our desired behaviors and values.

In 2023, our global leaders actively participated in a comprehensive process to formulate our desired behaviors.

Work for each other's success	• We invest in each other's success, working together towards a common purpose and celebrating our wins as a team
Take responsibility	• We take initiative, proactively seek solutions and follow through • We champion safety and quality, caring for people and the planet
Build trust and be inclusive	• We act with integrity and transparency • We embrace diversity of individuals, ideas, and perspectives
Embrace challenges and failures	• We adapt to change and embrace challenges with a positive mindset • We learn from failures and use them as opportunities for growth

GO BACK

Occupational health and safety

Health and safety are key priorities at Hexagon Purus. Our health and safety standards aim to prevent hazards and incidents for all our employees and parties working on behalf of Hexagon Purus, and for everyone inside our premises. Everyone working for or representing Hexagon Purus must follow our policy on Environment, Health and Safety (EHS).

Our senior management has the overall responsibility for health and safety at Hexagon Purus. Top management sets the tone for the rest of the company and their positive role modelling is essential to lead, promote, and develop a culture where everyone works towards a zero-injury work environment. This is operationalized by each and every employee and guided by our EHS, Operations, and People and Culture teams.

Local management is responsible for supplying our employees with proper training and equipment, ensuring a safe work environment, and addressing any unsafe behaviors and conditions. Local management is also responsible for prioritizing health and safety in all operating decisions. Our employees are responsible for following our policies and reporting all incidents, safety breaches and hazards.

All sites follow local EHS regulations and standards. Currently our tools and routines to systematically identify hazards and implement preventive measures are conducted on each site by qualified local EHS resources. Identifying work-related hazards that pose a risk of high-consequence injury is crucial for effective EHS risk mitigation. At our production sites, hazard identification and assessment are undertaken using established methods and processes, such as workplace inspections, reviewing incident investigations, consultation with workers, Job Safety Analysis, and safety data sheets. To mitigate risks, we aim to prioritize engineering controls, followed by administrative controls, and personal protective equipment. Hazard assessment is an ongoing process requiring regular review and should form part of change management. Our employees, or workers whose work is controlled by us, are asked to remove themselves from situations that could cause harm, without fear of reprisals.

Our goal is to implement a global health and safety management system. We want to provide a safe and healthy workplace, prevent work-related injury and illness for all our people, and aim to continuously improve our performance in this area.

With our expanding global operations and focus on safety and quality we also aim to harmonize our EHS standards across our sites. This requires input from our employees, both concerning how we can optimize site-specific implementation and how relevant EHS information can be communicated at the various sites. Input is received from local and cross-border workshops, reporting to the nearest leader and online surveys. For our facility in Kassel, we have a works council which is engaged as a party to promote workers' participation and consultation concerning health and safety, among other topics. Harmonization of EHS standards also requires accommodation of proper training. We provide regular EHS training, adapted to local needs and requirements.

The well-being and health of our employees is a priority for us. We therefore offer access to physical and mental health services for our employees, in addition to internal activities to promote physical activity and a healthy lifestyle through common activities like company runs, on-site gym facilities or discounted gym membership, and dental care. These benefits vary from location to location depending on local needs, requirements and depending on what is offered by local state health services.

Hexagon Purus requires reporting of any work-related hazards and hazardous situations without fear of retribution. It is the duty of all employees and business partners to report health and safety incidents, concerns, violations or potential violation of any applicable law or Hexagon Purus' policies and/or procedures. If internal reporting is being perceived as impossible, we also have an independent Whistleblowing channel that complies with national and international standards and is monitored by an independent third-party.

Diversity, Equity and Inclusion

Diversity, Equity and Inclusion (DEI) is key to our ongoing and future success, and we are eager to increase representation among underrepresented groups and strengthen a culture of inclusion. We are committed to fostering an environment where our people can be their authentic selves, guided by our values of integrity and drive.

We believe that diverse organizations produce better results and outcomes, and diversity includes many factors in addition to gender, such as age, social and cultural background, sexual orientation, religion, nationality etc. Our company consists of people with diverse backgrounds regarding nationality, culture, and skillset. Currently we do not have the desired gender balance in our workforce. Our ambition is to increase female representation in the whole organization. The war for talent is getting tougher and the demand for female representation among manufacturing companies is high. Combined with the underrepresentation of women in science, technology, engineering, and mathematics (STEM) occupations in our main production geographies, there are systemic factors that can explain the current female underrepresentation.[1]

We are all responsible for fostering diversity, equity and inclusion, and this is highlighted in our policies and behaviors. We do not tolerate discrimination against any employee or job applicant based on non-work-related personal characteristics, such as race, ethnic, social, or national origin or background, religious beliefs, gender, gender identity, status, or expression, sexual orientation, family or marital status, age, physical or mental disabilities, medical conditions, or union membership or activity. We do, however, reserve the right to protect our intellectual property, which may bring some limitations to recruitment, information sharing, mobility, and/or employment in our global organization.

Our commitment to the DEI agenda is stated in our DEI Policy, which can be found on our website. We measure the employee perception of DEI matters in our annual employee survey and implement actions as result of the employee feedback.

[1] Germany: https://eige.europa.eu/gender-equality-index/2019/domain/work/DE; US: S2403: INDUSTRY BY SEX FOR THE ... - Census Bureau Table; Canada: Proportion of women and men employed in occupations, annual, inactive (statcan.gc.ca)

Workforce development

Workforce development is the cornerstone of unlocking the full potential of our employees, and our workforce is growing rapidly. In creating an environment where people can grow and develop, culture and leadership play pivotal roles. We have applied a conscious approach to culture development and involved all senior leaders in this work.

Performance management and employee development are key priorities, and a new concept is developed for this purpose, called Performance, Development & Drive (PDD). This program intends to strengthen the interaction between employees and leaders and provides a strategic approach to goal setting. Key focus areas are frequent, forward-looking feedback, giving recognition, and focusing on areas for development and growth.

Internal communication is another very powerful tool for building culture. A key priority in 2023 has therefore been to enhance our internal communications and share information about our purpose, priorities, challenges, and progress.

In 2023, we held our first in-person gathering for all senior leaders, known as the Extended Leadership (XL) Meeting, which will be an annual leadership meeting. During this event, we collaboratively delved into crucial topics such as business strategy, culture, leadership, and sustainability. For many leaders, it was a chance to meet numerous colleagues face-to-face for the first time and to further strengthen global collaboration.

GO BACK

Our results for 2023

Occupational health and safety

In 2023 we have strengthened our EHS team by hiring new employees with specific responsibilities for EHS, including a new Global EHS Director to take our initiatives to the next level. We have also expanded our capacity with new or updated facilities in all geographies where we have production, without any high-consequence injuries during the construction and commissioning phase of the new sites. All the sites provide safe and ergonomic working conditions, ensuring that well-being and safety among our workers continue to be a priority.

Based on our results from previous years we have taken a more active approach to training to maintain awareness of health and safety. At our production sites, we work to increase participation in safety dialogues and encourage sharing lessons learned. We have also established a Hexagon Purus EHS committee led by the new Director of EHS to share learning and best practice across sites. Our main production facilities in the US, Canada, and Germany vary in product and production methods, and therefore we offer local site-specific training tailored to local needs.

Purus delivered 1.12 million working hours in 2023. We did experience 12 recordable work-injuries and 9 lost-time incidents, and no fatalities. The main types of work-related injuries involved struck by object, slips and trips, falls, and cut.

We do not monitor sickness absence levels in the US, as all employees are allocated generic paid time off (PTO) of 15 days. These days include, but are not limited to, sickness absence. For Norway, sickness absence rate is not monitored sufficiently, the rate is estimated to be below 5%. Systematic tracking of sickness levels for our global sites where such records are applicable will be part of the data management effort moving forward.

OCCUPATIONAL HEALTH AND SAFETY

Indicator	2023	unit
Fatalities	0	number
High-consequence work-related injury	0	number
Recordable work-related injury	12	number
Total recordable incident frequency (TRIF)	10.7	Rate per 1 000 000 hours
Lost time incidents	9	number
Lost time incident frequency (LTIF)	8.0	Rate per 1 000 000 hours
Close call[1]	81	number
Hours worked[2]	1 125 621	hours

[1] Work-related incident where no injury or ill health occurs, but which has the potential to cause these (ISO 45001:2018)
[2] Hours worked by Hexagon Purus employees at all sites, except for Weeze where both employees and non-employee workers are accounted

ABSENCE-RATE DUE TO ILLNESS

	2023
Germany[3]	5.9%
Norway	Below 5%
Canada	0.007%

[3] including unpaid days

Diversity, equity and inclusion

Continuing our efforts from previous years, we have in 2023 worked across all our geographies and business areas to increase gender diversity. Based on our reported figures we still have a way to go, but we are making good progress. We have been able to fill 6 new senior leader roles (directors and above) with female candidates, 5 of them joined in 2023.

In 2023 we also developed our own Diversity, Equity, and Inclusion Policy with clear expectations and requirements for all Hexagon Purus personnel or workers whose work is controlled by us. This policy will be used as a framework for our commitment to the DEI agenda going forward.

Workforce development

Within Workforce Development, we have implemented several initiatives in 2023 related to cultivating our culture, strengthening internal communication, and offering new opportunities for training and development.

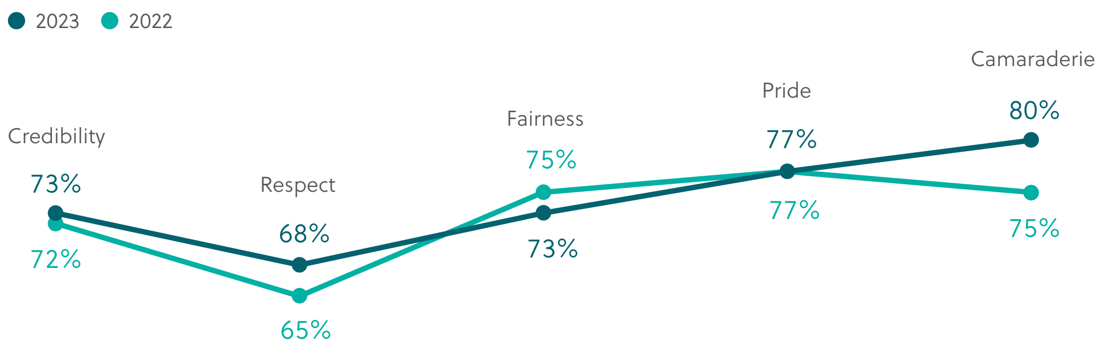
We have been gearing up to expand the roll out of a dedicated internal communication platform for employees in Hexagon Purus, scheduled for implementation in 2024.

In 2023 we conducted on-site training sessions on our new approach on Performance, Development and Drive across all locations, with plans for continued improvement in 2024 through additional training and system support. We provide local training on various other subjects, and this training is tracked and documented locally. Recognizing the advantages of a global approach, we have kickstarted a global Learning Management System (LMS) project to provide global tracking and detailed reporting. In 2023, the initial phase involved the pilot implementation of "LMS365" in Kelowna, Canada. Drawing valuable insights from this pilot, our objective is to extend the LMS implementation to all locations in 2024. We aspire to employ the same system across all sites, provided it is digitally feasible.

Our employees are clear that they want even more training and development opportunities, and this will be a continued focus for 2024.

As part of our ongoing efforts to develop our culture, we conduct annual surveys to gather feedback from our employees. We have partnered with Great Place to Work to conduct these surveys. In 2023, we expanded this initiative to include our location in Weeze for the first time.

GPTW RESULTS



CARING, EQUITY AND COLLABORATION

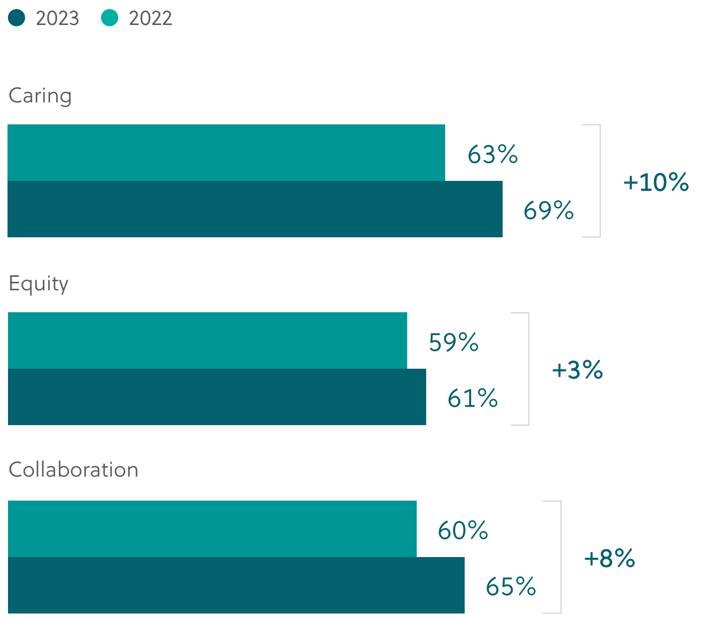


Figure 1 - Scores per Main dimensions

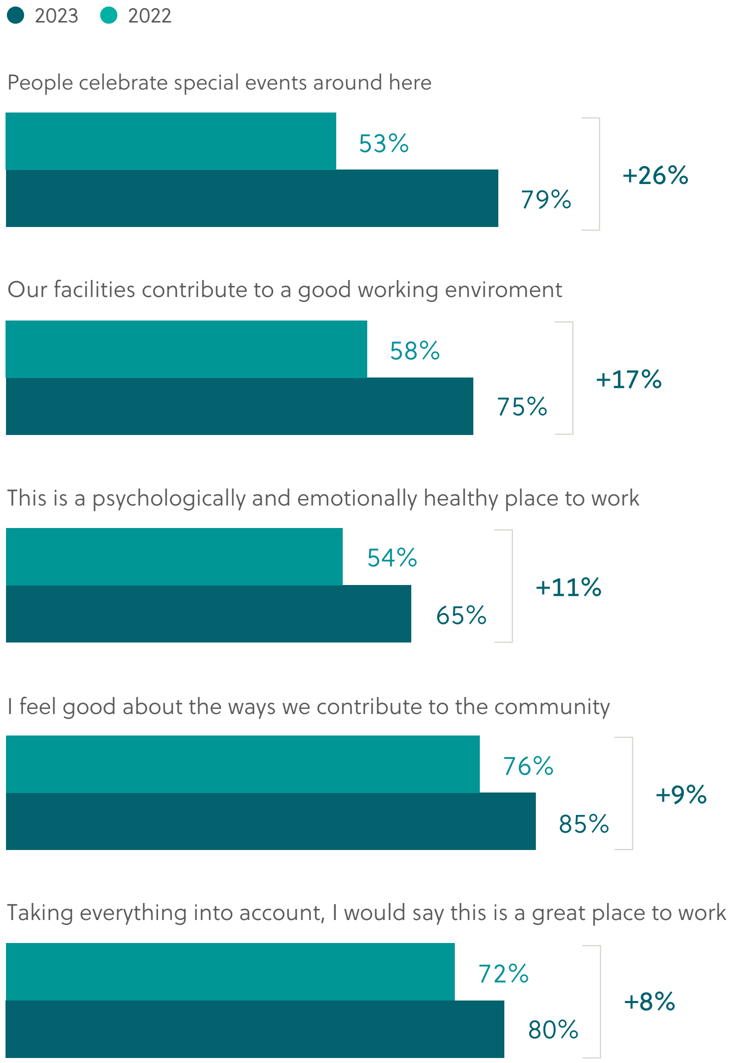
In 2022, we identified Caring, Equity and Collaboration as key categories for improvement. We are pleased to see positive progress in all these areas. The category Caring shows in particular great progress, see figure below.

Even though Equity and Collaboration have improved, we still see that these are among our lowest scores – and will continue to be areas of focus.

A total of 491 employees, equivalent to 77% of our workforce at the time, took part in the 2023 survey. The overall score for our survey was 74%, implying that Hexagon Purus employees agree with a total of 74% of all the statements from the survey. Our scores were above the certification threshold at all locations, meaning that we have achieved Great Place to Work certification in all countries where we operate.

Following the 2022 survey, we organized focus groups at all production sites and involved our team members in generating action plans with initiatives to address the feedback. These activities were reported to the executive management. These initiatives triggered both local and global improvements. We take pride in the substantial progress made since the 2022 survey.

OUR STATEMENTS WITH THE LARGEST IMPROVEMENT



17%

improvement on the statement "Our facilities contribute to a good working environment"

In 2023 we opened three new facilities - in Kelowna (Canada), Westminster (US), and Kassel (Germany). This represented a big improvement in the day-to-day working conditions for all our employees in these locations. We were happy to see a 17% improvement on "Our facilities contribute to a good working environment". In the beginning of 2024, we are looking forward to further improving the working conditions for our employees at our new facilities in Weeze (Germany) and in China.

11%

improvement on the statement "This is a psychologically and emotionally healthy place to work"

We have taken several initiatives in this area, such as leadership training and support from an external health counselor. The goal of our company's efforts in this area is to devise solutions that promote overall well-being, boost motivation, and nurture sustained avenues for growth. In Kassel, we have engaged an external health counselor that ensures a confidential and off-site environment where our employees can seek help and guidance. In Canada and the US, we have implemented an Employee and Family Assistance Program with similar objectives. The health of our employees is of utmost importance to us, encompassing both physical and mental well-being.

In 2023 we developed a crisis preparedness and response protocol to ensure that we are well prepared to manage any emerging issues and crises which could threaten our people, assets, and reputation. In the summer of 2023, Kelowna (Canada) faced severe wildfires, prompting the evacuation of our premises to ensure the safety of our employees. All employees received full compensation during this period. Employees were strongly advised to prioritize safety measures for themselves, their families, and the community. The company offered support, including assistance with housing, food, or any other essential needs arising from the situation. Thankfully, all employees managed through the challenges safely.

At the end of 2023, Hexagon Purus had 653 employees globally, of which 647 were employed on a permanent basis. Approximately 50% of our people in 2023 were working within Operations. The remaining were employed in engineering and technology, finance, people & culture, procurement, IT, quality, and client facing roles such as sales and marketing. In addition, Hexagon Purus had 35 agency workers in its workforce.

HEAD COUNT OF PERMANENT, TEMPORARY AND AGENCY WORKERS, YEAR-END 2023

Employee category	Norway	Germany	US	Canada	Total per employee category
Permanent	26	487	53	81	647
Temporary	1	4	0	1	6
Agency worker	1	34	0	0	35
Total per country	28	525	53	82	688

HEAD COUNT OF FULL-TIME AND PART-TIME EMPLOYEES BY GENDER AND REGION, YEAR-END 2023

Employee category	Gender	Norway	Germany	US	Canada	Total
Full-time employees	Female	12	52	5	16	85
	Male	15	401	47	66	529
	Female %	44%	11%	10%	20%	14%
Part-time employees	Female	-	21	-	-	21
	Male	-	17	1	-	18
	Female %	-	55%	-	-	54%

GOVERNANCE BODY

Rank	Gender (% female)	Age group (%) <30y	30y – 50y	>50y
Executive Management – Level 1	13%	0%	38%	63%
Directors and above[4] – Level 2	16%	2%	76%	22%
Staff and production workers – Level 3	16%	26%	54%	19%
All employees	16%	24%	56%	20%

[4] Career level from M5 and above, excluding executive management.

Management Evaluation

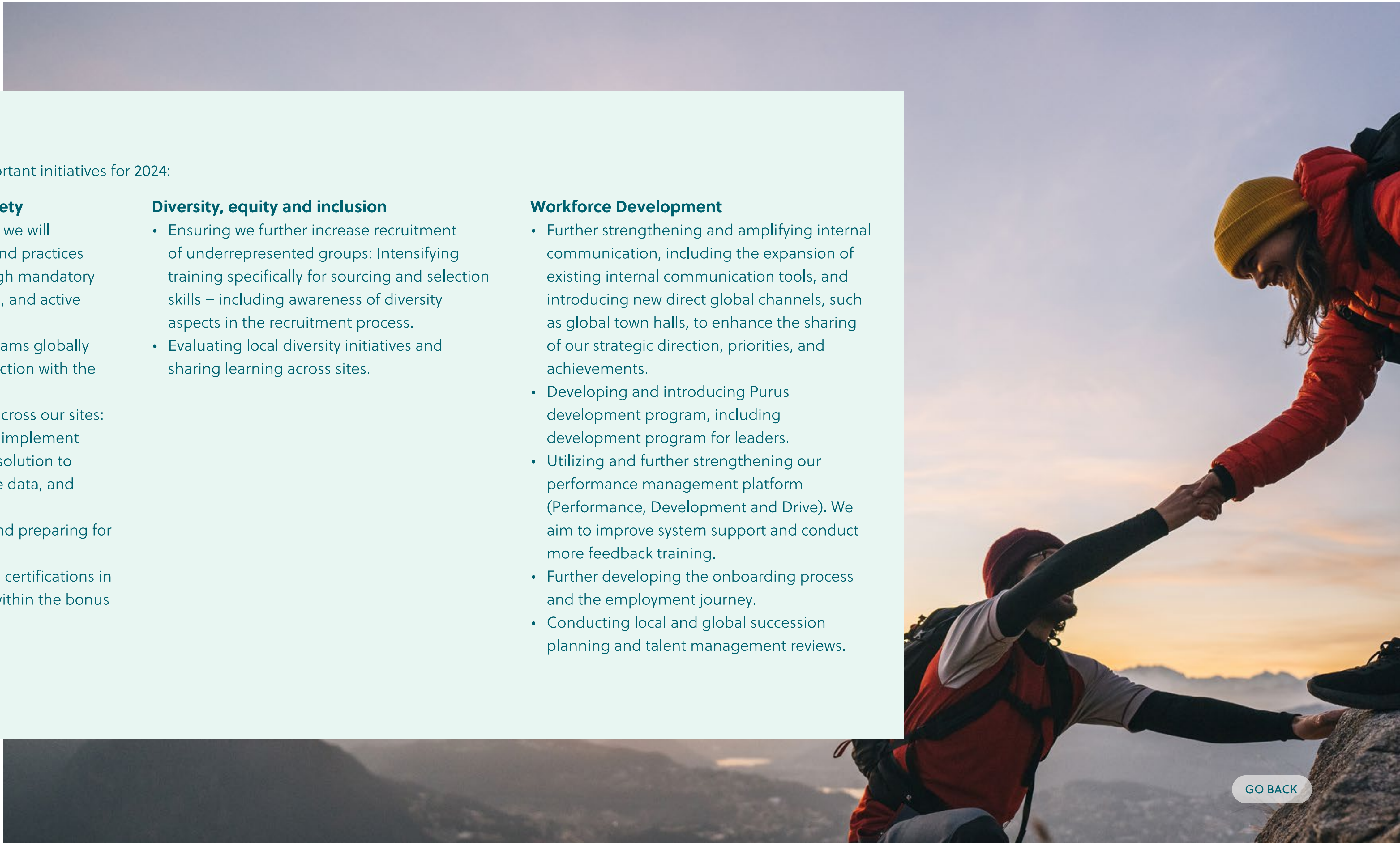
The safety and well-being of our employees is our top priority. We are not satisfied with this year's EHS performance figures. The number of work-related injuries indicates that we still have significant room for improvement. At the same time, we are pleased to see that some sites have improved their local health and safety measures. We are also concerned about the close calls, which are alerts of unmanaged hazards or unsafe behaviors we must address.

This demonstrates that we must implement several initiatives in the years going forward to fulfill our ambitions of world-class manufacturing, with safety and product quality as integral contributions to our business growth. We are happy with the state of our new facilities, providing safe and ergonomic working conditions.

We also acknowledge that our workforce could be more diverse on various demographic indicators. We are happy to see that we have recruited more female workers across all levels of the organization, even though we still have a way to go to achieve the gender balance we want on all levels. We are also satisfied to see significant improvements on key topics in the Great Place to Work Survey, and that we saw improvement on all focus areas from 2022. This is an indication that previous years' initiatives have been successful and that employees feel heard when issues are raised.

Our value creation depends on our workforce, its competence, commitment, and output. We need to be able to attract, develop and retain the competence needed to deliver on our ambitious growth and delivery plans. We will intensify our efforts with regards to workforce development in 2024.

Currently we manually track learning within our company, fully trusting learning experts on all our sites to do the training of our employees. We aim to strengthen our competence mapping and are implementing a learning management system to strengthen and harmonize our competence development and tracking.



GOING FORWARD

The following are our most important initiatives for 2024:

Occupational Health and Safety

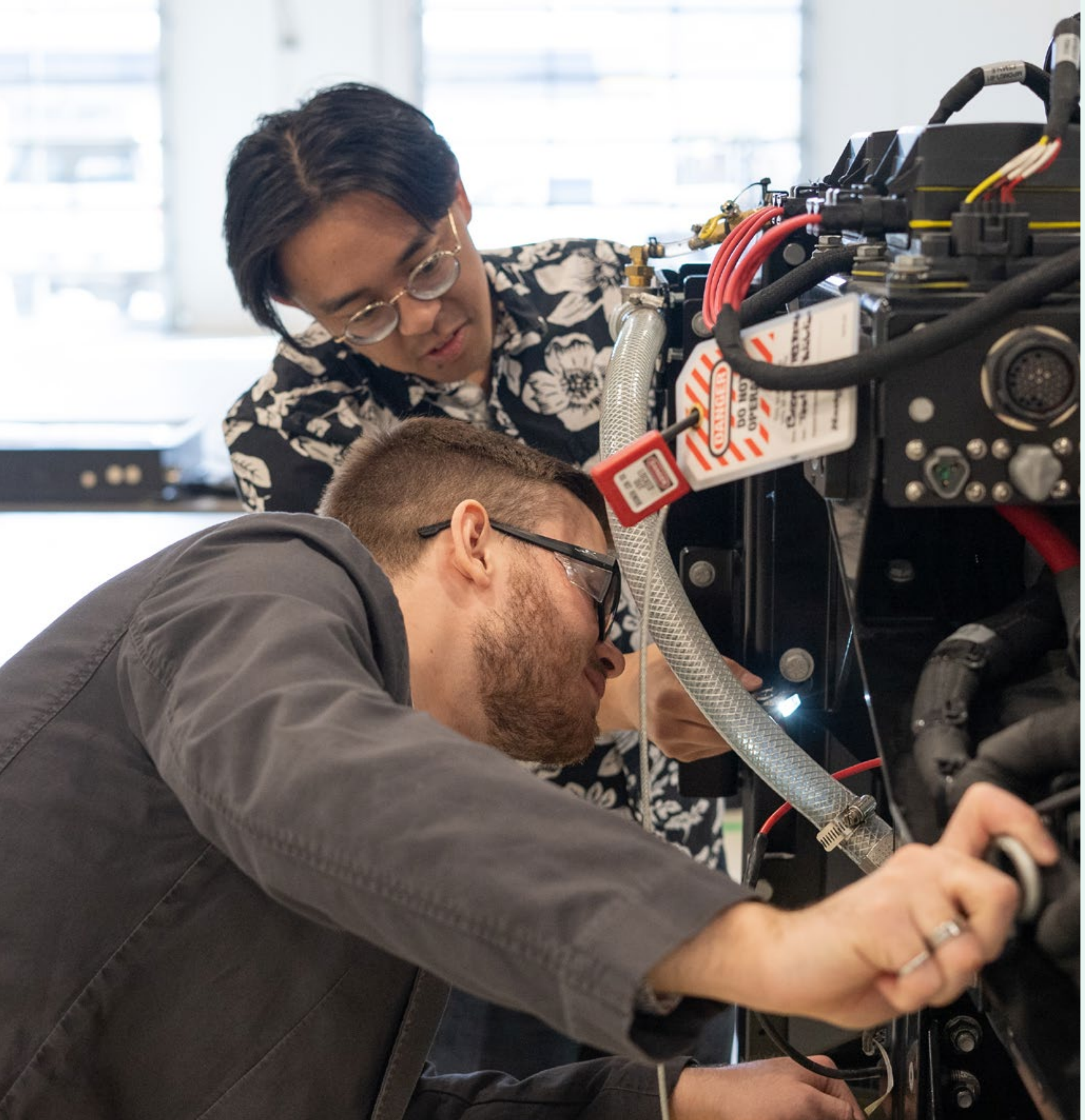
- Intensifying safety leadership: we will strengthen safety standards and practices within the organization through mandatory training, clear communication, and active management participation.
- Rolling out specific EHS programs globally and harmonizing the EHS function with the new Global EHS Director.
- Implementing EHS software across our sites: We will select, customize, and implement an appropriate EHS software solution to streamline processes, manage data, and facilitate compliance.
- Developing, implementing, and preparing for ISO certifications in 2024
- Including ISO 14001 and 45001 certifications in Kassel and Weeze as targets within the bonus program for leaders.

Diversity, equity and inclusion

- Ensuring we further increase recruitment of underrepresented groups: Intensifying training specifically for sourcing and selection skills – including awareness of diversity aspects in the recruitment process.
- Evaluating local diversity initiatives and sharing learning across sites.

Workforce Development

- Further strengthening and amplifying internal communication, including the expansion of existing internal communication tools, and introducing new direct global channels, such as global town halls, to enhance the sharing of our strategic direction, priorities, and achievements.
- Developing and introducing Purus development program, including development program for leaders.
- Utilizing and further strengthening our performance management platform (Performance, Development and Drive). We aim to improve system support and conduct more feedback training.
- Further developing the onboarding process and the employment journey.
- Conducting local and global succession planning and talent management reviews.



Our contribution through our solutions

Why this topic is material for Hexagon Purus

2023 was the hottest year ever recorded.[5] It has also been a year where the physical effects from climate change have been highly present and visible, from hazardous wildfires in Canada, heat waves in Europe, to heavy rain and flash floods in Asia. Increasing greenhouse gas (GHG) emissions, rising temperatures, and dangerous feedback loops are all contributors to these climate change effects. We need smart and scalable solutions and products to turn the tide. We believe our technologies and capabilities can play an integral role in combating climate change, and this is why we exist.

The introduction of national and multinational climate investment programs, such as the Inflation Reduction Act (IRA) and Horizon Europe, combined with a global energy crisis where energy security is a key driver, contribute to the current momentum for renewable infrastructure and mobility solutions. We are proud of our role as global leaders in key technologies needed for hydrogen infrastructure and zero emission mobility, and work with most mobility segments for transportation and mobility to contribute to lower GHG emissions. This is how our contribution through our solutions can play an important part in solving one of the most challenging and complex problems of our time.

[5] European Commission Copernicus Climate Change Service, "Copernicus: November 2023 – Remarkable Year Continues, with Warmest Boreal Autumn. 2023 Will Be the Warmest Year on Record," December 6, 2023, https://climate.copernicus.eu/copernicus-november-2023-remarkable-year-continues-warmest-boreal-autumn-2023-will-be-warmest-year.

GO BACK

How we work with our contribution through our solutions

Transportation and mobility are amongst the largest contributors to GHG emissions, currently responsible for 23% of global energy-related CO_2 emissions.[6] At Hexagon Purus we develop both hydrogen and battery electric storage solutions which offer zero-emission alternatives to fossil fuels in the mobility sector, working in close collaboration with customers to identify, develop and manufacture products that are right for them and their different use cases.

Our cylinders can be found in multiple mobility segments we are operating in, ranging from aerospace, distribution, infrastructure, marine, automotive, construction, railway to snow groomers, while our battery packs are used mostly in medium- and heavy-duty vehicles.

Our hydrogen infrastructure solutions can also play a role in decarbonizing industry. Several industries use hydrogen today in their manufacturing processes including pharmaceuticals, semiconductors and food processing. Today, this hydrogen is mostly grey, but as the energy transition evolves – more green hydrogen will be available. Hydrogen has traditionally been transported using steel tube trailers but our technology using Type 4 cylinders has the advantage that hydrogen can be stored at much higher pressure, with less weight. With triple the storage capacity of steel cylinders, it means running one trip instead of three, significantly reducing travel for customers.

More than 18% of our employees are dedicated to engineering and R&D efforts to continuously improve the quality, safety, and environmental impact of our products and solutions. We work in close collaboration with our customers and everything we produce originates from our scientific and engineering expertise and our customers' needs.

To fully understand our contribution through our solutions we have initiated a Life Cycle Assessment (LCA) program for our product portfolio. While we firmly believe that we can help mitigate the effects of climate change through our solutions, we must prove this with the scientific and engineering approach that we are known for. We currently work to fully understand the environmental impact of our products and solutions to measure and report avoided GHG emissions in the future.

LCAs will provide information about the environmental impact from our solutions from a life cycle perspective. One aspect of our product portfolio is its extensive lifetime, represented by our distribution modules, stationary storage, mobile refueling stations, cylinders, and battery systems. For instance, a typical lifetime for our cylinders is 20 years before they need to be recertified and repurposed for continuous operations at appropriate pressure levels. This enables extended use of the cylinders having the most beneficial impact on the life cycle environmental aspects. We acknowledge that there are challenges in handling our cylinders and battery packs when they reach end-of-life, and due to this we are collaborating with external companies with expertise within recycling and downcycling to identify the best methods for handling these obsolete products.

More information about how our products enter the circular economy, and how our focus on safety and quality play an important part in our circular mindset, can be found in the chapters related to Material waste and circularity (see page 68) and Product safety and compliance (see page 75) respectively.

[6] Intergovernmental Panel On Climate Change (IPCC), ed., *Climate Change 2022 - Mitigation of Climate Change: Working Group III Contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*, 1st ed. (Cambridge University Press, 2023), https://doi.org/10.1017/9781009157926.

GO BACK

Our results for 2023

We have experienced tremendous growth in sales of our products and solutions in 2023 compared to 2022, indicating that there is strong demand for hydrogen infrastructure and zero emission mobility solutions. We will measure our impact and progress by calculating avoided emissions when we have LCAs of sufficient quality.

In 2023 we initiated our LCA program, with the intention of understanding and communicating the environmental impacts of our products. LCA will give more information about the impact of our products than just GHG emissions. Important impact categories such as ozone depletion, water use, and terrestrial ecotoxicity are all considered in an LCA.

Providing insights to the role our solutions play in a decarbonized future is also something we have been working with in 2023. We have increased our efforts in internal and external R&D projects and non-governmental organizations to educate and advocate our solutions to potential customers and regulators. We are participating in a Horizon Europe program concerning hydrogen storage and distribution and have also been granted support from Innovation Norway to build a full-scale model of a maritime hydrogen fuel system, showcasing solutions available for zero-emission shipping.

GO BACK

Management Evaluation

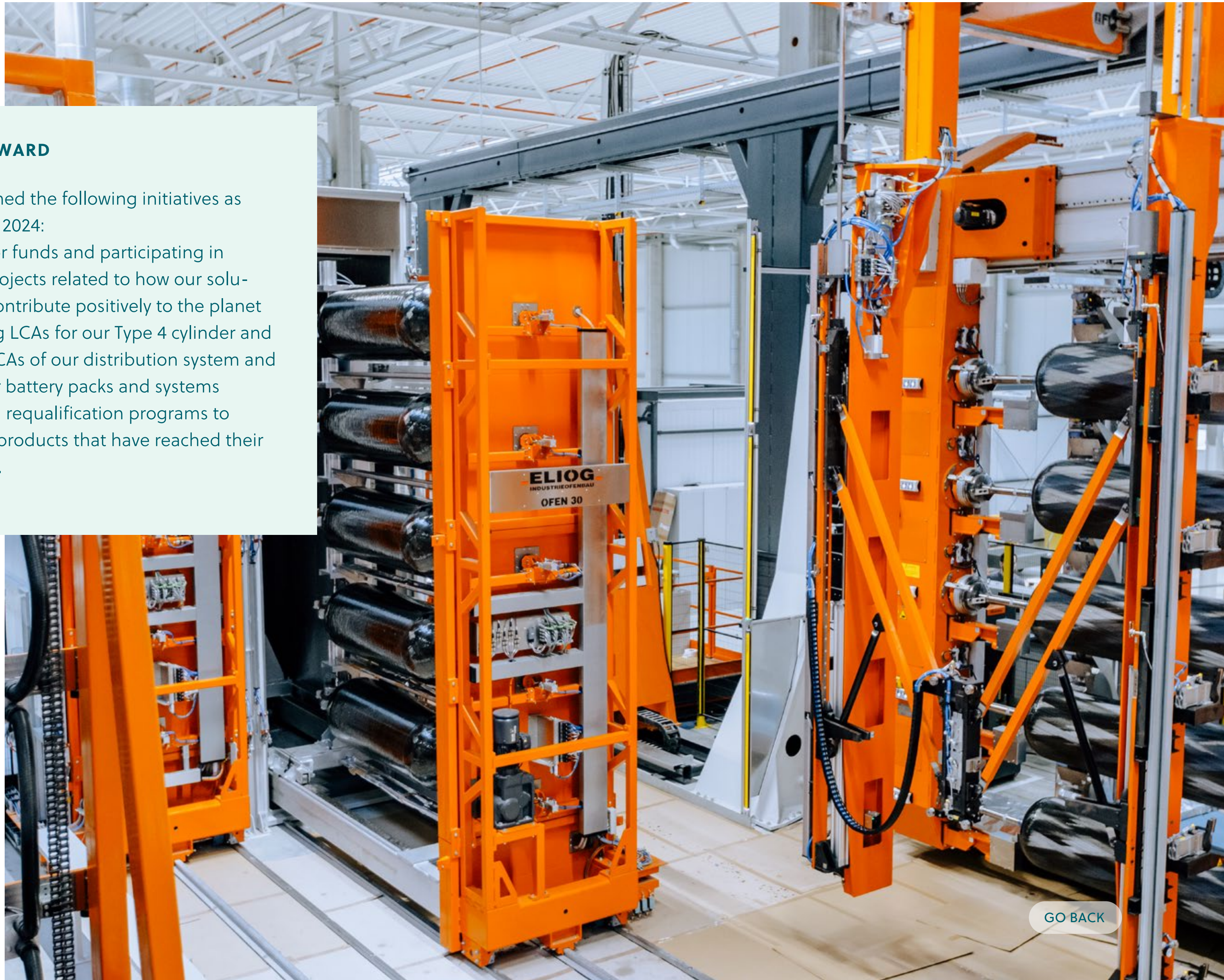
We know that our products and solutions reduce tailpipe GHG emissions relative to other current alternatives. Our revenue growth is an acknowledgement of our solutions being perceived as more innovative and environmentally friendly than other current technologies.

All our segments have experienced growth since 2022. We are currently scaling up our capacity to meet current and future market demands, including our order backlog. In 2023 we have built additional capacity for even higher contribution through our solutions in Kelowna, Kassel, and Westminster, and expansion in Weeze. We have also announced a lease agreement for a vehicle integration facility in Dallas. We expect that our joint venture in China is operating in 2024, also contributing to our future capacity.

GOING FORWARD

We have defined the following initiatives as important for 2024:

- Applying for funds and participating in research projects related to how our solutions can contribute positively to the planet
- Completing LCAs for our Type 4 cylinder and initiating LCAs of our distribution system and possibly for battery packs and systems
- Working on requalification programs to repurpose products that have reached their end-of-life.



GO BACK

Minimizing our environmental footprint

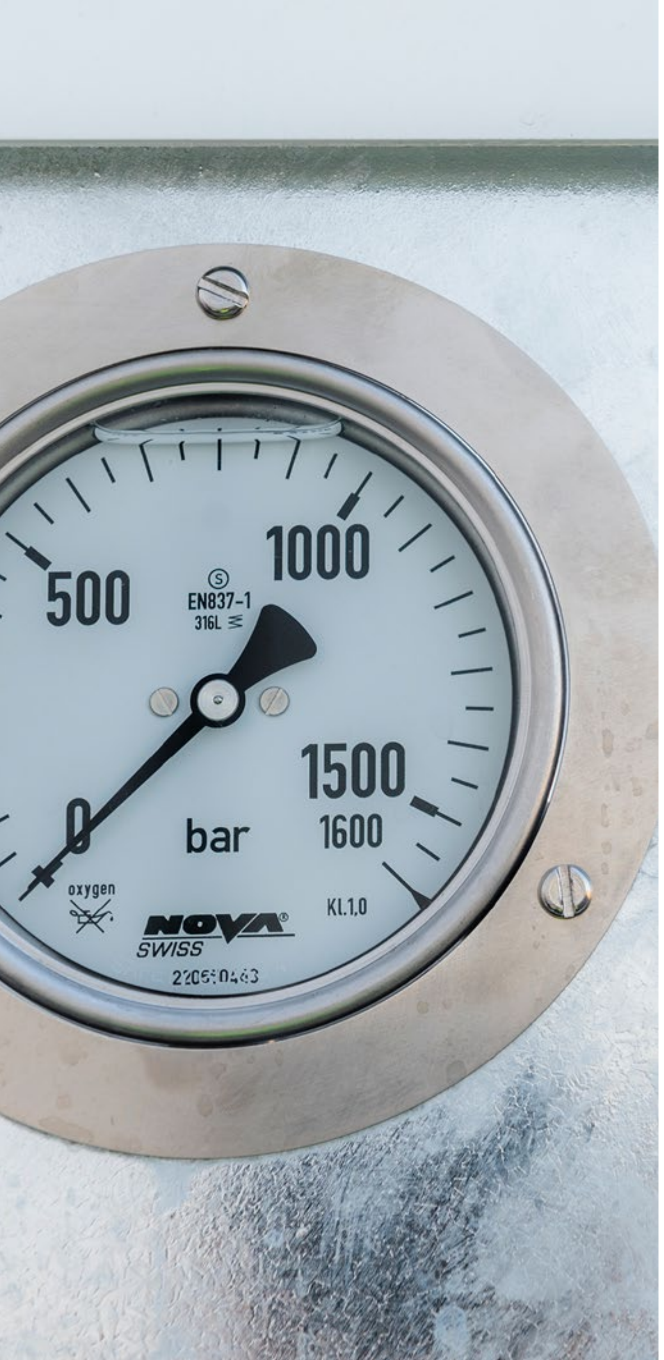
Why this topic is material for Hexagon Purus

Our products and solutions are key technology enablers in the transition towards zero-emission mobility. Hexagon Purus' cylinders, hydrogen storage and distribution systems, and fuel cell and battery electric systems, are all contributing to lower in-use emissions for our customers. We are proud of our contribution in addressing hard-to-abate industries and contributing towards a more sustainable fuel and energy mix in the mobility sector.

We must also acknowledge our own environmental footprint. Our products require materials with substantial embedded emissions, environmental impacts on air, water, or soil, or with limited or costly applications in a circular economy. We all have a role to play in understanding and minimizing impacts by reducing material waste and encouraging circularity, and at the same time ensuring that we are minimizing our own carbon footprint to accelerate the transition to net zero.

Driving decarbonization across infrastructure and mobility applications for the benefit of our planet is our North Star. Our employees are inspired by our purpose to be a driving force for a sustainable planet. We feel privileged to build solutions for a cleaner tomorrow.

GO BACK



How we work to minimize our environmental footprint

Minimizing our environmental footprint will be increasingly important as we continue to grow our business. Balancing the necessary growth to contributing to the zero-emission mobility economy while working to reduce our carbon footprint and waste is a conundrum we are working to solve.

Establishing a baseline of the current state of our impact is integral to setting clear environmental targets and objectives. 2023 is the first year where Hexagon Purus operates as a stand-alone entity, and while we have some data to understand our historical environmental footprint, we will improve our data collection and analyzing capabilities to fully understand the impact we have.

Material waste and circularity

We are committed to protecting the environment by operating in an environmentally responsible manner, promoting zero waste and zero impact. Our approach is described in our EHS policy. Management is responsible for driving environmental consciousness, focusing on efficient design, operational excellence, and procurement choices to reduce waste and energy consumption, thus also reducing emissions.

We engage with our employees to foster environmental awareness and encourage our employees to participate and suggest improvements in our operations and our surroundings.

Our products and solutions generate waste both upstream and downstream in our value chain. Materials end up as scrap during production, distribution, and testing. Our production portfolio produces a relatively diverse waste mix. Materials such as carbon fiber, metal, resin, and plastic are significant contributors to the total waste generated from our production, in addition to general waste from our employee activities. All our production sites are committed to conserving natural resources and reducing our environmental footprint by applying principles from the waste hierarchy.[9] We prioritize preventing and minimizing use of energy and materials where possible. This is beneficial for the environment and has a positive impact on our bottom line.

Our manufacturing sites are implementing recycling programs to minimize waste to landfill and are in close dialogue with waste handling companies to ensure we follow and comply with environmental regulations and make improvements. We also have a particular focus on hazardous waste, which requires specialized contractors for safe disposal. We adhere to any local or national environmental laws and regulations and expect that our specialized waste handling contractors do the same.

Greenhouse gas emissions

2023 is the first year Hexagon Purus will report GHG emissions on a stand-alone basis. We are building on Hexagon Composites' legacy from previous years and have made efforts to further align our reporting with the GHG Protocol. We are reporting our GHG emissions in accordance with the GHG Protocol, focusing on direct (scope 1) GHG emissions, energy indirect (scope 2) GHG emissions, and other indirect (scope 3) GHG emissions. Scope 3 emissions are emissions generated in the upstream and downstream part of the value chain, and this is also where the largest portion of our sustainability footprint is generated.

[9] European Commission, "Waste Framework Directive," n.d., https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive_en.

GO BACK

We are still working to improve data collection and calculation methodologies to measure our GHG emissions as accurately as possible. This is a prerequisite to establish a baseline and set targets for GHG emission reductions going forward. Ultimately our ambition is to align our GHG emission pathway with the "well below 2°C" scenario, following the goals in the 2015 Paris Agreement. Considering the updated projections from the IPCC Sixth Assessment Report,[10] this is a realistic ambition based on our business plan.

To fulfil this ambition, we need to understand the sustainability footprint of our products and solutions. We are using life cycle assessments[11] (LCAs) to analyze the impact our products and solutions with a variety of environmental indicators, including global warming potential measured in CO_2 equivalents (CO_2e), throughout our products' lifetimes. The LCA results will help us to work strategically with our suppliers, increase our own production efficiency, and provide useful information to our customers about the sustainability impacts of the products they are purchasing.

We are continuously working on optimizing our supply chain, design and engineering, materials and processes to lower our environmental footprint. When our products and solutions are ready to move from research levels to production, we collaborate with our strategic suppliers to understand the potential and actual GHG emissions from sourcing of purchased goods and raw materials. These steps contribute to a significant share of our upstream GHG emissions and will indicate to us where we can reduce emissions further.

LIFE CYCLE ASSESSMENT

Life cycle assessment is a methodology for measuring, attributing, and assessing the environmental impacts of a product, process, or service over the course of its life cycle stages. (ISO 14040:2006)

Direct emissions originate from our own facilities, where we transform purchased goods and raw materials to our own products and solutions. These processes require energy in the form of purchased electricity and/or stationary combustion and are associated with indirect (scope 2) and direct (scope 1) energy emissions respectively. To fully understand our potential to reduce consumption of energy, and thus also GHG

[10] Intergovernmental Panel On Climate Change, Climate Change 2021 – The Physical Science Basis: Working Group I Contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, 1st ed. (Cambridge University Press, 2023), https://doi.org/10.1017/9781009157896.
[11] International Organization for Standardization, "ISO 14040 Environmental Management - Life Cycle Assessment - Principles and Framework," 2006.

GO BACK

emissions, we are working to improve our current data collection processes and to increase the percentage of renewable sources in our energy consumption at our sites. We are also working to optimize our processes from a cost perspective, which has positive sustainability impacts. A concrete example is optimizing resource efficiency for our carbon fiber, which will enable us to use more of the purchased carbon fiber and minimize waste and emissions originating from waste handling.

When our products leave the factory gates and go to our customers, all subsequent emissions originate from the downstream part of our value chain. This is also where our solutions contribute to zero-tailpipe emissions, thus reducing in-use scope 3 GHG emissions. We do, however, have a potential upside on the end-of-life of our cylinders. We are currently running several R&D projects aimed at finding ways to repurpose or increase the recyclability of our products and will keep our current and future customers updated on relevant findings.

Understanding the sustainability footprint of our products and solutions from a life-cycle perspective is integral to making the right strategic decisions, and will influence our R&D efforts, our procurement strategy, and interactions with current and future customers going forward. Currently the focus is reducing upstream greenhouse gas emissions from our products, emphasizing the importance of investing in R&D and collaborating with our suppliers.

Our results for 2023

Material waste and circularity

In 2023, we sourced 2 005 metric tons of key materials to produce our products, of which 0% were made from renewable materials. This year our focus has been to increase operational excellence and efficiency, with an indirect focus on waste reduction and waste management. We have not initiated new waste programs in 2023 for any of our sites, but rather worked to improve on our current waste management and accompanying data. Ensuring that waste figures are correct and complete is essential to establish baselines and set targets for waste reduction over the coming years.

An important part of waste management is to ensure that operational controls are in place to limit or avoid waste in the first place. We focus on our inventory management to ensure that we are not overstocking supplies. Inventory management contributes to reducing the amount of excess raw materials in stock and the number of hazardous materials, thus reducing the amount of waste generated. This is an example where inventory management, cost exercises, and sustainability impact go hand in hand. We are also working on manufacturing control plans for all our sites to reduce the amount of scrap that could end up in landfills.

Process improvements also contribute to waste reduction. In one of our cylinder production sites, we expect to bring down the resin waste and overall resin consumption by transitioning from manual resin mixing to an automated mixing system. Through better process design with advanced equipment, not only is the material efficiency elevated but it also limits employees' exposure to chemicals during operation.

Prioritizing recycling is also an important aspect when handling production scraps and waste, especially for composite materials whose recyclability is typically more challenging. In North America we have been working with a qualified specialized company to recycle scrapped composites materials including carbon fiber. In Europe our scrap cylinders are sent to a recycler where the composite materials are transformed as input materials for other products. We continue to seek better solutions for treating and

GO BACK

recycling production scraps and to explore ways to increase the circularity of our materials.

We are exploring waste from an operational perspective as a part of our LCA initiatives, where we can understand the environmental effects of production waste. We piloted our first LCA on one of our cylinders in 2023. Our LCAs will also explore second-life and circularity measures for our products. After our cylinders exceed their average lifetime, we aim to retest, document remaining useful life, quality, and durability, so that they either could be used for their originally intended pressure levels, or used for different applications requiring lower pressure levels. All these efforts can contribute to extending the original lifetime.We are exploring the same opportunities for our batteries.

For reporting purposes, we have changed our waste composition reporting to harmonize across all sites and geographies, in addition to highlighting certain materials where we produce substantial amounts of waste. This should give a better overview of our total levels of hazardous, non-hazardous and general waste and how it is treated. We expect the amount of waste to increase, primarily due to the anticipated higher production levels. While we should always have increased capacity and production levels in mind when we are looking at waste figures, we will also do our best to reduce our absolute waste figures.

WASTE MANAGEMENT

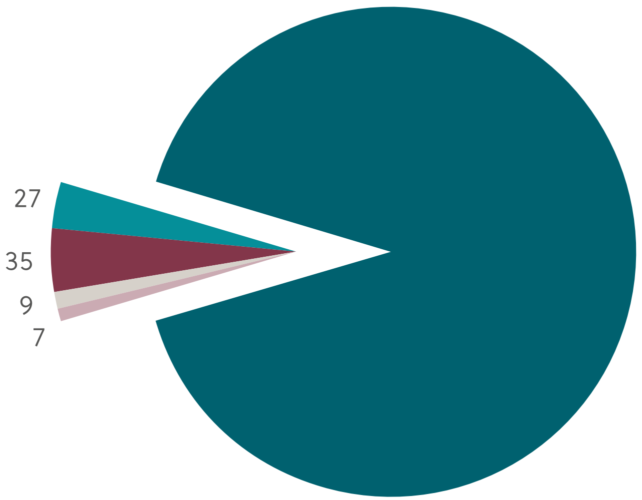
WASTE TYPE

Metric tons

	2023
Non-hazardous waste[12]	833
Hazardous waste	5
Total	838

WASTE BY DISPOSAL METHOD[13]

Metric tons



BREAKDOWN OF WASTE-TO-RECYCLE

Metric tons

7
Carbon fiber recycled

22
Plastic recycled

539
Metal recycled

194
Other mixed waste recycled

[12] Non-hazardous waste includes waste from both industrial operations and employee activities
[13] Waste data is provided by our local EHS team members. Waste data of Kassel included operational activities from July to December 2023 due to site relocation. Numbers are round up to the nearest integer.

Greenhouse gas emissions

Total GHG emissions from our activities are 29 605 tCO_2e in 2023. This comprises scope 1 emissions, location-based scope 2 emissions, and scope 3 emissions (See Appendix III (see page 172) for methodology).

Although the categories included in this year's GHG accounting are limited while we are improving our data consolidation and calculations, the figures show that our GHG emissions are predominantly scope 3 (94%). This is expected to still hold when we complete a full GHG accounting in 2024. The key materials we source, such as carbon fiber, metals, and batteries, are relatively carbon intensive. As we anticipate higher production activity across all our business areas, any increase in demand for these materials will largely affect our absolute scope 3 emissions. This substantiates the importance of working closely with suppliers to reduce our upstream GHG emissions. We will therefore also evaluate and assess our scope 3 emissions using physical intensity figures, aiming to reduce scope 3 emissions per unit sold. In addition to the input materials, the capital goods also have a large share of our scope 3 emissions in 2023 as a result of the building new facilities and expansion of production capacity.

Scope 1 and 2 represent about 6% of our total GHG emissions in 2023. All our new and upgraded facilities in the US, Canada, Germany, and China are built with energy efficiency as a priority for the design and planning of the sites. This should contribute to a reduction of scope 1 and 2 emissions per unit produced and to an absolute reduction of scope 1 and 2 emissions, even though the latter is largely dependent on customer demand and the energy mix in all our locations.

Our newly opened manufacturing facilities in Kassel and Weeze are equipped with solar panels. We are investigating installing solar panels also at our site in Kelowna. For these two sites in Germany, we purchase guarantees of origin (GOs). GOs are instruments issued by energy providers that can be used to reduce our market-based GHG emissions. Our GOs are purchased from Energie Steiermark Business GmbH.[14]

In 2023 we have piloted our first LCA to understand the environmental impact of one of our Type 4 cylinders. We will continue to build our LCA portfolio for our remaining products and solutions to establish the baseline environmental impact of our products. These baselines will enable us to build an environmental product strategy by working together with our R&D teams, our suppliers, our production workers, and our customers, aiming to reduce the GHG emission intensity, among other sustainability initiatives.

ENERGY CONSUMPTION[15]

(GJ)	2023
Non-renewable fuel consumption	6 491
Renewable fuel consumption	-
Electricity purchased for consumption	19 348
Heating purchased for consumption	142
Cooling purchased for consumption	-
Steam purchased for consumption	-
Electricity sold	513
Heating sold	-
Cooling sold	-
Steam sold	-
Total energy consumption within the organization	25 468

GREENHOUSE GAS EMISSIONS

Scope (tCO_2e)	2023
Scope 1 (direct emissions)	207
Scope 2 (indirect emissions from electricity – location based)	1 640
Scope 2 (market-based)	379
Scope 3	27 758
Purchased Goods and Services (Category 1)[16]	14 559
Capital Goods (Category 2)	11 982
Fuel- and Energy-related Activities (Category 3)	560
Waste generated in Operations (Category 5)	51
Business Travel (Category 6)	606
Total GHG Emissions[17]	29 605

[14] AIB code: 35XESTEIEC
[15] Energy related to electricity-based cooling consumption is included in electricity use in own operations. 1 kWh = 0 0036 GJ. Conversion sources can be listed based on relevance. Energy used in Kassel cover the period from July to December 2023
[16] Only the key purchased input materials are accounted for.
[17] Scope 2 market-based not included in total.

Management Evaluation

Clever and innovative ideas for climate change mitigation are essential to address one of the most complex problems of our time. We are proud to deliver products and solutions targeting nearly a quarter of of global GHG emissions. We are also responsible for looking at our own environmental footprint.

Our scope 3 GHG emissions primarily originate from purchased goods and services and capital goods. Higher demand for our products and solutions implies higher emissions from purchased goods and services. Our products, especially Type 4 cylinders, require energy intensive input materials. We therefore expect absolute scope 3 figures to increase going forward. We are, however, working closely with our suppliers to reduce our GHG emissions per unit.

We are aware that our upgraded or newly constructed five facilities in 2023 add significantly to the emissions originating from capital goods. Capital goods fluctuate naturally, and we expect our 2024 figures to be significantly lower. We are proud that we have installed renewable energy sources at many of our facilities, and we are looking forward to seeing the effects in our scope 2 GHG emissions.

We also acknowledge that our current scope 3 GHG accounting is not complete. Going forward we will systematically track all our emissions to understand how we can build a credible GHG emission pathway with the "well below 2°C" scenario in line with the Paris Agreement, and what decarbonization levers we can pull.

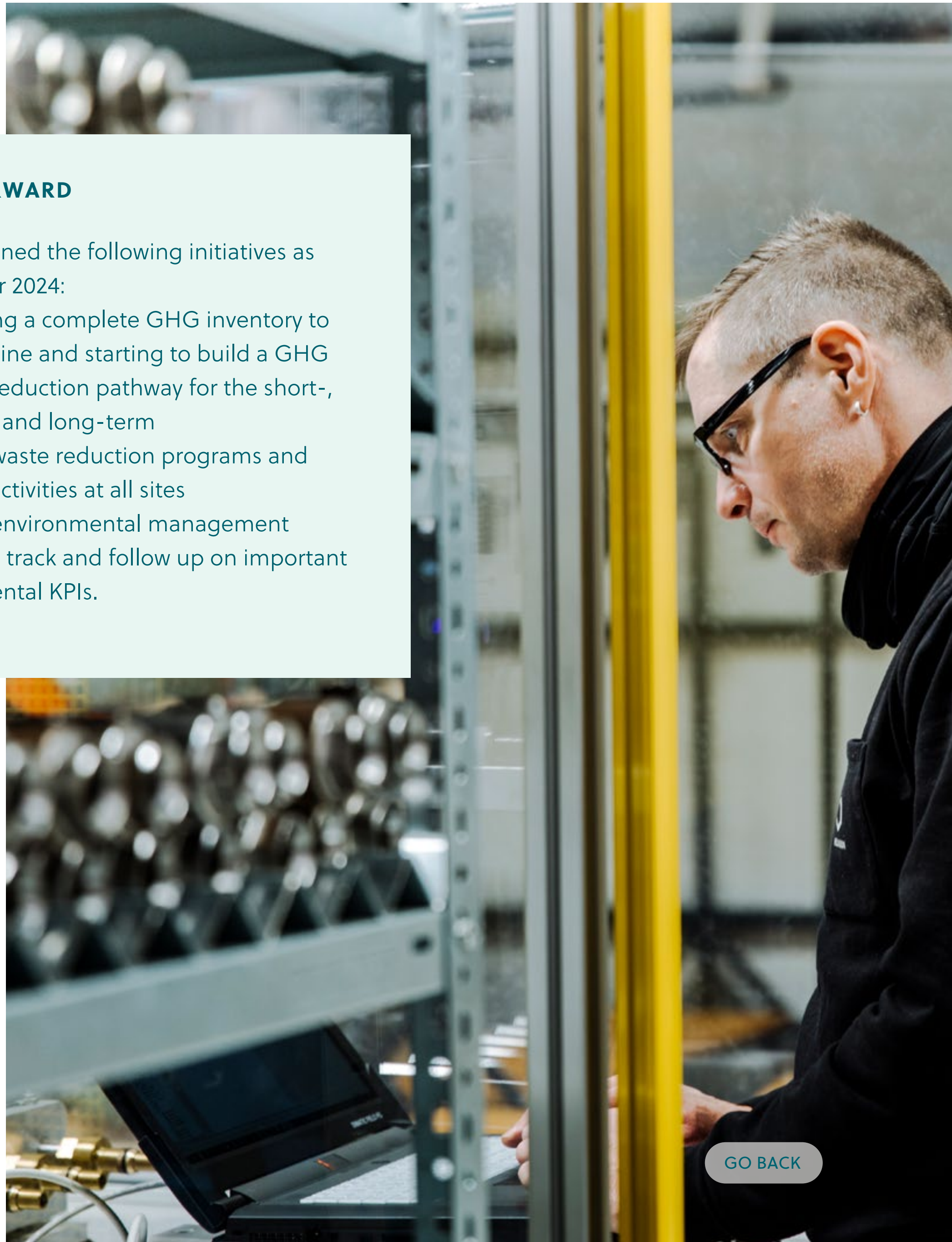
Through LCA, we will gain a comprehensive view of our environmental impacts, which will inform our effort and the strategies of our environmental initiatives to avoid potential problem shifting.

Another key aspect of minimizing our own environmental footprint is to optimize material efficiency and waste management. We know that we can do more to improve the current waste levels and circularity measures and that reducing waste from operations will save us costs, providing additional incentives to initiate waste programs.

GOING FORWARD

We have defined the following initiatives as important for 2024:

- Establishing a complete GHG inventory to set a baseline and starting to build a GHG emission reduction pathway for the short-, medium-, and long-term
- Initiating waste reduction programs and recycling activities at all sites
- Initiating environmental management systems to track and follow up on important environmental KPIs.



Product safety and compliance

Why this topic is material for Hexagon Purus

The quality and safety of our products and solutions represent our license to operate and are essential to our business model and future growth. Our customers trust our ability to provide safe and reliable products. All our products and solutions are therefore tested according to appropriate internal, local, national, industry, and international requirements and associated procedures prior to being shipped to the customer, built into fuel systems, or installed on vehicles at our own facilities.

We acknowledge the inherent risk factors throughout the entire value chain when operating with high-pressure cylinders, fuel storage systems, and distribution systems for hydrogen, in addition to battery electric vehicle systems. We must ensure that when our products leave our factory gates, we have done everything we can to ensure the safety of all stakeholders in the downstream part of our value chain, from customers to local communities. This is why product safety and compliance are cornerstones of our success.

GO BACK

How we work with product safety and compliance

Our product portfolio can generally be split into two: Hydrogen Mobility & Infrastructure, and Battery Systems and Vehicle Integration. We have the same rigorous and holistic approach to safety and compliance for our portfolio, with safety measures tailored and adapted to the uniqueness of our hydrogen solutions and battery systems.

The safety of people operating our products, such as drivers, passengers, and potential bystanders is of the utmost importance for both us and our customers. We must therefore ensure the safety of our products in the use stage. It is therefore crucial that everyone involved with our products, from raw material sourcing to end-of-life treatment, understands the specific risks associated with our products and solutions.

Our integrated business model and cross-functional teams enable us to share suggested improvements and detailed knowledge across our business units to improve performance and safety for Hexagon Purus as a whole. Our people take pride in the safety of our products and possess specialized technical knowledge to identify and address safety factors in the design, engineering, manufacturing, and customer applications. All Hexagon Purus employees are responsible for doing their part to ensure the safety and quality of our products.

Safety considerations are an integral part of our product development process, and they are systematically addressed at every stage, particularly during design review procedures. We adhere to the most rigorous automotive methodologies, utilizing tools like Advanced Product Quality Planning (APQP) and Design Failure Modes and Effects Analysis (DFMEA). Each design or design improvement undergoes peer review, allowing for multiple iterations and accommodating multi-disciplinary input. To continuously assess potential and existing concerns, we hold routine product segment reviews and safety-focused roundtable sessions. Every identified issue is tracked, along with its associated corrective measures. We closely monitor all warranty claims

GO BACK

to gather valuable user feedback regarding product performance.

Our products are subject to stringent regulations, and they are required to demonstrate compliance with global standards through a combination of actual test results, qualification based on similarity, and analytical modeling. Our commitment goes beyond meeting the regulatory requirements; our design and development processes encompass the validation of customer and industry specifications, along with rigorous, carefully controlled testing that pushes our products to their limits. We even go above and beyond regulatory standards by conducting tests such as vehicle crash testing, rollover, and durability testing, exceeding 1 million miles. Once the validation testing is successfully completed, our products and solutions receive the necessary certifications for operation.

We also offer training courses for our customers and end-users to ensure the safe handling of our products. Proper operation, regular maintenance, diagnostics, and repair procedures are all critical elements to ensure that our products are treated properly to deliver the safety and quality we promise when our solutions leave our factory gates.

We conduct assessments on products that have exceeded their initial expected lifespan to gain insights into aging effects and the remaining performance capabilities. This valuable information can be used for the continuous development of our products' safety and quality. We inherit a legacy of more than 40 years of experience and active involvement in developing safety codes and standards, especially within the commercial pressure cylinder industry. Our contributions extend to leadership roles within standards committees and active participation in evaluations and reviews, further emphasizing our commitment to safety and quality in this field.

Our results for 2023

We continue our rigorous testing regime for all our existing and new products, and value the importance these testing measures have on our reputation as a reliable and safe supplier of hydrogen infrastructure and zero-emissions mobility solutions.

All hydrogen cylinders are designed, tested, and qualified to strict codes and regulations defined for the different segments the specific cylinder is designed for. The quality of our products is assured through internal test, verification, and qualification program, involving the raw material, process technology and related parameters, as well as external third party qualification of the final cylinder product.

All vehicle sub-assemblies and battery systems comply with SAE (Society of Automotive Engineers) standards. We comply with UN ECE Regulation No.100 which addresses the safety requirements specific to electric powertrain of road vehicles including rechargeable battery systems. Suppliers that are critical to the part functionality are onboarded through a production part approval process (PPAP). Through this process, we verify a supplier's ability to reliably and repeatedly produce a part or components for mass production. Parts are always inspected before, during and after a production run.

Our facility in Kelowna received ISO 9001 certification in 2023. We are proud that we received a flawless result in the audit, as the auditor identified no major non-conformances. They acknowledged several best practices (risk management, strategic planning, maintenance, departmental collaboration etc.), demonstrating that our commitment to quality management goes well beyond the scope of the certification itself.

On July 19 2023, a fire at a hydrogen refueling station in the city of Bakersfield in California was reported where a New Flyer bus operated by Golden Empire Transit District was refueling. Our hydrogen cylinders were on board the bus. The investigations by appropriate authorities found no evidence of damage or rupture to our hydrogen cylinders. No one was reported injured, and the damage was limited to the single hydrogen bus and the dispenser of the refueling unit. Even though our cylinders were intact, and the cause of the fire originated from other sources, the incident indicates how important it is for us to work with safety proactively. Such a proactive approach will also contribute to any potential or actual damage limitations in case there is an event in the future where the safety and quality of our products are questioned.

PERCENTAGE OF SIGNIFICANT PRODUCT AND SOLUTIONS WHERE SAFETY IS ASSESSED

Product categories	2023
Hydrogen high-pressure Type 4 cylinder	Yes
Hydrogen fuel storage system	Yes
Hydrogen distribution system	Yes
Battery electric and fuel cell electric system	Yes
Full vehicle integration	Yes
% of products and solutions where safety impacts are assessed	100%

GO BACK

Management Evaluation

We will never compromise product safety. Our license to operate with hydrogen storage and distribution solutions and both fuel cell and battery electric vehicles demand quality in everything we do. We focus on product safety at all stages, from quality of raw materials through to assembly and ultimately provide our customers with the right set of tools to operate our products safely and in the way they are intended.

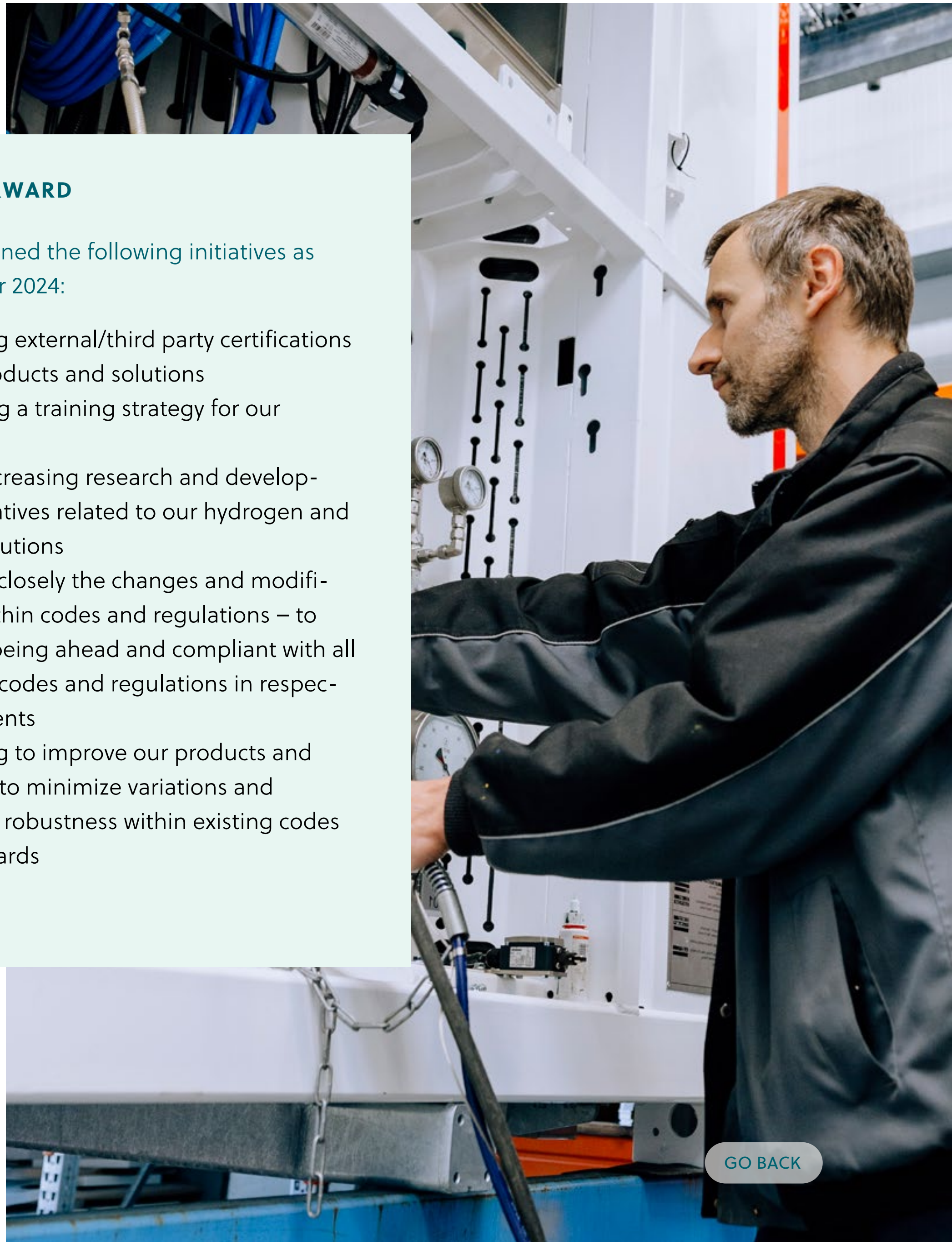
The number of certified products and solutions has increased compared to last year. This is a development we are satisfied with. Third-party opinions are essential to communicate the safety and quality of our products to customers and other stakeholders. Our ambition is to increase any such certifications going forward.

Our product portfolio consists of technology with high requirements for safety and quality. We emphasize the responsibility and importance we put on all our employees to ensure that the risk is kept as low as possible. The incident at the hydrogen refueling station in Bakersfield in California is an important reminder for us about this responsibility. We are first and foremost happy that no one was injured and that damage to the surroundings was limited. The incident also demonstrates that our cylinders are robust and can withstand similar incidents. Our rigorous and extreme testing environments contribute to ensuring that our battery and hydrogen technologies are robust and reliable.

GOING FORWARD

We have defined the following initiatives as important for 2024:

- Continuing external/third party certifications for our products and solutions
- Developing a training strategy for our customers
- Further increasing research and development initiatives related to our hydrogen and battery solutions
- Following closely the changes and modifications within codes and regulations – to continue being ahead and compliant with all necessary codes and regulations in respective segments
- Continuing to improve our products and processes to minimize variations and increasing robustness within existing codes and standards



Governance

Why this topic is material for Hexagon Purus

Professional business conduct and solid governance structures are fundamental to our license to operate. Hexagon Purus originates from a proud industrial history with a strong culture driving business performance, enabling innovation, and acting with integrity. This represents our core values – integrity and drive. We are committed to carrying out business fairly, honestly, and openly with no tolerance of business misconduct. **Business ethics and anti-corruption** and **responsible procurement** are therefore material topics for Hexagon Purus. Managing our impacts across these topics requires good corporate governance.

How we work with governance

Operating as a stand-alone entity since June 2023, we continue to be a company where good corporate governance is at the core of our work.

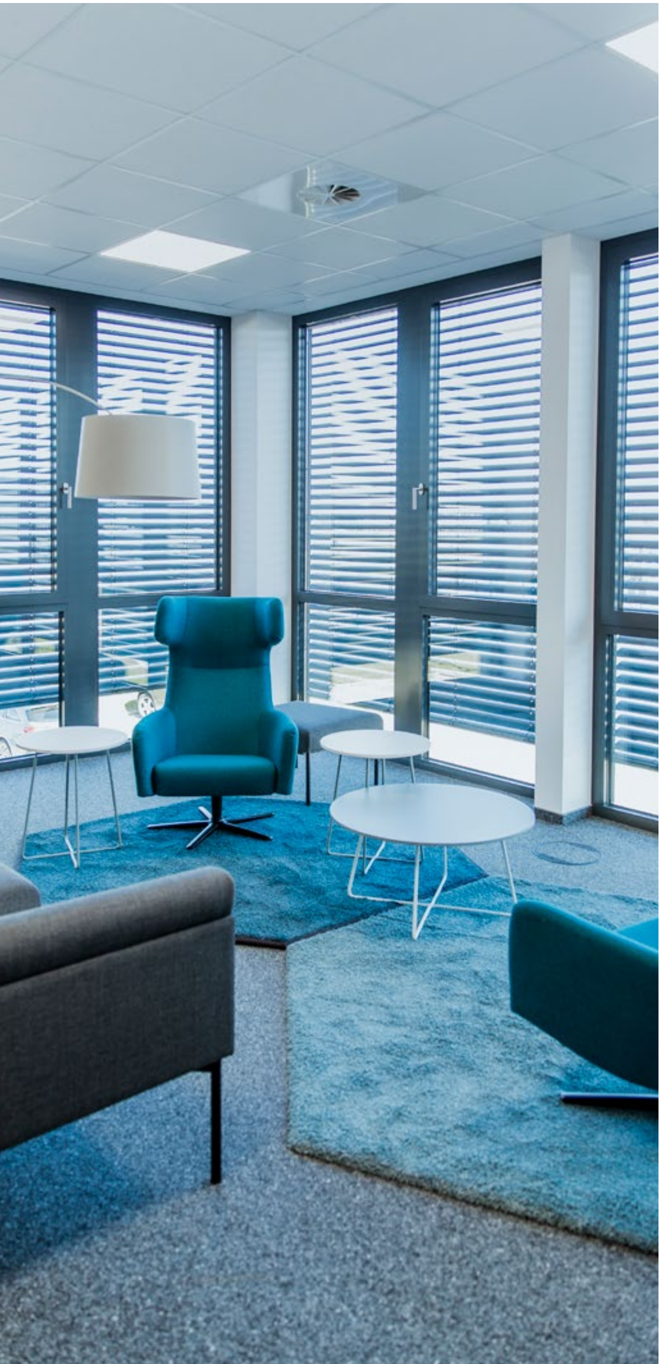
We communicate our commitment to governance through our purpose and values, combined with responsible business conduct and company policies, guiding us in how to act in accordance with our governing principles. We trust all our internal stakeholders to act

GO BACK

with integrity and in compliance with laws and regulations, including our internal policies, and strongly encourage all external stakeholders to do the same. Our purpose, values, and policy commitments are available to all stakeholders via our policy repository on our web pages.

While we have developed several policies for Hexagon Purus specifically, we are still utilizing a few Hexagon Group policies post deconsolidation, where it is applicable. Our Code of Conduct, which is the overarching guiding governance document, helps us navigate situations and dilemmas that may arise during our business operations. The Code of Conduct sets clear guidelines and principles on behavior in important governance areas, including human and labor rights, anti-corruption and bribery, sanctions and export controls, data privacy, among others.

Business growth and sustainable value creation relies on collaborative and transparent relationships with our business partners, suppliers, and other third parties. We continuously work to ensure that all our third parties share our commitment to responsible business. Our requirements and expectations concerning business partners, suppliers, and other third parties can be found in our Supplier and Business Partner Code of Conduct.



Business ethics and anti-corruption

Conducting business in a responsible manner is an inherent part of Hexagon Purus' organizational culture. Our values are Integrity and Drive, where the former signals our desire to operate with the highest ethical standards.

At Hexagon Purus we have no tolerance for corruption, and we work to proactively and continuously improve our procedures to prevent any form of corruption. We conduct corruption risk assessments at regional levels and we also assess corruption from a contract-specific level.

Our Anti-Corruption Policy supplements our existing Code of Conduct. The anti-corruption policy can be found on our website.

Sanctions and export controls

Economic sanctions and trade controls impose restrictions on dealings involving certain countries and parties, as well as on import and export of certain goods and technology. Hexagon Purus is committed to complying with applicable sanctions laws at all times. We also seek to ensure that our exports are in compliance with applicable export control regulations. Given the geopolitical landscape, Hexagon Purus is mindful of the inherent risk of becoming unintentionally involved in circumvention of applicable sanctions and export control laws. Risk based due diligence of counterparties and documentation of end use of our products is therefore paramount.

Responsible procurement

Acknowledging integrity and drive in our entire value chain is essential to the impact we have in the transition to a zero-emission mobility economy. We comply with human and labor rights in our own operations and encourage our business partners and suppliers to do the same. We are aware that certain materials we use in our products can be sourced from high-risk countries, implying that our procurement process might have an adverse impact on social, environmental, or governance aspects. We engage in these questions with a

HUMAN RIGHTS AND DECENT WORKING CONDITIONS

Human and labor rights are an integral part of business ethics and how we want to operate. We continuously work to protect human and labor rights throughout our own operations, among our business partners, and our value chain, especially among our suppliers. Purus' Human Rights and Decent Working Conditions Policy is aligned with all internationally recognized standards, covenants, and conventions, aiming to prevent, address, and remedy any human rights abuses committed in our operations. This Policy can be found on our website.

As part of managing our supply chain impacts from responsible procurement, we are committed to actively conducting human rights due diligence in accordance with the Norwegian Transparency Act, following the OECD Guidelines for Multinational Enterprises and OCED Due Diligence Guidance for Responsible Business Conduct. Our Transparency Act Statement and our process for due diligence can be found on our website. In 2023 we have solely assessed human rights but will expand our scope in line with the upcoming implementation of the Corporate Sustainability Due Diligence Directive (CS3D).

GO BACK

collaborative mindset, but with a determined stance.

Our business relationships are governed by our Supplier and Business Partner Code of Conduct, which includes specific provisions related to human rights and working conditions, anti-bribery and corruption, sanctions and export control and other topics pertaining to compliance and sustainability. The Supplier and Business Code of Conduct also encourages and requires actions on environmental and responsible business objectives. It has been, and will continue to be, explicitly included in contractual terms and conditions with our business partners.

We aim to monitor our suppliers and business partners and their performance against the international best practices through direct dialogues, desktop research as well as supplier audits when deemed required. While the focus traditionally has been on quality and quality management, we also reserve the right to require suppliers to provide evidence of compliance with sustainability objectives as described in the Supplier and Business Partner Code of Conduct.

WHISTLEBLOWING

Whistleblowing is an important method for uncovering illegal conditions and unwanted business culture within Hexagon Purus. Whistleblowing allows Hexagon Purus to rectify problems and prevent the problems from growing. Internal and external stakeholders are able to voice their concerns about Hexagon Purus, our business partners, and suppliers. We constantly work to maintain a transparent business climate, embracing open dialogue and encouraging our stakeholders to speak up without fear of retaliation. While we always encourage our stakeholders to escalate to the closest point of contact and to speak up, we also have a whistleblowing channel managed by an independent third-party where anyone may report concerns, misconduct or suspected misconduct, or potential and factual violation of any applicable law or our policies

Our results for 2023

Business ethics and anti-corruption

This year we have developed policies related to the DE&I agenda, anti-corruption, human rights and working conditions, our own Supplier and Business Partner Code of Conduct, whistle-blowing, social media, and information sharing, acknowledging that we have operations across three continents. All policies have a sponsor from the Executive Team and is made available to all employees.

We have also been developing our enterprise risk management system to further understand and monitor how financial, operational, governance, macroeconomic, and sustainability risks and opportunities can influence our company. Our enterprise risk management system also entails risk areas addressed by our company policies such as information sharing and anti-corruption.

We have established a "whistleblowing channel" through an independent third party. While we encourage our stakeholders to speak up and voice their opinion without using the whistleblowing channel, stakeholders can report violations or potential violation of any applicable law or Hexagon Purus's policies and/or procedures through the whistleblowing channel."

More information about business ethics, risk, and risk management for 2023 can be found in our chapter about risk management (see page 31) and in the Board of Directors' report (see page 26).

Responsible procurement

In 2023, our key focus has been to establish processes and systems to further understand how human and labor rights are addressed in our own operations, among our business partners, and our suppliers. We developed our own policy on Human Rights and Working Conditions, to build awareness about these topics among our employees and ensure that our employees and stakeholders understand our commitment.

This year we also prepared to conduct our first stand-alone human rights risk assessment in accordance with the Norwegian Transparency Act, enabling us to understand our impact on human rights in our own operations and in our supply chain with a methodological and structured approach.

Our battery systems and vehicle integration business in North America has started a supplier assessment program integrating environmental and social criteria from supplier qualification to evaluation and selection stage. This sets out good practice and the implementation experiences are shared with the remaining business areas and sites, while we initiate the first steps of a global sustainable supply chain program, where sustainability assessments will not be done retrospectively, but proactively together with our suppliers and business partners.

NUMBER OF NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL AND ENVIRONMENTAL CRITERIA

Topic	2023
Number of new suppliers screened using social and environmental criteria	50

Reported concerns

We are consistently striving to enhance our work environment and promote collaboration. As people come together to work, conflicts naturally arise. Our goal is to cultivate a healthy culture where feedback is exchanged openly, and disagreements are resolved constructively in the workplace. In 2023, the People and Culture departments at all sites have been involved in employee relations matters related to conflicts or concerns and in most cases, it has been possible to find good solutions. We have handled 6 whis-tle-blowing matters, all pertaining to the working environment. All cases have been investigated; action is taken where appropriate.

Management Evaluation

We have made good progress during the last six months of 2023 after the deconsolidation. We will continue to revise company policies and further improve roll-out and implementation.

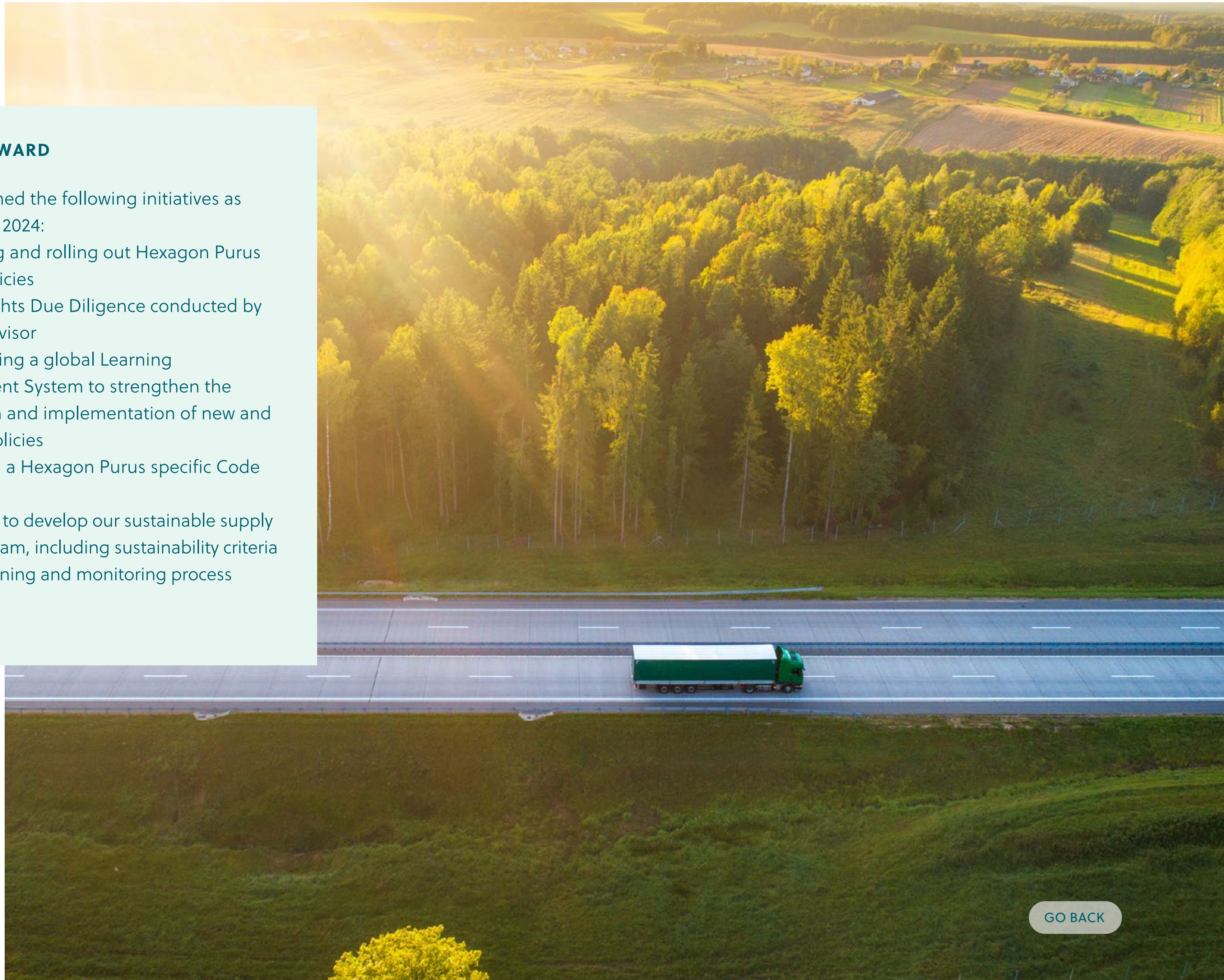
Developing our working environment and culture will continue to be a top priority, we want to cultivate a healthy workplace culture characterized by open feedback and constructive resolution of disagreements. The Great Place to Work survey results show that we have made good progress in many ways. We also acknowledge that there is room for improvement, and we value the openness and honesty demonstrated by our employees in how we can improve.

We acknowledge that we have a long way to go to ensure that social and environmental criteria are used as part of the supplier screening process. Supplier collaboration and screening is one area we must prioritize going forward, and we need to make sure suppplliers' environmental and social performance and human rights risks are monitored and addressed where needed. Establishing the foundations of a sustainable supply chain management program will address these topics.

GOING FORWARD

We have defined the following initiatives as important for 2024:

- Completing and rolling out Hexagon Purus specific policies
- Human Rights Due Diligence conducted by external advisor
- Implementing a global Learning Management System to strengthen the distribution and implementation of new and updated policies
- Developing a Hexagon Purus specific Code of Conduct
- Continuing to develop our sustainable supply chain program, including sustainability criteria in the screening and monitoring process



Financial statements

Financial statements Group

Financial statements Parent Company

Auditor's report

Income statement Group

1 JANUARY – 31 DECEMBER

(NOK 1 000)	Note	2023	2022
Revenue from contracts with customers	4, 5	1 311 811	958 636
Rental income	5	957	1 255
Other operating revenue	4, 5	6 847	4 034
Total revenue		**1 319 614**	**963 925**
Cost of materials	12	776 841	588 525
Payroll and social security expenses	6, 20, 22, 27	621 436	443 496
Other operating expenses	9, 13, 19	366 810	337 408
Total operating expenses before depreciation		**1 765 087**	**1 369 430**
Operating profit before depreciation (EBITDA)	4	**(445 473)**	**(405 505)**
Depreciation, amortization and impairment	7, 8, 9	149 784	95 089
Operating profit (EBIT)		**(595 258)**	**(500 594)**
Profit/loss from investments in associates	10	(12 503)	51 888
Finance income	16, 17	103 673	37 356
Finance costs	16, 24	187 223	29 548
Profit/loss before tax		**(691 310)**	**(440 898)**
Tax	28	(7 793)	(9 380)
Profit/loss after tax		**(683 517)**	**(431 518)**

(NOK 1 000)	Note	2023	2022
Attributable to:			
Equity holders of the parent	21, 23	(672 703)	(432 328)
Non-Controlling interests		(10 815)	810
Earnings per share			
Ordinary (NOK)	23	(2.43)	(1.67)
Diluted (NOK)	23	(2.43)	(1.67)

Statement of comprehensive income

(NOK 1 000)	Note	2023	2022
Profit/loss after tax		(683 517)	(431 518)
OTHER COMPREHENSIVE INCOME:			
Items that will be reclassified through profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		44 157	59 164
Net total of items that will be reclassified through profit and loss in subsequent periods		**44 157**	**59 164**
Total comprehensive income, net of tax		**(639 360)**	**(372 354)**
Attributable to:			
Equity holders of the parent		(622 890)	(373 150)
Non-controlling interests		(16 470)	796

Financial position of the Group

(NOK 1 000)	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Property, plant and equipment	7	867 212	494 990
Right-of-use assets	9	544 765	152 300
Intangible assets	8	841 672	802 654
Investment in associates	10	50 143	33 029
Non-current financial assets	11, 17	129 651	80 531
Non current assets	11	33 767	2 499
Total non-current assets		2 467 210	1 566 003
Inventories	12	481 695	332 218
Trade receivables	13, 17	274 974	228 930
Contract assets	5, 13, 17	11 168	9 488
Other current assets	14	230 474	136 560
Cash and short-term deposits	15, 17	307 485	381 705
Total current assets		1 305 797	1 088 901
Total assets		3 773 007	2 654 903

(NOK 1 000)	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Issued capital	21	27 680	25 828
Share premium	21	1 342 308	1 542 880
Other equity		427 681	83 182
Equity attributable to holders of the parent		**1 797 668**	**1 651 890**
Non-controlling interests		121 459	35 731
Total equity		**1 919 127**	**1 687 621**
Interest-bearing loans and borrowings	17, 18, 24	596 482	39 358
Lease liabilities	9, 24	518 138	132 479
Other non-current financial liabilities	17	-	39 789
Net employee defined benefit liabilities	20	1 717	1 439
Deferred tax liabilities	28	38 510	45 543
Total non-current liabilities		**1 154 847**	**258 609**
Trade and other payables	17	220 457	255 712
Contract liabilities	5	196 326	212 792
Interest-bearing loans and borrowings	17, 18, 24, 25	2 317	4 673
Lease liabilities, short term	9, 24, 25	39 930	22 230
Income tax payable	28	509	3 290
Other current financial liabilities	17	42 540	75 052
Other current liabilities	26	131 170	96 699
Provisions	19	65 782	38 227
Total current liabilities		**699 032**	**708 673**
Total liabilities		**1 853 880**	**967 282**
Total equity and liabilities		**3 773 007**	**2 654 903**

Oslo, Norway, 18 March 2024
The Board of Directors of Hexagon Purus ASA

Espen Gundersen
Chair of the Board

Jon Erik Engeset
Board Member

Martha Kold Monclair
Board Member

Hidetomo Araki
Board Member

Susana Quintana-Plaza
Board Member

Liv Fiksdahl
Board Member

Rick Rashilla
Board Member

Morten Holum
President & CEO

Cash flow statement Group

(NOK 1 000)	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		(691 310)	(440 898)
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	7	61 272	33 779
Depreciation and impairment of right-of-use assets	9	40 489	24 404
Amortization and impairment of intangible assets	8	48 024	36 906
Share-based payment expense	22	24 368	15 776
Share of net profit of associates	10	12 503	(51 888)
Movements in pensions	20	278	(453)
Working capital adjustments			
Change in trade receivables and contract assets	13	(47 725)	(13 967)
Change in inventories	12	(149 477)	(70 983)
Change in trade and other payables, contract liabilities	26	(51 720)	155 268
Change in other accrual accounting entries	11, 25	29 166	(13 123)
Other adjustments to reconcile to operating cash flow			
Interest received	16	(29 564)	(8 111)
Interest paid	16	42 800	12 612
Income tax paid (-refunded) for the period	28	(2 021)	(4 634)
Net cash flow from operating activities		**(712 917)**	**(325 313)**

(NOK 1 000)	Note	2023	2022
CASH FLOW FROM INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	7	(442 643)	(240 030)
Purchase and development of intangible assets	8	(39 628)	(52 625)
Settlement of contingent consideration of business combination		(85 693)	-
Investments in associated companies	10	(29 305)	(41 481)
Interest received	16	29 564	8 111
Loans to associated companies		(29 373)	(11 989)
Net cash flow used in investing activities		**(597 078)**	**(338 014)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from loans	24	776 909	-
Repayment of loans	24	(20 000)	(11 731)
Interest payments	16	(20 539)	(10 141)
Repayment of principal portion of lease liabilities	9, 24	(29 537)	(23 656)
Interest on lease liabilities	9, 24	(22 261)	(2 471)
Proceeds from new equity	21	499 828	600 000
Transaction costs of issue of shares	21	(25 846)	(6 134)
Proceeds from share capital increase in subsidiary		102 198	34 935
Net cash flow (used in)/from financing activities		**1 260 752**	**580 802**
Net decrease/increase in cash and cash equivalents		**(49 243)**	**(82 525)**
Net foreign exchange difference		(24 976)	10 832
Cash and cash equivalents at 1 January	15	381 705	453 398
Cash & cash equivalents outgoing balance		**307 486**	**381 705**

Statement of changes in equity

(NOK 1 000)	Note	Issued capital	Share premium	Other paid-in capital	Foreign currency translation reserve	Equity attributable to holders of the parent	Non-controlling interest	Total equity
As of 1 January 2023		**25 828**	**1 542 880**	**23 839**	**59 344**	**1 651 890**	**35 731**	**1 687 621**
Profit for the period			(672 703)			(672 703)	(10 815)	(683 517)
Other comprehensive income					49 813	49 813	(5 656)	44 157
Total comprehensive income		**-**	**(672 703)**	**-**	**49 813**	**(622 890)**	**(16 470)**	**(639 360)**
Share-based payments	22			24 368		24 368		24 368
Share capital increase		1 852	497 976			499 828		499 828
Share capital increase in subsidiary						-	102 198	102 198
Equity portion of convertible debt	24			278 352		278 352		278 352
Transaction cost			(25 846)	(8 034)		(33 880)		(33 880)
As of 31 December 2023		**27 680**	**1 342 308**	**318 524**	**109 156**	**1 797 668**	**121 459**	**1 919 127**
As of 1 January 2022		**23 354**	**1 383 817**	**8 063**	**165**	**1 415 398**	**-**	**1 415 398**
Profit for the period			(432 328)			(432 328)	810	(431 518)
Other comprehensive income					59 179	59 179	(14)	59 164
Total comprehensive income		**-**	**(432 328)**	**-**	**59 179**	**(373 150)**	**796**	**(372 354)**
Share-based payments	22			15 776		15 776		15 776
Share capital increase		2 474	597 526			600 000		600 000
Share capital increase in subsidiary						-	34 935	34 935
Transaction cost			(6 134)			(6 134)		(6 134)
As of 31 December 2022		**25 828**	**1 542 880**	**23 839**	**59 344**	**1 651 890**	**35 731**	**1 687 621**

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 head-quarters is at Haakon VII gate 2, 0161 Oslo, Norway. Morten Holum is President & CEO of Hexagon Purus Group and General Manager of Hexagon Purus ASA.

The Board of Directors authorized the annual report for publication on 18 March 2024.

Hexagon Purus is the world leading supplier of lightweight 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. 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.

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	Langevag	100%	100%
Hexagon Purus Germany Holding GmbH	Germany	Herford	100%	100%
Hexagon Purus GmbH	Germany	Kassel	100%	100%
Hexagon Purus Real Estate GmbH	Germany	Kassel	100%	100%
Wystrach GmbH	Germany	Weeze	100%	100%
Wyrent GmbH	Germany	Weeze	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	Vancover	100%	100%
CIMC- Hexagon Hydrogen Energy Technologies Limited	China	Hong Kong	51%	51%
CIMC- Hexagon Hydrogen Energy Technologies (Beijing) Co,, Ltd	China	Beijing	100%	100%
CIMC- Hexagon Hydrogen Energy Technologies (Heibei) Co,, Ltd	China	Heibei	100%	100%
Hexagon Purus (Beijing) Ltd.	China	Beijing	100%	100%
Associates				
CIMC- Hexagon Hydrogen Energy Systems Limited	China	Hong Kong	49%	49%
Cryoshelter LH2 GmbH	Austria	Dobl-Zwaring	40%	40%

Note 2 Basis of preparation and other significant accounting policies

2.1 Basis of preparation of annual financial statements

The consolidated annual financial statements of the Group have been prepared in accordance with IFRS® Accounting Standards 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 2023, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31 December 2023.

The consolidated financial statements have been prepared on a historical cost basis, with exception for contingent considerations from business combinations and some equity instruments, which are recognized 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 Basis of consolidation

The Group's consolidated financial statements comprise Hexagon Purus ASA and its subsidiaries as of 31 December 2023. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. An entity 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.

2.4 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.

2.5 Current versus non-current classification

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

The Group classifies an asset as current when it:

- Expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- Holds the asset primarily for the purpose of trading
- Expects to realize the asset within twelve months after the reporting period

Or

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

All other assets are classified as non-current, including deferred tax assets. The Group classifies a liability as current when it:

- Expects to settle the liability in its normal operating cycle
- Holds the liability primarily for the purpose of trading
- Is due to be settled within twelve months after the reporting period

Or

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

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

2.6 Cash and cash equivalents

Cash consist of cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. Any positive and negative balances against bank overdrafts are included as a component of cash in the cash flow statement. The cash flow statement has been prepared using the indirect method. Bank overdrafts are reported under short-term loans in the balance sheet. Received interest income is classified as investment activities and interest payments is classified as financing activities in the cash flow statement.

2.7 Inventories

Inventories are recognized 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.

2.8 Property, Plant & 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 date the asset is derecognized and classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5.

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.

2.9 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.

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 2–10 years
- Plant, machinery and equipment 3–5 years
- Fixtures & fittings, motor vehicles 3–5 years

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.

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 reasonably 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.

2.10 Financial instruments

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

Financial assets

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.

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.

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

Financial liabilities

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

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.

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.

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 13 and 18.

2.11 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.

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.

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.

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. Development projects consists of seven phases and cost are expensed as incurred until the project has reached design freeze.

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;

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.

Customer relationships

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

2.12 Impairment of non-financial assets

Recognized goodwill is assessed annually for impairment, in fourth quarter. Recoverable amounts from cash-generating units are calculated based on their value in use. 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 five 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. 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 8 for further information related to goodwill.

Future investments significantly commenced and committed 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 five 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 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 is based on long term inflation expectations in the relevant market.

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).

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.

2.13 Provisions

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.

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 , but not yet effective, are considered not relevant and not to have an impact on the consolidated financial statements of the Group.

2.14 Equity

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

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.

Costs arising from equity transactions

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

2.15 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.

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. The time of delivery is in accordance with the incoterms in the contract. 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.

(i) 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.

(ii) Significant financing component

Sometimes the Group 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.

(iii) Warranty provision

The Group typically provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers. Such warranties are evaluated as assurance-type warranties which are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Sale of services and funded development contracts

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 of certain types of products. These services and products are normally sold on their own and based on relative stand-alone selling prices. The Group recognizes revenue from these types of contracts over time using an input method to measure progress towards completion of the contract, because the customer simultaneously receives and consumes the benefits provided by the Group.

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.

Contract balances

(i) Contract assets

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

(ii) Trade receivable

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

(iii) Contract liability

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

Cost to obtain a contract

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

2.16 Employee benefits

Defined benefit pension plans

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

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

Defined contribution pension plans

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

Share based payments

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.

2.17 Governmental 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.

2.18 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.

2.19 Events after the balance sheet date

New information on the Group's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the Group's financial position on the end of the reporting period but which will affect the Group's financial position in the future are disclosed if significant.

2.20 New accounting 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 Estimation uncertainty and significant judgments

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

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

The Group's most important accounting estimates are related to the following items:
- Impairment of goodwill
- Depreciation and impairment of property, plant & equipment and intangible assets
- Capitalized development cost
- Revenue from contracts with customers
- Leases
- Provisions, Contingent Liabilities and Contingent Assets

Impairment of goodwill

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

The Group assesses whether climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts. See Note 8 for further discussion of the impact of climate-related risks on the value in use.

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

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

Capitalized development cost

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. Development projects consists of seven phases and cost are expensed as incurred until the project has reached design freeze. 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.

Revenue from contracts with customers

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. For service contracts, the customer simultaneously receives and consumes the benefits provided by the Group. For funded development contracts the goods developed has no alternative use and cannot be sold to another customer without significant re-work. In both cases the Group has an enforceable right to payment for performance completed to date.

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.

Sale of services and funded development contracts

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 of certain types of products. These services and products are normally sold on their own and based on relative stand-alone selling prices. The Group recognizes revenue from these types of contracts over time using an input method to measure progress towards completion of the contract, because the customer simultaneously receives and consumes the benefits provided by the Group.

Leases

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).

Provisions, Contingent Liabilities and Contingent Assets

When selling their products as services The Group is recognizing a provision for guarantee cost related the these items. The provision is an estimate based on historical information about guarantees and a weighting of possible outcomes according to the likelihood of their occurrence. If there are specific incidents that are outside the normal course of business the Group increase the provision based on the best estimate at the time. In such cases, including products liability cases, the estimates are prepared based on experience, professional judgment of legal counsel, and other assumptions it believes to be reasonable.

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.

Note 4 Operating segments

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

The Hexagon 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 segment:

(NOK 1 000)	2023	2022
Purus		
Revenues from contracts with customers	1 311 811	958 636
Rental income	957	1 255
Other operating revenue	6 847	4 034
Total revenue	**1 319 614**	**963 925**
Segment operating profit before depreciation (EBITDA)	(445 473)	(405 505)
Segment operating profit (EBIT)	(595 258)	(500 594)
Segment assets	3 773 007	2 654 903
Segment liabilities	1 853 880	967 282

Revenue by region

(NOK 1 000)	2023	2022
Geographical regions		
Norway	4 161	-
Europe, excluding Norway	1 090 261	754 677
North America	196 700	172 955
Latin America & the Caribbeans	-	836
Asia	9 520	34 872
Australia/Oceania	3 499	585
Others	15 474	-
Total	**1 319 614**	**963 925**

Non-current assets by region

(NOK 1 000)	2023	2022
Geographical regions		
Norway	145 404	135 540
Europe, excluding Norway	1 572 144	1 050 578
North America	439 207	250 309
Asia	96 892	13 517
Total external	**2 253 649**	**1 449 944**

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

Investments by region

(NOK 1 000)	Property, plant and equipment 2023	Intangible assets 2023	Property, plant and equipment 2022	Intangible assets 2022
Geographical regions				
Norway	503	31 967	-	47 665
Europe, excluding Norway	254 154	-	148 359	1 187
North America	78 072	1 111	81 200	727
Asia	109 914	6 550	10 471	3 046
Total	**442 643**	**39 628**	**240 030**	**52 625**

Note 5 Revenue from contracts with customers

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. The Hexagon Purus Group has two customers that together represent 26.7% of total revenue.

Revenue recognition

(NOK 1 000)	2023	2022
Sale of cylinders and systems	1 194 698	810 359
Sale of services and funded development	61 131	143 395
Other revenues	6 847	4 034
Contracts with customers at a point in time	**1 262 675**	**957 788**
Sale of cylinders and systems		
Sale of services and funded development	55 981	4 882
Contracts with customers over time	**55 981**	**4 882**
Revenue from contracts with customers	**1 318 657**	**962 670**
Rental income	957	1 255
Other revenue	**957**	**1 255**
Total revenue	**1 319 613**	**963 925**
Type of goods or service		
Sale of cylinders and systems	1 194 698	810 359
Sale of services and funded development	117 112	148 277
Other revenues	6 847	4 034
Rental income	957	1 255
Total revenue from contracts with customers	**1 319 613**	**963 925**

Contract balances

(NOK 1 000)	2023	2022
Trade receivable	274 974	228 930
Contracts assets (accrued revenue)	11 168	9 488
Contract liabilities	196 327	212 792

All contracts are for periods of one year or less, or are invoiced 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 6 Payroll costs and number of employees

(NOK 1 000)	Note	2023	2022
Salaries/fees		516 752	344 648
Contractors/hired personnel		19 934	37 516
Board remuneration		2 668	2 658
Share-based payments		24 368	15 776
Bonuses and incentive programs	22	27 179	25 807
Pension expense, defined-benefit plans	20	109	(686)
Pension expense, defined-contribution plans	20	9 031	6 798
Other personnel related expenses		13 622	11 201
Other social security costs		24 681	18 941
Capitalized personnel costs (development projects)		(16 908)	(19 164)
Payroll costs		**621 436**	**443 496**
Average number of full-time equivalents:		638	527
Canada		82	69
China		17	11
Norway		29	18
Germany		457	372
USA		53	57
Total number of full-time equivalents		**638**	**527**

Note 7 Property, plant and equipment

(NOK 1 000)	Buildings and real estate properties	Machinery and equipment	Assets under construction	2023 total
Fixed assets				
Opening balance at cost price	144 496	309 847	239 284	693 627
Opening balance accumulated deprecations	(45 863)	(152 774)	-	(198 637)
Opening balance book value	98 633	157 073	239 284	494 990
Additions this year at cost price	12 414	211 586	189 540	413 540
Transfers from assets under construction	-	117 969	(117 969)	-
Deprecations this year	(10 841)	(50 430)	-	(61 272)
Impairments this year	-	-	-	-
Translation differences	6 853	7 379	10 759	24 991
Disposals	(2 162)	(2 876)	-	(5 037)
Closing balance 31.12.2023	**104 897**	**440 701**	**321 614**	**867 212**
Closing balance at cost price	161 601	643 906	321 614	1 127 120
Closing balance accumulated depreciations	(56 704)	(203 204)	-	(259 909)
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	Assets under construction	2022 total
Fixed assets				
Opening balance at cost price	138 110	212 849	81 604	432 563
Opening balance accumulated deprecations	(38 253)	(126 605)	-	(164 858)
Opening balance book value	99 857	86 245	81 604	267 705
Additions this year at cost price	1 033	65 813	173 185	240 030
Transfers from assets under construction	-	25 226	(25 226)	-
Deprecations this year	(7 610)	(26 020)	-	(33 630)
Impairments this year	-	(149)	-	(149)
Translation differences	5 353	8 765	9 721	23 839
Disposals	-	(2 806)	-	(2 806)
Closing balance 31.12.2022	**98 633**	**157 073**	**239 284**	**494 990**
Closing balance at cost price	144 496	309 847	239 284	693 627
Closing balance accumulated depreciations	(45 863)	(152 774)	-	(198 637)
Useful life	10–20 years	3–15 years		
Depreciation method	Straight-line	Straight-line		

Note 8 Intangible assets

(NOK 1 000)	Technology and development	Patents and licenses	Customer relationships	Goodwill	2023 total
Intangible assets					
Opening balance at cost price	206 787	14 050	178 086	523 741	922 664
Opening balance accumulated amortizations	(25 772)	(7 469)	(86 770)	-	(120 010)
Opening balance book value	181 015	6 581	91 316	523 741	802 654
Net additions this year at cost price	38 948	680			39 628
Amortizations this year	(24 127)	(2 211)	(21 686)		(48 024)
Translation differences	5 513	413	6 724	36 200	48 851
Disposals		(1 437)			(1 437)
Closing balance 31.12.2023	**201 350**	**4 026**	**76 354**	**559 941**	**841 671**
Closing balance at cost price	251 248	15 143	184 810	559 941	1 011 143
Closing balance accumulated amortizations	(49 898)	(11 117)	(108 456)	-	(169 471)
Useful life	5–20 years	6–17 years	7–9 years	Indefinite	
Amortization method	Straight-line	Straight-line	Straight-line	None	

(NOK 1 000)	Technology and development	Patents and licenses	Customer relationships	Goodwill	2022 total
Intangible assets					
Opening balance at cost price	152 180	12 318	173 313	497 587	835 398
Opening balance accumulated amortization	(10 951)	(4 546)	(67 606)	-	(83 104)
Opening balance booked value	141 228	7 772	105 707	497 587	752 294
Net additions this year at cost price	51 331	1 294			52 625
Amortization this year	(14 820)	(2 923)	(19 163)		(36 906)
Translation differences	3 276	437	4 773	26 154	34 640
Disposals					-
Closing balance 31.12.2022	**181 015**	**6 581**	**91 316**	**523 741**	**802 654**
Closing balance at cost price	206 787	14 050	178 086	523 741	922 664
Closing balance accumulated amortization	(25 772)	(7 469)	(86 770)	-	(120 010)
Useful life	5–20 years	6–17 years	7–9 years	Indefinite	
Amortization method	Straight-line	Straight-line	Straight-line	None	

Research & development costs totaling NOK 72 million (77) were expensed in 2023. The Group has received government grants of NOK 0 million (2) in 2023, to offset against research and development costs.

Impairment testing of goodwill

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

(NOK 1 000)	2023	2022
Purus	559 941	523 741
Total goodwill	**559 941**	**523 741**

The impairment test is performed at year end. The market value of the groups equity measured by the share price on Oslo Børs as of 31.12.2023 gives a headroom of approximately NOK 1 200 million on the value of the total company compared to the tested CGU. The value in use is estimated to give an even higher headroom.

All goodwill recognized is allocated to one CGU in the Group. The goodwill is a result of acquisition of three companies in Germany that are maintained as one business unit. The rest of the CGUs in the group have no indicators for impairment. The key assumptions for calculating value in use are related to estimates for revenues, EBITDA margins, discount rates and growth rates beyond the forecast period of 5 years. A weighted average cost of capital before tax of 14.5 per cent has been used. Hexagon Purus group business plan projections imply significant growth. Expected future cash flows are based on management's business plan estimates for the next 5 years, and is based on the current status and future strategic direction of the company combined with the expected market development. This estimate is reduced to comply with the IFRS requirements to not include not already firmly committed expansions. For subsequent periods beyond 5 years it is assumed that there will be an increase in cash flows equivalent to expected inflation of 2 per cent.

EBITDA margins are expected to significantly improve during the forecast period, driven by increased scale and efficiency improvements. The estimates represent the best estimate based on the known economic conditions that will exist in the period. The impact of physical climate-related risks are not believed to have a significant impact on the estimates. On the other-hand climate related legislation, such as delays in governmental initiatives for zero emission infrastructure, can delay the performance of the Group.

Sensitivity analysis for the goodwill

In connection with the impairment testing of goodwill as of 31 December 2023, the Group carried out sensitivity analysis. The present value of the cash flow in the calculations made is, among other things, sensitive to changes in the discount rate, growth rate, product mix, changes in the EBITDA margin, and the Groups ability to perform on onging and new contracts. 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 demonstrate that recoverable amounts of Hexagon Purus' goodwill exceed the recognized value with comfortable headroom. A change in key assumption (+ 2.2 per cent for WACC or - 5.0 per cent on EBITDA margin) would cause the carrying amount to exceed value in use.

Note 9 Leases

Right-of-use assets

(NOK 1 000)	Land and buildings	Machinery and equipment	Fixtures, fittings, vehicles	2023 total
2023				
Opening balance at cost price	189 794	21 401	5 843	217 038
Opening balance accumulated deprecations	(55 483)	(5 788)	(3 467)	(64 738)
Opening balance 1 January	**134 311**	**15 613**	**2 376**	**152 300**
Additions this year at cost price	425 017	6 796	5 618	437 431
Deprecations this year	(33 329)	(5 085)	(2 074)	(40 489)
Translation differences	(4 829)	237	114	(4 478)
Closing balance 31 December	**521 170**	**17 561**	**6 034**	**544 765**
Useful life	3–10 years	2–7 years	2–5 years	
Depreciation method	Linear	Linear	Linear	Linear

(NOK 1 000)	Land and buildings	Machinery and equipment	Fixtures, fittings, vehicles	2022 total
2022				
Opening balance at cost price	69 225	19 134	3 468	91 827
Opening balance accumulated deprecations	(36 262)	(906)	(2 440)	(39 608)
Opening balance 1 January	**32 963**	**18 228**	**1 028**	**52 219**
Additions this year at cost price	118 929	1 505	2 038	122 472
Derecognition	(2 520)	-	-	(2 520)
Deprecations this year	(18 387)	(4 937)	(1 079)	(24 404)
Translation differences	3 327	1 094	113	4 533
Closing balance 31 December	**134 311**	**15 890**	**2 099**	**152 300**
Depreciation method	Linear	Linear	Linear	Linear
Useful life	3–10 years	2–7 years	2–5 years	

Lease liabilities

(NOK 1 000)	2023	2022
Summary of lease liabilities		
Opening balance 1 January	**154 710**	**53 079**
New lease liabilities recognized in the year	437 431	122 472
Derecognition	-	(2 547)
Cash payments for the principal portion of the lease liability	(29 537)	(23 656)
Cash payments for the interest portion of the lease liability	(22 261)	(2 471)
Interest expense on lease liabilities	22 261	2 471
Currency exchange differences	(4 536)	5 362
Lease liabilities 31 December	**558 068**	**154 710**
hereof:		
Current lease liabilitiies	39 930	22 230
Non-current lease liabilities	518 138	132 479
Total lease liabilities 31 December	**558 068**	**154 710**

(NOK 1 000)	2023	2022
Lease liability cash flow (excl interests)		
Less than a month	2 230	1 851
1–3 months	5 789	3 715
3–12 months	31 912	16 665
Less than 1 year	39 930	22 230
1–5 years	172 969	85 087
More than 5 years	345 169	47 392
Total discounted lease liabilities 31 December	**558 068**	**154 710**

(NOK 1 000)	2023	2022
Lease interest expense cash flow		
Less than a month	3 227	1 021
1–3 months	6 434	2 015
3–12 months	28 032	8 684
Less than 1 year	37 693	11 720
1–5 years	120 958	33 111
More than 5 years	90 230	13 448
Total lease interests following periods	**248 880**	**58 280**

(NOK 1 000)	2023	2022
Undiscounted cash outflow		
Less than a month	5 457	2 871
1–3 months	12 222	5 730
3–12 months	59 944	25 348
Less than 1 year	77 623	33 950
1–5 years	293 927	118 199
More than 5 years	435 398	60 841
Total undiscounted lease liabilities 31 December	**806 948**	**212 989**

(NOK 1 1000)	2023	2022
Summary of cash outflows leases		
Cash payment for leases	51 798	26 127
Variable payments	12 055	8 508
Cash payments related to short term leases and leases of low value	333	259
Total cash outflow for leases	**64 186**	**34 894**

Most of the leases for land and buildings have options to extend the contract beyond the period used in the calculations. The extension period is mostly 5–10 years. For these leases 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 10 Investments in associates

	Country	Business segment	Ownership share 31.12.2022	Ownership share 31.12.2023	Accounting method
Companies					
Norwegian Hydrogen AS[1]	Norway	Hexagon Purus	14.0%	12.7%	Equity method/ Fair value[1]
Cryoshelter LH2 GmbH[2]	Austria	Hexagon Purus	40.0%	40.0%	Equity method
CIMC Hexagon Hydrogen Energy Systems Ltd.[3]	Hong Kong	Hexagon Purus	49.0%	49.0%	Equity method

[1] Classified as an associated company and accounted for using the equity method in the period 01.01–31.08.22. As of 01.09.22, the investment is classified as an equity instrument at fair value through profit or loss, ref Note 17.
[2] Acquired on 01.08.2022 and classified as associated companies effective from the same date
[3] Entity legally established in July 2022 and classified as an associated company effective from the same date

Reconciliation of associated companies in the P&L

	Norwegian Hydrogen AS		Cryoshelter LH2 GmbH		CIMC Hexagon Hydrogen Energy Systems		Total	
(NOK 1000)	2023	2022	2023	2022	2023	2022	2023	2022
Share of profit after tax	-	(2 845)	(8 330)	(2 439)	(4 172)	(5 988)	(12 503)	(11 272)
PPA amortizations associated companies	-	-	-	-	-	-	-	-
Gain on loss of significant influence	-	63 159	-	-	-	-	-	63 159
Total profit/loss from investments in associated companies as per 31.12	**-**	**60 314**	**(8 330)**	**(2 439)**	**(4 172)**	**(5 988)**	**(12 503)**	**51 887**

Reconciliation of associated companies in the balance sheet

	Norwegian Hydrogen AS		Cryoshelter LH2 GmbH		CIMC Hexagon Hydrogen Energy Systems		Total	
(NOK 1000)	2023	2022	2023	2022	2023	2022	2023	2022
Companies								
Carrying value as at 01.01	**-**	**7 024**	**31 258**	**-**	**1 771**	**-**	**33 029**	**7 024**
Purchase of shares	-	-	-	33 738	-	-	-	33 738
Share capital contribution	-	-	-	-	29 305	7 743	29 305	7 743
Share of profit after tax incl. PPA amortizations	-	(2 845)	(8 330)	(2 439)	(4 172)	(5 988)	(12 503)	(11 272)
Dividends			-	-	-	-	-	-
Sale of shares	-	-	-	-	-	-	-	-
Derecognition - loss of significant influence	-	(4 179)	-	-	-	-	-	(4 179)
Currency translation effects	-	-	134	(41)	178	16	312	(25)
Carrying value as per 31.12	**-**	**-**	**23 062**	**31 258**	**27 082**	**1 771**	**50 143**	**33 029**

Norwegian Hydrogen AS

Hexagon Purus ASA has been a shareholder of Norwegian Hydrogen AS since its inception in 2020, and currently owns 12.7 per cent of the Company after a series of fund raises in 2022 and 2023 from investors such as Mitsui & Co. Ltd. and Fortescue. The Company recognizes its investment in Norwegian as a financial asset (equity instrument) measured at fair value. The fair value of Hexagon Purus' ownership Norwegian Hydrogen is NOK 95.4 million, resulting in an accounting gain of NOK 28.1 million recognized in profit/loss from investments in associates in the income statement. See also note 11 and 17.

Cryoshelter LH2 GmbH

In April 2022, Hexagon Compsites and Hexagon Purus announced an agreement to acquire a 40 per cent stake in Cryoshelter GmbH, an Austria based company specialized in the development of cryogenic tank technology for liquid natural gas (LNG) and liquid hydrogen (LH2). Upon closing, Cryoshelter GmbH were to be demerged into two separate legal entities, Cryoshelter BioLNG GmbH and Cryoshelter LH2 GmbH, in which Hexagon Purus were to acquire the LH2-business. On 01.08.2022, Hexagon Purus made a EUR 3.4 (NOK 34) million investment and acquired 40 per cent of the shares in Cryoshelter LH2 GmbH, with options to acquire the remaining shares over the next 5–10 years. As of 01.08.2022, the said options do not give rise to any de-facto control and the investment is consequently accounted for by using the equity method effective from 01.08.2022. The table below shows the initial assessment of the purchase price allocation of the entity per 01.08.2022.

Purchase price allocation

(NOK 1 1000)	Cryoshelter LH2 GmbH
Non-current assets	203
Current assets	5 150
Non-current liabilities	3 946
Current liabilities	2 951
Equity as per 01.08.2022	**(1 543)**
Hexagon's share of equity (40%)	(617)
Intangible assets (technology)[1]	19 702
Goodwill	14 654
Hexagon's carrying value of the investment	**33 738**

[1] The technology for liquid hydrogen tanks is still in the development phase

CIMC Hexagon Hydrogen Energy Systems Ltd.

In 2021, Hexagon Purus entered into an agreement with CIMC Enric, encompassing cylinder and systems production for Fuel Cell Electric Vehicles (FCEVs) and hydrogen distribution in China and Southeast Asia.

In July 2022, CIMC Hexagon Energy Systems Ltd. was legally established and registered in Hong Kong, where Hexagon Purus HK Holding AS, a wholly owned subsidiary of Hexagon Purus ASA, subscribed for 49% of the shares and hold an equal amount of voting rights. CIMC Enric holds the remaining 51% of the shares. The entity is classified as an associate company and accounted for via the equity method as of 01.07.2022. CIMC Hexagon Hydrogen Energy Technologies Ltd. was also legally established and registered in Hong Kong in July 2022. Hexagon Purus HK Holding AS holds a majority shareholding of 51% in this entity while CIMC Enric holds the remaining 49%. As Hexagon Purus controls the entity, the entity is thus consolidated in the Group accounts.

Note 11 Non-current financial assets and other non-current assets

(NOK 1 000)	2023	2022
Loans (as lender)[1]	34 249	13 193
Other shares[2]	95 403	67 339
Other non-current assets	33 767	2 499
Total other non-current assets	**163 419**	**83 030**

[1] Loans consists of loans to the associated company Cryoshelter LH2 Gmbh.
[2] Other shares represent the fair value of Hexagon Purus´s shares in Norwegian Hydrogen AS. See note 10, 16 and 17 for further information.

Note 12 Inventories

(NOK 1 000)	2023	2022
Raw materials and consumables	265 378	195 047
Work in progress	88 931	107 224
Finished goods	127 387	29 947
Total inventories	**481 695**	**332 218**
Provision for obsolete inventory in balance sheet	24 584	16 711
Carrying amount of holdings used as pledged assets	-	-

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

Note 13 Trade receivables

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

(NOK 1 000)	2023	2022
Trade receivables	277 961	230 895
Provisions for loss	(2 987)	(1 965)
Trade receivables after provision for losses	274 974	228 930
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 assess-ment, 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						
	Contract assets	Not due	<30 days past due	30–60 days past due	60–90 days past due	>90days past due	Total
2023							
Expected credit loss rate	-	-	-	3.2%	5.2%	8.1%	
Carrying amount at default	11 168	195 624	32 009	21 041	1 718	27 569	277 961
Expected credit loss				(673)	(89)	(2 225)	(2 987)
Net carrying amount	11 168	195 624	32 009	20 368	1 628	25 344	274 974
2022							
Expected credit loss rate	-	0.4%	-	7.3%	-	8.3%	
Carrying amount at default	9488	180 357	33 531	7 595	1 494	7 916	230 895
Expected credit loss		(751)		(557)		(657)	(1 965)
Net carrying amount	9 488	179 607	33 531	7 038	1 494	7 260	228 930

Changes in the provision for losses are as follows

(NOK 1 000)	2023	2022
Opening balance 1 January	1 965	1 736
Provision for losses for the year	911	652
Actual losses during the year	-	(442)
Translation differences	111	20
Closing balance 31 December	**2 988**	**1 965**

Credit risk and currency risk regarding trade receivables are described in more detail in note 18

Note 14 Other current assets

(NOK 1 000)	2023	2022
Other debtors	27 226	17 634
Prepaid expenses	148 781	50 712
Prepayment to suppliers	27 629	61 188
Entitlement to VAT sand sales tax	20 878	480
Entitlement to income tax refund	45	1 816
Other	5 915	4 730
Total other current assets	**230 474**	**136 560**

Note 15 Bank deposits, cash and cash equivalents

(NOK 1 000)	2023	2022
Cash at bank and in hand	307 485	381 705
Undrawn Group overdraft facility	8 430	15 771
Restricted funds included in cash & cash equivalents [1]	5 357	1 482

[1] Restricted funds represents bank deposits for tax deductions in Norway.

Note 16 Net financial items

(NOK 1 000)	2023	2022
Interest income	29 564	8 111
Foreign exchange items	56 181	29 245
Other finance income	17 928	-
Total finance income	**103 673**	**37 356**
Loss on exchange items	81 491	16 634
Cost of interest on loans etc.	83 373	10 141
Cost of interest on lease liabilities	22 261	2 471
Other finance expense	98	303
Total finance expense	**187 223**	**29 548**
Net financial items	**(83 550)**	**7 808**

Other financial income includes NOK 18 million in revaluation gain of the Company's ownership interest in Norwegian Hydrogen AS ("NH2"), following NH2's capital raise from Fortescue in October 2023 that valued NH2 at NOK 750 million. Hexagon Purus has a 12.7 per cent ownership interest in NH2.

Cost of interest on loans includes NOK 61 million in non-cash interest on the 2023/2028 convertible bond, ref also disclosure note 24.

Note 17 Financial assets and financial liabilities

Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 31 December 2023 and 31 December 2022.

Financial assets

(NOK 1 000)	2023	2022
Financial assets at amortized costs		
Trade receivables	274 974	228 930
Other non-current financial assets	34 249	13 193
Other current financial assets	38 394	24 660
Financial assets at fair value		
Other non-current financial assets	95 403	67 339
Total	**443 019**	**334 121**
Total current	313 368	253 590
Total non-current	129 651	80 531

Financial liabilities

Set out below is an overview of financial liabilities held by the Group as at 31 December 2023 and 31 December 2022.

Financial liabilities

(NOK 1 000)	2023	2022
Financial liabilities at amortized cost		
Trade and other payables	220 457	255 712
Non-current interest bearing loans and borrowings	596 482	39 358
Other current financial liabilities	-	45 777
Current interest bearing loans and borrowings	2 317	4 673
Financial liabilities at fair value		
Other non-current financial liabilities (Contingent liabilities)	-	39 789
Other current financial liabilities (Contingent liabilities)	42 539	29 275
Total	**861 796**	**414 584**
Total current	265 313	335 437
Total non-current	596 482	79 147

Measurement of fair value

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. This relates to interest bearing receivables and liabilities and are estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of the balance sheet date.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Level 3 relates to contingent liabilities arising from acquisitions and unlisted equity investments at fair value as shown in note 10 and 11. The fair value of contingent liabilities are estimated based on expected achievement of earn-out targets and corresponding payments of acquired companies. The fair value of unlisted equity investments is estimated by using commonly used valuation techniques or by implicit valuations derived from private placements undertaken in the companies.

Carrying amount and fair value of financial assets and financial liabilities

		2023		2022	
(NOK 1 000)	Level	Book value	Fair value	Book value	Fair value
Financial assets					
Other non-current financial assets	3	95 403	95 403	67 339	67 339
Other non current assets	2	34 249	34 249	13 193	13 193
Other current financial assets	2	38 394	38 394	24 660	24 660
Total financial assets		**168 045**	**168 045**	**105 191**	**105 191**
Total current		38 394	38 394	24 660	24 660
Total non-current		129 651	129 651	80 531	80 531
Financial liabilities					
Interest bearing loans and borrowings	2	598 799	598 799	44 030	39 028
Other non-current financial liabilities	3	-	-	39 789	39 789
Other current financial liabilities	3	42 539	42 539	75 051	75 051
Total financial liabilities		**641 339**	**641 339**	**158 870**	**153 868**
Total current		44 856	44 856	79 723	74 721
Total non-current		596 482	596 482	79 147	79 147

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.

Note 18 Financial risk management

The Group's principal financial liabilities, is comprised of interest bearing 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.

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 275 million (NOK 229 million) as of 31.12.2023. The subsidiary Hexagon Purus GmbH applies credit insurance to covers parts of the its receivables, but beyond this, trade receivables typically does 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.

Interest rate risk

The Group's interest-bearing liabilities – from financial institutions institutions and its convertible bond - have fixed interest rates, which means it is not affected by changes in interest rates. The Group has substantial amounts in bank deposits at year-end. As the interest on year-end, which is exposed to changes in the interest rates, deposits are low for the time being, the risk related to this part is considered limited but the risk is currently considered to be 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 average effective interest rate on financial liabilites was as follows

	2023	2022
Loan from related party	na	5.2%
Loan from financial institutions	1.56% - 7.50%	1.56% - 7.50%
Convertible bond	6%	na
Leases	2.50% - 10.50%	2.50% - 10.50%

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 31.12.

	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)
2023	+100	(212)	-
	(100)	212	-
2022	+100	(440)	-
	(100)	440	-

As of 31.12.2023 all of the outstanding interest-bearing loans have fixed interest, see note 24.

Therefore the table above must be seen as an illustration of how the net effect would have effected the profit/loss before tax.

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 Group management, and further measures to manage the Group's liquidity will be taken as appropriate.

Going concern

This assumption is based on profit forecasts for 2023 as well as the Company's long-term strategic forecasts. 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 debt, given the outlook for the Company and the industries it is operating in.

31 December 2023 Remaining period

(NOK 1 000)	Less than 1 month	1–3 months	3–12 months	1–5 years	5 years+	Total
Repayment of bank loans	193	579	1 545	11 720	13 126	27 163
Interest on bank loans	40	119	317	1 274	846	2 596
Leases	2 230	5 789	31 912	172 969	345 169	558 068
Interest on leases	3 227	6 434	28 032	120 958	90 230	248 880
Convertible bond				1 075 133		1 075 133
Other current financial liabilities			42 540			42 540
Trade payables	200 380	46 008	6 676	2 366	283	255 712
Total	**206 070**	**58 929**	**111 021**	**1 384 420**	**449 653**	**2 210 092**

31 December 2022 Remaining period

(NOK 1 000)	Less than 1 month	1–3 months	3–12 months	1–5 years	5 years+	Total
Repayment of bank loans	389	1168	3 115	14 202	25 156	44 030
Interest on loans	75	226	604	3 304	3 953	8 162
Leases	1 851	3 715	16 665	85 087	47 392	154 710
Interest on leases	1 021	2 015	8 684	33 111	13 448	58 280
Other non-current financial liabilities				39 789		39 789
Other current financial liabilities			75 052			75 052
Trade payables	200 380	46 008	6 676	2 366	283	255 712
Total	**203 716**	**53 133**	**110 794**	**177 860**	**90 232**	**635 735**

Foreign exchange risk

Foreign exchange 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.

(NOK 1000)	Movement of NOK against USD	Effect on profit/ loss before tax	Effect on OCI pre tax
2023	+10%	(19 789)	-
	(10%)	19 789	-
2022	+10%	(19 246)	-
	(10%)	19 246	-

(NOK 1000)	Movement of NOK against EUR	Effect on profit/ loss before tax	Effect on OCI pre tax
2023	+10%	(38 277)	-
	(10%)	38 277	-
2022	+10%	(27 123)	-
	(10%)	27 123	-

The table explains the effect on the Group's profit/loss from +/- 10 per cent change in EUR or USD for its financial instruments.

Capital structure and equity

The main goal of the Hexagon Purus Group's capital structure management is to ensure appropriate levels of equity and debt in relation to the Group's operations. Up until 2023, the Company had primarily been equity funded but during 2023, the Group announced the issuances of two convertible bonds with a total face value of approximately NOK 1.8bn.

The Group manages and makes necessary changes to its capital structure by regularly assessing prevailing economic and capital markets conditions and prospects of short and medium-term growth. The Board of Directors is granted the power to increase the share capital by maximum NOK 16.920 million in face value. No other changes to guidelines or capital structure is planned at the time of authorization of this report.

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.

Note 19 Short term provisions

(NOK 1 000)	2023	2022
Balance 1 January	38 227	12 882
Translation differences	2 278	-
Provisions for the year	28 195	28 480
Provisions used (and reversed) during the year	(3 765)	(5 954)
Warranty provision, other changes	847	2 819
Balance 31 December	**65 782**	**38 227**

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.

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 business activities.

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.

Note 20 Pensions

Pension plans in Hexagon Purus Group

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 two active and four retired employees 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

(NOK 1 000)	2023	2022
Defined contribution pension plan	8 762	6 566
Defined benefit pension plan	109	(453)
Total	8 870	6 113

Pension related assets and liabilities

(NOK 1 000)	2023	2022
Pension liabilities	1 717	1 439

Note 21 Share capital and share premium

Share capital and shareholders

	2023	2022
Ordinary shares of NOK 0.10 (2023/2022)	276 797 456	258 278 937
Total number of shares	**276 797 456**	**258 278 937**

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

Changes in share capital and share premium

	Number of shares		Share capital (NOK 1 000)		Share premium (NOK 1 000)	
	2023	2022	2023	2022	2023	2022
Ordinary shares						
Issued and paid 1 January	258 278 937	233 536 669	25 828	23 354	1 542 880	1 383 817
Issued new share capital	18 518 519	24 742 268	1 852	2 474	497 976	597 526
Transaction cost					(25 846)	(6 134)
Other changes						
Issued and paid, end of period	**276 797 456**	**258 278 937**	**27 680**	**25 828**	**2 015 010**	**1 975 208**
Transferred to share premium					(672 703)	(432 328)
Net total					**1 342 308**	**1 542 880**

The company does not hold any treasury shares.

On 1 March 2023, the Company issued 18 518 519 new shares in a private placement at the price of 27.00 per share. The Company raised approximately NOK 500 million in gross proceeds.

20 Largest shareholders as of 31 December 2023

	Number of shares	Shareholding
HEXAGON COMPOSITES ASA	106 303 905	38.40%
CLEARSTREAM BANKING S.A.	37 583 055	13.58%
MITSUI & CO LTD	20 934 815	7.56%
FLAKK COMPOSITES AS	10 268 728	3.71%
MP PENSJON PK	8 589 094	3.10%
The Bank of New York Mellon SA/NV	5 469 001	1.98%
Citibank Europe plc	5 418 303	1.96%
DNB Markets Aksjehandel/-analyse	5 089 052	1.84%
Deutsche Bank Aktiengesellschaft	4 542 152	1.64%
DANSKE BANK	3 579 483	1.29%
J.P. MORGAN SECURITIES PLC	3 308 845	1.20%
BRØDR. BØCKMANN AS	2 688 996	0.97%
Nordnet Bank AB	2 088 067	0.75%
The Bank of New York Mellon SA/NV	2 057 142	0.74%
BNP Paribas	2 005 485	0.72%
VERDIPAPIRFONDET STOREBRAND NORGE	1 982 538	0.72%
NØDINGEN AS	1 727 673	0.62%
UBS Switzerland AG	1 602 336	0.58%
BNP Paribas	1 479 814	0.53%
CACEIS Investor Services Bank S.A.	1 431 472	0.52%
Total 20 largest shareholders	**228 149 956**	**82.42%**
Remainder	48 647 500	17.58%
Total	**276 797 456**	**100.00%**

Note 22 Share-based payment

Programs
As of 31 December 2023, the Company had four share-based long-term incentive plans outstanding consisting of performance share units (PSU) and restricted share units (RSU).

Performance share units programs
All PSUs are non-transferable and will vest subject to satisfaction of the applicable vesting conditions. The actual number of PSUs vested will depend on performance and can vary from zero to the maximum awarded PSUs in each program.

One of the three PSU programs is an executive management investment program awarded at the time of the Company's listing on Euronext Growth in 2020. Each eligible employee will at vesting date be entitled to up to three new shares in the Company per share invested, 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.

The two other PSU programs give eligible employees the right to receive up to twice the number of Hexagon Purus shares as corresponds to the number of PSUs vested on grant date, subject to satisfaction of the applicable vesting conditions and share price development.

Restricted share units program
All RSUs are non-transferable and will vest subject to satisfaction of the applicable vesting conditions. The RSUs are subject to continued employment three years after date of grant, and each participant will at such time receive such number of Hexagon Purus shares as corresponds to the number of RSUs allocated to them.

The fair value of the RSUs and PSUs are calculated on the grant date, using Black-Scholes 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 24.8 million full year in 2023 (NOK 15.8 million as of 31 December 2022). The unamortized fair value of all outstanding RSUs and PSUs as of 31 December 2023 is estimated to be NOK 42.3 million (NOK 38.0 million).

There are no cash settlement obligations.

Performance share units' programs (PSUs)

	Issued 2020	Issued 2022	Issued 2023
Opening balance, number of instruments	**421 242**	**958 686**	**-**
Grants	-	-	1 724 946
Lapsed/cancelled	-	-	(87 123)
Closing balance	**421 242**	**958 686**	**1 637 823**
Fair value – at grant date (NOK)	20.83	33.99	22.57
Vesting period	3 years	3 years	3 years
Expiry	Q1 2024	Q1 2025	Q1 2026

Restricted share units' programs (RSUs)

	Issued 2020	Issued 2022	Issued 2023
Opening balance, number of instruments	**695 621**	**85260**	**-**
Grants	91 000	-	117 090
Lapsed/cancelled	(47 500)	(12 180)	(7 806)
Closing balance	**739 121**	**73 080**	**109 284**
Fair value – at grant date (NOK)	27.30	27.76	22.04
Vesting period	3 years	3 years	3 years
Expiry	Q1 2024	Q1 2025	Q1 2026

Note 23 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	2023	2022
Profit/loss for the year flowing to holders of ordinary shares			
Profit/loss for the year		**(672 703)**	**(431 518)**
Weighted average number of shares outstanding 31 December			
Ordinary shares issued 1 January	23	258 278 937	233 536 669
Own shares			
Issued new shares		18 518 519	24 742 268
Outstanding number of shares 31 December		**276 797 456**	**258 278 937**
Weighted average number of shares outstanding 31 December[1]		**276 797 456**	**258 278 937**
Profit/loss per share		**(2.43)**	**(1.67)**
Diluted number of shares outstanding 31 December			
Ordinary shares issued 1 January	23	258 278 937	233 536 669
Own shares			
Issued new shares		18 518 519	24 742 268
Effect of employee options issued			
Outstanding shares 31 December adjusted for dilution effects		**276 797 456**	**258 278 937**
Weighted average number of shares outstanding 31 December adjusted for dilution effects		**276 797 456**	**258 278 937**
Diluted profit/loss per share		**(2.43)**	**(1.67)**

[1] Weighted average number of shares 31 December represented by closing balance 31 December

There are 3 924 236 instruments (including contingently issuable shares), consisting of 906 485 RSUs and 3 017 751 PSUs, that could potentially dilute basic earnings per share in the future.

The subscribers in the Convertible Bond Private Placement issued in March 2023, will receive 100 million non-transferrable warrants and 4.5 million non-transferrable additional warrants. All warrants will be issued irrespectively of whether the full amount of the Convertible Bonds are subscribed. The warrants will be allocated pro rata among the Convertible Bonds subscribers based on their Convertible Bonds allocation amount.

These are not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

Note 24 Interest-bearing liabilities

(NOK 1 000)	2023	2022
Opening balance	44 030	55 761
Exchange difference	5 344	
Repayment of loans	(20 000)	(11 731)
Transaction cost and accrued interest	62 834	-
Proceeds from new loans	506 591	-
Closing balance 31 December	**598 799**	**44 030**

Convertible debt issuance in Hexagon Purus ASA

In March 2023, Hexagon Purus ASA issued a 5-year unsecured convertible bond of NOK 800 million with 6% fixed interest rate paid semi-annually in kind, through issuance of additional bonds. The conversion price of the bond is set at NOK 33.75, and the conversion right can be exercised at any time between the loan issue and the last conversion date which is set to 16 March 2028, being the date which is 5 years after the Shareholders' Meeting that resolved the convertible bond. The convertible bond is a compound financial instrument which contains an equity component and a debt component. Upon initial recognition, the debt component is calculated as the discounted value of the bond assuming no conversion with an approximate market interest rate for similar loans without the conversion feature as the discount rate. For calculation purposes, a 15% discount rate has been applied, yielding a fair value of the debt component of NOK 521.648 million. The equity component equals the residual difference between the fair value of the convertible bond at issuance of NOK 800 million and the fair value of the debt component and amounts thus to NOK 278.352 million. Transaction costs related to the bond issue amounted to NOK 23.091 million and have been capitalized pro rata between the debt and equity component. See summarized table below.

(NOK 1 000)	Principal amount	Transaction costs	Amount at initial recognition	Accumulated interests	Amortized transaction costs	Carrying amount 31.12.2023
Liability component	521 648	(15 057)	506 591	61 225	1 609	569 425
Equity component	278 352	(8 034)	270 318	-	-	270 318
Total	**800 000**	**(23 091)**	**776 909**	**61 225**	**1 609**	**839 743**

Wystrach GmbH has three externally secured loans with Volksbank an der Niers eG and Deutsche Bank AG. The loans have fixed interest rates, and maturity from 30.11.2025 to 30.03.2037. In addition there exists one overdraft facilities of EUR 0.75 million. As of period end, there were no breaches of the financial covenant under the financing facility agreement. Movements in the year on Non-current and Current loans were primarily due to repayments and reclassifications.

Carrying amount

(NOK 1 000)	Interest rate conditions	Currency	Maturity	2023	2022
Secured loans					
Volksbank an der Niers eG	1.55%	EUR	30.09.2036	3 089	6 575
Deutsche Bank AG	1.96%	EUR	30.03.2037	-	12 983
Deutsche Bank AG	2.88%	EUR	30.06.2033	16 781	15 090
Deutsche Bank AG	1.79%	EUR	30.11.2025	7 292	4 710
Total non-current liabilities, not including 1st year's instalments				**27 163**	**39 358**

As of 31 December 2023

(NOK 1 000)	2024	2025	2026	2027	2028	Thereafter
Repayments structure for non-current liabilities (1st year as current)	2 317	2 930	2 930	2 930	2 930	13 126

Reconciliation for liabilities arising from financing activities

(NOK 1 000)	Financial liabilities	Lease liabilities	Total
Liabilities 1 January 2023	**158 871**	**154 710**	**313 581**
Financing activities with cash settlement			
Repayment of loans and liabilities	(105 693)	-	(105 693)
Repayment of lease liabilities	-	(29 537)	(29 537)
Proceeds from loans and liabilities	776 909	-	776 909
Financing activities without cash settlement			
Accrued interest and transaction cost	62 834		
Equity component bond loan	(270 318)		(270 318)
New lease liabilities		437 431	437 431
Exchange differences	18 736	(4 536)	14 200
Balance 31 December 2023	**641 339**	**558 068**	**1 136 573**
Liabilities 1 January 2022	**164 867**	**53 079**	**217 946**
Financing activities with cash settlement			
Repayment of loans and liabilities	(11 731)	-	(11 731)
Repayment of lease liabilities	-	(23 656)	(23 656)
Proceeds from loans and liabilities	-	-	-
Financing activities without cash settlement			
Additions from purchase of companies	-	-	-
Deferred payment and contingent liabilities	-	-	-
New lease liabilities	-	122 472	122 472
Exchange differences	5 735	5 362	11 096
Other transactions without cash settlement		(2 547)	(2 547)
Balance 31 December 2022	**158 871**	**154 710**	**313 581**

Note 25 Short-term interest-bearing loans

(NOK 1 000)	2023	2022
Short term loan		
Secured current interest-bearing liabilities		
Overdraft facility	-	-
1st year's instalments, non-current interest-bearing liabilities	2 317	4 673
Total	**2 317**	**4 673**
1st year's instalments, lease liabilities	39 930	22 230

The Group has overdraft facilities in two different banks in total EUR 0.75 million at disposal for the subsidiary Wystrach GmbH. The term for the overdraft facility is 3M EURIBOR + margin.

Note 26 Other current liabilities

(NOK 1 000)	2023	2022
Public duties payable	7 996	679
Accrued expenses and other current liabilities	73 274	70 976
Other current liabilities	50 442	25 043
Total	**131 712**	**96 699**

Note 27 Related parties disclosure

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

Hexagon Composites ASA and Hexagon Purus ASA have historically had a close relationship, and as of 31 December 2022 Hexagon Purus ASA was owned 73 per cent of Hexagon Composites ASA. During 2023 there has been a capital raise in Hexagon Purus ASA and Hexagon Composites ASA distributed Hexagon Purus ASA shares as dividend in kind July 2023, resulting in an ownership of 38.4 per cent as of 31 December 2023. The cooperation has included 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 then otherwise would have been possible. As a result of the deconsolidation in July 2023, Hexagon Purus ASA independently manages all key management functions. All the transactions are carried out as part of normal business and at arm's length prices and terms.

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 2023 and 31 December 2022.

There are no sales to, purchases from, loans to, receivables or liabilities/payables to associated companies of the Group, except for the investment in and loan to an associated company (see other note). The loan including interest to Cryoshelter LH2 GmbH amounts to NOK 34 249 thousand at 31.12.2023.

There are no sales to, purchases from, loans to, receivables or liabilities/payables to main shareholders and members of the Board, except for the balances towards Hexagon Composites ASA and its subsidiaries as disclosed below.

There are no sales to, purchases from, loans to, receivables or liabilities/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 Hexagon Composites ASA Group

(NOK 1 000)	2023	2022
Sales revenue	42 311	42 610
Cost of materials	583 943	215 048
Other operating expenses	39 461	65 608
Interest expenses from related parties	1 525	118

The balance sheet includes the following amounts resulting from transactions with Hexagon Composites ASA Group

(NOK 1 000)	2023	2022
Trade receivables	10 442	42 760
Trade payables	157 908	83 607

Remuneration of the board and management

2023

NOK 1 000	Salaries and fees	Bonuses[1]	Benefits in kind	Paid pension premium	Value of vested instruments	Total remuneration 2023
Executive management	21 733	9 775	285	1 642	12 323	45 758
Board of directors	2 548					2 548
Total remuneration	**24 281**	**9 775**	**285**	**1 642**	**12 323**	**48 306**

2022

NOK 1 000	Salaries and fees	Bonuses[1]	Benefits in kind	Paid pension premium	Value of vested instruments	Total remuneration 2022
Executive management	18 775	9 802	338	1 363	8 513	38 791
Board of directors	2 478					2 478
Total remuneration	**21 253**	**9 802**	**338**	**1 363**	**8 513**	**41 269**

[1] Bonuses earned in the financial year.

The Executive Team was extended during 2022 implying the numbers are not directly comparable.

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. For further details, see Remuneration Report for Hexagon Purus ASA.

Group management participates in the Company's general pension arrangements, which are described in note 20 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, Share-based Payment. As of 31.12.2023 the Group President holds 131 (115) thousand shares, has 370 (234) 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), and 165 (65) thousand provisional performance share units (PSUs) outstanding as per 31.12.2023.

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

	2023	2022
Espen Gundersen (Chairman)[1]	45 619	20 619
Jon Erik Engeset[2]	199 473	60 518
Rick Rashilla	67 362	54 587
Knut Flakk[3]	na	4 781 061
Karen Romer[5]	na	2 334
Martha Kold Bakkevig	4 124	4 124
Jannicke Hilland[3]	na	10 309
Liv Fiksdahl 4	-	na
Susana Quintana-Plaza[4]	-	na
Hidetomo Araki[4]	-	na

[1] Chairman of the board from 25 May 2023, Board member until 25 May 2023
[2] Board member from 25 May 2023, Chairmen of the board until 25 May 2023
[3] Board member until 16 Mach 2023
[4] Board member from 25 May 2023
[5] Board member until 25 May 2023

Shares held by key management personnel

	2023	2022
Morten Holum - President and CEO	130 646	115 708
Salman Alam - CFO	8 247	8 247
Dilip Warrier - EVP Strategic Projects	8 559	-
Michael Kleschinski - EVP Light duty, Distribution & Cylinders	112 000	71 065
Todd Sloan - EVP Systems	69 759	45 787
Anne Lise Hjelseth - EVP People & Culture	41 237	41 237
Heiko Chudzick - EVP Operations	61 060	20 619
Frank Häberli - SVP Asia	60 664	60 664

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

(NOK 1 000)	2023	2022
Statutory audit and auditing-related services	5 390	3 854
Other attestation services	95	-
Tax advice	1 295	1 543
Other non-auditing services	-	17
Total	**6 780**	**5 414**

Note 28 Income tax

Tax expense

(NOK 1 000)	2023	2022
Income tax payable in the income statement	1 770	122
Change in deferred tax in income statement	(6 063)	(6 688)
Foreign exchange translation effects on tax expense	(3 501)	(2 815)
Tax expense	**(7 793)**	**(9 380)**
Income tax payable in the balance sheet	509	3 290
Prepaid tax abroad in the balance sheet	33	8
Settled tax not paid	(509)	(3 173)
FX translation effects	29	(3)
Other effects	1 708	(3)
Total income tax payable in the income statement	**1 770**	**122**
Nominal tax rates in Norway	**22%**	**22%**
Profit before tax	(691 310)	(440 898)
Tax based on nominal tax rate in Norway	(152 088)	(96 998)
Varying foreign tax rates vs. Norwegian tax rate	(29 231)	(19 839)
Other non-taxable income and non-taxable expenses	(168)	4 633
Deferred tax asset not recognized in statement of financial position	171 086	114 341
Other differences relating to foreign subsidiaries	(384)	(305)
Share of profit/loss from associates	2 992	(11 213)
Tax expense from prior periods	-	-
Tax expense in income statement	**(7 793)**	**(9 380)**

Deferred tax assets and deferred tax liabilities

	Balance sheet		Change in deferred tax in income statement	
(NOK 1 000)	2023	2022	2023	2022
Deferred tax asset				
Loss carried forward	(346 959)	(216 049)	(130 910)	(73 000)
Property, plant & equipment	9 012	-	9 012	-
Intangible assets	12	-	12	-
Inventories	(6 429)	(8 246)	1 817	(7 731)
Trade receivables	(163)	-	(163)	-
Provisions for liabilities/other current liabilities	(7 547)	(7 419)	(128)	(4 137)
Other	(8 143)	(5 085)	(2 088)	(1 122)
Deferred tax asset– gross	**(360 217)**	**(236 799)**	**(122 448)**	**(85 990)**
Reduction of tax assets due to uncertainty	360 217	232 208	128 010	83 588
Deferred tax assets - net carrying amount	**-**	**(4 591)**	**5 562**	**(2 401)**
Deferred tax liabilities				
Property, plant & equipment	756	4 039	(3 283)	2 133
Intangible assets	38 052	44 090	(6 038)	(6 395)
Trade receivables	-	737	(737)	(2)
Pensions (overfunded)	-	-	-	(18)
Provisions for liabilities/other current liabilities	(298)	1 268	(1 567)	(4)
Deferred tax liabilities – gross	**38 510**	**50 134**	**(11 624)**	**(4 285)**
Net recognized deferred tax liabilities/assets (-)	**38 510**	**45 543**	**(6 063)**	**(6 688)**
Carrying amounts				
Deferred tax asset	-	-	-	-
Deferred tax liabilities	38 510	45 543	-	-
Net recognized deferred tax assets/ deferred tax liabilities	**38 510**	**45 543**	**-**	**-**

The Group has a total loss carry forward of NOK 1 864 million (NOK 1 171) as of 31 December 2023, of which MNOK 852 (MNOK 592) are related to foreign activities. The loss carry forward are indefinitely, except for MNOK 10 in North America expiring in 2038.

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)	2023	2022
Actuarial gains/losses, pensions	-	-
Derivatives	-	-
Total	**-**	**-**

Note 29 Government grants

(NOK 1 000)	2023	2022
Governmental grants related to income		
Governmental grants presented as income	-	1 602
Governmental grants reducing R&D personnel cost	-	336
Governmental grants presented as general cost reduction	8 247	493
Total governmental grants related to income	**8 247**	**2 431**
Grant total governmental grants received	8 247	2 431

Note 30 Purchasing commitments

The Group has the following commitments resulting from purchasing materials

(NOK 1 000)	2023	2022
First year	262 135	-
Second year	349 931	-
Thereafter	-	-
Total	**612 066**	**-**

The Group has the following commitments resulting from facility construction

(NOK 1 000)	2023	2022
First year	98 650	93 342
Second year	-	-
Thereafter	-	415
Total	**98 650**	**93 757**

The Group has the following commitments resulting from leases

(NOK 1 000)	2023	2022
First year	78 313	33 950
Second year	83 384	40 746
Thereafter	645 251	138 293
Total	**806 948**	**212 989**

Note 31 Events after the balance sheet date

Opened new hydrogen infrastructure and systems manufacturing hub in Weeze, Germany, which significantly increases production capacity for hydrogen infrastructure solutions. The manufacturing hub opened in January 2024.

On 20 December 2023, the Group announced the completion of a private placement of Convertible Bonds, raising total gross proceeds of approximately NOK 1 000 million (the "Convertible Bonds"). The Convertible Bonds are structured as a 5-year senior unsecured convertible bond with a 10 per cent fixed interest rate payable semi-annually in kind (i.e. through issuance of additional bonds). The conversion price per common share in the Company for the Convertible Bonds has been set to NOK 12.61, which is a 25 per cent premium to the volume-weighted average price of the Hexagon Purus share on the Oslo Stock Exchange over the 45 trading days up to and including 20 December 2023. The subscribers of the Convertible Bonds will receive 270 000 000 non-transferrable Warrants (the "Warrants") and 14 000 000 non-transferrable additional Warrants (the "Additional Warrants"). The Warrants and Additional Warrants will be allocated pro-rata among the subscribers of the Convertible Bonds based on their respective allocations The raise of the Convertible Bond was approved on an extraordinary general meeting on 11 January 2024, and the Convertible Bond was issued on 1 February 2024.

In February 2024, the Company provisionally awarded up to 1 040 000 Restricted Share Units ("RSUs") and 1 940 000 Performance Share Units ("PSUs") which may result in an award of 4 920 000 shares to executive management and other leading employees of the Group under the 2024 Long-Term Incentive Program. The purpose of the program is to align the interests of the participants with those of the Company's shareholders. Please refer to stock exchange release from 13 February for more details.

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

Income statement – Parent Company

HEXAGON PURUS ASA

(NOK 1 000)	Note	2023	2022
Revenue	2	156 855	158 606
Other revenue		960	1 844
Total operating income		**157 815**	**160 450**
Payroll & social security expenses	3, 4, 5	98 165	92 577
Depreciation		557	513
Other operating expenses	4	71 613	102 810
Total operating expenses		**170 335**	**195 899**
Operating profit (EBIT)		**(12 520)**	**(35 450)**
Finance income	6	123 859	54 105
Finance expense	6	162 202	27 375
Profit/loss on ordinary activities before tax		**(50 864)**	**(8 719)**
Tax	7	-	-
Profit/loss on ordinary activities		**(50 864)**	**(8 719)**
Profit/loss for the year		**(50 864)**	**(8 719)**
Share premium		(50 864)	(8 719)
Total transferred		**(50 864)**	**(8 719)**

Balance sheet – Parent Company

HEXAGON PURUS ASA

(NOK 1 000)	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Financial assets			
Property, plant & equipment		754	1 312
Investments in subsidiaries	8	3 075 258	2 087 651
Investments in shares	8	54 755	44 618
Non-current receivables group companies	9	321 413	230 540
Non-current receivables associated companies		34 249	12 541
Other non-current assets		-	2 348
Total non-current assets		**3 486 429**	**2 379 010**
Current assets receivables			
Trade receivables	2	-	33
Other receivables group	2	95 414	16 975
Other receivables	2	1 029	490
Bank deposits, cash and cash equivalents	10	432 579	333 483
Total current assets		**529 023**	**350 981**
Total assets		4 015 452	2 729 992

(NOK 1 000)	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES EQUITY			
Paid-in capital			
Share capital		27 680	25 828
Share premium	11	3 070 568	2 649 302
Other paid-in capital		318 524	23 839
Total paid-in capital		**3 416 772**	**2 698 968**
Total equity	14	**3 416 772**	**2 698 968**
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	4	568 744	-
Total other non-current liabilities	4	**568 744**	-

(NOK 1 000)	Note	31 Dec 2023	31 Dec 2022
Current LIABILITIES			
Trade payables		1 906	3 620
Trade payables to group companies	2	3 270	7 366
Public duties payable		7 002	3 651
Other current liabilities		17 758	16 387
Total non current liabilities		**29 936**	**31 023**
Total liabilities		**598 680**	**31 023**
Total equity and liabilities		**4 015 452**	**2 729 992**

Oslo, Norway, 18 March 2024
The Board of Directors of Hexagon Purus ASA

Jon Erik Engeset
Chairman of the Board

Espen Gundersen
Board Member

Martha Kold Monclair
Board Member

Rick Rashilla
Board Member

Karen Romer
Board Member

Morten Holum
President & CEO

Cash flow statement – Parent Company

HEXAGON PURUS ASA

(NOK 1 000)	Note	2023	2022
Cash flow from operating activities			
Profit before tax		(50 864)	(8 719)
Tax paid for the period		-	-
Depreciation		557	513
Share-based payment expense	4	24 368	15776
Change in receivables		(78 406)	(8 740)
Changes in payables		(5 809)	5 389
Changes in other current items		45 592	13 206
Net cash flow from operating activities		**(64 562)**	**17 424**
Cash flow from investment activities			
Purchase of property, plant & equipment and intangible assets		-	(98)
Investments in subsidiaries	8	(987 607)	(565 282)
Investments in associated companies	8	(10 136)	(33 738)
Loans to subsidiaries	2	(90 873)	(38 535)
Loans to associates		(21 707)	(12 541)
Net cash flow from investing activities		**(1 110 324)**	**(650 194)**

(NOK 1 000)	Note	2023	2022
Cash flow from financing activities			
Changes in long term loans	2	800 000	-
Proceeds from issues of shares		500 000	600 000
Transaction costs		(26 018)	(6 134)
Net change in bank overdraft		-	-
Net cash flow from financing activities		**1 273 982**	**593 866**
Net change in cash & cash equivalents	10	99 096	(38 904)
Cash & cash equivalents at beginning of period		333 483	372 387
Cash & cash equivalents at end of period		**432 579**	**333 483**

Notes – Parent Company

HEXAGON PURUS ASA

Note 1 Accounting principles

The annual accounts have been prepared in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Sales revenue

Revenue from services is recognized as services are rendered.

Classification and valuation of balance sheet items

Current assets and liabilities include items due for payment within one year of the date of acquisition. Other items are classified as non-current assets/liabilities.

Current assets are valued at the lower of cost of acquisition and fair value. Current liabilities are recognized at nominal value on the date of commencement.

Non-current assets are measured at the cost of acquisition but are written down to fair value if impairment is identified which is not considered to be of a temporary nature. Non-current liabilities are recognized at nominal value on the date of commencement. Costs associated with non-current liabilities are amortized over the duration of the loan using the effective interest method.

Receivables

Trade and other receivables are recognized in the balance sheet at their nominal value, following deductions for provisions for expected losses. Provisions for losses are made on the basis of the individual claims.

Assets and liabilities in foreign currency

Foreign currency transactions are recognized at the exchange rate prevailing at the transaction date. Foreign currency monetary items are valued using the exchange rate prevailing at the balance sheet date. Currency gains/losses on receivables/liabilities are classified as financial items.

Property, plant and equipment

Property, plant and equipment is recognized and depreciated over the asset's expected useful life. Direct maintenance of property, plant and equipment is recognized under operating expenses as it is incurred, while overheads or improvement costs are added to the cost price of the asset and depreciated in pace with the asset's own depreciation. If the recoverable amount of the asset is lower than it's carrying amount, this is written down to its recoverable amount. The recoverable amount is the higher of net realizable value and value in use. Value in use is the present value of future cash flows the asset will generate.

Financial instruments

In addition to traditional financial instruments such as trade receivables, trade payables and interest-bearing liabilities, the Company also uses forward exchange contracts to limit the Company's currency exposure. The effects of these instruments are recognized as they arise.

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. 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

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 2 Intra-group transactions and balances

(NOK 1 000)	2023	2022
Income		
Administrative services to subsidiaries	156 855	158 606
Total	**156 855**	**158 606**
Receivables and loans	-	-
Loans to group companies	321 413	230 540
Trade receivables	95 414	16 975
Total	**416 827**	**247 515**
Liabilities		
Liabilities to group companies - current	3 270	7 366
Total	**3 270**	**7 366**

Note 3 Payroll, number of employees, remuneration, loans to employees etc.

Payroll costs

(NOK 1 000)	2023	2022
Wages/salaries and fees	24 763	16 827
Share-pased payments/bonuses	35 268	28 292
Employer's contribution	7 822	5091
Contracted personnel	25 143	37723
Board remuneration	2 548	2533
Pension expense	2 347	1716
Other contributions	274	395
Total	98 165	92 577

There were 19 (12 in 2022) employees in the Company during the financial year. Some key personnel are contracted from subsidiaries in the Group and presented here as contracted personnel.

(NOK 1 000)	Salaries and fees	Paid bonus	Natural combtribu-tions	Paid pension premium	Value of vested instruments	Total remuneration
2023						
Executive management	21 733	9 775	285	1 642	12 323	45 758
Board of Directors	2 548					2 548
Total remuneration	**24 281**	**9 775**	**285**	**1 642**	**12 323**	**48 306**
2022						
Executive management	18 775	9 802	338	1 363	8 513	38 791
Board of Directors	2 478					2 478
Total remuneration	**21 253**	**9 802**	**338**	**1 363**	**8 513**	**41 269**

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. For further details, see Remuneration Report for Hexagon Purus ASA.

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 4, Share- based Payment. As of 31.12.2023 the Group President holds 131 (115) thousand shares, has 370 (234) thousand provisional performance share units (PSUs) outstanding, and 73 (73) thousand restricted share units (RSUs) outstanding.

Shares owned by board members or related parties

	2023	2022
Espen Gundersen (Chairman)[1]	45 619	20 619
Jon Erik Engeset[2]	199 473	60 518
Rick Rashilla	67 362	54 587
Knut Flakk[3]	na	4 781 061
Karen Romer[5]	na	2 334
Martha Kold Bakkevig	4 124	4 124
Jannicke Hilland[3]	na	10 309
Liv Fiksdahl [4]	-	na
Susana Quintana-Plaza[4]	-	na
Hidetomo Araki[4]	-	na

[1] Chairman of the board from 25 May 2023, Board member until 25 May 2023
[2] Board member from 25 May 2023, Chairmen of the board until 25 May 2023
[3] Board member until 16 Mach 2023
[4] Board member from 25 May 2023
[5] Board member until 25 May 2023

Shares held by key management personnel

	2023	2022
Morten Holum - President and CEO	130 646	115 708
Salman Alam - CFO	8 247	8 247
Dilip Warrier - EVP Strategic Projects	8 559	-
Michael Kleschinski - EVP Light duty, Distribution & Cylinders	112 000	71 065
Todd Sloan - EVP Systems	69 759	45 787
Anne Lise Hjelseth - EVP People & Culture	41 237	41 237
Heiko Chudzick - EVP Operations	61 060	20 619
Frank Häberli - SVP Asia	60 664	60 664

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

(NOK 1 000)	2023	2022
Statutory audit and auditing-related services	1 691	1 626
Other attestation services	-	-
Tax advice	-	-
Other non-auditing services	1 289	1 501
Total	**2 980**	**3 127**

Note 4 Share-based payment

Programs

As of 31 December 2023, the Company had four share-based long-term incentive plans outstanding consisting of performance share units (PSU) and restricted share units (RSU).

Performance share units programs

All PSUs are non-transferable and will vest subject to satisfaction of the applicable vesting conditions. The actual number of PSUs vested will depend on performance and can vary from zero to the maximum awarded PSUs in each program.

One of the three PSU programs is an executive management investment program awarded at the time of the Company's listing on Euronext Growth in 2020. Each eligible employee will at vesting date 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.

The two other PSU programs give eligible employees the right to receive up to twice the number of Hexagon Purus shares as corresponds to the number of PSUs vested on grant date, subject to satisfaction of the applicable vesting conditions and share price development.

Restricted share units program

All RSUs are non-transferable and will vest subject to satisfaction of the applicable vesting conditions. The RSUs are subject to continued employment three years after date of grant, and each participant will at such time receive such number of Hexagon Purus shares as corresponds to the number of RSUs allocated to them.

The fair value of the RSUs and PSUs are calculated on the grant date, using Black-Scholes 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 24.8 million full year in 2023 (NOK 15.8 million as of 31 December 2022). The unamortized fair value of all outstanding RSUs and PSUs as of 31 December 2023 is estimated to be NOK 42.3 million (NOK 38.0 million).

There are no cash settlement obligations.

Performance share units' programs (PSUs)

	Issued 2020	Issued 2022	Issued 2023
Opening balance, number of instruments	421 242	958 686	-
Grants	-	-	1 724 946
Lapsed/cancelled	-	-	(87 123)
Closing balance	421 242	958 686	1 637 823
Fair value – at grant date (NOK)	20.83	33.99	22.57
Expiry	Q1 2024	Q1 2025	Q1 2026

Restricted share units' programs (RSUs)

	Issued 2020	Issued 2022	Issued 2023
Opening balance, number of instruments	695 621	85 260	-
Grants	91 000	-	117 090
Lapsed/cancelled	(47 500)	(12 180)	(7 806)
Closing balance	739 121	73 080	109 284
Fair value – at grant date (NOK)	27.30	27.76	22.04
Vesting period	3 years	3 years	3 years
Expiry	Q1 2024	Q1 2025	Q1 2026

Note 5 Pensions and benefit obligations

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

The parent Company's pension arrangements cover 19 (12) employees.

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 NOK 2 347 thousand (NOK 1 716 thousand) , excluding employer's contributions.

Note 6 Net financial items

Finance income

(NOK 1 000)	2023	2022
Interest income from group companies	25 022	15 153
Other interest income	30 858	7 660
Other finance income (currency gains)	67 978	31 293
Total finance income	**123 859**	**54 105**

Finance expense

(NOK 1 000)	2023	2022
Interest expenses to group companies	-	-
Other interest expenses	69 953	4 155
Currency losses	88 093	22 214
Other finance expense	4 155	1 006
Total finance expense	**162 202**	**27 375**

Note 7 Tax

Tax expense for the year consists of

(NOK 1 000)	2023	2022
Income tax payable	-	-
Change in deferred tax	-	-
Total tax expense	-	-

Calculation of tax base for the year

(NOK 1 000)	2023	2022
Profit before tax	(50 864)	(8 719)
Permanent differences	24 700	36 308
Change in temporary differences	(5 000)	1 449
Change in loss carryforwards	31 164	(29 037)
Tax base for the year	-	-

Overview of temporary differences

(NOK 1 000)	2023	2022
Receivables		
Non-current assets	(307)	(15)
Provisions	2 087	(3 205)
Pensions		
Loss carryforwards	(135 680)	(104 516)
Deferred tax asset not recognised in statement of financial position	133 900	107 736
Total	-	-
Deferred tax 22%	-	-

Note 8 Shares in subsidiaries and associates

Subsidiaries

(NOK 1 000)	Registered office	Ownership share	Voting share	Carrying amount
Hexagon Technology H2 AS	Ålesund, Norway	100%	100%	138 030
Hexagon Purus HK AS	Ålesund, Norway	100%	100%	30
Hexagon Purus Maritime AS	Ålesund, Norway	100%	100%	29 000
Hexgon Purus Germany Holding Gmbh	Herford, Germany	100%	100%	1 972 315
Hexagon Purus NA Holding Inc.	USA	100%	100%	935 883
Total				**3 075 258**

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	Hexgon Purus Germany Holding Gmbh	Hexagon Purus NA Holding Inc.
Cost of acquisition	138 030	30	29 000	1 972 315	935 883
Equity at 31 December 2023	70 370	(9 602)	8 890	693 638	984 301
Profit 2023	(12 035)	(8 753)	(10 388)	(378 067)	-

Joint ventures and associates

(NOK 1 000)	Registered office	Ownership share	Voting share	Carrying amount
Norwegian Hydrogen AS	Norway	12.7%	12.7%	21 016
Cryoshelter LH2 GmbH	Dobl-Zwaring, Austria	40%	40%	33 738

On 1 August 2022, Hexagon Purus made a EUR 3.4 (NOK 34) million investment and acquired 40% of the shares in Cryoshelter LH2 GmbH, with options to acquire the remaining shares over the next 5–10 years.

Share of equity and profit/loss as reported in most recent annual accounts of associates

NOK 1 000)	Cryoshelter LH2 GmbH
Cost of acquisition	33 738
Equity at 31.12.2023	(29 049)
Profit 2023	(20 826)

Note 9 Non-current loans

(NOK 1 000)	2023	2022
Due for payment after 1 year	-	-
Loans to group companies	304 785	230 540
Loans to associated companies [1]	32 427	12 541
Total	**337 212**	**243 081**

[1] Loan to Cryoshelter LH2 GmbH

Note 10 Bank deposits

(NOK 1 000)	2023	2022
Restricted tax withholdings	3 208	1 244

Note 11 Share capital and shareholder information

Share capital consists of

(Amounts in NOK)	Number	Nominal	Carrying amount
A shares	276 797 456	0.10	27 679 746

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

20 Largest shareholders as of 31 December 2023

	Number of shares	Shareholding
HEXAGON COMPOSITES ASA	106 303 905	38.40%
CLEARSTREAM BANKING S.A.	37 583 055	13.58%
MITSUI & CO LTD	20 934 815	7.56%
FLAKK COMPOSITES AS	10 268 728	3.71%
MP PENSJON PK	8 589 094	3.10%
The Bank of New York Mellon SA/NV	5 469 001	1.98%
Citibank Europe plc	5 418 303	1.96%
DNB Markets Aksjehandel/-analyse	5 089 052	1.84%
Deutsche Bank Aktiengesellschaft	4 542 152	1.64%
DANSKE BANK	3 579 483	1.29%
J.P. MORGAN SECURITIES PLC	3 308 845	1.20%
BRØDR. BØCKMANN AS	2 688 996	0.97%
Nordnet Bank AB	2 088 067	0.75%
The Bank of New York Mellon SA/NV	2 057 142	0.74%
BNP Paribas	2 005 485	0.72%
VERDIPAPIRFONDET STOREBRAND NORGE	1 982 538	0.72%
NØDINGEN AS	1 727 673	0.62%
UBS Switzerland AG	1 602 336	0.58%
BNP Paribas	1 479 814	0.53%
CACEIS Investor Services Bank S.A.	1 431 472	0.52%
Total 20 largest shareholders	**228 149 956**	**82.42%**
Remainder	48 647 500	17.58%
Total	**276 797 456**	**100.00%**

The total number of shareholders as of 31.12.2023 was 6 598 of whom 267 were foreign shareholders. The number of shares held by foreign shareholders was 113 127 230 or 40.8 per cent.

The Board proposes to the general assembly that there will be no dividend to be paid for the fiscal year 2023.

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 its financing activities. The convertible bond loan have fixed interest rates, which means it is not affected by changes in interest rates. The Conpany has substantial amounts in bank deposits at year-end. The risk related to this, is considered limited.

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.

Also refer to note 18 of the consolidated financial statements.

Note 13 Events after the balance sheet date

Opened new hydrogen infrastructure and systems manufacturing hub in Weeze, Germany, which significantly increases production capacity for hydrogen infrastructure solutions. The manufacturing hub opened in January 2024.

On 20 December 2023, the Group announced the completion of a private placement of Convertible Bonds, raising total gross proceeds of approximately NOK 1 000 million (the "Convertible Bonds"). The Convertible Bonds are structured as a 5-year senior unsecured convertible bond with a 10 per cent fixed interest rate payable semi-annually in kind (i.e. through issuance of additional bonds). The conversion price per common share in the Company for the Convertible Bonds has been set to NOK 12.61, which is a 25 per cent premium to the volume-weighted average price of the Hexagon Purus share on the Oslo Stock Exchange over the 45 trading days up to and including 20 December 2023. The raise of the Convertible Bond was approved on an extraordinary general meeting on 11 January 2024, and the Convertible Bond was issued on 1 February 2024.

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

Note 14 Equity

(NOK 1 000)	Issued capital	Share premium	Other paid in capital	Total equity
Equity as of 01.01.2023	25 827	2 649 302	23 839	2 698 969
Profit/loss for the year		(50 864)		(50 864)
Share-based payments			24 368	24 368
Share capital increase	1 852	498 148		500 000
Equity portion of convertible debt			278 352	278 352
Transaction costs		(26 018)	(8 034)	(34 052)
Equity at 31.12.2023	27 679	3 070 568	318 524	3 416 772

(NOK 1 000)	Issued capital	Share premium	Other paid in capital	Total equity
Equity as of 01.01.2022	23 353	2 066 629	8 063	2 098 046
Profit/loss for the year		(8 719)		(8 719)
Share-based payments			15 776	15 776
Share capital increase	2 474	597 526		600 000
Transaction costs		(6 134)		(6 134)
Equity at 31.12.2022	25 827	2 649 302	23 839	2 698 969

On 15 February 2022 related to a private placement the company issued 24 742 268 new shares at a price per share of NOK 24.25. The Company raised approximately NOK 600 million in gross proceeds.

On 1 March 2023, the Company issued 18 518 519 new shares in a private placement at the price of 27.00 per share. The Company raised approximately NOK 500 million in gross proceeds.

In March 2023, Hexagon Purus ASA issued a 5-year unsecured convertible bond of NOK 800 000 000 with 6 per cent fixed interest rate paid semi-annually in kind, through issuance of additional bonds. The conversion price of the bond is set at NOK 33.75, and the conversion right can be exercised at any time between the loan issue and the last conversion date which is set to 16 March 2028, being the date which is 5 years after the Shareholders' Meeting that resolved the convertible bond. The convertible bond is a compound financial instrument which contains an equity component and a debt component. Upon initial recognition, the debt component is calculated as the discounted value of the bond assuming no conversion with an approximate market interest rate for similar loans without the conversion feature as the discount rate. For calculation purposes, a 15 per cent discount rate has been applied, yielding a fair value of the debt component of NOK 521.648 million. The equity component equals the residual difference between the fair value of the convertible bond at issuance of NOK 800.000 million and the fair value of the debt component and amounts thus to NOK 278.352 million. Transaction costs related to the bond issue amounted to NOK 23.091 million and have been capitalized pro rata between the debt and equity component.

Statsautoriserte revisorer
Ernst & Young AS

Stortorvet 7, 0155 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of 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 2023 and the income statement and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2023, the income statement, statement of comprehensive income, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

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 2023 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 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for six years from the election by the general meeting of the shareholders in 2018 for the accounting year 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Goodwill - Impairment assessment

Basis for the key audit matter
Hexagon Purus reported goodwill of NOK 560 million as of 31 December 2023, approximately 15% of total assets. The goodwill relates to a single cash generating unit and is subject to annual impairment testing. Estimating the recoverable amount requires management judgement including estimates of future sales, margins, growth rates, working capital, capital expenditures and discount rates. Management's annual impairment assessment is a key audit matter because the assessment requires significant judgment and includes estimation uncertainties.

Our audit response
We assessed the internal controls related to the impairment assessment and evaluated the appropriateness of the applied valuation methodology. We evaluated the applied assumptions based on development in the market and information from internal and external data sources. We compared the cash-flow projections to board approved budgets and considered the accuracy of management's prior year estimates. Furthermore, we tested the assumptions for the weighted average cost of capital against comparable market data and considered management's adjustments for company specific factors. We also tested the mathematically accuracy of the impairment model and performed sensitivity analysis for the key assumptions. Finally, we assessed the disclosures in note 3 and 8 in the financial statements

EY
Building a better working world

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 President & CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

EY
Building a better working world

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Hexagon Purus ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name hexagonpurusasa-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Building a better working world

Oslo, 19 March 2024
ERNST & YOUNG AS

Erik Søreng
State Authorised Public Accountant (Norway)

Glossary

AIB	Association of Issuing Bodies
CO_2	Carbon Dioxide
CS3D	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
DEI	Diversity, Equity, and Inclusion
DEFRA	Department for Environment, Food and Rural Affairs
EHS	Environment, Health and Safety
ESRS	European Sustainability Reporting Standards
EuCIA	The European Composites Industry Association
GHG	Greenhouse Gas
GO	Guarantees of Origin
GRI	Global Reporting Initiative
GWP	Global Warming Potential
IPCC	Intergovernmental Panel on Climate Change
IRA	Inflation Reduction Act
ISO	International Organization for Standardization
JV	Joint Venture
KPI	Key Performance Indicator
LCA	Life Cycle Assessment
LMS	Learning Management System
LTIF	Lost time incident frequency
NUES	Norwegian Corporate Governance Board
NVE	The Norwegian Water Resources and Energy Directorate
PDD	Performance, Development and Drive
R&D	Research and development
TRIF	Total recordable incident frequency
UNFCCC	United Nations Framework Convention on Climate Change

APPENDIX I

EU Taxonomy Report 2023

Accounting policies

Taxonomy-eligible turnover (revenue)

Taxonomy-eligible turnover is the revenue associated with taxonomy-eligible economic activities, as a proportion of Hexagon Purus total revenue. The turnover nominator comprises turnover from either taxonomy-eligible activities *or* taxonomy-aligned activities, while the turnover denominator includes turnover from both eligible *and* aligned activities, as well as turnover from non-eligible activities.

Hexagon Purus recognizes revenue in compliance with IFRS 15. For further information about our revenue accounting principles, please see Note 2 concerning Basis of preparation and other significant accounting policies in the Group financial statement.

Taxonomy-eligible CapEx

Taxonomy-eligible CapEx is the capital expenditure related to assets or processes associated with taxonomy-eligible economic activities as a proportion of our total CapEx accounted for or based on IAS 16 (paragraph 73e (i) and (iii), IAS 38 (paragraph 118e (i), and IFRS 16 (paragraph 53h)). The CapEx nominator comprises CapEx from either taxonomy-eligible activities *or* taxonomy-aligned activities, while the CapEx denominator includes CapEx from both eligible *and* aligned activities, as well as turnover from non-eligible activities.

For Hexagon Purus' taxonomy-aligned CapEx, the posted figures are part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned under conditions specified in the Delegated Act (where turnover is eligible but not aligned).

More information about Hexagon Purus CapEx alignment and eligibility is explained in the sections *Taxonomy-eligible activities*, *Taxonomy-aligned activities* and *Substantial contribution*.

Taxonomy-eligible OpEx

Taxonomy-eligible OpEx is the operational expenditure related to non-capitalized costs related to research and development, building renovation measures, short-term leases, maintenance and repair and any other direct expenditures relating to day-to-day servicing of assets of PPE associated with taxonomy-eligible economic activities. The OpEx nominator comprises OpEx from either taxonomy-eligible activities or taxonomy-aligned activities, while the OpEx denominator includes OpEx from both eligible and aligned activities, as well as OpEx from non-eligible activities.

For Hexagon Purus' taxonomy-aligned OpEx, the posted figures are part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned under conditions specified in the Delegated Act (where turnover is eligible but not aligned).

Hexagon Purus has a conservative approach for both taxonomy-aligned and eligible OpEx figures in 2023, only including OpEx related to non-capitalized costs research and development. Other relevant OpEx categories will be explored throughout 2024, and historical figures will be restated with all relevant OpEx in the EU Taxonomy Reporting 2024.

Taxonomy non-eligible KPIs

Turnover, CapEx, and OpEx associated with non-eligible activities (not included in the Delegated Acts) have been determined. Hexagon Purus has a conservative approach for taxonomy non-eligible KPIs, not including turnover, CapEx, and/or OpEx where there might be uncertainties related to eligibility and/or alignment. These incidents will be explored throughout 2024, and historical figures will be restated with all relevant turnover, CapEx, and OpEx in the EU Taxonomy Reporting 2024.

Non-eligible activities are either classified as Aerospace or Other, where the former is not defined in the EU Taxonomy and the latter represents the conservative approach.

Glossary

CCM: Climate Change Mitigation
Y: Yes (taxonomy-eligible and taxonomy-aligned with relevant environmental objective)
N: No (taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective)
N/EL: Not eligible (taxonomy-non-eligible activity for the relevant environmental objective)

				Substantial Contribution Criteria						Do No Significant Harm Criteria (DNSH)							
	Code (2)	Turnover 2023 (3)	Proportion of turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and Ecosystems (16)	Minimum Safeguards (17)	Aligned proportion of total turnover (18)
Economic Activities (1)	Number	MNOK	%	%	%	%	%	%	%	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y/N	%
A. TAXONOMY-ELIGIBLE ACTIVITIES			89%														
A.1 Turnover of environmentally sustainable activities (Taxonomy-aligned)																	
Manufacture of equipment for the production and use of hydrogen	3.2	-	-	-	-	-	-	-	-	N/A	Y	N	N	Y	N	N	-
Manufacture of low carbon technologies for transport	3.3	-	-	-	-	-	-	-	-	N/A	Y	N	N	Y	N	N	-
Manufacture of batteries	3.4	-	-	-	-	-	-	-	-	N/A	Y	N	N	Y	N	N	-
Manufacture of other low carbon technologies	3.6	-	-	-	-	-	-	-	-	N/A	Y	N	N	Y	N	N	-
Manufacture of automotive and mobility components	3.18	-	-	-	-	-	-	-	-	N/A	Y	N	N	Y	N	N	-
Manufacture of rail rolling stock constituents	3.19	-	-	-	-	-	-	-	-	N/A	Y	N	N	Y	N	N	-
Turnover of environmentally sustainable activities (A.1)		-	-	-	-	-	-	-	-	N/A	Y	N	N	Y	N	N	-
A.2 Turnover of taxonomy-eligible but not environmentally sustainable acitivities (not taxonomy-aligned activities)																	
Manufacture of equipment for the production and use of hydrogen	3.2	751	57%														
Manufacture of low carbon technologies for transport	3.3	14	1%														
Manufacture of batteries	3.4	31	2%														
Manufacture of other low carbon technologies	3.6	189	14%														
Manufacture of automotive and mobility components	3.18	169	13%														
Manufacture of rail rolling stock constituents	3.19	26	2%														
Turnover of taxonomy eligible activities (A.2)		1 181	89%														
Total (A.1 + A.2)		1 181	89%														
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																	
Turnover of taxonomy non-eligible activities		139	11%														
Total (A+B)		1 320	100%														

	Substantial Contribution Criteria									Do No Significant Harm Criteria (DNSH)							
	Code (2)	CapEx 2023 (3)	Proportion of CapEx (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and Ecosystems (16)	Minimum Safeguards (17)	Aligned proportion of CapEx (18)
Economic Activities (1)	Number	MNOK	%	%	%	%	%	%	%	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y/N	%
A. TAXONOMY-ELIGIBLE ACTIVITIES			99%														
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																	
Manufacture of equipment for the production and use of hydrogen	3.2	105	23%	100%	-	-	-	-	-	N/A	Y	Y	Y	Y	Y	Y	23%
Manufacture of low carbon technologies for transport	3.3	1	-	100%	-	-	-	-	-	N/A	Y	Y	Y	Y	Y	Y	-
Manufacture of batteries	3.4	51	11%	100%	-	-	-	-	-	N/A	Y	Y	Y	Y	Y	Y	11%
Manufacture of automotive and mobility components	3.18	293	65%	100%	-	-	-	-	-	N/A	Y	Y	Y	Y	Y	Y	65%
CapEx of environmentally sustainable activities (A.1)		449	99%	99%	-	-	-	-	-	N/A	Y	Y	Y	Y	Y	Y	99%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-														
Total (A.1 + A.2)		449	99%														

B. TAXONOMY NON-ELIGIBLE ACTIVITIES		
CapEx of Taxonomy-non-eligible activities	4	1%
Total (A+B)	453	100%

				Substantial Contribution Criteria						Do No Significant Harm Criteria (DNSH)							
	Code (2)	OpEx 2023 (3)	Proportion of OpEx (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and Ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and Ecosystems (16)	Minimum Safeguards (17)	Aligned proportion of total turnover (18)
Economic Activities (1)	Number	MNOK	%	%	%	%	%	%	%	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y;N;N/A	Y/N	%
A. TAXONOMY-ELIGIBLE ACTIVITIES			99%														
A.1 OpEx of environmentally sustainable activities (Taxonomy-aligned)																	
Manufacture of batteries	3.4	4	6%	100%	-	-	-	-	-	N/A	Y	Y	Y	Y	Y	Y	6%
Manufacture of automotive and mobility components	3.18	51	73%	100%	-	-	-	-	-	N/A	Y	Y	Y	Y	Y	Y	73%
OpEx of environmentally sustainable activities (A.1)		56	79%	79%	-	-	-	-	-	N/A	Y	Y	Y	Y	Y	Y	79%
A.2 OpEx of taxonomy-eligible but not environmentally sustainable acitivities (not taxonomy-aligned activities)																	
Manufacture of equipment for the production and use of hydrogen	3.2	6	9%														
Manufacture of low carbon technologies for transport	3.3	-	-														
Manufacture of batteries	3.4	1	2%														
Manufacture of automotive and mobility components	3.18	6	9%														
OpEx of taxonomy eligible activities (A.2)		14	20%														
Total (A.1 + A.2)		69	99%														
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																	
OpEx of taxonomy non-eligible activities		1	1%														
Total (A+B)		70	100%														

Taxonomy-eligible activities

Hexagon Purus has identified taxonomy-eligible activities by screening the economic activities in the Climate Delegated Act, the Complementary Climate Delegated Act, the Environmental Delegated Act, and the amendments to the Climate Delegated Act. In total six activities in the Climate Delegated Act have been identified as eligible for Hexagon Purus:

- 3.2 Manufacture of equipment for the production and use of hydrogen
- 3.3 Manufacture of low carbon technologies for transport
- 3.4 Manufacture of batteries
- 3.6 Manufacture of other low carbon technologies
- 3.18 Manufacture of automotive and mobility components
- 3.19 Manufacture of rail rolling stock constituents

Taxonomy-aligned activities

For an economic activity to qualify as a sustainable economic activity (taxonomy-aligned) certain requirements must be met. The activity must:

- Substantially contribute to one or more of the six environmental objectives (Climate change mitigation; climate change adaptation; water; pollution; circular economy; and/or biodiversity)
- Not do any significant harm (DNSH) to the other five objectives
- Comply with minimum safeguards covering social and governance standards
- Comply with the technical screening criteria (TSC) for the environmental objectives

Taxonomy-alignment of Hexagon Purus' eligible activities has been assessed against Annex I of the Climate Delegated Act. The technical screening criteria has been assessed per activity, while the minimum safeguards have been assessed on Group level.

For taxonomy-aligned CapEx and OpEx, the posted figures are part of a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned under conditions specified in the Delegated Act (where turnover is eligible but not aligned).

Substantial contribution

Climate change mitigation:

Hexagon Purus has assessed whether any of our taxonomy-eligible activities fulfil the substantial contribution criteria to climate change mitigation.

For activity 3.2 Manufacture of equipment for the production and use of hydrogen, the production of the hydrogen distribution modules, hydrogen ground storage solutions, and hydrogen refuelers have been included. The relevant criteria for substantial contribution for activity 3.2 is that the economic activity manufactures equipment for the use of hydrogen. These activities are primarily performed in Weeze or in Kassel.

For activity 3.3 Manufacture of low carbon technologies for transport, the upgrading of water transport vessels and revenue related to the maritime business of Hexagon Purus has been included. The relevant criteria for substantial contribution for activity 3.3 depends on the type of vessel, and further alignment will be explored in 2024.

For activity 3.4 Manufacture of batteries, the manufacturing of battery packs has been included. The relevant criteria for substantial contribution for activity 3.4 is that the economic activity manufactures battery packs hat result in substantial GHG emission reductions in transport, stationary and off-grid energy storage and other industrial applications. This activity is primarily performed in the Kelowna or Dallas facilities.

For activity 3.6 Manufacture of other low carbon technologies, the manufacturing of industrial gas distribution and ground storage solutions have been included. The relevant criteria for substantial contribution for activity 3.6 is that the technology is aimed at and demonstrate substantial life-cycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market, using quantified life-cycle GHG emission savings verified by and independent third-party. This activity is primarily performed in Weeze.

For activity 3.18 Manufacture of automotive and mobility components, the manufacturing of the type 4-cylinders designated for vehicles has been included. The relevant criteria for substantial contribution for activity 3.18 is that the manufacturing of components is essential for delivering and improving the environmental performance of various vehicles where tailpipe CO_2 emissions of the vehicles are zero. This activity is primarily performed in Kassel and Westminster.

For activity 3.19 Manufacture of rolling stock constituents, the manufacturing of products, equipment, and systems related to rail constituents has been included. The relevant criteria for substantial contribution for activity 3.19 is that the manufacturing of products, equipment, and systems are essential to the environmental performance, operation, and functioning over the lifetime of trains, passenger coaches, and wagons where tailpipe CO_2 emissions are zero. This activity is primarily performed in Kassel, Weeze, and Westminster.

Do no significant harm (DNSH)

Climate change adaptation

We have assessed and documented how our assets are resilient toward various current and future chronic and acute climate hazards. We have yet to conclude that our assets are resilient and able to withstand projected climate changes during the assets' lifetime, complying with Criteria I (c) in Appendix A to Annex I of the Climate Delegated Act.

Sustainable use and protection of water and marine resources

We have yet to complete environmental impact assessments (EIAs) for all our sites to ensure that potential impacts on water and marine resources are avoided, mitigated, and addressed properly, complying with the criteria set out in Appendix B to Annex I of the Climate Delegated Act.

Pollution prevention and control

While we are obligated to follow all regulations listed in Appendix C to Annex I of the Climate Delegated Act, we are currently compiling the relevant documentation to ensure that potential pollution impacts are avoided, mitigated, and addressed appropriately, and that pollution requirements are integrated into our environmental permit conditions in line with the regulations listed in Appendix C to Annex I of the Climate Delegated Act.

Transition to a circular economy

All our economic activities assess the availability of and, where feasible, adopts techniques that support:

a. reuse and use of secondary raw materials, and re-used components in products manufactured
b. design for high durability, recyclability, easy disassembly and adaptability of products manufactured
c. waste management prioritizing recycling over disposal in the manufacturing process
d. information on and traceability of substances of concern throughout the life cycle of the manufactured products

Protection and restoration of biodiversity and ecosystems

We have yet to complete environmental impact assessments (EIAs) for all our sites to ensure that potential impacts on biodiversity and ecosystems are avoided, mitigated, and addressed properly, complying with the criteria set out in Appendix D to Annex I of the Climate Delegated Act.

Minimum safeguards

Our Human Rights and Working Conditions Policy sets out our commitment to respect human rights. The policy lives up to the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, including the principles in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work (ILO) and the International Bill of Human Rights throughout our own operations and in our supply chain.

We are in 2024 conducting human rights due diligence in line with the Norwegian Transparency Act, using the aforementioned OECD Guidelines, to assess human rights risks in our own operations and our supply chain.

APPENDIX II

GRI Index

Hexagon Purus has reported in accordance with the GRI Standards for the period 01.01.2023–31.12.2023.
GRI 1 Used: GRI 1: Foundation 2021
Applicable GRI Sector Standard(s): No sector guidelines apply

GRI §	Description	Comment	Pages in report	Omitted information & reason	Explanation to address omission
General Disclosures 2021					
2-1	Organizational details	Legal name: Hexagon Purus ASA	p. 7 p. 26		
2-2	Entities included in the organization's sustainability reporting	All fully owned entities, except for the Chinese entities	p. 47 p. 94		
2-3	Reporting period, frequency and contact point	"Reporting period: 01.01.2023–31.12.2023 Report is published annually together with the financial statements Publication date: 19 March 2024 Contact point(s): Mathias Meidell, Director Investor Relations"	p. 173		
2-4	Restatements of information	No restatements for 2023	p. 48		
2-5	External assurance	No external assurance for 2023	p. 48		
2-6	Activities , value chain and other business relationships		p. 3–5 p. 15–23 p. 50		
2-7	Employees		p. 60	2-7-b) iii	Not applicable as we do not have any non-guaranteed hours employees.

GRI §	Description	Comment	Pages in report	Omitted information & reason	Explanation to address omission
2-8	Workers who are not employees			2-8	Hexagon Purus currently only tracks data on agency workers in this category. We seek to further improve our reporting practices moving forward.
2-9	Governance structure and composition		p. 30–32 p. 45–46	2-9-vi	No under-represented group in the current Board of Directors
2-10	Nomination and selection of highest governance body		p. 30 p. 39–43		
2-11	Chair of highest governance body		p. 30 p. 39–43 p. 45–46	2-11-b)	Not applicable as the Chair of the Board is not a senior executive
2-12	Role of highest governance body in overseeing the management of impacts		p. 31–32		
2-13	Delegation of responsibility for managing impacts		p. 31–32		
2-14	Role of highest governance body in sustainability reporting		p. 49–50		
2-15	Conflicts of interest		p. 30 p. 39–43		
2-16	Communication of critical concerns		p. 83–84		
2-17	Collective knowledge of highest governance body			2-17	Not yet part of Hexagon Purus' processes in 2023
2-18	Evaluation of performance of the highest governance body			2-18	Not yet part of Hexagon Purus' processes in 2023

GRI §	Description	Comment	Pages in report	Omitted information & reason	Explanation to address omission
2-19	Remuneration policies	Hexagon Purus' Remuneration Guidelines	p. 39–43, https://s3.eu-central-1.amazonaws.com/hexagonpurus-website/Appendix-3-Remuneration-Guidelines.pdf		
2-20	Process to determine remuneration	Hexagon Purus' Remuneration Guidelines	p. 39–43, https://s3.eu-central-1.amazonaws.com/hexagonpurus-website/Appendix-3-Remuneration-Guidelines.pdf		
2-21	Annual compensation ratio	Hexagon Purus' Remuneration Report 2023	https://hexagonpurus.com		
2-22	Statement on sustainable development strategy		p. 3–5 p. 30–35		
2-23	Policy commitments	Hexagon Purus Human Rights and Decent Working Conditions Policy Hexagon Purus Supplier and Business Partner Code of Conduct	p. 82–83, https://hexagonpurus.com/about/ethics-and-compliance		
2-24	Embedding policy commitments		p. 31–32	2-24-a) iii; 2-24-a) iv	New policies were updated by year-end 2023. Both implementation and training will be executed in 2024.

GRI §	Description	Comment	Pages in report	Omitted information & reason	Explanation to address omission
2-25	Processes to remediate negative impacts	Hexagon Purus Whistleblowing Policy Hexagon Composites Code of Conduct	p. 83, https://hexagonpurus.com/about/ethics-and-compliance, https://hexagongroup.com/sustainability/esg-resources		
2-26	Mechanisms for seeking advice and raising concerns		p. 83, https://hexagonpurus.com/about/ethics-and-compliance		
2-27	Compliance with laws and regulations	No instances of non-compliance in 2023. This report and Annual report			
2-28	Membership of associations	Hydrogen Council, H2 council, European Clean Hydrogen Alliance			
2-29	Approach to stakeholder engagement		p. 51		
2-30	Collective bargaining agreements			2-30	Hexagon Purus does not have collective bargaining agreements in place.
Material Topics					
3-1	Process to determine material topics		p. 49–51		
3-2	List of material topics		p. 49–50		

SPECIFIC DISCLOSURES

GRI §	Description	Comment	Pages in report	Omitted information & reason	Explanation to address omission
Responsible employer					
3-3	Management of material topics		p. 52		
Occupational health and safety					
403-1	Occupational health and safety management system		p. 54–55		
403-2	Hazard identification, risk assessment, and incident investigation		p. 54–55, https://hexagongroup.com/sustainability/esg-resources		
403-3	Occupational health services		p. 54–55		
403-4	Worker participation, consultation, and communication on occupational health and safety		p. 54–55		
403-5	Worker training on occupational health and safety		p. 54–55		
403-6	Promotion of worker health		p. 54–55		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		p. 54–55		
403-9	Work related injuries		p. 54–55, p. 57	403-9-c) ii	No high-consequence injury in the reporting period.

GRI §	Description	Comment	Pages in report	Omitted information & reason	Explanation to address omission
Diversity and inclusion					
405-1	Diversity of governance bodies and employees		p. 60	405-1-a) iii; 405-1-b) iii	We seek to improve our reporting in 2024.
	Overall score on Great Places To Work survey questions: - 86% of respondents feel they are treated fairly regardless of their age - 93% of respondents feel they are treated fairly regardless of their race or ethnic origin - 91% of respondents feel they are treated fairly regardless of their gender - 94% of respondents feel they are treated fairly regardless of their secual orientation - 74% of respondents believe that if they are unfairly treated, a fair hearing will be given if they appeal		p. 58–59		
Workforce development					
404-2	Programs for upgrading employee skills and transition assistance programs		p. 56	404-2-b)	No such programme in 2023
Our contribution through our solutions					
3-3	Management of material topics		p. 63		
	Clean energy solutions				

GRI §	Description	Comment	Pages in report	Omitted information & reason	Explanation to address omission
Minimizing our environmental footprint					
3-3	Management of material topics		p. 67		
Greenhouse gas emissions					
302-1	Energy consumption within the organization		p. 73		
305-1	Direct (Scope 1) GHG emissions		p. 73	305-1-d)	Base year not applicable. We expect to have a complete GHG inventory in 2024 for both 2023 and 2024, which can ultimately act as the base year going forward.
305-2	Energy indirect (Scope 2) GHG emissions		p. 73	305-2-d) base year not applicable.	
305-3	Other indirect (Scope 3) GHG emissions		p. 73	305-3-c) not relevant, 305-3-e) base year not applicable.	
Material waste and circularity					
301-1	Materials used by weight or volume	In 2023, we sourced 2 005 metric tons of key materials to produce our products, of which 0% were made from renewable materials. Non-renewable materials mainly include carbon fiber, plastics, resin, metal parts, and batteries.	p. 71		Packaging materials are not yet tracked. We aim to systematically measure these for future reporting.
301-2	Recycled input materials used	Percentage of recycled input materials used is 0% based on the available data.	p. 71		We aim to systematically measure these for future reporting.
306-1	Waste generation and significant waste-related impacts		p. 68		
306-2	Management of significant waste-related impacts		p. 68, p. 71–72		
306-3	Waste generated		p. 72		

GRI §	Description	Comment	Pages in report	Omitted information & reason	Explanation to address omission
Product safety and compliance					
3-3	Management of material topics		p. 75		
Continuous product safety improvements					
416-1	Assessment of the health and safety impacts of product and service categories		p. 78		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No known non-compliance with regulations and/or voluntary codes in 2023.			
Governance					
3-3	Management of material topics		p. 80		
Business ethics and anti-corruption					
205-3	Confirmed incidents of corruption and actions taken	No known confirmed incidents of corruption in 2023			
Responsible procurement					
308-1	New suppliers that were screened using environmental criteria		p. 84	308-1-a)	Figures are presented in absolute units due to data availability. We are in the process of updating our supplier management program.
308-2	Negative environmental impacts in the supply chain and actions taken			308-2	We are in the process of updating our supplier management program.
414-1	New suppliers that were screened using social criteria		p. 84	414-1-a)	Figures are presented in absolute units due to data availability. We are in the process of updating our supplier management program.
414-2	Negative social impacts in the supply chain and actions taken			414-2	We are in the process of updating our supplier management program.

APPENDIX III

Methodology for GHG Accounting – Summary Description

The reported metric tons of CO_2 equivalents (tCO_2e) are calculated in accordance with the Greenhouse Gas Protocol, its standards, recommendations, and guiding documents. The data used to calculate the GHG account includes internal and external sources and is calculated by the in-house sustainability team. The calculation method, data, and references are summarized in following table.

Figures are presented with Hexagon Purus operating as a stand-alone entity in 2023. We expect to have a complete GHG inventory in 2024 for both 2023 and 2024, which can ultimately act as the base year going forward. Consolidation approach follows our financial consolidation approach.

Method description by scope and category

Scope		Method description
Scope 1	Direct emissions	Emissions are calculated by multiplying the applicable fuel consumptions with respective emission factors. Gases included in the calculations are CO_2, CH_4 and N_2O. The UK Government GHG Conversion Factors for Company Reporting (referred to as DEFRA),[1] with references to the IPCC AR5 for GWP rates, are adopted. Emissions by the company-leased and -owned vehicles are excluded due to data availability. No direct biogenic emission is generated in 2023.
Scope 2	Energy indirect emissions	The product of the purchased electricity[2] and the corresponding emission factors gives the estimated energy indirect emissions. Gases included in the calculations are CO_2, CH_4 and N_2O. Location-based emission factors used: AIB[3] (Germany), eGrid[4] (US), UNFCCC[5] (Canada), and the Norwegian Water Resources and Energy Directorate (NVE)[6] (Norway). Market-based emission factors used: AIB (Germany), Green-e[7] (US), Environment and Climate Change Canada (Canada) and NVE[9] (Norway).
Scope 3	**Category 1** Purchased goods and services	For 2023 only the selected key purchased input materials are considered for calculating emissions of this category due to data limitations. We have taken a conservative approach and applied an average-data method based on material mass. The materials' emission factors are obtained via two sources: EuCIA[1] (carbon fiber and epoxy resin), ecoinvent database v3.9 with references to the IPCC AR5 GWP100 (plastics, metals, battery cell, and solvents etc.)

[1] The European Composites Industry Association (EuCIA), "Eco Impact Calculator for Composites v 1.1.1," October 2023, https://ecocalculator.eucia.eu.

Scope	Method description
Category 2 Capital goods	Average spend-based method is applied to estimate the emissions with the company's capital expenditures during the reporting period. The referenced emission factors are based on 2019 data for average purchases for each category in Norway, with update from 2022, from the Norwegian Agency for Public and Financial Management (DFØ).[10]
Category 3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	Under this category, the upstream emission of purchased fuels and purchased electricity are relevant to Hexagon Purus. The emissions are estimated using the amount of fuel and electricity and the corresponding well-to-tank emission factors from DEFRA.
Category 4 Upstream transportation and distribution	This category is not yet estimated for 2023.
Category 5 Waste generated in operations	Waste-type-specific method is applied. Emissions from waste sent to landfill, incinerated, and recycled are calculated by multiplying the quantity of waste treated and the emission factors from DEFRA,[11] except for carbon fiber recycling for which a specific conversion factor by Kawajiri and Kobayashi[12] is adopted. Estimating the emissions from other professional waste treatment methods relies on ecoinvent v3.9, with references to the IPCC AR5 GWP100. Emissions from the unknown waste disposal method are approximated by inert waste disposal activities.
Category 6 Business travel	Only the emissions arising from business air travel are accounted for in this category in 2023. A combination of distance-based and spend-based approach is used. For the travels undertaken by the employees based in Norway and Germany, the emissions are calculated by multiplying the passenger-kilometers traveled and the DEFRA[13] emission factors capturing non-CO_2 radiative forcing. For the U.S. and Canada, the emissions are calculated using the spend-based emission factors obtained from our Norway travel data. For simplicity the differences among business and economy classes are not considered due to data limitations.
Category 7 Employee commuting	This category is not yet estimated for 2023.
Category 8 Upstream leased assets	This category is not yet estimated for 2023.
Category 9 Downstream transportation and distribution	This category is not yet estimated for 2023.
Category 10 Processing of sold products	This category is not yet estimated for 2023.

Scope	Method description
Category 11 Use of sold products	This category is not yet estimated for 2023.
Category 12 End-of-life treatment of sold products	This category is not yet estimated for 2023.
Category 13 Downstream leased assets	Not applicable.
Category 14 Franchises	Not applicable.
Category 15 Investment	This category is not yet estimated for 2023.

Limitations of data aggregation

The following data is not captured in the GHG account 2023.

- Fuel consumption by company leased and/or owned vehicles;
- Kassel: the fuel consumption and the amount of waste generated from operational activities prior to the site relocation in August 2023; and
- Ontario: fuel consumption data.

[1] UK Government, "Government Conversion Factors for Company Reporting of Greenhouse Gas Emissions," June 2023, https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting.
[2] Before relocating to the new Kassel site, Hexagon Purus shared the same facility with Hexagon Agility in Kassel from January to July 2023. The electricity consumption by Hexagon Purus during this period is approximated by assuming 50% share given the integrated premise and operation activities.
[3] AIB, "2021 European Residual Mix - Results of the Calculation of Residual Mixes for the Calendar Year 2021 (Version 1.0, 2022-05-31)," 2022, https://www.aib-net.org/facts/european-residual-mix/2021.
[4] US EPA, "United States EPA eGrid Database 2020 Factors," January 2022, https://www.epa.gov/egrid/historical-egrid-data.
[5] UNFCCC, "National Inventory Submissions 2021," April 15, 2021, https://unfccc.int/ghg-inventories-annex-i-parties/2021.
[6] the Norwegian Water Resources and Energy Directorate (NVE), "Hvor Kommer Strømmen Fra?," 2022, https://www.nve.no/energi/energisystem/kraftproduksjon/hvor-kommer-stroemmen-fra/.
[7] Green-e, "2022 Green-E® Residual Mix Emissions Rates (2020 Data)," 2022, https://www.green-e.org/2022-residual-mix.
[8] Environment and Climate Change Canada, "Canada Emission Factors and Reference Values Version 1.1," June 2023, https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work/output-based-pricing-system/federal-green-house-gas-offset-system/emission-factors-reference-values.html#toc7.
[9] NVE, "Varedeklarasjon for Strømleverandører," 2022, https://www.nve.no/energi/virkemidler/opprinnelsesgarantier-og-varedeklarasjon-for-stroemleverandoerer/varedeklarasjon-for-stroemleverandoerer/.
[10] the Norwegian Agency for Public and Financial Management (DFØ), "Utslippsfaktorer for Statlige Innkjøp," 2022, https://dfo.no/nokkeltall-og-statistikk/innkjop-i-offentlig-sektor/utslippsfaktorer-statlige-innkjop#anchorTOC_Bruk_av_dataene_1.
[11] UK Government, "Government Conversion Factors for Company Reporting of Greenhouse Gas Emissions."
[12] Kotaro Kawajiri and Michio Kobayashi, "Cradle-to-Gate Life Cycle Assessment of Recycling Processes for Carbon Fibers: A Case Study of Ex-Ante Life Cycle Assessment for Commercially Feasible Pyrolysis and Solvolysis Approaches," Journal of Cleaner Production 378 (December 2022): 134581, https://doi.org/10.1016/j.jclepro.2022.134581.
[13] UK Government, "Government Conversion Factors for Company Reporting of Greenhouse Gas Emissions."

Financial calendar 2024

Annual General Meeting
16 April 2024

1st quarter 2024
3 May 2024

2nd quarter and half year report 2024
18 July 2024

3rd quarter 2024
5 November 2024

4th quarter 2024
11 February 2025

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

IR contact
Mathias Meidell
Director Investor Relations
Phone: +47 90 98 22 42
mathias.meidell@hexagonpurus.com

Address
Hexagon Purus ASA
Haakon VII's gate 2
0161 Oslo
Norway

Phone: +47 70 30 44 50
contact@hexagonpurus.com
hexagonpurus.com

hexagonpurus.com