

Q4 2023



A word from the CEO

Dear Shareholders,

Strong finish to the year

The Q4 results represent a strong finish to 2023 with record revenues of NOK ~1.4 billion for the quarter. The strong performance pushed the Group over the NOK 5 billion mark for the full year 2023, a new milestone for the Hexagon Group. Hexagon Agility's Mobile Pipeline sales momentum was the key profit driver for the Group in 2023, combined with the Group's successful recovery from last year's cost inflation impacts and significant improvements in operational efficiency.

Hexagon Group's Q4 2023 revenues of NOK 1 437 (1 276) million represent 13% growth compared to the same quarter last year. EBITDA for the Group in the fourth quarter was NOK 126 (105) million, with an EBITDA margin of 9% (8%). For the full year, Hexagon Group's revenues are NOK 5 186 (4 303) million, with an underlying revenue growth of 11%. EBITDA for the Group was NOK 480 (348) million.

During 2023, Hexagon incurred several strategic expenses and restructuring expenses totaling NOK 27 million for the full-year and NOK 11 million in the fourth quarter. Although it is satisfactory to see an underlying improved profitability we are determined to improve even further through scale, margin improvements and operational excellence.

Record year for Mobile Pipeline

Hexagon Agility's Mobile Pipeline distribution business had its best year – and quarter – ever. Sales were up more than 50% over last year. This is directly connected to the steadily rising demand for transportation of renewable natural gas (RNG) in the US driven by a combination of decarbonization targets and lack of pipeline infrastructure in the market. The positive wave of sales spills over to 2024, as the Mobile Pipeline business enters the year with a solid order book.



Innovation driving sales

Our next generation solutions for cylinder testing and requalification - Modal Acoustic Emission and Ultrasonic Examination - that make up Hexagon Digital Wave, delivered record revenues and profitability in the quarter.

At the same time, the pilot of Hexagon Ragasco's smart cylinder, Linktra® has been successfully completed in the quarter and a Scandinavia LPG marketer has placed the first order for 20,000 Hexagon Ragasco's smart cylinders for 2024.

Looking ahead

Industrially, we have much to look forward to, including the continuation of strong RNG-driven growth in the Mobile Pipeline business and the launch of the new 15-liter Cummins natural gas engine. And with innovation at the forefront, we expect to see further growth of our cylinder testing and requalification business - as well as our smart LPG cylinders.

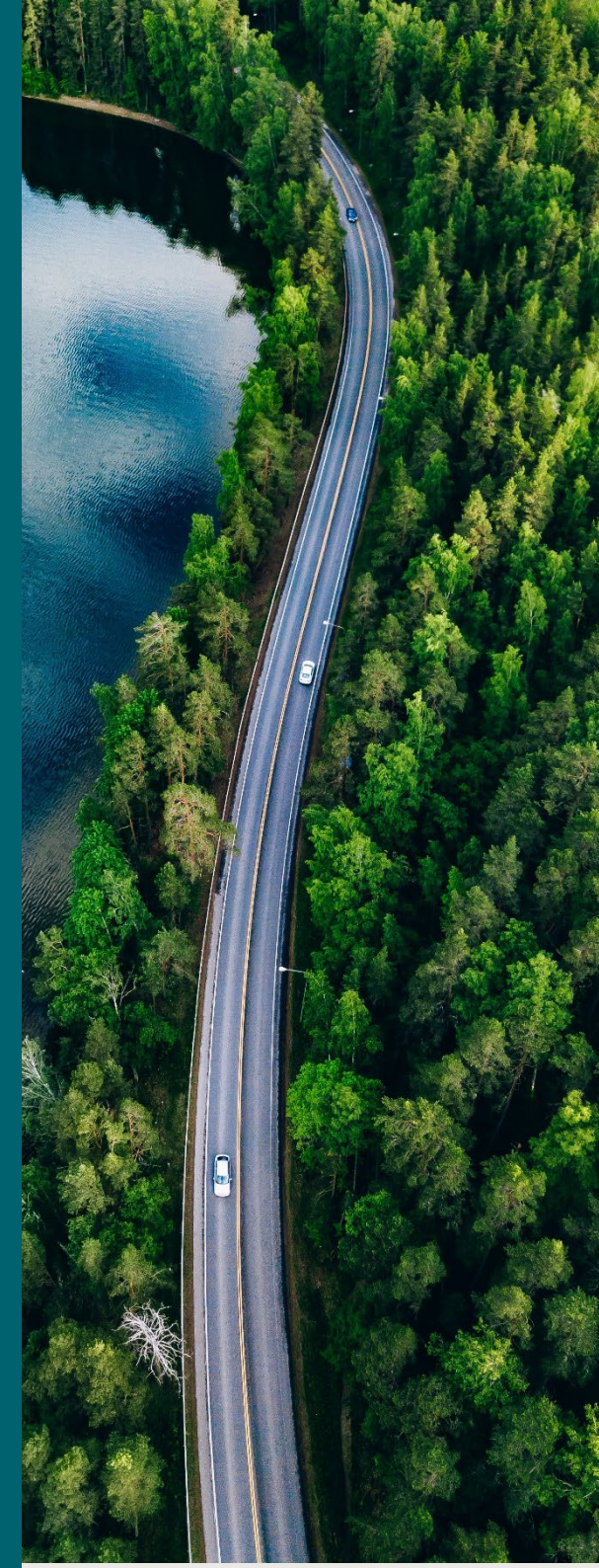
Sincerely,

Jon Erik Engeset

CEO

Highlights Q4 2023 and after balance sheet date

- Record high revenues of **NOK ~1.4 billion** for the quarter and **NOK 5 billion mark** passed for full year
- Continued strong momentum for Mobile Pipeline and solid order book entering into 2024
- Strong finish to the year in Hexagon Digital Wave coupled with important milestone agreement with Linde
- Successful capital raise of NOK 1 000 million in Hexagon Purus
 - Whereof Hexagon Composites invested NOK 200 million
- One-off impairment loss of equity investment in Hexagon Purus of NOK 702 million
 - Although significant net positive effect to bottom-line together with NOK 2 351 million gain from deconsolidation in Q2



Key figures continuing operations

	Fourth quarter		Full year		
(NOK millions)	2023	2022	2023	2022	
Hexagon Agility					
Revenue	1 208	1 000	4 321	3 478	
EBITDA	110	49	381	209	
EBITDA margin	9%	5%	9%	6%	
Hexagon Ragasco					
Revenue	171	234	679	706	
EBITDA	26	53	114	123	
EBITDA margin	15%	23%	17%	17%	
Hexagon Digital Wave					
Revenue	58	46	179	116	
EBITDA	10	7	8	7	
EBITDA margin	17%	16%	4%	6%	
Corporate functions and eliminations ¹⁾					
Revenue	1	- 3	8	3	
EBITDA	- 21	- 5	- 23	9	
Hexagon Group					
Revenue	1 437	1 276	5 186	4 303	
EBITDA	126	105	480	348	
EBITDA margin	9%	8%	9%	8%	

1) Corporate/eliminations refer to holding- and non-operating entities within the Group and inter-segment eliminations within the Group.

Historical income statement figures for the Group have been re-presented due to the classification of Hexagon Purus as discontinued operations following the deconsolidation effective as of 29 June 2023. See also note 13 and 14.

Financial summary

Hexagon Group

Following the deconsolidation of Hexagon Purus effective 29 June 2023 and the subsequent classification of Hexagon Purus as discontinued operations, historical financial figures for Hexagon Group have been re-presented for full comparability of profit/losses from continuing operations. Historical financials for Hexagon Group are thus equivalent to the financials previously reported and referred to as Hexagon excluding Hexagon Purus. As such, Hexagon Purus is no longer considered an operating segment within the Group. Continuing operations comprise the Hexagon Agility, Hexagon Ragasco and Hexagon Digital Wave segments.

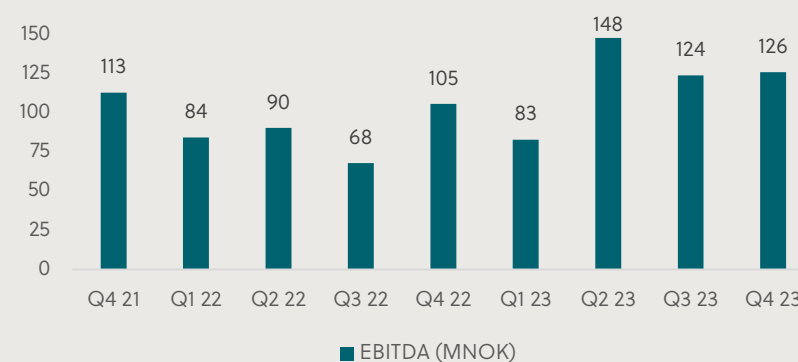
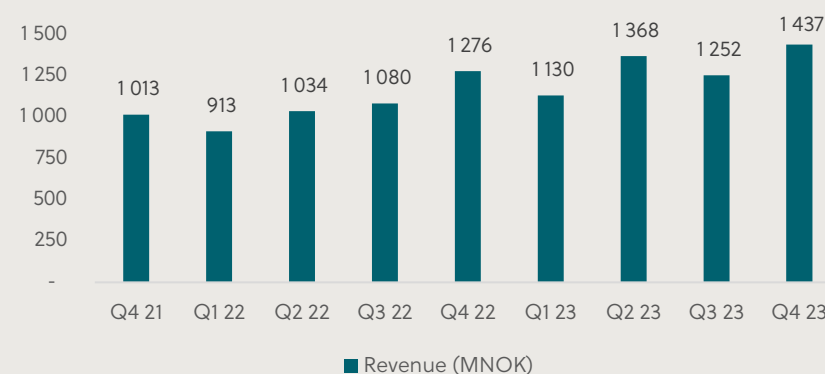
Operating results from continuing operations

In the fourth quarter of 2023, Hexagon Group reported revenues of NOK 1 437 (1 276) million, representing 13% growth compared to the same quarter last year. Excluding positive FX translation effects of approximately NOK 90 million, underlying revenues grew by 6%, which was attributable to Hexagon Agility and Hexagon Digital Wave whilst Hexagon Ragasco had a slower quarter (after a strong Q4 2022).

EBITDA for the Group in the fourth quarter was NOK 126 (105) million after absorbing approximately NOK 11 million in costs related to ongoing strategic projects and restructurings, with an EBITDA margin of 9% (8%). The Group margin was positively affected by improved year-over-year performance within Agility and its Mobile Pipeline business, offset by weaker margins in Hexagon Ragasco, after experiencing a reversal of exceptional customer stocking effects from the same quarter last year.

For the full year 2023, Hexagon Group reported revenues of NOK 5 186 (4 303) million, including approximately NOK 390 million of positive FX translation effects. Excluding FX, the underlying revenue growth was 11%, largely explained by Hexagon Agility's Mobile Pipeline distribution business which has benefitted from a rapid growth in demand for transportation of renewable natural gas (RNG) in the US and increased underlying revenues by 52% in 2023.

EBITDA for the Group came in at NOK 480 (348) million, including a total of NOK 27 million in strategic and restructuring expenses all deemed non-recurring. Substantial growth in Hexagon Agility's Mobile Pipeline business has been a key profit driver for the Group throughout the year, offset by somewhat lower volumes in Hexagon Agility's automotive fuel systems business and Hexagon Ragasco. Improved pricing enacted to mitigate inflation in all segments, as well as operational efficiency and reduced supply chain disruptions, also contributed positively to the Group margin.



Profit/loss from continuing operations

Profit/loss before tax from continuing operations in the fourth quarter was NOK -797 (2) million, impacted by a one-off impairment charge of Hexagon's equity investment in Hexagon Purus of NOK 702 million. This non-cash, accounting-driven impairment charge was recognized as a result of Hexagon Purus' negative share price development in the second half of 2023. See also note 12 for further information. Nevertheless, profit after tax for the full year ended at NOK 1 136 due to the one-off profit charge from the deconsolidation of Purus earlier in the year.

Share of profit/loss from associated companies amounted to NOK -78 (-2) million in the quarter. Since 29 June 2023, Hexagon Purus has been accounted for under the equity method in the Hexagon Group accounts with its 38.4% interest, which amounted to NOK -70 million in quarter, including PPA amortizations. The remaining 8 million in losses from associates were related to Cryoshelter Bio-LNG where Hexagon holds a 40% interest.

Other financial items were net NOK -74 (-32) million in the quarter. On 29 June 2023, Hexagon entered into a total return swap (TRS) representing 5% of the shares in Hexagon Purus. The TRS is accounted for as a financial derivative, and due to the share price development in Hexagon Purus during the fourth quarter, NOK 33 million was recognized as a financial expense in the quarter. See note 4 for a further breakdown of other financial items.

Profit/loss from discontinued operations

Profit/loss from discontinued operations on a year-to-date basis relates to Hexagon Purus financials up to and including second quarter 2023, which amounted to NOK -302 million. On 29 June, the board of directors of Hexagon Composites ASA decided to distribute 69.2 million shares in Hexagon Purus ASA as a dividend-in-kind to its shareholders and effectively reduced its ownership in Hexagon Purus by 25% to 43.4%. The distribution as well as other factors constituted a loss of control event. The deconsolidation of Hexagon Purus generated a one-off accounting gain of NOK 2 351 million in the second quarter which is included in the net profit from discontinued operations in the income statement of NOK 2 050 (-432) million. As Hexagon Purus is deconsolidated and currently being accounted for as an associated company there are no figures for discontinued operations in the fourth quarter of 2023 in isolation.

Total profit after taxes

Total profit after taxes includes continuing and discontinued operations and shows a profit of NOK 1 136 million for the full year, which is primarily explained by a healthy trading profit and the gain following the deconsolidation of Hexagon Purus as a subsidiary of NOK 2 351 million in Q2 and offset by the significant impairment of Hexagon's equity investment in Hexagon Purus in Q4 of NOK 702 million.

Balance sheet and cash flow

At the end of the fourth quarter, the Group balance sheet amounted to NOK 6 456 million compared to NOK 7 526 million at the end of the third quarter. The decrease in total assets during the quarter is mainly explained by the impairment charge and share of losses in Hexagon Purus, as well as some negative translation effects from a weaker USD and stronger NOK during the quarter. Interest-bearing debt amounted to NOK 1 108 million at the end of the quarter compared to NOK 1 150 million at the end of the third quarter and NOK 1 717 at the end of 2022. Net Interest-bearing debt, after netting with cash deposits of NOK 154 million, is NOK 954 million. Hexagon's current debt facilities with its banking partners mature in December 2024 and all interest-bearing debt has thus been classified and presented as short term. Hexagon aims to refinance its debt facilities well in advance of December 2024. The financial flexibility and liquidity of the Group is considered strong at the end of the quarter with NOK 743 million in available liquidity.

Net cash flow from operating activities in the fourth quarter was NOK 175 million positive, driven by healthy performance in Hexagon Agility coupled with some favorable release of working capital compared to end of Q3. Net cash flow from investing activities was negative by NOK 72 million driven by capital expenditures of NOK 51 million and loans to Cryoshelter of NOK 27 million. Net cash flow from financing activities of NOK -102 million in the quarter related to interest payments of NOK 32 million, leasing payments of NOK 28 million and repayment of overdraft facilities of NOK 42 million. The reported cash flow statement for the fourth quarter of last year as well as the reported year-to-date cash flow statements are not comparable with the current fourth quarter cash flow as Hexagon Purus' cash flows are included in the reported cash flows up to and including deconsolidation at end of Q2 2023.

Key developments during the quarter

- In October, Hexagon Ragasco signed a long-term agreement with Saudi Arabia's largest LPG distributor, Gasco, for delivery of custom-made cylinders on the Saudi-Arabian domestic market for a total value of EUR 20 million.
- In October, Hexagon Digital Wave entered into a strategic partnership with Compass Natural Gas, to perform Modal Acoustic Emission (MAE) requalification of composite Type-4 cylinders used in mobile pipeline trailers in the US.
- In October, Hexagon Agility received an inaugural order of USD 9 million from Promigas Peru for delivery of Mobile Pipeline ® TITAN 450 modules.

Key developments after the quarter

- In January, Hexagon Agility received a new order of USD 19 million from REV LNG for delivery of Mobile Pipeline ® TITAN 53 modules.
- In January, Hexagon Purus successfully raised NOK 1 000 million in a convertible bond private placement whereof Hexagon Composites subscribed for NOK 200 million.

Segment results

Hexagon Agility

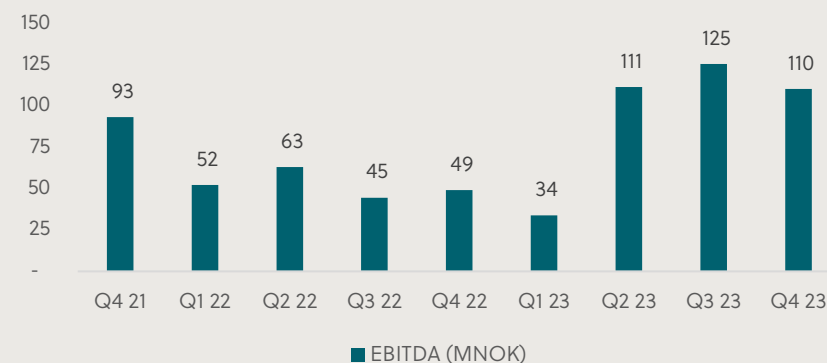
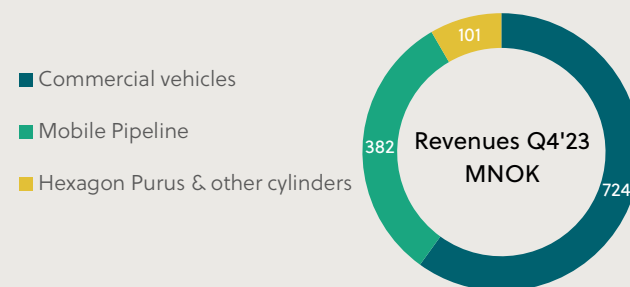
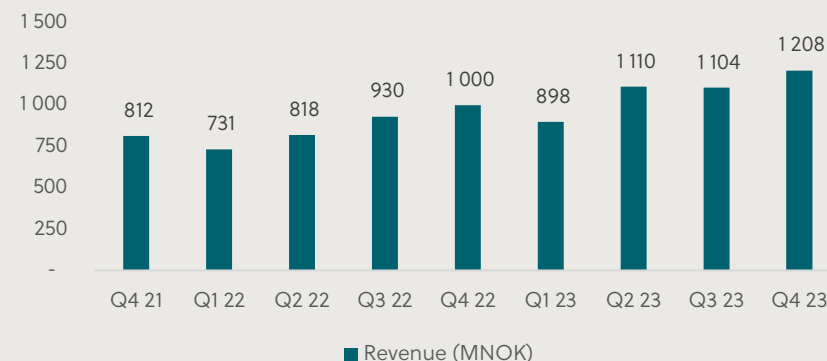
Hexagon Agility is a global provider of clean fuel solutions for commercial vehicles and gas storage- and transportation solutions.

In the fourth quarter, Hexagon Agility recorded combined revenues of NOK 1 208 (1 000) million. Adjusting for favorable FX translation effects of approximately NOK 75 million, the underlying revenue growth was 13%, driven by higher volumes in the commercial vehicle business and the Mobile Pipeline gas distribution business, where the latter contributed with another quarter of record-high revenues.

EBITDA for the fourth quarter was NOK 110 (49) million, representing an EBITDA margin of 9%, compared to 5% in the same period last year. The improved profitability is driven by high volume in the Mobile Pipeline distribution business, as well as steadily improving effects of pricing and operational improvements in all businesses.

For the full year 2023, Hexagon Agility reported revenues of NOK 4 321 (3 478) million, including favorable FX effects of approximately NOK 370 million. Adjusting for these effects, the underlying growth rate was 14%, principally achieved through strong demand within the Mobile Pipeline business. The Mobile Pipeline business had a record year generating underlying revenue growth of 52% versus 2022, where increasing demand for transportation of renewable natural gas (RNG) remains the key underlying growth factor. Volumes within the commercial vehicles business were however lower, mainly due to lower heavy-duty truck volumes. The volume shortfall is primarily attributed to a single customer who placed and received delivery of significant orders in 2022 and is using 2023 to optimize its fleet operations.

EBITDA for the full year 2023 was NOK 381 (209) million, translating to an EBITDA margin of 9% (6%). Improved pricing, significant volume effects in Mobile Pipeline, as well as operational gains from enhanced focus on world class manufacturing are key factors explaining the improved margin within Hexagon Agility.



Hexagon Ragasco

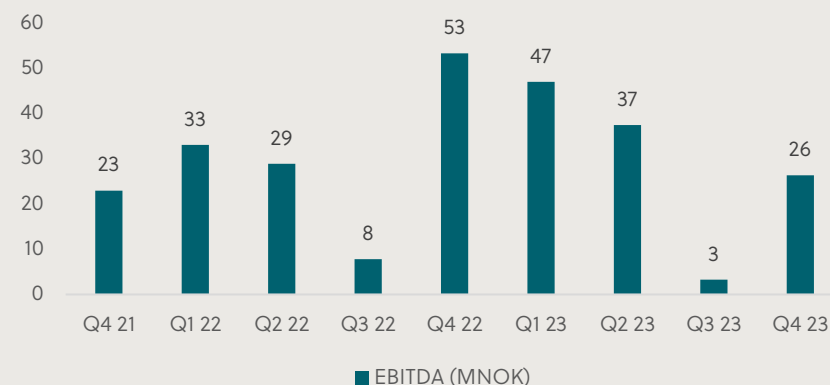
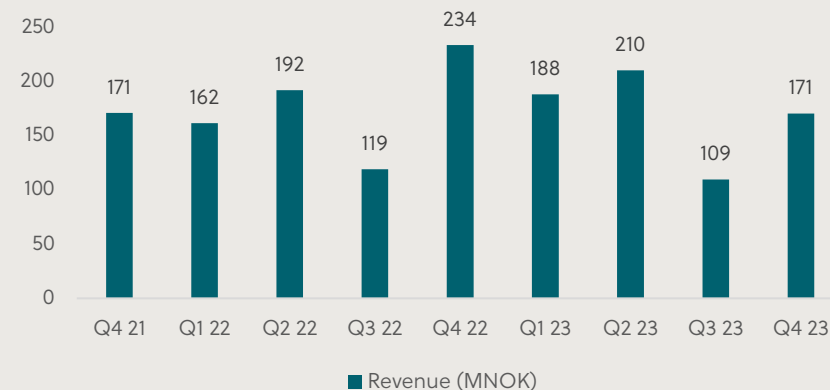
Hexagon Ragasco is the world's leading manufacturer of composite liquified petroleum gas (LPG) cylinders for leisure, household, and industrial applications.

In the fourth quarter of 2023, Hexagon Ragasco reported revenues of NOK 171 (234) million. The lower revenues compared to Q4 2022 are mainly a result of certain European customers stocking up ahead of Q1 last year, resulting in record strong deliveries in that quarter. Orders from other European customers were also lower than normal in the fourth quarter of 2023. Strong volume to customers outside Europe, including to the Oceanic region, were not sufficient to fully compensate for the weaker European market.

EBITDA for the fourth quarter was NOK 26 (53) million, representing a margin of 15% (23%). The weakened profitability is largely attributable to lower volumes.

For the full year 2023, Hexagon Ragasco reported revenues of NOK 679 (706) million and generated an EBITDA of NOK 114 (123) million. Favorable FX effects and price increases to compensate for cost price inflation contributed to a stable EBITDA margin of 17% (17%), despite lower volumes.

During 2023, Hexagon Ragasco signed a long-term agreement with its long-standing customer, Gasco - Saudi Arabia's largest LPG distributor - for production of custom-made LPG cylinders for the Saudi Arabian domestic market. The sales value of the agreement amounts to approximately EUR 20 million over the next five years. This, together with several introductory orders from new customers, including significant orders from Oceania and Africa-based customers, represent important additions to Hexagon Ragasco's recurring volume base.



Hexagon Digital Wave

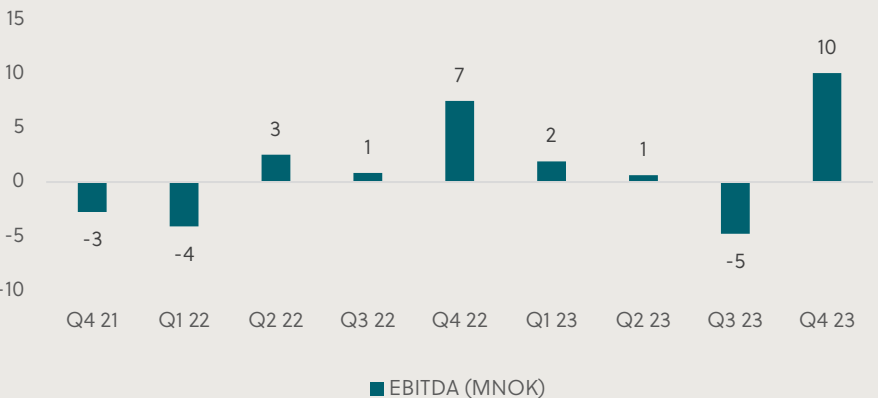
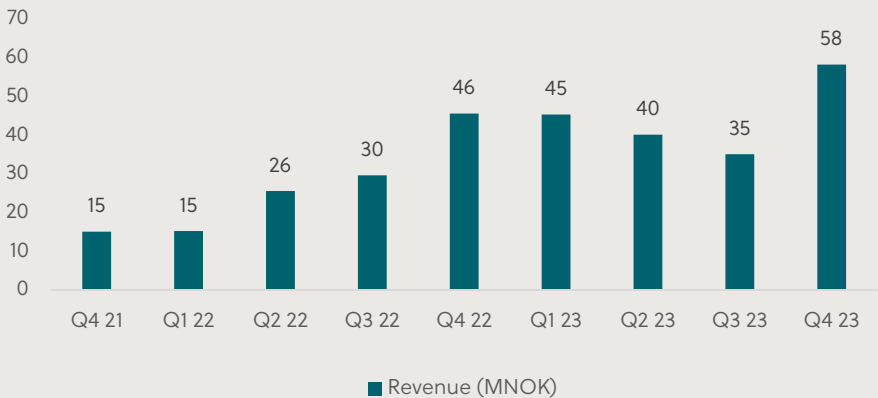
Hexagon Digital Wave offers innovative cylinder testing and monitoring technologies that reduce down-time and inspection costs while improving inspection accuracy.

In the fourth quarter of 2023, Hexagon Digital Wave recorded revenues of NOK 58 (46) million, representing a strong and expected recovery from its relatively slow Q3 performance which was impacted by timing issues in the UE (Ultrasonic Examination) machine business. The MAE (Modal Acoustic Emission) testing business continued its positive momentum.

EBITDA for the fourth quarter was NOK 10 (7) million, with a margin of 17% (16%). As for the fourth quarter of last year, Hexagon Digital Wave had higher deliveries compared to other quarters, resulting in improved profitability. Volumes were driven by the strong underlying growth in the MAE business as well as positive timing issues in the UE business.

For the full year 2023, Hexagon Digital Wave reported revenues of NOK 179 (116) million, representing a growth of approximately 50%. The growth is largely related to the strong momentum in the MAE business. Following the healthy recovery in the fourth quarter, Hexagon Digital Wave reported yet another year of positive EBITDA ending at NOK 8 (7) million with an EBITDA margin of 4% (6%). The relatively weak margin development is explained by operational growth investments, together with research and product development, which are expected to yield improved margins for 2024 and beyond.

In January 2024, Hexagon Digital Wave announced it had signed a long-term agreement with its long-standing customer, Linde Gas & Equipment, for UE testing equipment and services globally. This confirms UE testing's competitive advantage over hydrostatic testing and lays a solid foundation for Hexagon Digital Wave's UE business.



Investment in Hexagon Purus

Hexagon Purus is a global leader in key technologies needed for zero emission mobility. The company is listed on the Oslo Stock Exchange (ticker: HPUR), with Hexagon holding a 38.4 per cent ownership since 29 June 2023.

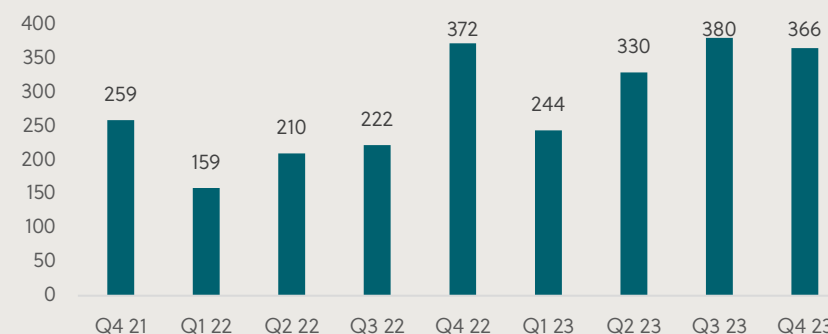
Effective 29 June 2023, Hexagon Purus was deconsolidated as a subsidiary of the Hexagon Group and presented as discontinued operations. Historical financial results of Hexagon Purus which were consolidated in the Hexagon Group up to and including Q2 2023 have been classified as a separate item under "Discontinued operations" in the income statement. See also note 13 and 14. Since 29 June 2023, Hexagon's investment in Hexagon Purus has been classified as an associated company and accounted for under the equity method in the Hexagon group accounts.

In the fourth quarter of 2023, Hexagon Purus revenues ended at NOK 366 (372) million while YTD revenues grew by 37% to NOK 1 319 (964) million. The growth is largely driven by continued strong demand for hydrogen distribution systems in the EU, coupled with some favorable FX translation effects. EBITDA continues to be negative due to significant operational investments and ended at NOK -129 (-109) million for the quarter and NOK -445 (-406) million for the full year.

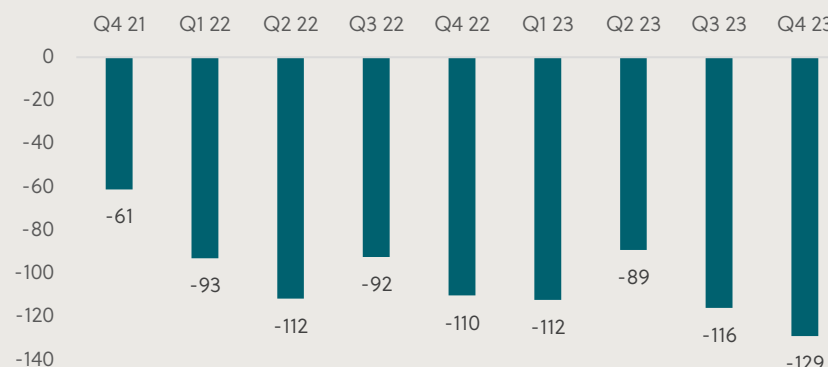
Profit after tax in the second half of 2023, concurrent with the period after Hexagon's deconsolidation of Hexagon Purus, amounted to NOK -382 million, of which Hexagon accounted for its proportionate share of 38.4% under the equity method amounting to NOK -144 million. See also note 13 for further information.

In Q4 2023, Hexagon recognized an impairment of NOK 702 million on its investment in Hexagon Purus due to a reassessment of its carrying value after a significant negative share price development in the second half of 2023. There, however, remains a significant net positive effect to Hexagon's bottom-line after the NOK 2 351 million gain realized from deconsolidation in the second quarter of 2023.

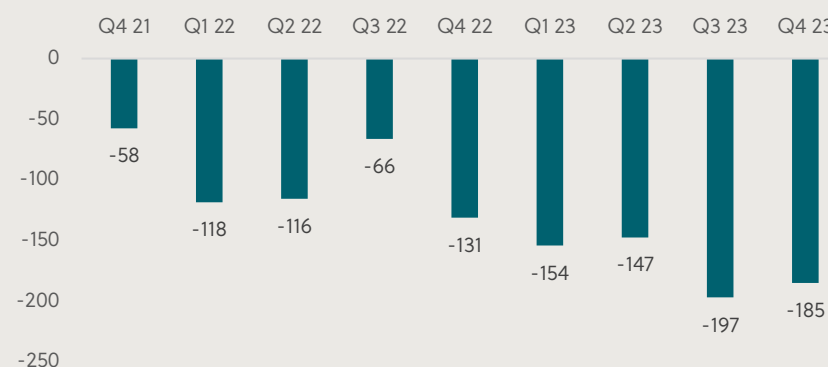
For further details pertaining to the operational and financial development of Hexagon Purus, please refer to Hexagon Purus fourth quarter report published 13 February 2024 on www.hexagonpurus.com/investors.



■ Revenue (MNOK)*



■ EBITDA (MNOK)



■ Profit after tax (MNOK)*

* The financial figures in the graphs are Hexagon Purus standalone financials irrespective of how the company has been classified in the group accounts of Hexagon

Outlook

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

During 2023, supply bottlenecks within the automotive business eased, and input prices and cost inflation stabilized. Hexagon's initiatives to further improve margins in the automotive business are progressing, including world class manufacturing processes at all sites.

Global regulations continue to support the energy transition. In addition to far-reaching programs, such as REPower EU and the US Inflation Reduction Act, specific federal and regional programs addressing transportation are being implemented.

Segments

Hexagon Agility's Heavy-Duty truck order book for the first half of 2024 is somewhat weaker than last year due to lower freight volumes and customers awaiting the launch of Cummins' 15-liter natural gas engine in the second half of the year. Demand for the new engine is expected to ramp-up significantly in 2025 and the Company's addressable market for Natural Gas driven long-haul trucks will increase threefold when this new engine is widely available. Hexagon's current expansion program will substantially increase cylinder capacity for heavy-duty truck applications to meet future demand. The expansion is being timed to coincide with the ramp-up of volumes, catering for a soft first-half of the year, in favor of a substantially stronger second-half, and continued growth through 2025 and beyond. The Americas and European Transit bus segment has been resilient in light of competing alternative fuel technologies, as focus remains on taking market-share from diesel. The Refuse truck business, mainly out of the US, also sees stable demand.

For the Mobile Pipeline business, production capacity for 2024 is almost fully booked, and significantly increased capacity is scheduled to come online in 2024. The continued high demand is driven by decarbonization targets and lack of pipeline infrastructure.

Although the first half of the year is likely to be softer for the reasons listed above, margin improvements are expected to continue from the second half onwards. Mobile pipeline is expected to continue its growth trajectory with continued strong margin contribution through 2024.

Hexagon Ragasco's introductory order for the Linktra™ Smart cylinder in Norway is a promising start for this new product and composite cylinders in general. This coupled with the new cylinder developed exclusively for Gasco in Saudi Arabia, expected to go into production and sale within the coming quarters, should be reason for optimism in 2024. The strategic review announced towards the end of 2023 is expected to be concluded by the end of the second quarter 2024. In the meantime, focus remains on capturing growth through further commercial and market development.

Hexagon Digital Wave's Modal Acoustic Emission (MAE) requalification services and Ultrasonic Examination (UE) equipment saw strong demand towards the end of 2023 and the Company is expecting further growth for the full year in 2024. Hexagon Digital Wave is focused on profitable growth of the established recertification businesses while it continues to invest in development and expansion of customer offerings within its MAE platform, as well as UE market expansion and providing other intelligent solutions.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. For further information please refer to the section "Forward-Looking Statements" at the end of this report.

Risks and uncertainties

The Hexagon Composites Group is active in sales and purchasing in many geographies and markets. Exports represent a considerable part of the Group's sales. Currency risk is the Group's largest financial risk factor, and the Company employs forward currency contracts in addition to natural hedges to mitigate these risks. In the Board's view there are no major changes to the risk composition for the Group compared with 2022. The Group is by nature exposed to the general macro climate factors, including those resulting in post-pandemic global supply chain disruptions, and how these directly or indirectly impact the business positively or negatively. For additional information about risks and uncertainties we refer to Hexagon Composites' 2022 annual report. It is not expected that the above exposures and risks will have a material effect on the Group or its financial position in the next reporting period.

Statement from the Board and CEO

To the best of our knowledge, we confirm that:

- the consolidated financial statements for the period 1 January to 31 December 2023 have been prepared in accordance with "IAS 34 Interim Financial Reporting",
- the information provided in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and results for the period viewed in their entirety, and that;
- the information presented in the financial statements gives a true and fair view of important events of the period, financial position, material related party transactions and principal risks and uncertainties of the Group for the next quarter.

Aalesund, 14 February 2024

The Board of Directors of Hexagon Composites ASA

Condensed Interim Financial Statements for the Group

Consolidated statement of income

(NOK 1000)	Note	Q4 2023	Q4 2022	2023	2022
			Re-presented		Re-presented
Revenue from contracts with customers	3	1 434 938	1 265 328	5 176 638	4 287 389
Other operating income	3	789	8 702	5 286	10 327
Rental income	3	1 177	1 689	4 383	5 027
Total revenue and other income		1 436 904	1 275 719	5 186 307	4 302 743
Cost of materials		785 600	719 187	2 756 797	2 326 273
Payroll and social security expenses	11	352 106	282 165	1 281 017	1 051 763
Other operating expenses		173 443	168 868	668 759	577 039
Total operating expenses		1 311 148	1 170 220	4 706 573	3 955 075
Operating profit before depreciation and amortization (EBITDA)		125 756	105 499	479 734	347 667
Depreciation, amortization, and impairment	5, 6	68 621	69 475	258 575	241 833
Operating profit (EBIT)		57 135	36 024	221 159	105 834
Share of profit/loss of investments in associated companies	12, 13	- 78 397	- 2 099	- 176 574	- 3 571
Impairment loss on associated companies	12	- 702 000	0	- 702 000	0
Other financial items (net)	4	- 74 083	- 32 343	- 275 562	-78 482
Profit/loss before taxes from continuing operations		- 797 345	1 582	- 932 977	23 781
Income tax expenses		- 13 937	- 3 955	-19 212	18 240
Profit/loss after taxes from continuing operations		-783 407	5 538	- 913 766	5 541
Profit/loss after taxes from discontinued operations (Hexagon Purus)	13, 14	0	- 122 498	2 049 703	- 431 518
Profit/loss after taxes		- 783 407	- 116 960	1 135 937	- 425 977
of which attributable to equity holders of the parent		- 783 407	- 84 883	1 233 085	-311 326
of which attributable to non-controlling interests		0	- 32 077	- 97 148	-114 652
Earnings per share in NOK					
Basic		- 3.91	- 0.58	5.66	-2.12
Diluted		- 3.78	- 0.58	5.48	-2.12

Consolidated statement of comprehensive income

(NOK 1000)	Note	Q4 2023	Q4 2022	2023	2022
Profit/loss after taxes		- 783 407	- 116 960	1 135 937	-425 977
Other comprehensive income					
Translation differences when translating foreign activities		- 65 704	- 148 685	141 639	202 529
Translation differences related to deconsolidated subsidiary reclassified to profit or loss	13	0	0	- 118 307	0
Share of other comprehensive income of joint ventures and associates	12	-21 590	0	-21 590	0
Net total of items that may be reclassified to profit or loss in subsequent periods		- 87 294	- 148 685	1 741	202 529
Actuarial gains/losses for the period (net after tax)		- 1 433	- 491	- 1 433	-491
Net total of items that will not be reclassified to profit or loss in subsequent periods		- 1 433	- 491	- 1 433	-491
Total other comprehensive income		- 88 728	- 149 176	308	202 038
Attributable to:					
Equity holders of the parent		- 88 728	-145 162	- 33 267	186 247
Non-controlling interests		0	-4 014	33 575	15 791
Total comprehensive income		- 872 135	- 266 136	1 136 245	-223 939
Attributable to:					
Equity holders of the parent		- 872 135	- 230 045	1 199 818	-125 078
Non-controlling interests		0	- 36 091	-63 573	-98 861

Consolidated statement of financial position

(NOK 1000)

	Note	31.12.2023	31.12.2022
		Unaudited	Audited
ASSETS			
Property, plant, and equipment	5	947 938	1 336 307
Right-of-use assets	5	365 624	473 233
Intangible assets	6	1 785 606	2 570 853
Investment in associated companies	12, 13	1 225 107	53 272
Other non-current financial assets	10	125 667	141 429
Other non-current assets		2 269	4 942
Deferred tax assets		46 427	0
Total non-current assets		4 498 639	4 580 035
Inventories		1 110 406	1 546 497
Trade receivables		551 356	865 403
Contract assets		0	9 488
Other current assets		140 760	188 772
Bank deposits, cash and similar		154 350	713 547
Total current assets		1 956 872	3 323 707
Total assets		6 455 510	7 903 742

(NOK 1000)

	Note	31.12.2023	31.12.2022
		Unaudited	Audited
EQUITY AND LIABILITIES			
Paid-in capital		907 242	2 228 442
Other equity		2 334 208	763 464
Equity attributable to equity holders of the parent		3 241 450	2 991 905
Non-controlling interests	13	0	476 901
Total equity		3 241 450	3 468 806
Interest-bearing liabilities (non-current)	9	0	1 482 140
Lease liabilities (non-current)	7	387 260	481 018
Other financial liabilities (non-current)	8	0	256 675
Pension liabilities		1 591	2 321
Deferred tax liabilities		131 018	206 370
Provisions (non-current)		8 594	6 133
Total non-current liabilities		528 462	2 434 656
Interest-bearing liabilities (current)	9	1 108 468	234 674
Lease liabilities (current)	7	61 867	70 574
Trade payables		384 015	572 569
Contract liabilities		332 658	548 643
Other financial liabilities (current)	8, 10	376 909	75 051
Income tax payable		65 832	53 057
Other current liabilities		287 840	343 154
Provisions (current)		68 011	102 557
Total current liabilities		2 685 598	2 000 280
Total liabilities		3 214 060	4 434 935
Total equity and liabilities		6 455 510	7 903 742

Consolidated statement of cash flows

(NOK 1000)

	Note	Q4 2023	Q4 2022	2023	2022
Profit before taxes from continuing operations		- 797 345	1 582	- 932 977	23 781
Profit before taxes from discontinued operations ¹⁾	14	0	- 133 147	2 046 718	- 440 898
Profit before taxes		- 797 345	- 131 565	1 113 741	- 417 118
Gain from deconsolidation of Hexagon Purus	13	0	0	- 2 351 302	0
Depreciation, amortization and impairment	5, 6	68 621	90 151	317 331	332 162
Share of profit/loss of investments in associated companies		78 397	2 099	176 574	3 571
Impairment loss on associated companies		702 000	0	702 000	0
Net interest expense	4	34 617	45 844	189 791	91 117
Share based payment expenses	11	15 725	16 382	57 919	49 895
Changes in net operating working capital ⁽²⁾		61 837	210 833	88 431	60 984
Other adjustments to operating cash flow		-11 048	-98 265	-16 263	- 22 024
Net cash flow from operating activities		174 899	135 479	278 221	98 588
Proceeds from sale of property, plant & equipment (continuing operations)		0	161 003	0	161 003
Purchase of property, plant & equipment (continuing operations.)	5	- 45 011	- 92 152	- 209 876	- 267 180
Purchase of property, plant & equipment (discontinued operations.)	5	0	- 104 062	- 196 535	- 240 030
Purchase of intangible assets (continuing operations)	6	- 6 085	- 11 011	- 24 343	- 23 104
Purchase of intangible assets (discontinued operations)	6	0	- 19 506	- 16 886	- 52 625
Interest received		5 700	6 993	32 017	15 207
Sale of shares in associated companies	12	0	0	274 029	0
Investment in associated companies	12	0	- 7 025	- 29 305	- 65 379
Other investments		- 26 480	- 12 264	- 73 320	- 45 319
Net cash flow from investing activities		- 71 875	- 78 026	- 244 217	- 517 428
Net repayment (-) / proceeds (+) from interest bearing loans	9	- 41 868	12 712	189 073	534 747
Interest payments on interest-bearing liabilities		- 32 372	- 39 830	- 170 964	- 89 502
Repayment of lease liabilities (incl. Interests)	7	- 27 581	- 22 559	- 106 747	- 83 485
Net proceeds from share capital increase (subsidiary)		0	31 227	576 180	189 043
Net proceeds from purchase (-) and sale (+) of treasury shares		-0	0	- 63 722	- 30 495
Net cash flow from financing activities		- 101 822	- 18 449	423 822	520 309
Net change in cash and cash equivalents		1 202	39 004	457 825	101 469
Net currency exchange differences		- 10 458	-12 661	- 43 609	11 869
Cash and cash equivalents in Hexagon Purus derecognized due to deconsolidation	13	0	0	-973 413	0
Cash and cash equivalents at start of period		163 606	687 204	713 547	600 209
Cash and cash equivalents at end of period		154 350	713 547	154 350	713 547
Available unused credit facilities		588 745	344 998	588 745	344 998

Consolidated statement of changes in equity

(NOK 1 000)	Note	Share capital	Treasury shares	Share premium	Other capital reserves	Foreign currency translation reserve	Other equity	Equity - holders of parent	Non-controlling interests	Total equity
As of 01.01.2022		20 162	- 85	2 075 999	98 226	94 398	817 591	3 106 291	378 010	3 484 301
Profit/loss for the period							- 311 326	- 311 326	- 114 652	- 425 977
Other comprehensive income for the period						186 738	- 491	186 248	15 791	202 038
Share-based payments					34 120		11 563	45 682	4 213	49 895
Movement in treasury shares etc.			20				- 30 514	- 30 495		- 30 495
Share capital increase in subsidiary								0	160 242	160 242
Transaction cost related to capital increase in subsidiary							- 4 496	- 4 496	- 1 638	- 6 134
Share capital increase in other subsidiaries								0	34 935	34 935
As of 31.12.2022		20 162	- 65	2 075 999	132 346	281 136	482 327	2 991 905	476 901	3 468 806
As of 01.01.2023		20 162	- 65	2 075 999	132 346	281 136	482 327	2 991 905	476 901	3 468 806
Profit/loss for the period							1 233 085	1 233 085	- 97 148	1 135 937
Other comprehensive income for the period	13					- 10 244	- 23 024	- 33 267	33 575	308
Share-based payments					48 328		6 559	54 887	3 032	57 919
Movement in treasury shares etc.			- 73				- 63 649	- 63 722		- 63 722
Share capital increase in subsidiary							260 942	260 942	239 058	500 000
Transaction cost related to capital increase in subsidiary							- 17 793	- 17 793	- 8 224	- 26 018
Share capital increase in other subsidiaries									102 198	102 198
Convertible bonds – equity component	9						190 363	190 363	87 989	278 352
Convertible bonds – transaction cost equity component	9						- 5 495	- 5 495	- 2 540	- 8 034
Dividend in kind	13			- 1 369 455				- 1 369 455		- 1 369 455
Derecognition of non-controlling interests related to deconsolidation of subsidiary	13								- 834 841	- 834 841
As of 31.12.2023		20 162	- 138	706 544	180 674	270 893	2 063 316	3 241 450	0	3 241 450

Note 1: General information and basis for preparation

The condensed consolidated interim financial statements for the fourth quarter of 2023, which ended 31 December 2023, comprise Hexagon Composites ASA and its subsidiaries (together referred to as "the Group"). The company's headquarters are at Korsegata 4B, 6002 Aalesund, Norway. Hexagon Composites ASA is listed on the Oslo Stock Exchange under the ticker HEX.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of The Group for the year which ended 31 December 2022.

For a more detailed description of accounting principles see the consolidated financial statements for 2022, available on the Company's website www.hexagongroup.com/investors

The accounting principles used in the preparation of these interim accounts are the same as those applied to the consolidated financial statements for 2022. However, the following accounting principles relevant for 2023 were not described in the financial statements for 2022, and is thus described herein:

- Discontinued operations in a deconsolidation event

In the event of a deconsolidation – if the disposal group being deconsolidated comprises a material business segment or operation, the profit or loss after taxes associated with the disposal group is reported separately as discontinued operations in the statement of income. The previous period's income statements are re-presented accordingly. The profit after taxes from discontinued operations comprises the discontinued operation's current earnings and the gain or loss from deconsolidation.

- Impairment of associated companies

An investment in an associated company is impaired and an impairment loss is incurred if there is objective evidence of impairment as a result of a loss event having occurred. Further, in relation to share price development of listed associates, a decline in fair value will have to be significant or prolonged to provide evidence of impairment. Hexagon assesses a decline in fair value of 20 per cent to be significant and a decline lasting longer than 9 months to be prolonged. Impairment losses are recognized if the recoverable amount (highest of value in use and fair value less cost of disposal) is lower than the carrying value. Impairment losses are reversed to the extent that the impairment loss decreases or no longer exists.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

These condensed consolidated interim financial statements were approved by the Board of Directors on 14 February 2024.

Note 2: Estimates

The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognized as assets and liabilities, income, and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group's accounting policy and the main sources of uncertainty are the same as for the consolidated accounts for 2022.

Note 3: Business segment data

(NOK 1000)

	Q4 2023 Unaudited	Q4 2022 Unaudited	2023 Unaudited	2022 Audited
Hexagon Agility				
Sale of cylinders, systems, and equipment (at point in time)	1 099 367	876 108	3 885 528	3 204 885
Sale of systems, services, and funded development (transferred over time)	0	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	107 038	113 982	428 174	260 981
Other operating income	0	8 059	2 700	8 093
Total revenue from contract with customers	1 206 405	998 149	4 316 402	3 473 959
Rental income	1 163	1 382	4 102	3 919
Total revenue and other operating income	1 207 569	999 531	4 320 503	3 477 878
Segment operating profit before depreciation (EBITDA)	110 183	49 166	380 903	208 988
Segment operating profit (EBIT)	56 628	-4 969	181 583	28 186
Segment assets			4 166 566	4 550 321
Segment liabilities			1 596 489	2 104 101
Hexagon Ragasco				
Sale of cylinders, systems, and equipment (at point in time)	170 484	232 742	675 084	701 029
Sale of systems, services, and funded development (transferred over time)	0	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	0	808	3 399	4 977
Other operating income	24	63	220	210
Total revenue from contract with customers	170 509	233 613	678 703	706 216
Rental income	0	0	0	0
Total revenue and other operating income	170 509	233 613	678 703	706 216
Segment operating profit before depreciation (EBITDA)	26 391	53 370	114 209	123 256
Segment operating profit (EBIT)	16 461	44 200	75 576	86 362
Segment assets			568 928	581 399
Segment liabilities			318 431	391 626

(NOK 1000)	Q4 2023	Q4 2022	2023	2022
	Unaudited	Unaudited	Unaudited	Audited
Hexagon Digital Wave				
Sale of cylinders, systems, and equipment (at point in time)	54 292	35 370	160 893	89 297
Sale of systems, services, and funded development (transferred over time)	0	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	3 156	9 650	15 485	24 679
Other operating income	764	580	2 340	2 025
Total revenue and other operating income	58 212	45 601	178 718	116 001
Rental income	0	0	0	0
Total revenue	58 212	45 601	178 718	116 001
Segment operating profit before depreciation (EBITDA)	10 060	7 472	7 813	6 715
Segment operating profit (EBIT)	8 310	5 968	1 044	1 193
Segment assets			122 689	109 677
Segment liabilities			57 427	46 015

Due to the deconsolidation of Hexagon Purus as of 29 June 2023, Hexagon Purus is no longer regarded a separate segment within the Hexagon Group. Hexagon Purus financials are presented as discontinued operations in note 14. See also note 13 for further information related to the deconsolidation of Hexagon Purus.

Note 4: Other financial items (net)

(NOK 1000)	Q4 2023	Q4 2022	2023	2022
Interest income	5 700	3 280	19 301	8 075
Interest expenses	- 35 091	- 39 948	- 161 157	- 91 749
Interest expenses on lease liabilities (IFRS 16)	- 5 930	- 1 877	- 22 850	- 7 067
Net interest expenses	- 35 321	- 38 546	- 164 706	- 90 741
TRS derivative gain/loss	- 33 453	0	- 124 609	0
Other derivatives gains/losses	- 7 980	- 265	1 398	26 523
Foreign exchange gains/losses	1 114	8 578	12 043	- 11 225
Other financial expenses/income (net)	1 557	- 2 110	312	- 3 039
Other financial items (net)	- 74 083	- 32 343	- 275 562	- 78 482

Note 5: Tangible assets

(NOK 1000)	2023			2022		
	Property, plant, and equipment	Right of use assets	Total 2023	Property, plant, and equipment	Right of use assets	Total 2022
Carrying value as of 01.01	1 336 307	473 233	1 809 539	1 010 625	282 309	1 292 934
Additions continuing operations	209 876	105 997	315 873	267 180	123 520	390 700
Additions discontinued operations (Hexagon Purus)	196 535	7 521	204 056	240 030	122 472	362 502
Disposals / expirations	0	0	0	-109 995	0	-109 995
Depreciations from continuing operations	- 126 091	- 69 311	- 195 402	- 125 212	- 56 871	- 182 083
Depreciations from discontinued operations, Hexagon Purus (note 14)	- 21 103	- 13 881	- 34 984	- 33 630	- 24 404	- 58 034
Impairments from continuing operations	0	0	0	- 594	0	- 594
Impairments from discontinued operations, Hexagon Purus (note 14)	0	0	0	- 149	0	-149
Currency translation differences	78 193	21 357	99 550	88 052	26 207	114 259
Derecognition from deconsolidation of Hexagon Purus (note 13)	- 725 778	- 159 292	- 885 070	0	0	0
Carrying value as of 31.12	947 938	365 624	1 313 562	1 336 307	473 233	1 809 539

Note 6: Intangible assets

(NOK 1000)	2023				2022			
	Goodwill	Customer relationships	Other intangible assets ¹⁾	Total 2023	Goodwill	Customer relationships	Other intangible assets ¹⁾	Total 2022
Carrying value as of 01.01	1 717 097	363 924	489 833	2 570 853	1 572 788	387 773	423 963	2 384 524
Additions continuing operations	0	0	24 343	24 343	0	0	23 104	23 104
Additions discontinued operations (Hexagon Purus)	0	0	16 886	16 886	0	0	52 625	52 625
Amortizations from continuing operations	0	- 30 131	- 33 042	- 63 173	0	- 28 453	- 30 702	- 59 156
Amortizations from discontinued operations, Hexagon Purus (note 14)	0	- 10 737	- 13 035	- 23 772	0	- 19 163	- 17 743	- 36 906
Currency translation differences	98 814	19 944	16 256	135 014	144 309	23 767	38 586	206 662
Derecognition from deconsolidation of Hexagon Purus (note 13)	- 583 031	- 90 553	-200 962	- 874 545	0	0	0	0
Carrying value as of 31.12	1 232 880	252 447	300 279	1 785 606	1 717 097	363 924	489 833	2 570 853

1) Other intangible assets consist of technology and development, patents and licenses and other rights

Intangible assets are reviewed each quarter for impairment indicators, including market changes, technological development, order backlog and other changes that might potentially reduce the value of the assets. For goodwill, impairment tests are performed annually in the fourth quarter, or immediately in the case of an impairment indicator. Goodwill is tested using the value in use approach determined by discounting expected future cash flows. If the impairment test reveals that an asset's carrying amount is higher than its value in use, an impairment loss will be recognized. During the quarter there were no indicators of impairment of intangible assets.

Note 7: Lease liabilities

(NOK 1000)	2023	2022
Carrying value as of 01.01	551 592	292 731
New lease liabilities recognized in the period - continuing operations	105 997	184 861
New lease liabilities recognized in the period - discontinued operations (Hexagon Purus)	7 521	122 472
Cash payments for the principal portion of the lease liability	- 77 069	- 74 025
Cash payments for the interest portion of the lease liability	- 29 678	- 9 460
Interest on lease liabilities - continuing operations	22 850	7 070
Interest on lease liabilities - discontinued operations (Hexagon Purus)	6 828	2 390
Currency translation differences	24 893	25 553
Derecognition from deconsolidation of Hexagon Purus	- 163 807	0
Carrying value as of 31.12	449 127	551 592

Lease liabilities are to a large extent related to lease agreements for office- and production premises, in addition to some vehicles, machinery and equipment.

Note 8: Other financial liabilities

(NOK 1000)	Carrying value 01.01.2023	Fair value adjustment	Additions in the period	Settlements in the period	Reclass. from non- current to current	Currency translation	Derecognition from deconsolidation of Hexagon Purus	Carrying value 31.12.2023
Cross currency swap (fair value)	216 885	35 414			- 252 299			0
Contingent liabilities from business combinations (fair value)	39 789	0	0	0	- 39 789	0	0	0
Total non-current other financial liabilities	256 675	35 414	0	0	- 292 088	0	0	0
Cross currency swap (fair value)	0				252 299			252 299
Deferred payment from business combination (amortized cost)	45 776			- 52 267		6 491		0
Contingent liabilities from business combinations (fair value)	29 275			- 33 426	39 789	8 655	- 44 294	0
Other current financial liabilities (TRS)	0	124 609	0	0	0	0	0	124 609
Total current other financial liabilities	75 051	124 609	0	- 85 693	292 088	15 146	- 44 294	376 909

The table above and below shows the movements of current and non-current other financial liabilities in the period. Deferred payments and contingent liabilities are related to the acquisition of Wystrach and Wyrent in 2021 within the Hexagon Purus Group. The remaining liabilities related to this acquisition were derecognized from the Hexagon Group accounts following the deconsolidation of Hexagon Purus as of 29 June 2023. This is reflected in a separate column in the table above.

(NOK 1000)	Carrying value 01.01.2022	Fair value adjustment	Additions in the period	Settlements in the period	Reclass. from non- current to current	Currency translation	Derecognition from deconsolidation of Hexagon Purus	Carrying value 31.12.2022
Cross currency swap (fair value)	81 423	135 462						216 885
Deferred payment from business combination (amortized cost)	43 490				- 45 056	1 566		0
Contingent liabilities from business combinations (fair value)	65 616				- 28 815	2 988		39 789
Total non-current other financial liabilities	190 529	135 462	0	0	- 73 871	4 555	0	256 675
Deferred payment from business combination (amortized cost)	0				45 056	720		45 776
Contingent liabilities from business combinations (fair value)	0				28 815	460		29 275
Other financial liabilities	0							0
Total current other financial liabilities	0	0	0	0	73 871	1 180	0	75 051

Note 9: Interest-bearing liabilities

	2023				2022		
(NOK 1000)	Non-current bond loan	Non-current bank loans	Current bank loans	Total 2023	Non-current bank loans	Current bank loans	Total 2022
Liabilities as of 01.01	0	1 482 140	234 674	1 716 814	1 166 057	13 635	1 179 692
<i>Financing activities with cash settlement:</i>							
- New liabilities	800 000			800 000	318 268	221 039	539 307
- Transaction costs	- 23 091			- 23 091			
- Repayment of liabilities		- 365 398	- 222 437	- 587 835		- 4 560	- 4 560
<i>Financing activities without cash settlement:</i>							
- Reclassification 1st year's instalments					- 4 673	4 673	0
- Reclassifications non-current to current ¹⁾		- 1 097 213	1 097 213	0			
- Equity component of convertible bond (less transaction costs)	- 270 318			- 270 318			
- Currency translation differences		5 421		5 421	2 089	- 113	1 976
- Other transactions without cash settlement	21 024	5 604		26 628	399		399
- Derecognition from deconsolidation of Hexagon Purus ²⁾	- 527 615	- 30 554	- 982	- 559 151			
Liabilities as of 31.12	0	0	1 108 468	1 108 468	1 482 140	234 674	1 716 814

1) Hexagon's debt facilities with its banking partners, DNB and Danske Bank mature in December 2024, and have thus been classified and presented as current. Hexagon aims to refinance its debt facilities well in advance of December 2024.

The principal loan financing facility in Hexagon Composites ASA is a Senior Secured bilateral facility with DNB Bank and Danske Bank. The overall size of the committed facility as of the end of the current period was NOK 1 700 million, comprising a term loan of NOK 1 100 million, an overdraft facility of NOK 250 million, a multi-currency revolving credit facility (RCF) of NOK 350 million. As of quarter-end, total drawings amounted to NOK 1 111 million after excluding amortized transaction costs of 3 million. All financial covenants related to the financing facility agreement were compliant per quarter-end.

2) As a result of the deconsolidation of Hexagon Purus as described in note 13, Hexagon Purus' interest-bearing debt as of 29 June, consisting mainly of the debt component of a NOK 800 million convertible bond, was derecognized from the group accounts of Hexagon Composites.

Note 10: Financial instruments

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period.

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: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

There were no transfers from one level to another in the measurement hierarchy from 2022 to the end of the current quarter of 2023. Hexagon Group has no items defined as level 1. Set out below is a comparison of the carrying amount and the fair value of financial instruments as of the current balance sheet date and 31.12.2022.

(NOK 1000)	31.12.2023			31.12.2022	
	Level	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:					
Other non-current financial assets ¹⁾	2	125 667	125 667	141 429	141 429
Other current financial assets		0	0	0	0
Total financial assets		125 667	125 667	141 429	141 429
Financial liabilities:					
Bank loans (incl. amortized transaction costs)	2	0	0	1 482 140	1 489 674
Lease liabilities	2	449 127	449 127	551 592	551 592
Non-current contingent liabilities	3	0	0	39 789	39 789
Other non-current financial liabilities	3	0	0	216 885	216 885
Current interest-bearing liabilities	2	1 108 468	1 111 255	234 674	234 674
Other current financial liabilities	2	376 909	376 909	75 051	75 051
Total financial liabilities		1 934 503	1 937 291	2 600 132	2 607 666

1) Other non-current financial assets relate largely to loans to Cryoshelter BioLNG of NOK 100.1 million measured at amortized cost and the fair value on interest rate swaps of NOK 21.0 million.

On 29 June 2023, Hexagon Composites entered into a total return swap (TRS) with financial exposure to 13 839 872 shares in Hexagon Purus ASA, representing 5% of the total outstanding shares in Hexagon Purus ASA. The total return swap gives Hexagon Composites financial exposure to any change in the fair value of the underlying 13 839 872 shares from the initial amount of NOK 19.80 per share. The TRS is classified as a financial derivative with changes in fair value to be recognized through profit or loss. At the end of the quarter, the fair value of the TRS was NOK -124.6 million.

Note 11: Share-based payment

Share-based payment in Hexagon Composites ASA

The Company has a performance share units program (PSUs) and a restricted share units program (RSUs) covering certain employees in senior positions.

Performance share unit programs (PSUs)

All PSUs are non-transferable and will vest subject to satisfaction of the applicable vesting conditions (fulfilling revenue, group EBITDA and share price targets). The actual number of PSUs vested will depend on performance and vary from minimum zero to the maximum awarded PSUs in each program. Each vested PSU will give the holder the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10.

Restricted share unit programs (RSUs)

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 shares as corresponds to the number of RSUs allocated to them.

Share based payment programs	PSUs	RSUs
Outstanding 01.01.2023	5 028 864	334 500
Granted during the year	3 260 602	149 000
Adjustment due to dividend in kind	2 396 086	169 291
Instruments exercised	- 905 887	-85 058
Instruments lapsed/cancelled/adjusted	- 1 303 228	-43 206
Outstanding 31.12.2023	8 476 437	524 527
Exercise price (NOK) (in the case of new shares issued)	0.10	0.10
Expected lifetime (years)	3,84	4,00
Weighted average exercised share price (NOK) during the year	33.30	29.92

The fair value of the PSUs and RSUs is calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost associated with programs were NOK 49.3 million YTD 31.12.2023. The cost for the fourth quarter was NOK 17.0 million including social security costs. The fair value of all outstanding PSUs (maximum 8,476,437) and RSUs (524,527) is estimated to NOK 79.2 million per 31 December 2023. Following the dividend in kind on 29 June, the maximum number of PSUs and RSUs were adjusted by 35% for PSUs and RSUs issued in 2021, 2022 and 2023 to preserve the value of the granted instruments.

In addition to the above-mentioned instruments, the Company has issued bonus arrangements to certain executives within the Group. The bonus arrangements are dependent upon the share price development of Hexagon Purus ASA and is converted to a given number of cash settlement options in Hexagon Purus ASA, for the purpose of calculating quarterly fair values using the Black-Scholes model. These cash settlement arrangements involved total expenses of NOK -5.8 million YTD 31.12.2023. Expenses for the fourth quarter amounted to NOK -2.5 million. Remaining unamortized accrual is estimated to MNOK 0.4 million as of 31 December 2023.

For share-based payment in Hexagon Purus ASA, which are a part of the profit and loss (discontinued operations) of Hexagon Group up to and including 30.06.2023, see quarterly financials at [hexagonpurus.com](https://www.hexagonpurus.com).

Note 12: Investments in associated companies

List of associated companies	Country	Business segment	Acquisition / recognition	Ownership 31.12.2022	Ownership 31.12.2023	Accounting method
Hexagon Purus ASA ¹⁾	Norway	Other	29.06.2023		38,4%	Equity method
Cryoshelter BioLNG GmbH	Austria	Agility	01.08.2022	40,0%	40,0%	Equity method

1) Accounted for as an associated company applying the equity method since 29.06.2023 following loss of control and deconsolidation of the company as a subsidiary effective on the same date.

Income statement reconciliation

	Hexagon Purus		Cryoshelter Bio-LNG			Total	
(NOK 1000)	2023	2022	2023	2022		2023	2022
Share of profit after tax	- 143 520	0	- 18 147	- 2 579		- 161 666	- 2 579
PPA amortizations associated companies ¹⁾	- 12 448	0	- 2 657	- 992		- 15 105	- 992
Adj. share of profit after tax (due to carrying value = 0)	0	0	198	0		198	0
Impairment	- 702 000	0	0	0		- 702 000	0
Total profits/losses from investments in associates	- 857 968	0	- 20 606	- 3 571		- 878 574	- 3 571

Balance sheet reconciliation

	Hexagon Purus		Cryoshelter Bio-LNG		Other associates ¹⁾		Total	
(NOK 1000)	2023	2022	2023	2022	2023	2022	2023	2022
Carrying value as of 01.01	0	0	20 243	0	33 029	7 024	53 272	7 024
Share of profit after tax incl. PPA amortizations	- 155 968	0	- 20 606	- 3 571	- 4 402	- 11 271	- 180 976	- 14 843
Share of other comprehensive income	- 21 590						- 21 590	0
Purchase of shares	0	0	0	23 898	0	33 738	0	57 636
Share capital contributions	0	0	0	0	29 305	7 743	29 305	7 743
Initial fair value recognition upon classification as associated company (see also note 13)	2 378 695	0	0	0	0	0	2 378 695	0
Sale of shares	- 274 029						- 274 029	0
Derecognition - loss of significant influence	0	0	0	0	0	- 4 179		- 4 179
Derecognition of associates following deconsolidation of Hexagon Purus (see also note 13)	0	0	0	0	- 57 804	0	- 57 804	0
Impairment	- 702 000						-702 000	
Currency translation effects	0	0	363	- 84	- 128	- 25	235	- 110
Carrying value as of 31.12	1 225 107	0	0	20 243	0	33 029	1 225 107	53 272

1) Other associates relate to associated companies of Hexagon Purus. As a result of the deconsolidation of Hexagon Purus effective 29 June 2023, these associated companies were derecognized from the group accounts of Hexagon Composites. The total carrying amount derecognized amounted to NOK 57.8 million

Hexagon Purus – initial recognition as associated company in Q2 2023

Following loss of control and deconsolidation of Hexagon Purus as a subsidiary effective from 29 June 2023, Hexagon Composites' investment in Hexagon Purus is being accounted for as an associated company applying the equity method. On 29 June 2023, following the dividend-in-kind decision, Hexagon Composites' ownership in Hexagon Purus was effectively reduced to 43.4%. The initial recognition and measurement of Hexagon Purus under the equity method amounted to NOK 2 379 million, representing 43.4% of the fair market value of Hexagon Purus on 29 June. Furthermore, on 29 June, Hexagon Composites sold 13.8 million Hexagon Purus shares and simultaneously entered into a total return swap (TRS) representing 5% of the total outstanding shares in Hexagon Purus. The transaction was closed at NOK 19.80 per share for a total consideration of NOK 274 million. Based on the substance of the agreements and the circumstances for the sale, the sale of shares associated with the TRS agreements was accounted for as a reduction in ownership of an associate. Since the sale of shares under the TRS agreement was made subsequently on the same date as the loss-of-control event, the sale represented a zero-gain transaction. From 29 June and onwards, Hexagon Composites accounts for 38.4% of the profits/losses in Hexagon Purus via the equity method in addition to amortizations of fair value/PPA-adjustments. See also note 13 for further information related to the deconsolidation of Hexagon Purus. The table below shows the purchase price allocation of Hexagon Purus as of 29.06.2023.

(NOK 1000)	Hexagon Purus 100% basis	Hexagon share		
Ownership %		38.4%		
Number of shares	276 797 456	106 296 223		
Share price (NOK / share)	19.80	19.80		
Market value of equity as of 29.06.2023	5 480 590	2 104 665		
Book values as of initial recognition 29.06.2023				
Non-current assets	1 917 324	736 294		
Current assets	1 900 183	729 712		
Non-current liabilities	738 189	283 481		
Current liabilities	731 115	280 764		
Book value of equity as of 29.06.2023	2 348 204	901 761		
Fair value/PPA-adjustments:	3 132 386	1 202 904		
- hereof intangible assets	778 206	298 848	25%	Lifetime: 7 – 15 years
- hereof goodwill	2 354 180	904 056	75%	Lifetime: Indefinite

Hexagon Purus – impairment testing in Q4 2023

During the second half of 2023, Hexagon Purus experienced a significant decline in its market value and closed at NOK 11.14/share as of 31.12.2023, translating to a fair value of Hexagon's shares in Hexagon Purus of NOK 1 184 million. Compared to the share price as of the date of Hexagon's initial fair value recognition of Hexagon Purus as an associated company of NOK 19.80/share, this represents a 44% decline in fair value. Comparable peer companies within the hydrogen and battery sector experienced similar share price developments in the same period. The significant decline in the fair value of Hexagon Purus and peers caused Hexagon to perform an impairment test of its investment, which resulted in an impairment of NOK 702 million, and an adjusted carrying value of NOK 1 225 million as of 31.12.2023.

Cryoshelter BioLNG GmbH

On 01.08.2022, Hexagon Composites made a EUR 2,4 (NOK 24) million investment and acquired 40% of the shares in Cryoshelter Bio-LNG GmbH, with options to acquire the remaining shares over the next 3-10 years. As of 31.12.2023, the carrying value of its investment in Cryoshelter Bio-LNG is zero. Hexagon does not have any liability beyond its initial equity investment and will effectively not recognize any further losses in Cryoshelter. Hexagon has, however, a convertible loan investment in Cryoshelter of NOK 100.1 million classified as other non-current financial assets. See also note 10.

Note 13: Deconsolidation of Hexagon Purus

Loss of control

On 29 June 2023, the Board of Hexagon Composites decided to use its mandate from the extraordinary general meeting on 28 June, to distribute 69,2 million shares in Hexagon Purus ASA ("Hexagon Purus") as dividend in kind to its shareholders. The distribution represented 25% of the total outstanding shares in Hexagon Purus and effectively reduced Hexagon's ownership in Hexagon Purus from 68,4% to 43,4%. On the same day and subsequent of the Board meeting, Hexagon sold, and entered into a total return swap (TRS) agreements with its Nordic Banking Partners, representing 5% of the total outstanding shares in Hexagon Purus, or 13,8 million shares. Since 29 June, Hexagon holds 38,4% of the voting rights (106,3 million shares) in Hexagon Purus and a total return swap of 5% (13.8 million shares).

Following the above-mentioned events, Hexagon management made a reassessment of its control consideration in Hexagon Purus, and after considering all relevant facts and circumstances, management concluded that control was lost as of 29 June. Key factors pertaining to this conclusion were the reduced voting right in itself coupled with an irrevocable public statement from the Board of Hexagon Composites which effectively limits Hexagon's Board influence and power in the Board of Purus to a non-controlling party for the foreseeable future. See the full statement from the Board of Hexagon Composites in the stock exchange announcement from 29 June, <https://newsweb.oslobors.no/message/594467>

Deconsolidation effects

As a result of the loss of control in Hexagon Purus on 29 June, Hexagon derecognized all assets and liabilities, including non-controlling interests, associated with Hexagon Purus as of 29 June. The table below shows the one-off accounting gain resulting from the deconsolidation of Hexagon Purus as of 29 June, which was recognized in Q2 2023.

Gain from deconsolidation of Hexagon Purus	
(NOK 1000)	
	Fair value of Hexagon Purus shares distributed as dividend in kind (69 164 402 shares x NOK 19.80 per share)
	1 369 455
	Fair value recognition of retained Hexagon Purus shares as associated company (120 136 095 shares x NOK 19.80 per share)
	2 378 695
a)	Total consideration of Hexagon Composites' share in Hexagon Purus
	3 748 150
	Derecognition book value of net assets related to Hexagon Purus
	2 348 204
	Derecognition book value of non-controlling interests related to Hexagon Purus
	- 834 841
b)	Total book values related to Hexagon Purus derecognized
	1 513 363
c)	Reclassification of positive FX translation differences from OCI to profit/loss related to Hexagon Purus
	118 307
a-b+c)	Gain from deconsolidation of Hexagon Purus
	2 353 094
	Income tax from deconsolidation of Hexagon Purus
	0
	Transaction costs directly related to the deconsolidation of Hexagon Purus
	1 792
	Net gain from deconsolidation of Hexagon Purus (as reported)
	2 351 302

Hexagon Purus is classified as an associated company and accounted for using the equity method effective from 29 June 2023 and onwards. See note 12 for further details on the equity method accounting of Hexagon Purus.

Note 14: Discontinued operations

The after-tax profit or loss from discontinued operations relate to Hexagon Purus which was deconsolidated as of 29 June 2023. See also note 13 for further information. As Hexagon Purus represented a separate major line of business and a separate segment within the Hexagon Group prior to deconsolidation, the component represented a discontinued operation and is thus presented as such up to and including Q2 2023. The profit or loss from discontinued operations (Hexagon Purus) as incorporated into Hexagon Group accounts is shown in the table below.

In the second half of 2023, Hexagon Purus has been accounted for as an associated company under the equity method (see note 12) and is thus no longer fully consolidated in Hexagon's group accounts. Therefore, there are no figures in the table below for Hexagon Purus in the column Q4 2023. Reference is also made to Hexagon Purus' Q3 and Q4 2023 report for further information related to Hexagon Purus' quarterly financials.

Hexagon Purus financials presented as discontinued operations in Hexagon group accounts				
(NOK 1000)	Q4 2023	Q4 2022	2023	2022
	N/A – not consolidated	Consolidated wholly	Consolidated up to and incl. Q2	Consolidated wholly
Total revenue and other operating income		372 399	573 544	963 925
Cost of materials		265 595	334 830	588 525
Payroll and social security expenses		134 338	295 899	443 496
Other operating expenses		81 420	143 846	337 408
Total operating expenses before depreciation		481 353	774 575	1 369 430
Operating profit before depreciation and amortization (EBITDA)		- 108 954	- 201 031	- 405 505
Depreciation, amortization, and impairment		25 436	58 756	95 089
Operating profit (EBIT)		- 134 390	- 259 787	- 500 594
Profit/loss from investments in associated companies		-7 227	- 4 402	51 888
Other financial items (net)		8 470	- 40 395	7 808
Profit/loss before taxes from discontinued operations		- 133 147	- 304 584	- 440 898
Income tax expenses		- 10 649	- 2 984	- 9 380
Profit/loss after taxes from discontinued operations		- 122 498	- 301 600	- 431 518
Gain from deconsolidation of Hexagon Purus before taxes (see note 13)			2 351 302	
Income tax on gain from deconsolidation of Hexagon Purus			0	
Gain from deconsolidation of subsidiary Hexagon Purus after taxes			2 351 302	
Profit/loss after taxes from discontinued operations according to income statement		- 122 498	2 049 703	- 431 518

Note 15: Events after the balance sheet date

- In January, Hexagon Agility received a new order of USD 19 million from REV LNG for delivery of Mobile Pipeline ® TITAN 53 modules.
- In January, Hexagon Purus successfully raised NOK 1 000 million in a convertible bond private placement where Hexagon Composites subscribed for NOK 200 million.

Share information

A total of 10,449,581 shares (Q3: 22,970,972 shares) in Hexagon Composites ASA were traded on the Oslo Stock exchange during the fourth quarter of 2023. In the quarter, the share price moved between NOK 24.30 (NOK 21.20) and NOK 28.88 (NOK 38.34), ending the quarter at NOK 28.88, giving a market capitalization of NOK 5.8 billion (5.5NOK billion) for the Company. For further investor information, refer to the investor section on www.hexagongroup.com.

Terminology

BAR

Unit of pressure. 1 millibar = 100 N/m²

BIOGAS

Produced from raw materials such as agricultural waste, manure, municipal waste, plant material, sewage, green waste, or food waste

BIO-LPG

Propane produced from renewable feedstocks such as plant and vegetable waste material

BEV

Battery Electric Vehicle

CHASSIS

The base frame of a car, carriage, or other wheeled vehicle

CHG

Compressed Hydrogen Gas

CNG

Compressed Natural Gas

CO₂

Carbon Dioxide

COMPOSITE

Combination of glass/carbon fiber and thermosetting plastic, exploiting the malleability of the plastic and the stiffness and strength of the glass/ carbon fiber

EBIT

Earnings before interests and taxes

EBITDA

Earnings before interest, taxes, depreciation, and amortization

EV

Electric Vehicle

FCEV

Fuel Cell Electric Vehicle

GHG

Greenhouse Gas

GVW

Gross Vehicle Weight

HDV

Heavy-Duty Vehicle

H₂

Hydrogen, light, colorless gas (Symbol H), produced on an industrial scale

JOINT VENTURE

Legally signed contractual agreement whereby two or more parties undertake an economic activity

LDV

Light-Duty Vehicle

LNG

Liquefied Natural Gas

LPG

Liquefied Petroleum Gas (propane gas)

MOBILE PIPELINE®

Gas distribution products

NGV

Natural Gas Vehicle

OEM

Original Equipment Manufacturer

X-STORE®

High-pressure composite cylinder for bulk transportation and storage of CNG

RNG

Renewable Natural Gas Pipeline compatible gaseous fuel derived from biogenic or other renewable sources that has lower lifecycle carbon dioxide equivalent (CO₂- eq) emissions than geological natural gas

SCBA CYLINDER

Self-contained breathing apparatus

SCM3

Standard cubic meters. Unit for volumetric measurement of oil, natural gas and natural gas condensate at standard conditions defined in the ISO standard ISO 13443

TITAN®

High-pressure composite cylinder for bulk transportation and storage of CNG

TUFFSHELL®

High-pressure CNG cylinder for heavy duty vehicles

TYPE 1

Steel cylinder

TYPE 2

Steel cylinder, composite-reinforced

TYPE 3

Composite cylinder with metal liner

TYPE 4

Composite cylinder with polymer liner

U.S. DOT

U.S. Department of Transportation

Forward looking statements

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