

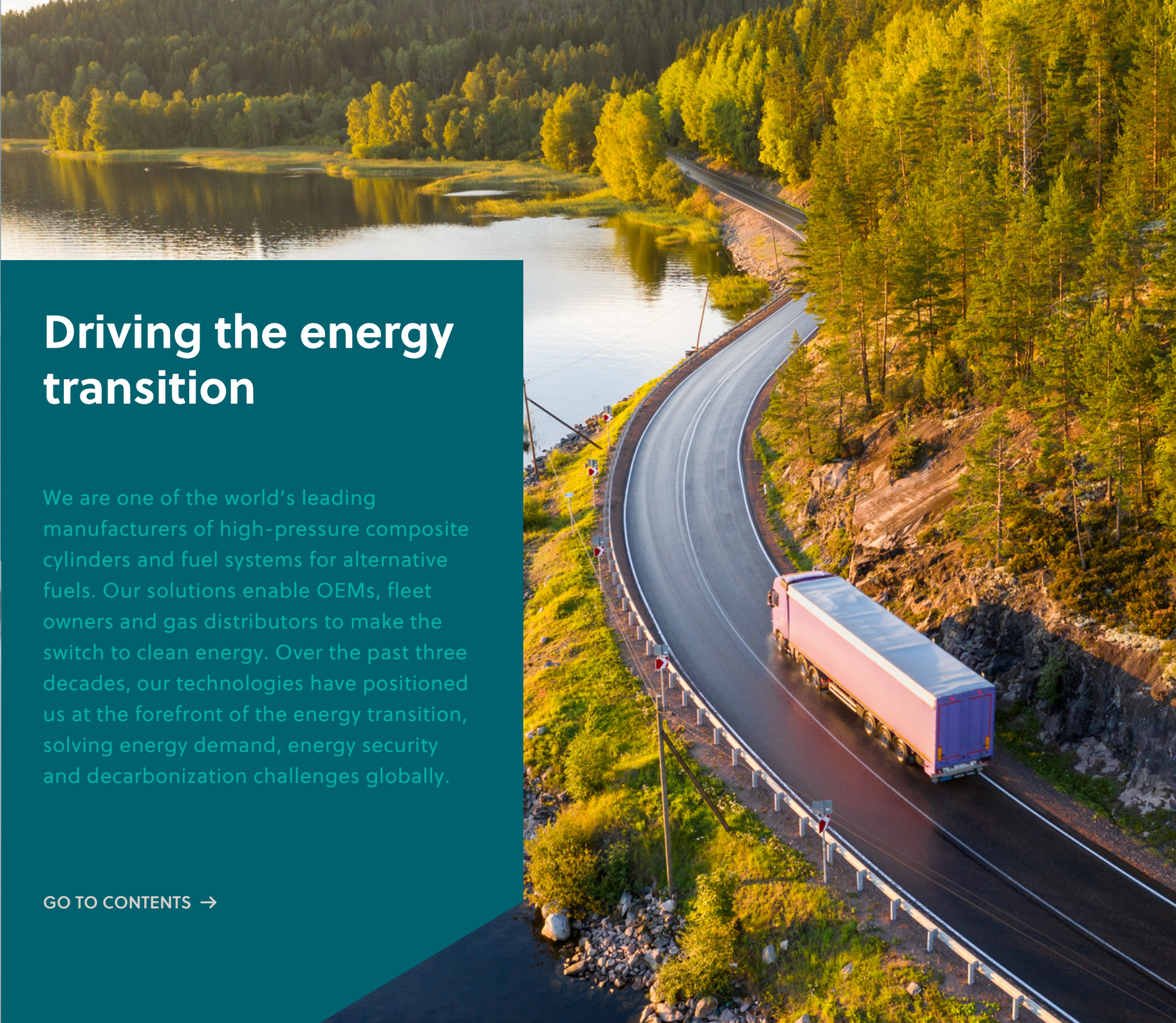
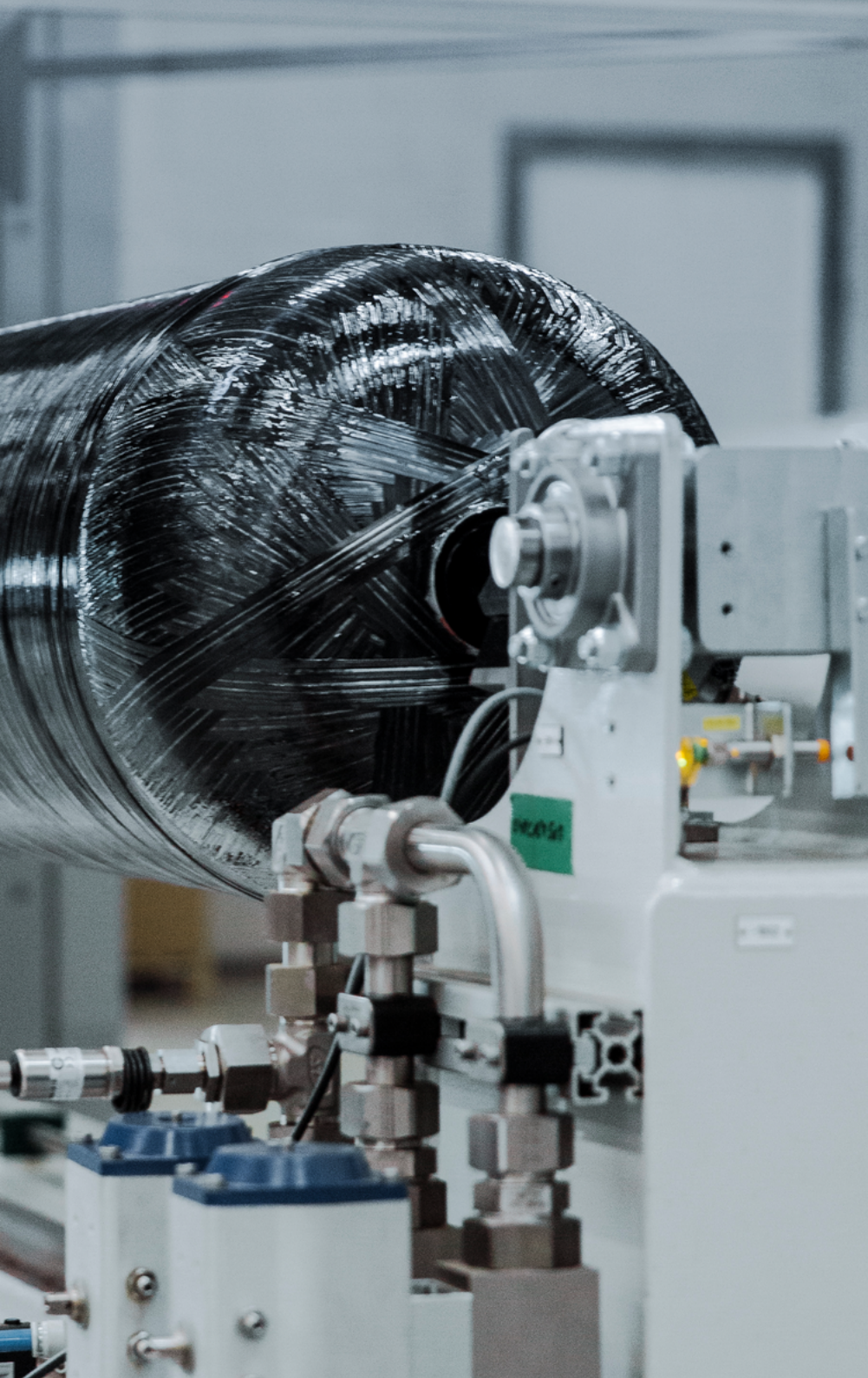


Annual report

2024

START READING →






Driving the energy transition

We are one of the world's leading manufacturers of high-pressure composite cylinders and fuel systems for alternative fuels. Our solutions enable OEMs, fleet owners and gas distributors to make the switch to clean energy. Over the past three decades, our technologies have positioned us at the forefront of the energy transition, solving energy demand, energy security and decarbonization challenges globally.

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

OUR BELIEFS

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

Driven by a vision of Clean Air Everywhere, we believe that clean air is a right not a privilege; that technology is no longer the barrier to enabling clean energy for all; and that change is urgent.

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

VISION

Clean Air
Everywhere

PURPOSE

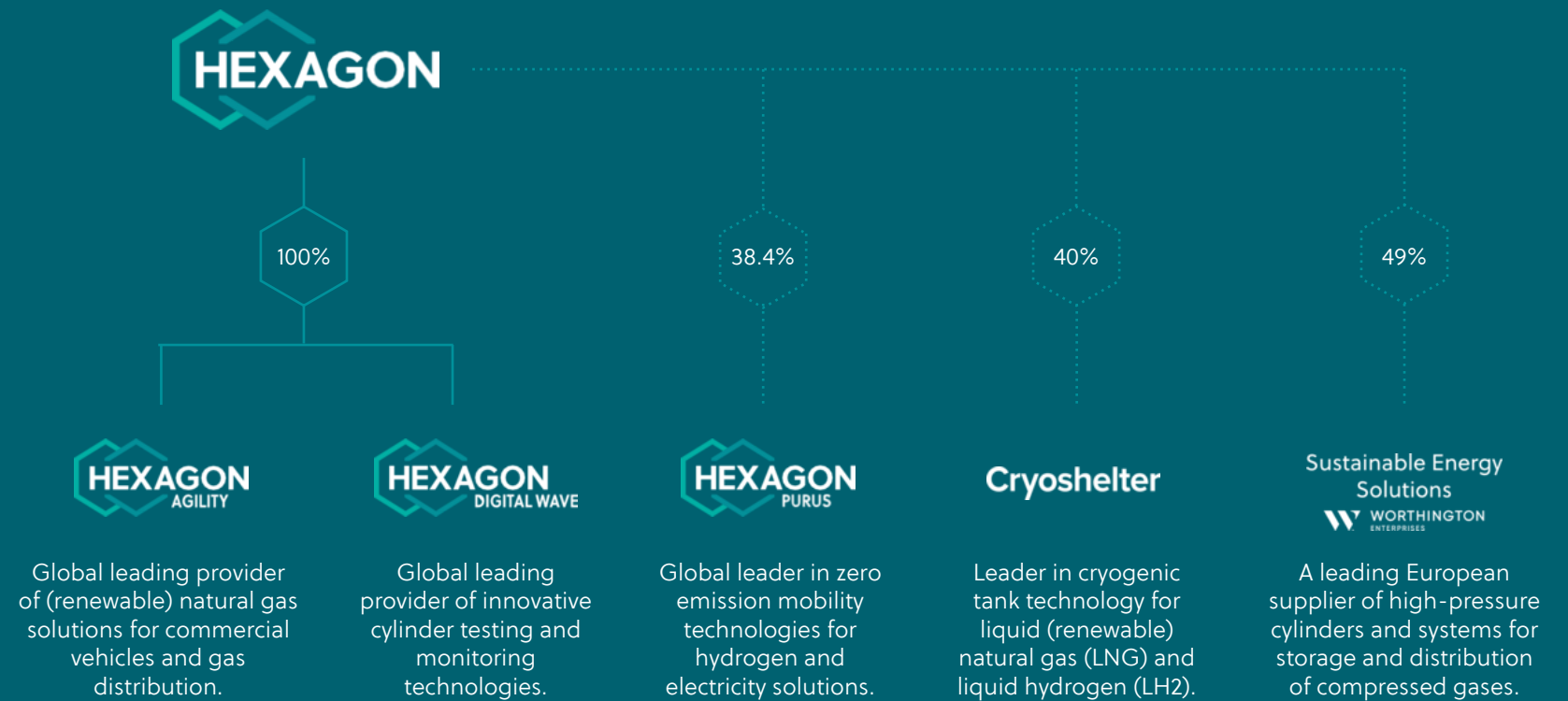
Driving Energy
Transformation

VALUES

Integrity
and Drive

Corporate structure

Hexagon Composites is an active industrial owner, our portfolio of companies delivers world leading solutions that enable industries to make the switch to alternative fuels.



Hexagon at a glance

Hexagon Composites ASA is headquartered in Ålesund, Norway and listed on the Oslo Stock Exchange.

We have a strong presence across North America and Europe, with 1 033 employees dedicated to driving the energy transition - enabling our customers to reduce their CO₂ emissions.



OUR PEOPLE



1 033
Employees¹

OUR CONTRIBUTIONS

In 2024, Hexagon Group's solutions have enabled the avoidance of

1.8 million
metric tons of CO₂ equivalent emissions²



Headquarters ●
Corporate office ●
Manufacturing facility ■

¹ Headcount

² The Alternative Fuel life-cycle Environmental and Economic transportation (AFIEET) tool from the Greenhouse gases, Regulated Emissions, and Energy use in Technologies (GREET[®]) model has been used for estimating emission reductions. For more information see appendix report methodologies and assumptions

Our markets

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



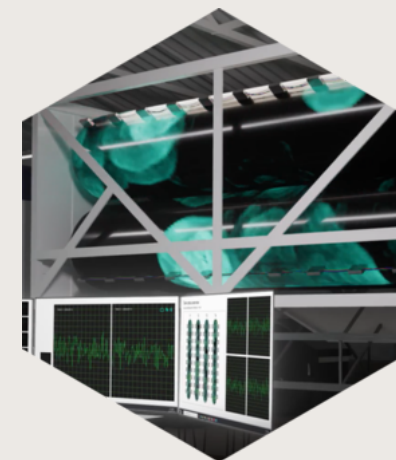
GAS DISTRIBUTION

Hexagon's gas distribution solutions are essential to alternative fuel supply chains. Our solutions have the largest transport capacity worldwide and enable the safe transport of compressed (renewable) natural gas (RNG/CNG), hydrogen or other industrial gases. Our Mobile Pipeline modules are in use as mobile refueling units, for users and industries lacking pipeline infrastructure and as solutions to energy demand, energy security and energy independence challenges.



COMMERCIAL VEHICLES

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



CYLINDER REQUALIFICATION

Hexagon has set a new safety standard for the testing and requalification of high-pressure cylinders. Our cylinder testing equipment and requalification services reduce downtime and inspection costs, while offering the industry's most accurate methods for identifying structural flaws in high-pressure cylinders. Our testing technologies are used by industrial gas, fire service equipment, medical oxygen, automotive and gas distribution industries.

Executive Management



PHILIPP SCHRAMM

Chief Executive Officer



DAVID BANDELE

Chief Financial Officer



HANS PETER HAVDAL

Chief Operating Officer



ERIC BIPPUS

Chief Commercial Officer



ASHLEY REMILLARD

Chief Legal Officer



EIRIK LØHRE

Chief Development Officer

Experience	Philipp Schramm has served as CEO since January 2025. He has extensive experience from various senior positions at Webasto and PricewaterhouseCoopers, and as CEO and CFO of Brose.	David Bandele has served as CFO since 2014. Prior to joining Hexagon, he held several senior positions in the field of finance and controlling within the Aker Group of companies, GE Healthcare and Amersham Plc.	Hans Peter Havdal has served as COO since 2023, after serving as a Board Member of Hexagon Composites. Hans Peter has broad international experience in the manufacturing and automotive industries, including at Semcon International, and as CEO of Kongsberg Automotive ASA.	Eric Bippus has served as CCO since January 2025. He joined Hexagon in 2016 and has decades of global sales and marketing experience in the automotive markets. Prior to joining Hexagon, he served as Executive Vice President of Sales and Marketing for Clean Diesel Technologies Inc..	Ashley Remillard joined Hexagon in 2019 and has served in her current role since 2023. She has previously practiced law at Nossaman LLP in both transactional and litigation settings, specializing in environmental law.	Eirik Løhre has led Corporate Development since March 2023. He joined Hexagon in 2021 and has broad experience in corporate finance at SEB and Nordea.
Education	Ph.D. and Diploma in Business Administration from the Katholische Universität Eichstätt-Ingolstadt, as well as the equivalent of an executive MBA from Harvard Business School.	Bachelor of Economics from the University of Sheffield, and a registered ICAEW Chartered Accountant (ACA).	Master of Science in Mechanical Engineering from the Norwegian University of Science and Technology (NTNU).	BA degree in Management from the Walsh College of Accountancy and Business.	Juris Doctor from the University of Southern California School of Law, and a Bachelor of Arts in Communications from the University of Southern California.	Bachelor of Science in Finance from the Norwegian School of Business (BI).
# of shares 31.12.2024	-	100 000	3 900 ¹	90 687	27 562	14 000

¹ Include shares owned by related parties

Board of Directors



KNUT FLAKK



KRISTINE LANDMARK



TAKAYUKI TSUNASHIMA



LIV ASTRI HOVEM

Position	Chair	Deputy Chair	Board member	Board member
Experience	Knut Flakk is the founder of Hexagon Composites ASA and CEO of Flakk Gruppen AS. He has an extensive entrepreneurial track record having established and developed a number of companies both in Norway and internationally. Flakk has been the CEO of the Flakk Group since 1996 and holds an MSc from BI Norwegian Business School and an MBA from London Business School.	Kristine Landmark has extensive experience from various management positions within the banking and furniture industries. She is a professional Board member and holds several board positions within several industries and associations. Landmark holds an MSc from the Norwegian School of Economics (NHH).	Takayuki Tsunashima is a Senior Business Advisor of Mitsui's Functional Material Division. He has extensive experience in renewable energy, engineering and automotive and has held several leadership positions in Mitsui since 1983. Tsunashima holds a Bachelor of Engineering Degree from Waseda University.	Liv Astri Hovem is currently CEO of DNV's Accelerator, Hovem has extensive experience in leading international businesses across multiple industries, including in the maritime and energy sectors. She has previously served as board member of several companies, Hovem holds a Master's degree in Naval Architecture & Offshore Engineering from UC Berkeley, and a Master's degree in Civil Engineering from the Norwegian Technical University.
Board member since	Chair since 2000	2011 (Deputy Chair since 2014)	2024	2020
Member of		Audit & Sustainability Committee, Remuneration Committee		Audit & Sustainability Committee
Independence	Second largest shareholder in Hexagon	Independent board member	Represents Mitsui & Co., Hexagon's largest shareholder	Independent board member
Current board positions	Chair of Flakk Gruppen AS, Norwegian Hydrogen AS and Vireon AS. Board member of H-fasader AS and Geographic Hotels and Adventures AS.	Chair of L K Hjelle Møbelfabrikk AS and Nils Sperre AS. Board member of Endur ASA, Flokk Holding AS, Hagen AS, Devold of Norway AS, Mostein Eiendom Holding AS and Fosnavaag Pelagic AS.		Chair of DNV Imatis AS and DNV Inspection AS.
Meeting attendance	100%	100%	100%	100%
# of shares 31.12.2024	22 568 314	10 000 ¹	45 833 321	-

Board of Directors cont.



SAM GABBITA



EVA SAGEMO



JOACHIM MAGNUSSON

Position	Board member		
Experience	<p>Sam Gabbita is the co-founder of Qell, a California based investment platform focused on mobility and transportation. He has held a variety of positions in private equity and investment banking industries and has broad experience from managing sustainability focused investments spanning transportation, energy and advanced materials. Gabbita holds a Bachelor of Economics from University of California, Los Angeles, and an MBA from The Wharton School at the University of Pennsylvania.</p> <p>Eva Sagemo currently holds the position of CFO at TOMRA. Sagemo has extensive experience in auditing and controlling, including as an auditor in BDO, Consolidation & Reporting Manager in Aibel, and Chief Accountant in Fugro. Sagemo holds an Executive Master of Management with specialization in international tax law from BI Norwegian Business School and a Bachelor's Degree in Audit from Oslo Metropolitan University.</p> <p>Joachim Magnusson is Managing Director of NOVAB AB, Magnusson has 30+ years' experience in the automotive industry, with extensive knowledge in operations and world class manufacturing. He has held several leadership positions internationally, including CEO of Xandor Automotive, EVP Driveline Systems of Kongsberg Automotive, Managing Director of Kenmore International, China and Managing Director of Scandinavia and Hungary at TI Automotive. Magnusson's education is within Mechanical Engineering.</p>		
Board member since	2022	April 2024	2023
Member of	Remuneration Committee (Chair)	Audit & Sustainability Committee (Chair), Remuneration Committee	-
Independence	Independent board member		
Current board positions	-		
Meeting attendance	100%	100%	100%
# of shares 31.12.2024	-	-	-

Highlights 2024



Successful sale of Hexagon Ragasco to Worthington Enterprises

Hexagon Ragasco, a global leader in LPG composite cylinders for leisure, household, and industrial applications, was a key part of the Hexagon Group for over 20 years. In June 2024, Hexagon Ragasco was sold to Worthington Enterprises for NOK 1,125 million, better positioning Hexagon to concentrate on our core strengths, manufacturing high-pressure composite tanks and fuel systems.



Strong performance and double the capacity

In 2024, we took several operational steps to ramp up capacity and improve the Group's overall productivity resulting in all-time high results. In Lincoln, NE, USA, an upgraded production line was installed, doubling our capacity for Mobile Pipeline units. In Rialto, CA, USA, we opened our new assembly facility, doubling our capacity to install renewable natural gas (RNG/CNG) fuel systems in the region.



Shaping the future of sustainable heavy-duty trucking

We renewed our master service agreement with UPS and received orders totaling NOK 620 million for RNG fuel systems for heavy-duty trucks. In addition, we delivered RNG fuel systems to over 30 leading Class 8 fleets in North America, piloting Cummins pioneering X15N engines. 40% of these fleets are new RNG adopters, highlighting the growing role of RNG as a key alternative fuel in the transition away from diesel.



A milestone year for Mobile Pipeline

Hexagon has pioneered the market for transportation of high-pressure gas, and our solutions are essential to alternative fuel supply chains. The strong demand for distribution, increasing use of alternative fuels and our team's exceptional efforts made 2024 a milestone year for Mobile Pipeline. Achieving the highest revenue, profitability and number of modules produced since its inception.

Key figures

REVENUES AND PROFIT	NOK million	2024	2023 Re-presented	2022 Re-presented	2021 Re-presented
Revenue		4 877	4 526	3 612	2 719
Operating profit before depreciation (EBITDA)		637	366	224	286
Operating profit (EBIT)		370	146	19	111
Profit/loss before taxes from continuing operations		(906)	(1 016)	(62)	(9)
Profit/loss after taxes from continuing operations		(969)	(1 014)	(64)	(26)
Profit/loss after tax from discontinued		690	2 123	(362)	(302)
Total profit/loss after tax		(279)	1 109	(426)	(328)

CAPITAL 31.12	NOK million	2024	2023 Re-presented	2022 Re-presented	2021 Re-presented
Total assets		7 077	6 428	7 904	6 515
Equity		3 533	3 214	3 469	3 484
Equity ratio ¹		49.9%	50.0%	43.9%	53.5%

PROFITABILITY AND RATE OF RETURN		2024	2023 Re-presented	2022 Re-presented	2021 Re-presented
EBITDA margin ²		13.1%	8.1%	6.2%	10.5%
EBIT margin ³		7.6%	3.2%	0.5%	4.1%
Return on equity ⁴		(8.3%)	33.2%	(9.3%)	(9.3%)
Return on assets ⁵		(4.1%)	15.5%	(5.2%)	(5.2%)

¹ Total equity in percentage of total assets

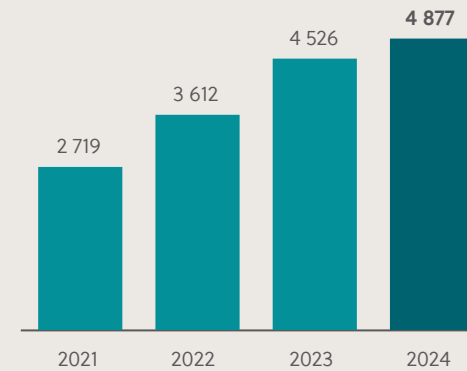
² Operating profit before depreciation and amortization (EBITDA) in a percentage of revenue

³ Operating profit (EBIT) in a percentage of revenue

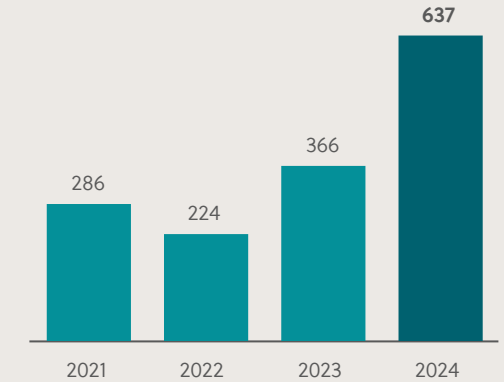
⁴ Profit after tax divided by average total equity

⁵ Profit after tax divided by average total assets

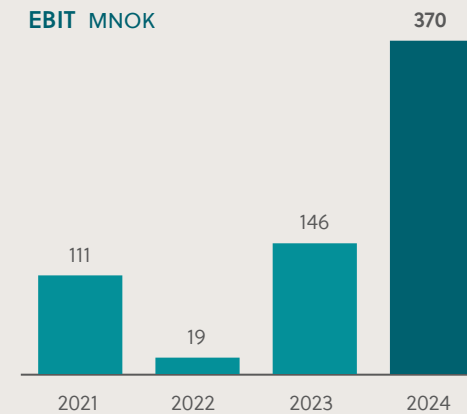
REVENUE MNOK



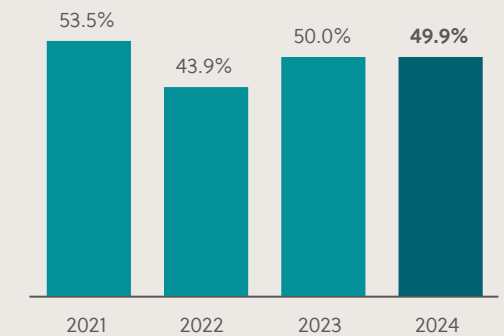
EBITDA MNOK



EBIT MNOK



EQUITY RATIO %



A word from the CEO

Driving the energy transition and sustained profitable growth

Dear shareholders,

In my first few months as CEO, I have had the privilege of seeing firsthand the impact that Hexagon's technologies have in enabling fleets and companies to make the switch to alternative fuel solutions. It is one of the many reasons why I'm proud to lead this company forward.

In 2024, Hexagon delivered all-time high revenues of NOK 4 877 million. The strong topline and continued focus on operating margins yielded results and contributed to an EBITDA of NOK 637 million, up from NOK 366 million in 2023.

Throughout the year, our fuel systems drove emissions reductions in the transportation sector, our Mobile Pipeline offerings were critical for energy security, and our service solutions were the key to delivering our exceptional customer experience.

At Hexagon, we take great pride in our people. They are among the world's leading experts in alternative fuel technologies.



Strategic Shift:

The Sale of Hexagon Ragasco

In 2024, Hexagon Composites sold Hexagon Ragasco, our business unit dedicated to producing LPG cylinders for domestic and leisure applications. In divesting Hexagon Ragasco, we have streamlined our operations and are now better positioned to concentrate on our core strengths, manufacturing high-pressure light-weight composite tanks and fuel systems.

Another record year for Mobile Pipeline

Our Mobile Pipeline business delivered an outstanding performance throughout 2024, with the second consecutive year of all-time high revenues. Mobile Pipeline's distribution business produced record profitability and a record number of modules as well, in large part due to the rising demand for the transportation of Oil & Gas, Helium and RNG.

Turning point in the US Heavy Duty Truck sector

The game-changing X15N natural gas engine entered the North American market in 2024, tripling the addressable market for heavy-duty natural gas trucks in the U.S.. The X15N has improved energy efficiency over alternatives, allowing natural gas vehicles to compete head-to-head with diesel, matching power and range, with lower emissions and improved fuel economics.

In 2024, we delivered fuel systems for trucks with the new engine to over 30 leading Class 8 fleets, of which 40% are new adopters of Renewable Natural Gas and Compressed Natural Gas (RNG/CNG). In addition, we delivered a NOK 620 million order to our long-standing customer UPS and cemented our position as the market leader for natural gas fuel systems in North America. The market for natural gas-powered trucks is expected to grow by a factor of ten by 2030.

Gearing up to meet future demand

To meet the expected increasing market demand, especially in North American natural gas trucking, we have invested in our own capacity and operational efficiency. In 2024, we completed the final stage of our multi-year

expansion program with the installation of new capacity and production lines in Lincoln, Nebraska, Salisbury, North Carolina and Rialto, California. These operational investments have allowed us to more than double our capacity and gear up to meet future market demand.

Our people

At Hexagon, we take great pride in our people. They are among the world's leading experts in alternative fuel technologies. Investing in their development and safety is essential to remain an attractive workplace and deliver on our mission.

Operating in a historically male-dominated industry, we have taken steps to improve our gender balance. I am pleased that the percentage of female employees has increased to 21% from 20% in 2023.

Hexagon is committed to achieving its overall goal of zero injuries and zero incidents. In 2024, we recorded 25 work related injuries, nine of which led to loss of working time. A negative trend from 2023. We are not satisfied with this development, and updated safety programs are being rolled out across sites to reduce the number of incidents and strengthen our safety culture.

Committed to net-zero

I am proud to state that the solutions we deployed in 2024 contributed to the avoidance of over 1.8 metric tons of CO₂ equivalents, equal to taking 430 000 petroleum cars off the road for one year.

While we enable other industries to accelerate the pace of their emission reductions, we are also committed to doing our part to reduce the environmental impact of our own operations and support the Paris Agreement 1.5-degree target. In 2024, our targets were validated by the Science-Based Targets initiative¹. In the coming year we will focus on implementing detailed road maps to reduce direct emissions by 2033, and work with partners and suppliers to be net zero across our value chain by 2050.

Alternative fuels are essential to the global energy mix

As the world's energy needs change, we are confident that our solutions will continue solving global energy demand, energy security, energy independence and decarbonization challenges.

Hexagon's solutions have pioneered the use of compressed gas in transportation and gas distribution for the past 30 years by offering best-

in-class solutions, enabling our customers to reduce their emissions and lower their total cost of ownership.

Driving the energy transition

Looking ahead, I am confident that Hexagon's unwavering commitment to energy transformation and to our customers will be the foundation of our continued profitable growth. With our proven track record, market-leading products, state-of-the-art production capabilities, and industry experts, we are in a pole position to capture growth from 2025 and beyond. Thank you for your trust and support as we drive the energy transition.

Sincerely,



Philipp Schramm
CEO, Hexagon Composites

¹ [The Science-Based Targets initiative](#) defines and promotes best practice in science-based target setting, and independently assesses and approves companies' targets.

Board of Directors' report



Board of Director's report

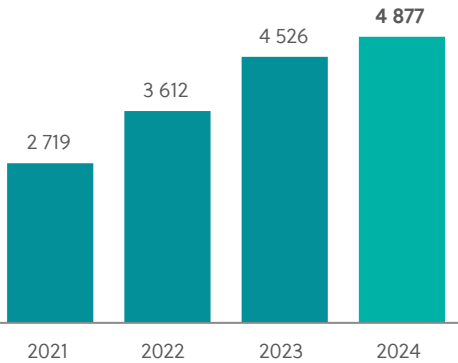
Robust volumes drove profitability to all-time high

In 2024, Hexagon Group delivered all-time high revenues of NOK 4 877 (4 526) million and all-time high EBITDA of NOK 637 (366) million, resulting in an EBITDA margin of 13.1% (8.1%). The improved profitability was largely attributable to strong momentum in Hexagon Agility's Mobile Pipeline business coupled with significant performance improvements in their Fuel Systems business.

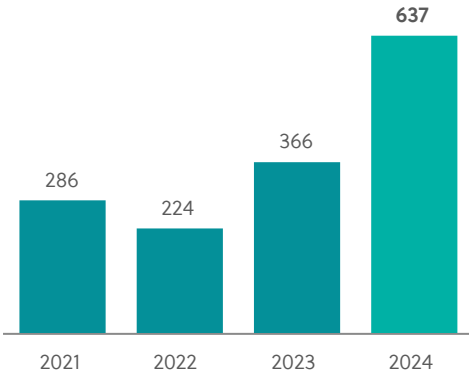
Cummins' game-changing X15N engine entered the market in 2024, and Hexagon supplied the most fuel systems to the new engine, counting more than 30 leading Class 8 fleets in the U.S.. As fleet owners and OEMs are currently in the process of transitioning its platforms to the new engine, the first half of 2025 is expected to be somewhat softer, while the Company expects to see increased order sizes and significant growth in the second half of 2025 and beyond. With the capacity expansion program finalized at the end of 2024, Hexagon is well prepared to deliver on the growth ahead.

2024 was also a year of structural change. In the second quarter, Hexagon sold its LPG composites business, Hexagon Ragasco to Worthington Enterprises, sharpening its focus on market leading alternative fuel solutions and industrial gases. Including earn-out considerations, the transaction yielded an obtained enterprise value of NOK 1 125 million - a true testament to the value creation since 2001 when Hexagon Ragasco was acquired.

GROUP REVENUE MNOK



GROUP EBITDA MNOK



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

KEY FIGURES CONTINUING OPERATIONS

NOK million	2024	2023	2022	2021
Hexagon Agility				
Revenue	4 716	4 321	3 478	2 618
EBITDA	662	381	209	293
EBITDA margin	14%	9%	6%	11%
Hexagon Digital Wave				
Revenue	179	179	116	57
EBITDA	14	8	7	(11)
EBITDA margin	8%	4%	6%	(19%)
Corporate functions and eliminations ¹				
Revenue	(17)	27	18	44
EBITDA	(40)	(23)	9	4
Hexagon Group				
Revenue	4 877	4 526	3 612	2 719
EBITDA	637	366	224	286
EBITDA margin	13%	8%	6%	11%

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

Key developments for the Group in 2024

Record-strong profitability in Hexagon Agility

Hexagon Agility delivered its best year ever. While the Fuel Systems business had a soft first half of 2024, the second half improved significantly due to efficiency gains and positive volume effects from deliveries under the NOK ~620 million contract with UPS announced in May 2024. Additionally, the Mobile Pipeline distribution business superseded its strong performance from 2023 and contributed with strong top line growth and even stronger bottom line performance. Combined, Hexagon Agility delivered revenues of NOK 4 716 (4 321) million and an EBITDA of NOK 662 (381) million, resulting in a much improved EBITDA margin of 14% (9%).

Sale of Hexagon Ragasco to Worthington Enterprises

In September 2023, Hexagon announced a strategic review of its LPG cylinder business, Hexagon Ragasco, to explore whether its growth opportunities best could be realized inside or outside the Group. The sale of Hexagon Ragasco to Worthington Enterprises was closed on 3 June 2024, for an enterprise value (EV) of NOK 1 050 million. As a result of the excellent performance by Hexagon Ragasco in 2024, Hexagon was also entitled to recognize a further NOK 75 million in earn-out consideration from the transaction,

bringing the obtained EV to NOK 1 125 million. The sale of Hexagon Ragasco allowed Hexagon to focus on its core strengths within high-pressure light-weight composite tanks and fuel systems.

Acquisition of a non-controlling 49% stake in Sustainable Energy Solutions

As a part of the discussions with Worthington Enterprises regarding the sale of Hexagon Ragasco, Hexagon was offered an opportunity to become a strategic partner in Worthington’s European high-pressure cylinder manufacturing business, Sustainable Energy Solutions (SES). The transaction was concluded on 29 May based on an enterprise value of USD 20 million on a 100% basis, with Hexagon’s consideration for 49% of the shares amounting to a total of NOK 125 million including transaction costs. Hexagon is pleased to have been given the ability to partner with a reputable player such as Worthington who retained 49% of the shares in SES, and senior executives of SES who hold the remaining 2%. The investment in SES has since 29 May been accounted for as an associate by use of the equity method in the Group accounts.

Hexagon Digital Wave had a mixed year but profitability improved

During 2024, Hexagon Digital Wave experienced some shortfalls in its UE (Ultrasonic Examination) machine business, while the MAE (Modal Acoustic Emissions) requalification business compensated for the shortfall. While revenues remained flat at NOK 179 (179) million, EBITDA improved to NOK 14 (8) million, and the EBITDA margin improved to 8% (4%).

Invested NOK 583 million in Hexagon Purus

To support Hexagon Purus' continued growth, Hexagon participated in both of Hexagon Purus capital raises in 2024. In February, Hexagon Purus formally issued a NOK 1 000 million convertible bond whereby Hexagon participated with NOK 200 million. Furthermore, in November 2024, Hexagon Purus announced a successful equity capital raise under challenging market conditions, raising gross proceeds of NOK 1 000 million. Hexagon participated with NOK 383 million and retained its 38% ownership-interest in the associate.

Significant negative accounting effects from associates

Hexagon's associated companies, Hexagon Purus, Cryoshelter BioLNG and Sustainable Energy Solutions weighed down on total profits for the year. All associates delivered negative

profits whereby Hexagon recognized its proportionate share under the equity method, amounting to NOK -521 (-177) million. Additionally, a total of NOK -556 (-702) million in impairments were recognized in the fourth quarter, whereof impairments in Hexagon Purus represented NOK -312 (-702) million and impairments in Cryoshelter BioLNG represented NOK -244 (0) million. Further details can be found in [note 26](#) to the consolidated financial statements.

Appointment of Dr. Philipp Schramm as new CEO

On 3 December 2024, Hexagon announced the appointment of Dr. Philipp Schramm as new Chief Executive Officer, effective 7 January 2025. Schramm, being an automotive industry executive with more than 15 years of global experience in the automotive supplier industry, succeeded Jon Erik Engeset who on 16 April 2024 announced his decision to step down as CEO. The Board is pleased to welcome Dr. Schramm as the new CEO and believes he will be a transformative leader for the Company and the industry.

Key developments for the Group after the balance sheet date

Hexagon Purus share price development

Hexagon Purus has in the period since year-end 2024 and until signing of these financial statements experienced a significant negative share price development. As described in [note 26](#), the Group has recorded an impairment on NOK -312 million in the statement of income in 2024 related to the associate based on a recoverable amount being the fair market value less cost of disposal. The impairment represented an adjusted carrying amount of the associate of NOK 908 million as of 31 December 2024, equating to an adjusted carrying amount per share of NOK 5.50 in Hexagon Purus. The share price development after the balance sheet date is a non-adjusting event, however the share price is at the date of signing these financial statements trading below the adjusted carrying amount per share.

There were no other significant events after the balance sheet date.

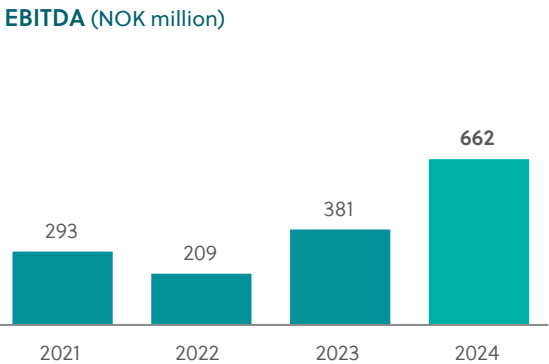
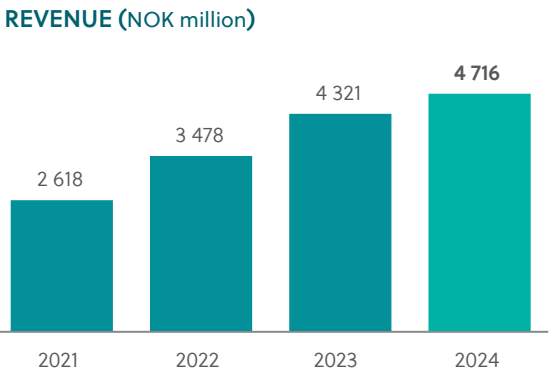
Segment results

Following the deconsolidation of Hexagon Purus on 29 June 2023 and the sale of Hexagon Ragasco to Worthington on 3 June 2024, the Hexagon Group is organized into two business areas: Hexagon Agility and Hexagon Digital Wave. Hexagon Ragasco and Hexagon Purus, which historically have been reported as operating segments of the Group, ceased as operating segment on 3 June 2024 and 29 June 2023 respectively. Both former operating segments are consequently classified and presented as discontinued operations in the income statement. As such, historical income statement figures for the Group have been re-presented, allowing comparability of historical financials for continuing operations of the Group, being Hexagon Agility and Hexagon Digital Wave.

Segment results for

Hexagon Agility

Hexagon Agility is a global provider of natural gas fuel systems for commercial vehicles and gas distribution solutions.



- Key developments and highlights in 2024**
- Record-high revenues and profitability with 14% EBITDA margin, significantly up from last year.
 - Record high volumes and profits in the Mobile Pipeline business from strong demand in all key segments.
 - Strong demand for fuel systems in refuse and heavy-duty trucks including significant order from key partner UPS of NOK ~620 million.
 - Supplied the most fuel systems to Cummins' new X15N natural gas engine, including more than 30 leading Class 8 fleets in the US.
 - Expansion program in the US close to finalized with significant capacity increases both in the Mobile Pipeline business and the Fuel Systems business
 - Expanded its aftermarket service (FleetCare) and tripled its mobile service capabilities by acquiring Specialty Fleet Services

Sales and market

2024 was a record year for Hexagon Agility, both in term of top-line and bottom-line performance. The Mobile Pipeline distribution business entered 2024 with a very strong order book and were close to sold out for 2024 already in the first quarter. The newly designed TITAN 450 module with 25% greater gas capacity and 20% weight benefit, coupled with strong underlying demand for transportation of oil & gas, helium and renewable natural gas (RNG) were key drivers for the increase in top line performance. Due to the strong growth and capacity constraints in production, Hexagon invested and installed a new production line during the second half of 2024, yielding a capacity increase of 50%.

The Fuel Systems business had a seasonally soft first half of 2024, but picked up significantly in the second half of 2024, predominantly explained by higher heavy-duty truck activity, supported by a couple of significant orders from key customers, including UPS. In May 2024, Hexagon announced an order of NOK ~620 million which also included fuel systems coupled with Cummins' new X15N natural gas engine. This order, in addition to the increased activity in heavy-duty and refuse truck in the second half resulted in revenues approximately on par with with 2023, despite lower medium-duty (largely step-vans) volumes.

Historically, around two thirds of all heavy-duty trucks in the US have been addressed by diesel only due to range and power requirements, but with the introduction of Cummins’ new X15N natural gas engine, which entered the market in 2024, RNG/CNG will compete head-to-head with diesel on range and power. Hexagon’s addressable market for natural gas driven heavy-duty trucks are expected to increase threefold due to the X15N engine. Although the expected uptick in demand related to the new engine has taken somewhat longer time than expected, the quoting activity has remained high. While experienced RNG/CNG fleet owners such as UPS have already started to deploy the engine into their fleets, new adopters to RNG/CNG naturally have a longer timeline for scale up. In the fourth quarter of 2024, Hexagon Agility received several smaller orders from 30 leading Class 8 series (heavy-duty) fleet owner of RNG fuel systems of which 40% were new adopters of RNG/CNG. These customers are drawn by the diesel-like performance of the new engine and its attractive fuel economics. When combined with RNG fuel, this offers a ready-to-deploy and fast-track route to decarbonization for fleets and OEMs.

So far, two of the top four North American truck brands, Kenworth and Peterbilt, have opened order books for trucks powered by the new engine, with Daimler Truck North America (DTNA) through its truck brand Freightliner, flagging start of

production in Q3 2025. Altogether they represent approximately two-thirds of the North American heavy-duty truck market, and testifies to the market growth which is expected to come in the second half of 2025 and beyond.

With Hexagon Agility’s capacity expansion program in the US including establishing a new cylinder production facility in Salisbury, Hexagon is well prepared to meet the strong growth that lies ahead.

Profit/loss

For the full year 2024, Hexagon Agility reported revenues of NOK 4 716 (4 321) million, including favorable FX effects of approximately NOK 78 million. Adjusting for these effects, the underlying growth rate was 7%, principally achieved by the Mobile Pipeline distribution business which superseded its record-year of 2023. Like-for-like underlying revenue growth for the Mobile Pipeline business, including sale of distribution cylinders to Hexagon Purus, was 20% compared to the previous year. Revenues within the Fuel Systems business remained at approximately the same level as last year with higher sales of fuel systems for heavy-duty- and refuse trucks, offset by lower medium-duty volumes.

EBITDA for the full year 2024 was NOK 662 (381) million, translating to an EBITDA margin of 14% (9%). Outstanding performance and volume effects in the Mobile Pipeline business coupled with improved margins and efficiency gains in the fuel systems business were the major drivers for the improvement in Hexagon Agility's EBITDA performance. Full year effect of price increases and normalized supply chain disruptions compared to the last couple of years, also contributed positively to the EBITDA margin.

Due to the past couple of year’s capacity expansions, depreciations and amortizations in Hexagon Agility’s operations increased somewhat from NOK 199 million in 2023 to NOK 237 million in 2024. Deducting this from the EBITDA, EBIT improved from 182 (4% margin) in 2023 to NOK 425 (9% margin) in 2024.

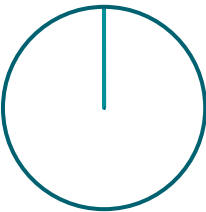
KEY FIGURES

NOK million	2024	2023	2022	2021
Revenue	4 716	4 321	3 478	2 618
EBITDA	662	381	209	293
EBITDA margin	14%	9%	6%	11%
EBIT	425	182	28	139
EBIT margin	9%	4%	1%	5%

Segment results for

Hexagon Digital Wave

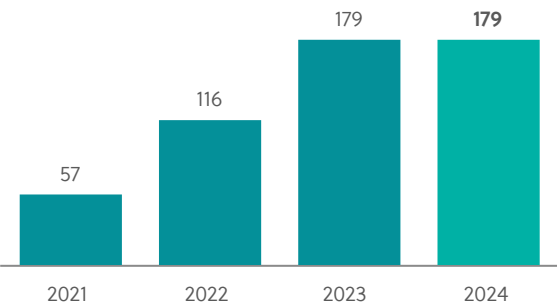
Hexagon Digital Wave offers innovative cylinder testing and monitoring technologies that reduce down-time and inspection costs while improving inspection accuracy.



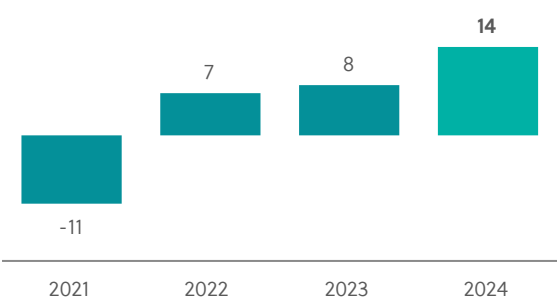
SHARE OF GROUP REVENUE

4%

REVENUE (NOK million)



EBITDA (NOK million)



Key developments in 2024

- Long-term agreement (LTA) effective from January 2025 to 2027 with Certarus, the North American leader in compressed gas transportation and distribution, to provide exclusive modal acoustic emissions (MAE) requalification services to their fleets of gas transportation trailers.
- Successful completion of its 200th Ultrasonic Examination (UE) machine and the successful MAE testing of its 750th composite tube trailer
- Partnered with key players in the fire protection industry to accelerate the adoption of MAE technology for self-contained breathing apparatus (SCBA).
- Launched MAE systems for type 3 gas distribution trailers with services becoming available early in 2025.
- Introduced the UE4 machine specifically targeted towards examination testing of metallic cylinders for small beverages, medical oxygen and handheld cylinders.
- Long-term agreement for UE equipment and services with Linde Gas & Equipment (Linde Group).

Sales and market

Over the past three years, Hexagon Digital Wave has tripled its revenues. Although total revenue was stable year over year, the Company has had increased momentum within its Modal Acoustic Emission (MAE) requalification business, while the UE business experienced some volume contraction.

The growth within Modal Acoustic Emission (MAE) is explained by a broadening of the Company's customer base and geographical markets as well as an underlying growing demand for requalification of CNG/RNG cylinders. As transporters of CNG/RNG are subject to periodic requalification of its cylinders, Hexagon Digital Wave has benefited from a growing installed base of type-4 cylinders used for transport of natural gas. The Company's Modal Acoustic Emission (MAE) services allow for a safe and time efficient requalification of Type-4 cylinders in situ, which more and more customers see the great benefits of.

The volume contraction within the UE machine business was largely impacted by lower orders than expected from key customers for the Company existing product portfolio. Although Hexagon Digital Wave launched and had successful deliveries of its newest innovation - the UE4 machine, targeted at high-volume applications, this was not sufficient to make up for the volume contraction from the existing UE product portfolio.

Currently Hexagon Digital Wave has Ultrasonic Examination (UE) machines in more than 45 countries and growing. Hexagon Digital Wave is taking the lead in digitalizing its industry by developing technologies for effective real-time health monitoring of cylinder systems and connected services. Investments in organization and processes will be continued towards the development of new SMART cylinder concepts for mobility platforms.

Profit/loss

For the full year 2024, Hexagon Digital Wave reported revenues of NOK 179 (179) million, on par with the top-line performance in the previous year. While the MAE business had had a positive development, the UE business has seen challenges on the volume side due to specific key customers holding back its own capital expenditures in 2024. With improved margins on the MAE business coupled with stable margins in the UE business, EBITDA was NOK 14 (8) in 2024, resulting in an EBITDA margin of 8% (4%).

KEY FIGURES

NOK million	2024	2023	2022	2021
Revenue	179	179	116	57
EBITDA	14	8	7	-11
EBITDA margin	8%	4%	6%	-19%
EBIT	-	1	1	-15
EBIT margin	-%	1%	1%	-26%

Results from

Investments in associates

Hexagon holds strategic investments in three associated companies: Hexagon Purus (HPUR.OL) with 38% ownership, Sustainable Energy Solutions (SES) with 49% ownership and Cryoshelter BioLNG with 40% ownership.

All associates are accounted for by use of the equity method.

Hexagon Purus - 38% ownership

Hexagon Purus is a global leader in key technologies needed for zero emission hydrogen and battery-electric mobility and infrastructure with production facilities in North America, Europe and Asia. Full year 2024 figures were NOK 1 876 (1 320) million in revenues and NOK -348 (-445) million in EBITDA. The growth in revenues was predominantly coming from the HMI segment, while the Battery Systems and Vehicle Integration (BVI) was close to zero with revenues are expected to be generated from 2025 on.

Profit after tax for Hexagon Purus for 2024 ended at NOK -1 202 (-684) million. Hexagon's share of losses in Hexagon Purus amounted to NOK -451 (-156) million for the same period. Additionally, due to the adverse share price development in Hexagon Purus in the fourth quarter of 2024 and into 2025, and the weak market sentiment in the hydrogen and battery industry, Hexagon made an impairment test of its investment as of 31 December which resulted in an impairment of NOK -312 (-702) million. See [note 26](#) for further information on the equity method accounting of Hexagon Purus. For further details pertaining to the operational and financial development of Hexagon Purus, reference is made to the fourth quarter report published on 11 February 2025 on Hexagon Purus' website.

Sustainable Energy Solutions (SES) - 49% ownership

SES is a leading European supplier of high-pressure cylinders and systems for storage and distribution of compressed natural gas, hydrogen and industrial gases, with production facilities in Austria, Poland and Germany. Hexagon acquired a non-controlling 49% stake in SES from Worthington Enterprises on 29 May 2024 which is accounted for by use of the equity method in the Hexagon Group accounts.

For the full year 2024, Hexagon's 49% share of the profit/losses in SES relates to the period from June to December, which amounted to a loss of NOK -23 million. On a gross (100%) basis, SES generated approximately NOK 725 million in revenues, EBITDA of NOK -26 million and profit after taxes of NOK -48 million in the same period. See [note 26](#) for further information on the equity method accounting of SES.

Cryoshelter BioLNG - 40% ownership

Cryoshelter BioLNG is an Austria-based company specialized in the development of cryogenic tank technology for liquified renewable natural gas (LNG). The company is still in its infant phases of serial production and is currently delivering its inaugural order to a large global package delivery company.

Hexagon's share of the losses in Cryoshelter BioLNG in 2024 amounted to NOK -46 (-21) million. In addition to its equity investment in the Company, Hexagon also has granted Cryoshelter with financial loans classified as net investment in the associate, which have been impaired by NOK -244 (0) million to a value of zero as of 31 December 2024. See also [note 26](#) for further details related to the equity method accounting of Cryoshelter BioLNG. For more information about Cryoshelter, visit www.cryoshelter.com.

Results from

Discontinued operations

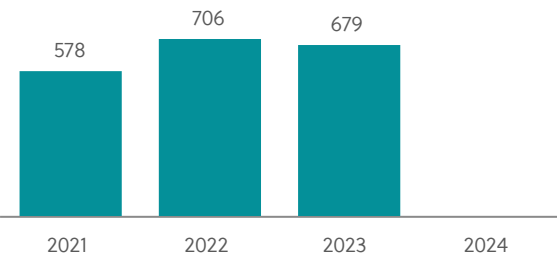
Discontinued operations relate to Hexagon Ragasco which was sold to Worthington Enterprise on 3 June 2024 and Hexagon Purus which was deconsolidated as a subsidiary and operating entity on 29 June 2023.

As both Hexagon Ragasco and Hexagon Purus represented separate major lines of business and separate segments within the Hexagon Group prior to the divestments, both components represent discontinued operations and have thus been presented as such.

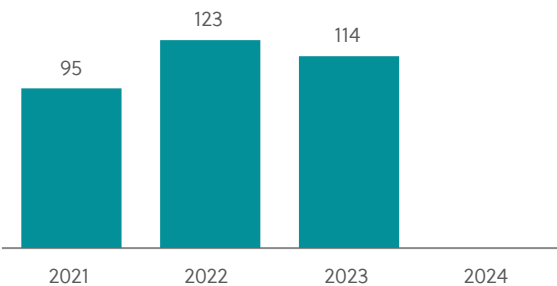
Hexagon Ragasco

Hexagon Ragasco was sold to Worthington Enterprises on 3 June 2024. The graphs below show the operating financials of Hexagon Ragasco, which prior to 2024 was fully consolidated in Hexagon’s group accounts, but which has been re-presented and classified as discontinued operations post sale.

REVENUES PREVIOUSLY CONSOLIDATED (NOK million)



EBITDA PREVIOUSLY CONSOLIDATED (NOK million)



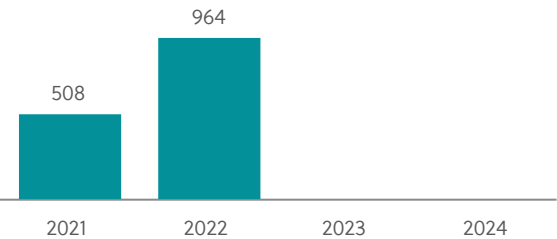
The sale of Hexagon Ragasco to Worthington Enterprises was concluded based on an enterprise value (EV) of NOK 1 050 million, including a contingent consideration of NOK 50 million. Following the sale, Hexagon Composites recognized a gain of NOK 675 million. The gain is presented together with the profit after tax from Hexagon Ragasco in the period 1 January 2024 to 3 June 2024 of NOK 14 million, which together amounted to NOK 690 million. See also [note 5](#) for further information.

Hexagon Purus

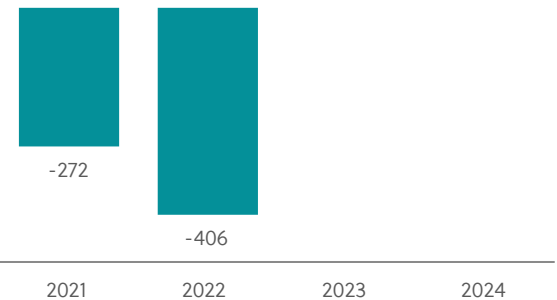
Effective 29 June 2023, Hexagon Purus was deconsolidated from the Hexagon Group and presented as discontinued operations. Since the same date, Hexagon’s retained ownership of 38% in Hexagon Purus has been accounted for by use of the equity method. The graphs below show the operating financials for Hexagon Purus which prior to 2023 were fully consolidated in Hexagon’s Group accounts, but which has been re-presented and classified as discontinued operations post deconsolidation in 2023. Due to the deconsolidation in 2023, there are no financial figures related to Hexagon Purus within discontinued operations in 2024. The deconsolidation in 2023 yielded also an accounting gain of NOK 2 351 million which together with the results in the period 1 January to 29 June 2023 of NOK -302 million amounted to

NOK 2 050 million. See also [note 5](#) for further information pertaining to the deconsolidation.

REVENUES PREVIOUSLY CONSOLIDATED (NOK million)



EBITDA PREVIOUSLY CONSOLIDATED (NOK million)



Financial statements Group

Changes in the Group

Following the deconsolidation of Hexagon Purus effective 29 June 2023 and the sale of Hexagon Ragasco on 3 June 2024, historical financial figures for Hexagon Group have been re-presented for full comparability of profit/losses from continuing operations. Continuing operations comprise the operating segments Hexagon Agility and Hexagon Digital Wave in addition to non-operating and corporate entities which are not linked to the financial reporting of the operating segments. As such, Hexagon Purus and Hexagon Ragasco have been classified and presented as discontinued operations in the statement of income for 2024 as well as 2023.

Operating results from continuing operations

For the full year 2024, Hexagon Group reported revenues of NOK 4 877 (4 526) million, including approximately NOK 81 million of positive FX translation effects. Excluding FX, the underlying

revenue growth was 6%, predominantly explained by Hexagon Agility's Mobile Pipeline distribution business which has delivered consistently high volumes throughout the year as a consequence of strong demand for transportation of oil & gas, helium and renewable natural gas (RNG) in the US. The Fuel Systems business of Hexagon Agility had a rather flat revenue development, but improved its profit margins notably, so did also Hexagon Digital Wave.

EBITDA for the Group came in at NOK 637 (366) million, resulting in an EBITDA margin of 13%, up from 8% last year. Significant volume effects in the Mobile Pipeline distribution business coupled with improved margins and efficiency gains in the Fuel Systems business were the major drivers. Full year effect of price increases and normalized supply chain disruptions compared to the last couple of years, also contributed positively to the Group's EBITDA margin.

Although depreciations and amortizations, due to effects of the capacity expansions programs in the US and Germany, were somewhat higher in 2024 with NOK 267 (220) million, the improved EBITDA yielded also a positive improvement to the EBIT which ended at NOK 370 (146), resulting in a healthy EBIT-margin of 8% (3%).

Profit/loss from continuing operations

Profit/loss before taxes from continuing operations was NOK -906 (-1 016) million, heavily impacted by share of losses from associates of NOK -521 (-177) million and impairment losses on associates of NOK -556 (-702) million. Additionally, the Group had a few special financial items related to fair value adjustment on the Hexagon Purus total return swap (TRS) of NOK -75 (-125) million, and fair value gain on earn-outs related to the sale of Hexagon Ragasco of NOK 71 (0). Excluding these effects, profit before taxes was NOK 175 (-13) million. See also [note 6](#) and [note 26](#) for further information of financials items and accounting effects of associates respectively.

Profit/loss from discontinued operations

Profit/loss from discontinued operations amounted to NOK 690 (2 123) million and relate to Hexagon Ragasco which was sold to Worthington Enterprises on 3 June 2024 and Hexagon Purus which was deconsolidated as an operating entity on 29 June 2023. In 2024, discontinued operations relate solely to Hexagon Ragasco up to and including 3 June 2024, while 2023 figures include the full year financials of Hexagon Ragasco and the financials of Hexagon Purus up to and including 29 June 2023. The net gain from the sale of Hexagon Ragasco amounted to NOK 675 million. See also [note 5](#) for

further details pertaining to discontinued operations.

Total profit after taxes

Adding the profits/losses from continuing operations with the profits/losses from discontinued operations, the total profit after tax was NOK -279 (1 109) million for the full year.

Financial position

On 31 December 2024, the Group's balance sheet amounted to NOK 7 077 (6 428) million. Of the Group's total assets of NOK 6 428 million last year, 569 million was related to Hexagon Ragasco, which is, due to the sale and deconsolidation on 3 June 2024, not a part of the Group's total assets at the the end of the current year. The increase in total assets during 2024 is however to a large extent explained by new right-of-use assets and corresponding lease liabilities, equity raise of NOK 300 million in August 2024, FX effects of translating USD-denominated subsidiaries to NOK, offset by impairment losses in associates made in the fourth quarter of 2024.

The Group's total liabilities as of year-end 2024 were NOK 3 545 (3 214) million, of which interest-bearing liabilities were NOK 1 293 (1 108) million, and net interest bearing debt NOK 991 (954) million. Total equity ended at NOK 3 533 (3 214) million, equating to an equity ratio of 50% (50%).

Cash flow

The reported cash flow statement for 2024 includes cash flows of Hexagon Ragasco up to and including 3 June 2024 (when sold). Similarly, the reported cash flow statement for 2023 included as cash flows of Hexagon Ragasco for the whole of 2024 and the cash flows of Hexagon Purus up to an including 29 June 2023 (when deconsolidated). Consequently, the reported cash flow statements are not directly comparable year over year on a line-by-line basis. The cash flow statement is however separated between cash flows from continuing operations and cash flows from discontinued operations on the main lines for operating, investing and financing cash flows.

Despite an improved EBITDA generation in 2024, cash generation from continuing operations was softer in 2024 with net cash flows from operating activities of NOK 177 (640) million. The lower cash flow generation was impacted by higher net operating working capital levels, especially related to higher inventory levels and receivables and less prepayments received on account from the Mobile Pipeline business due to lower order intake in 2024 compared to 2023.

Net cash flows from investing activities from continuing operations were negative by NOK -216 (66) million largely explained by capital expenditures on the expansion program in the

US, while with proceeds from the sale of Hexagon Ragasco to a large extent being netted with other financial cash outflows - including equity investments and loans to associates and cash collateral payments on the total return swap on Hexagon Purus. Reference is made to the cash flow statement for further details.

Net cash flow from financing activities from continuing operations were NOK 209 (-845) million, largely explained by the share capital increase made in August 2024 of NOK 291 million. Other financial cash flows were related to interest payments on interest-bearing liabilities, leasing payments and a net positive effect if increased debt facilities.

Long-term borrowing and liquidity

The Group’s long-term borrowing is financed centrally through the parent company Hexagon Composites ASA. On 31 December 2023, Hexagon’s drawings on the debt facilities of NOK 1 108 million with its banking partners, DNB and Danske Bank, were due its less-than-12-month-to-maturity status, classified and presented as current interest-bearing debt. On 30 April 2024, Hexagon entered into a new debt facility agreement with its banking partners, and the drawings under the debt facilities (except for drawings on overdraft facilities) have thus been

reclassified and presented as non-current since then.

The principal loan financing facility in Hexagon Composites ASA is a Senior Secured bilateral facility with DNB Bank and Danske Bank. Following the new debt facility agreement entered into on 30 April 2024, the overall size of the committed facility increased by NOK 500 million, to NOK 2 200 million, comprising a term loan of NOK 1 100 million, an overdraft facility of NOK 250 million, and a multi-currency revolving credit facility (RCF) of NOK 850 million. The main tenor is for 3 years with extension of 1 +1 years available in relation to the term loan and RCF. As of year-end 2024, total drawings under the debt facilities amounted to NOK 1 301 (1 111) million excluding amortized transaction costs of NOK -8 (-3) million.

Unused credit facilities were NOK 899 (589) million and available liquidity was NOK 1 201 (743) million. All financial covenants under the debt facility agreement were met with comfortable margins as of year-end. The Board considers the Group’s current available liquidity as sufficient for the Group’s operations.

The Parent Company

The Group’s headquarter is located in Aalesund, Norway. At the end of 2024, Hexagon Composites

ASA’s corporate administration consisted of 17 (15) employees, responsible for general administration, finance, strategy, business development , operations, ESG, investor relations and communications. In 2024, the Parent Company Hexagon Composites ASA incurred an operating profit of NOK -80 (-52) million and a profit after tax of NOK 55 (813) million. The profit after tax in 2024 is to a large extent impacted by a statutory accounting gain from the sale of Hexagon Ragasco of NOK 882 million and write-downs of investments in and loans to subsidiaries and associates of NOK 706 million. Last years’ profit after tax was largely explained by gains from the divestment of 30% of outstanding shares in Hexagon Purus.

The Board of Hexagon Composites ASA proposes that the profit for the year is allocated as follows:

Allocation of profits for the year (MNOK)	2024
Allocated to dividends	-
Transferred to other equity	55
Total allocations	55

Share capital and dividends

Hexagon Composites ASA is listed on the Oslo Stock Exchange under the ticker “HEX”. At the end of 2024, Hexagon’s share capital was NOK

21 007 million divided on 210 070 416 shares, each with a nominal value of NOK 0.10. On 31 December 2024 Hexagon held 396 610 (1 379 854) treasury shares. The Company's market value at year-end was NOK 9.6 (5.8) billion. For further investor information, refer to the Investor section on the Company's website.

Hexagon Composites ASA did not distribute any dividends in 2024, and the Board does not propose any ordinary dividends to be paid based on the financial statements as of 31.12.2024.

Risk management

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

Financial risks

The Group has a centralized finance function with overall responsibility for accounting, cash

management, capital management, financing arrangements and management of the Group's financial risk factors. In addition, the business areas have financial controllers that perform similar tasks on the subsidiary level. The most significant financial risks for the Group include interest rate risk, liquidity risk, currency risk and credit risk. The Group currently uses financial instruments to hedge risks associated with foreign currency fluctuations, interest rate risk and credit risk. See [note 25](#) to the consolidated financial statements for further information related to financial risk factors and mitigating actions. Unexpected events and potential fluctuations in cash generation from operations could result in the Group being unable to meet its financial obligations. To mitigate this risk, the Group targets a sufficient liquidity position and adequate level of credit facilities. At the end of the year, the Group had unused credit facilities totaling NOK 899 (589) million and available liquidity of NOK 1 201 (743) million. See also [note 16](#) and [20](#) for more information.

The Group is exposed to credit risk related to counterparty default on contractual agreements and trade, and other current receivables. The Group has policies and procedures to ensure that sales are made to customers with appropriate credit profiles within defined limits. Actual losses on outstanding receivables have remained low

and amounted to only NOK -2 million in 2024 and NOK -1 in 2023. Trade receivables at the end of the year amounted to NOK 743 (551) million.

The Group is exposed to changes in currency rates which can impact the competitive position and have a significant effect on reported results. The most important foreign currencies to the Group are US dollars and Euro. According to the Group's finance policy certain forward exchange contracts have been entered into to reduce this risk. Certain of the Group's interest-bearing liabilities have variable interest rates, which expose the Group to volatility in future interest payment amounts. The aim of the Group's interest rate management is to reduce interest expenses while keeping this volatility within acceptable limits. See [note 20](#), [note 21](#) and [note 25](#) for information relating to interest rate hedging agreements maintained by the Group.

Operational risk

Business risk relates to the risk of loss and reduced profitability due to changes in the Group's competitive position. Factors which can impact the competitive position include new players in the industry, pressure on market prices and future demand and supply factors, including the price of natural gas and the relative price of gas compared with diesel. Shortages in key raw materials can impact the whole industry that the

Company operates in, especially in relation to high-grade carbon fiber and automotive batteries and electronic components. Adverse developments in the regulatory environment of alternative fuels and general geopolitical developments are also risks. Depending on developments, these factors could have an impact on results and financial positions.

Operational and technological risk

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

Raw materials risk

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

Market risk

The aftermath of the covid pandemic has caused increased market risk, especially related to unpredictable supply chains and inflation levels worldwide and a following increase of interest rates to combat the heightened inflation levels. In 2024, the Group had largely neutralized the inflationary effects of inflation of input cost prices, but higher interest rates in 2024 and 2023 weighed down profits. Hexagon's management are closely monitoring the macroeconomic development, recessionary trends, inflation rates and interest rates in all areas where Hexagon operates and will implement necessary countermeasures if and when such measures become necessary.

Corporate governance

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

The Board of Directors and management personnel of Hexagon Composites ASA is covered by the Company's Directors & Officers liability insurance. The insurance covers personal legal liabilities including 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 serving on the boards of jointly or non-controlled entities.

Environment, social and governance (ESG)

Hexagon strives to conduct its business in an economically, socially, and environmentally responsible manner. The European Commission adopted legislative CSRD (Corporate Sustainability Reporting Directive) and its ESRs (European Sustainability Reporting Standards) entered into force for reporting periods starting as of 1 January 2024 in the European Union and Norway. As these requirements are introduced by way of a Directive, the specific rules that apply to listed companies are the ones set out in the national legislation transposing the Accounting Directive as amended by CSRD, as well as by Commission Delegated Directive (EU) 2023/277520 that has adjusted the size criteria applicable to the definition of micro, small, medium-sized and large listed companies.

CSRD regulation has been enacted for Norwegian listed companies, applicable for reporting periods starting as of 1 January 2024. Hexagon has consequently prepared its sustainability statement in line with the requirements in the CSRD regulation for 2024. The CSRD report, including the reporting of EU Taxonomy related information, can be found in the Sustainability statement in a separate section of this annual report. Although the Sustainability statement is stated in a separate section, it is an inherent part of the Board of Directors' report.

Transparency Act

On 1 July 2022, the Norwegian Transparency Act entered into force and requires Hexagon to carry out due diligence assessments related to fundamental human rights and decent working conditions in its own businesses and supply chains. There were no findings of violations of human rights or decent working conditions within the supply chain of Hexagon in 2024. For further details, please refer to the Transparency Act Statement on Hexagon's website under the Sustainability section.

Our workforce

Hexagon is committed to workplace diversity, ensuring equal opportunities for all and fostering a culture of inclusion. The core values – integrity and drive – support this mission and ensure accountability.

The Company is committed to maintaining a comprehensive, effective, and consistent Environment, Health and Safety management system across all business and production areas. Sickness absence levels in Norway and Germany for continuing operations were respectively 0.0% (0.5%) and 6.6% (5.6%) in 2024. No occupational disease cases were recorded in the Group. In North America, sickness absence was not recorded as employees are allocated generic paid

time off (PTO) of 15 days – which includes but is not limited to sickness absence.

For complete information about our workforce, see the Sustainability statement for 2024.

Environment

Climate change also represents some level of physical risk to Hexagon in terms of severe climate events that could damage business facilities or disrupt supply chains. As a part of the Group's work with the CSRD and EU Taxonomy requirements, a physical climate risk and vulnerability assessment were performed for all operational sites. Based on the assessment, Hexagon identified extreme wind and tornados in the US as events that may cause significant damage or disruptions. The general level of risk and potential impact from physical climate change for Hexagon is, however, considered relatively low. Refer to [Note 32](#) – Climate risk, as well as the Sustainability statement for 2024 included in this annual report for further information on climate and environmental risks and how these are managed.

Research & development

In order to maintain a leading position within its markets, the Group invests in technological and process development. Several research & development (R&D) projects are carried out in

cooperation with major customers. The Group's continuing operations expensed R&D costs amounting to NOK 19 (9) million in 2024 and capitalized technology development of NOK 20 (14) million in 2024. The Group's continuing operations did not receive any government contributions in 2024 nor in 2023.

Outlook

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

Global regulations continue to support the energy transition. In addition to far-reaching programs, such as REPower EU and the US Inflation Reduction Act, a number of federal and regional programs addressing transportation are also being implemented. Regulations previously targeted at promoting a tailpipe-only approach, tending to favor battery-electric and hydrogen technologies, are being revisited and/or scaled back, expected to be replaced with a technology-neutral approach. Hexagon is actively engaged with legislative and regulatory bodies in the EU and the US to promote a "well- to -wheel"

approach to evaluating emissions, which supports the increased deployment of CO₂-neutral fuels such as biomethane/renewable natural gas (RNG).

Hexagon Digital Wave

The demand for Hexagon Digital Wave's Modal Acoustic Emission (MAE) requalification is to a large extent correlated with historical sales of gas distribution modules, including Hexagon Agility's Mobile Pipeline business, and follows the 5-year period inspection requirements of the modules. As both 2015 and 2020 were historically low years for distribution modules, 2025 is expected to have a significant dip in inspection-driven revenues, before restoring to higher levels from the strong development in Mobile Pipeline in subsequent years. The Ultrasonic Examination (UE) machine business is expected to remain stable.

Hexagon Agility

Hexagon Agility's overall profitability has improved significantly in the second half of 2024 after a soft start to the year. The improvement is largely attributed to higher heavy-duty truck volumes, including the NOK ~620 million UPS order for RNG fuel systems in May 2024, as well as significant volumes in the Mobile Pipeline business following the strong order intake in 2023.

The first half of 2025, as per previous years, is expected to be seasonally soft for heavy-duty Truck, with a back-end loaded second half of 2025. The full year results are heavily dependent on volumes from the steadily increasing adoption of the new X15N engine. Other factors influencing this trend are: i.) increasingly large order sizes from new adopters of NG, ii.) the start of production of DTNA (Freightliner) trucks with the X15N engine sometime in mid-2025, allowing significantly more trucks to be available to equip with the X15N engine, iii.) expected improvements to freight rates after a historically low market, enabling higher customer capital allocations. So far to date, there have been orders for more than 250 trucks with fuel systems fitted with the X15N engine, based on the reduced availability of Truck platforms. We expect this figure to increase significantly with the addition of the Freightliner platforms.

Looking further out towards 2030, and with 3 of 6 major OEMs representing approximately two-thirds of the North American heavy-duty truck market equipped with the new engine, the route to 10x growth in heavy duty Truck by 2030 is achievable. Hexagon's addressable market for Natural Gas driven heavy-duty trucks increases threefold due to the X15N engine, as it opens the long-haul segment served by diesel engines, while meeting required stringent NOx emissions

reductions targets is pushing OEMs to increase their share of NG trucks within their product portfolios.

For the Mobile Pipeline business, volumes have been at a consistently high level throughout 2024. Although the backlog exiting the year is lower in 2024 compared to 2023, the order to delivery times have been reduced to more normal levels and with higher productivity and capacity, more business can be serviced in 2025.

Maintaining a high level of activity in 2025 depends somewhat on the expected increase in drilling/fracking activity in the US, any oversupply of capacity from 2024 and continued activity within RNG distribution. Despite the promise of new micro-grid markets opening up we expect a softer first half of the year. A stronger second-half of the year would be a result of the economic competitiveness of RNG/CNG relative to conventional energy such as diesel, and customers’ decarbonization targets.

The Board is pleased with the recovery of margins within the fuel systems business in the second half of 2024 after the macro shocks of the past two years, and especially in a period when the general freight market has been at a low level. The lower visibility of demand, especially for the back-end of 2025, is understandable given the link to the speed of X15N engine adoption and the return to normal backlog levels in Mobile pipeline. For 2025, the organization is prepared for a more meagre first-half versus the expectation of exiting the second-half strongly; with guided revenues of NOK 4.9 - 5.3 billion, and EBITDA of NOK 640 – 740 million.

Going concern

In accordance with the accounting act § 3-3a we confirm that the conditions for continued operations are present and that the annual report have been prepared based on the going concern assumption. This assumption is based on budgets and profit forecasts for 2025 as well as the Group’s long-term strategic forecasts. The Group’s financial position is deemed strong with sufficient liquidity and a robust equity ratio.

Subsequent events

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

Omaha (USA), 26 March 2025
The Board of Directors of Hexagon Composites ASA



Knut Flakk
Chair



Kristine Landmark
Deputy chair




Takayuki Tsunashima
Board member



Liv Astri Hovem
Board member



Eva Sagemo
Board member



Sam Gabbita
Board member



Joachim Magnusson
Board member



Philipp Schramm
Chief Executive Officer

Sustainability statement



General information

ESRS 2 General disclosures

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GENERAL INFORMATION

Basis for preparation

ESRS 2 BP-1 General basis for preparation of the sustainability statement

This sustainability statement covers the period from 1 January to 31 December 2024. The report has been prepared on a consolidated basis with our 2024 financial statement, and is prepared and presented in accordance with the Norwegian Accounting Act (section 2-3). Data from discontinued operations, Hexagon Ragasco, are included for the period 1 January 2024 to 31 May 2024 when they were part of Hexagon’s operations reflected in this statement, unless specified otherwise.

The report includes Hexagon’s own operations as well as our upstream and downstream value chains. Detailed information on how Hexagon’s policies, actions, targets, and metrics apply to our value chain are provided in the sections related to the topical standards.

No information related to intellectual property, know-how, or innovation results has been excluded from this sustainability statement.

ESRS 2 BP-2 Disclosures in relation to specific circumstances

Changes in the preparation or presentation of sustainability information

In previous years, our sustainability reports were prepared in accordance with the Global Reporting Initiative (GRI) standards. 2024 marks a significant transition as we align our reporting with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) for the first time. In response to these new requirements, we have restructured our sustainability reporting framework. These changes include:

- Implementing the ESRS sustainability statement structure and disclosure requirement, incorporating description of material impacts, risks, opportunities, policies, actions, metrics, and targets.
- Adopting the ESRS approach for our Double Materiality Assessment (DMA) process.

Time horizon

In preparing the sustainability statement, Hexagon has defined the following time intervals in accordance with ESRS2 AR 6.4:

- Short-term: Less than 1 year
- Medium-term: 1 to 5 years
- Long-term: More than 5 years

Value chain estimation

When preparing this report and collecting data for metrics, we have primarily used primary data. However, in some cases, such as Scope 3, estimations and industry averages have been utilized. The calculation basis for sustainability metrics is described in the accompanying notes for each metrics. This includes whether the metrics are directly measured or estimated using sources such as third-party data or sector averages. Detailed information on key estimates and assumptions are presented with the respective quantitative ESG data tables in E1-5, E1-6, E5-4 and E5-5.

We have made a reasonable effort to collect and estimate the data, even when utilizing indirect sources, to ensure a comprehensive view of the impacts across our value chain. Despite some limitations, we consider the accuracy of our metrics to be reliable. Going forward, we aim to minimize the use of estimations, average data, and spend-based methods, while increasing the reliance on supplier-specific data. In the first year of reporting under ESRS, we have omitted voluntary data points and applied the transitional provisions outlined in ESRS Appendix C for phasing-in disclosures.

Disclosures stemming from other legislation or other sustainability reporting standards

The report contains information in accordance with the Norwegian Transparency Act. These disclosures are clearly indicated throughout the report. The report is also Hexagon’s annual communication on progress to the UN Global Compact.

GENERAL INFORMATION

Sustainability governance

ESRS 2 – GOV-1 The role of the administrative management and supervisory bodies

Hexagon's ESG organization is an integrated part of the Company's central functions and operational organization. The highest decision-making responsibility for sustainability is with the company's Board of Directors (Board). Hexagon's sustainability statement is reviewed and approved as an integrated part of the annual report by the Board of Directors.



ESG organization



The Board of Directors

The Board is composed of seven individuals with strong international experience and expertise from various global industrial companies. The Board members have both the 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. Five of the shareholder-elected Board members, or 71% are independent of the Company’s executive personnel, material business contacts and the Company’s major shareholders. The Board of Directors currently has 43% female representation while the two sub-committees: Audit & Sustainability Committee has 100% and the Remuneration Committee has 67% female representation, respectively. The Board does not include any executive members.

Representation of employees or other workers

Hexagon Composites ASA has less than 30 employees. According to the Norwegian Limited Liability Companies Act, the employees may not require formal representation in the Company’s Board of Directors. However, the administration is represented by the CEO, CFO and COO in all board meetings and these executives are responsible for representing the Company’s employees including all consolidated entities and other workers as part of their group wide positions and responsibilities.

Hexagon's ESG organization

Our ESG organization is supported by the Executive Team and the CEO. The highest decision-making responsibility for sustainability is with the company's Board of Directors and sustainability is included in the board's annual strategy process, half year reporting, as well as the quarterly reporting to the Board's Audit & Sustainability Committee (A&S Committee). The A&S Committee is mandated by the Board to maintain regular oversight of impacts, risks and opportunities, development of annual ESG performance indicators as well as tracking of progress towards key targets. The A&S Committee also reviewed and supported the Administration's approach and assessment of impacts, risks and financial materiality of the sustainability matters.

In the third quarter 2024, Hexagon re-organized its ESG organization and established an ESG Steering Committee led by the CFO. The ESG Steering Committee consists of five senior members from Finance, Operations, Engineering and ESG. The Committee has a mandate on behalf of the Executive Team to make decisions related to sustainability management, budget and strategy execution, including resource needs and alignment with business strategy and priorities, and overseeing setting targets related to material impacts, risks and opportunities. The Committee also functions as a steering group for larger sustainability projects, reviews progress towards ESG targets quarterly, and functions as oversight body towards achieving the Company's Science Based Targets and Net zero. The Committee is reporting to the Executive Team in the regular executive meetings.

The team made significant progress in further establishing and driving our ESG initiatives in 2024. The leaders of Hexagon's

Environmental, Social and Governance efforts established concrete action plans and targets for the work and priorities within their areas including milestones throughout the year.

Hexagon's VP ESG & Corporate Compliance and "Environmental" Officer, leads the sustainability governance and reporting efforts, including the Environmental reporting, manages ESG ratings as well as the strategy to drive the company's CO₂ reduction efforts and roadmap to net zero.

Hexagon's SVP HR and "Social" Officer, leads our social criteria strategy, setting targets and goals to drive the company's relationships with employees, potential employees and the communities where we operate.

Hexagon's Chief Legal Officer and "Governance" Officer, oversees the company's legal and regulatory matters, including compliance with applicable laws and internal policies, and works with management and staff to identify and manage regulatory risk.

The net zero impact project coordinator is the Sustainability lead in the largest business area, working in close cooperation with the various project owners. The main owner of the projects is the COO and progress is being reported bi-monthly to the ESG Steering Committee.

In Hexagon, the above mentioned roles are all highly cross functional leadership roles that partner with the business units to improve Hexagon's ESG efforts and drive innovative solutions that support our material topics and net zero commitment. The production sites have dedicated resources and cross functional

teams, including the Environmental team (E-team) which support the development of the relevant strategies and targets and implement them in local operations. The E-team is driving several of the environmental initiatives and projects to support Hexagon's near term and net zero emission reduction targets, as well as ensuring best practices sharing across sites and driving our sustainability culture.

Hexagon have dedicated controls and procedures in place to manage the impacts, risks, and opportunities. These include ESG risk assessments with related mitigation plans, and various monitoring activities as described in our Internal Control Protocol. The ESG team works integrated in the Finance team and the VP ESG is working closely with the Company's main functions to ensure that these controls are integrated. In addition, the key functions: HR, Procurement, Engineering and Operations are reporting to the COO who also is a member of the ESG Steering Committee and supports the oversight of integrating controls and procedures which is still ongoing work across the Company.

During 2024, the Board received formal training on the scope and implications of the new CSRD reporting requirements, and one member of the A&S Committee attended an external training targeted at Board members responsibilities. Several of Hexagon's Finance team members have completed comprehensive training in the CSRD/ESRS reporting requirements. In addition, the Chair of the A&S Committee is overall responsible for the integrated sustainability reporting in a large stock listed company and is a strong resource within sustainability for the rest of the Board. The Executive Team (ET) has a wide range of expertise relevant to assessing material impacts, risks and opportunities; including from

automotive manufacturing, operations and engineering, Finance, M&A, commercial, and environmental law and government affairs side. Further, the ET is relying on the ESG Steering Committee and its Projects & Execution Team, including the E-Team, and Compliance & Reporting sub-teams which comprise global and regional resources from different locations. These teams have strong experience within various engineering disciplines, quality management, operations, health & safety, HR, sustainability, finance, ESG reporting and compliance. Hexagon has also worked with reputable consultants for various ESG topics over the last few years who provide access to expert competence when needed.

ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the business's administrative, management and supervisory bodies

The A&S Committee and Executive Team is informed quarterly by the VP ESG about material Impacts, Risks and Opportunities, the implementation of due diligence, and the results and effectiveness of related policies, actions, metrics, and targets. These presentations are reviewed during scheduled meetings, ensuring comprehensive oversight and informed decision-making. The full Board are presented with a summary from the A&S Committees quarterly review, as well as an annual presentation of relevant ESG topics according to the Board's annual plan.

Impacts, risks, and opportunities are integrated into the business strategy discussions, major transactions, and risk management processes. The consideration of various sustainability matters such as health & safety, working conditions, GHG reduction commitments or programs, and environmental risks are part of our due diligence process when assessing investment opportunities including prospective acquisitions. These considerations involve analyses that

assess trade-offs associated with various impacts, risks, and opportunities to make informed decisions aligned with sustainability objectives.

During 2024, the main IROs addressed by governance bodies were related to climate risk, energy usage, GHG reductions and targets, lobbying, health and safety, human rights due diligence, workforce development and training.

ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes

Hexagon's Guidelines for remuneration of the executive management is prepared by the Board of Directors in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16a and related regulations. It is required by Norwegian law for the guidelines to be considered and approved by the General Meeting upon any material changes and at least every fourth year. The Company's Guidelines for remuneration of the executive management were approved by the General Meeting in April 2024 and are available on Hexagon's website. The Board of Directors is currently not part of the Company's Guidelines for remuneration. However, from 2025, the Board's guidelines for remuneration to executive personnel will also include the Board due to an amendment to the Norwegian Public Limited Companies Act Section 6-16a implemented in 2024.

The components and total package of remuneration strive to support Hexagons' competitiveness as an employer in all locations, and especially in the US. Remuneration for Executives has been designed to comply with established local practice and mandatory rules in the jurisdiction of their employment, taking into account, to the extent possible, the overall purpose of the remuneration policy.

Elements of Executive remuneration in Hexagon

Remuneration includes all benefits a person receives by virtue of their position as an Executive in Hexagon. This includes, in principle:

- fixed salary,
- bonuses,
- allotment of shares, warrants, options and other forms of remuneration related to shares or the development of the share price in the company,
- pension schemes, early retirement schemes and
- all forms of other variable elements in the remuneration, or special benefits that are in addition to the basic salary.

In 2024 Bonuses, or variable cash salary for Executives was based on a set of predetermined and measurable performance criteria, reflecting the key drivers for pursuing Hexagon's business strategy, long-term interests, and sustainable business practices. The performance criteria consisted of performance indicators both for Hexagon's and business areas' overall and for individuals' performance. In 2024, variable cash salaries were based 50%-70% on financial parameters related to EBITDA, and 30%-50% on operational and ESG-related parameters. See the 2024 Remuneration report for further details. Sustainability-related performance metrics are included in the Guidelines for remuneration under the description of variable cash salary, i.e., cash bonuses: Performance indicators may include financial and non-financial performance parameters. Non-financial parameters may include a range of strategic objectives including ESG targets. For further details, see Guidelines for remuneration of executive management 2024 on Hexagon's website. Climate related considerations were in 2024 not factored into the remuneration of executive management, but will be considered for 2025.

GENERAL INFORMATION

Core elements of Due Diligence

ESRS2 GOV-4 Statement on due diligence

The table shows a mapping of how Hexagon incorporates the core elements of due diligence and identifies where they are presented in this Sustainability Statement.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT	Does the disclosure relate to people and/or the environment?
a) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2	37 People and environment
	ESRS 2 GOV-3	37 People and environment
	ESRS 2 GOV-3; E1	37 Environment
	ESRS 2 SBM-3	46 People and environment
	ESRS 2 SBM-3; E1	60 Environment
	ESRS 2 SBM-3; S1	101 People
	ESRS 2 SBM-3; S2	112 People
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2	37 People and environment
	ESRS 2 SBM-2	43 People and environment
	ESRS 2 IRO-1	46 People and environment
	ESRS 2 MDR-P; E1-2	63 Environment
	ESRS 2 MDR-P; E5-1	75 Environment
	ESRS 2 MDR-P; S1-1	102 People
	ESRS 2 MDR-P; S2-1	112 People
	ESRS 2 MDR-P; G1-1	118 People and environment
	S1-2	103 People
	S2-2	113 People
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1	46 People and environment
	ESRS 2 SBM-3	46 People and environment
	ESRS 2 SBM-3; E1	60 Environment
	ESRS 2 SBM-3; S1	101 People
	ESRS 2 SMB-3; S2	112 People
d) Taking actions to address those adverse impacts	ESRS 2 MDR-A; E1-3	63 Environment
	ESRS 2 MDR-A; E5-2	76 Environment
	ESRS 2 MDR-A; S1-4	104 People
	ESRS 2 MDR-A; S2-4	115 People
	G1	118 People and environment

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT	Does the disclosure relate to people and/or the environment?
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-T;E1-4	66 Environment
	ESRS 2 MDR-T;E5-3	76 Environment
	ESRS 2 MDR-T;S1-5	107 People
	ESRS 2 MDR-T;S2-5	116 People
	ESRS 2 MDR-M: G1-5	120 People and environment
	ESRS 2 MDR-M: E1-5, E1-6	68 Environment 70
	ESRS 2 MDR-M: E5-5	78 Environment
	ESRS 2 MDR-M; S1-6	107 People
	ESRS 2 MDR-M; S1-8	107 People
	ESRS 2 MDR-M; S1-9	109 People
	ESRS 2 MDR-M; S1-14	110 People
	ESRS 2 MDR-M; S1-16	109 People
	ESRS 2 MDR-M; S1-17	111 People

Sustainability risk management

GOV-5 Risk management and internal controls over sustainability reporting

The possibility of inaccuracies in Hexagon's sustainability reporting might result from human errors or incomplete data. To address and mitigate these risks, Hexagon has implemented various processes as part of its internal controls over sustainability reporting.

To ensure comprehensive risk management, a detailed risk assessment for all key processes is conducted annually. This assessment includes the identification, analysis, and evaluation of potential risks that could impact the reliability of company's ESG data. The results are documented and reported internally to the ESG Steering Committee and to the A&S Committee at least once a year, detailing identified risks, their potential impact, likelihood, and the mitigation strategy. Beyond the annual review, continuous monitoring and reporting mechanisms are in place to identify and address emerging risks promptly.

Internal assessments and reviews play a crucial role in maintaining the integrity of ESG data, ensuring that all ESG claims and communications are accurate and reliable. Hexagon conducts internal audit of the numerical data in the sustainability statement at least once a year. The process controls include evaluating and mitigating risks associated with ESG fraud, such as greenwashing.

Regular data reconciliation is implemented to ensure data accuracy and completeness. If any errors are identified, these are reported and corrected promptly.



GENERAL INFORMATION

Strategy, business model and value chain

ESRS 2 SBM-1 Strategy, business model and value chain

Sustainability for Hexagon means generating positive social and environmental impact and business value through our products and solutions, while at the same time ensuring that sustainability considerations are embedded throughout our products, operations and ways of working.

Our commitment to sustainability is reflected in our sharpened strategic focus on high-pressure industrial gases and alternative fuels, positioning us as key enablers of the decarbonization of transportation through this decade and beyond.

Strategic Shift: The sale of Hexagon Ragasco

In 2024, Hexagon Composites sold Hexagon Ragasco, our business unit dedicated to producing LPG cylinders for domestic and leisure applications. In divesting Hexagon Ragasco, we have streamlined our operations and are now better positioned to concentrate on our core strengths, manufacturing high-pressure composite tanks and fuel systems for transportation.

Business model

The production of high-pressure Type 4 composite cylinders is at the core of what we do. But we have evolved over three decades from a cylinder manufacturer into a full integrator of alternative fuel and gas distribution solutions.

Our portfolio of companies offers the full spectrum of alternative fuel mobility solutions, including high-pressure tanks and fuel systems for renewable and compressed natural gas (RNG and CNG), liquid and bio-liquid natural gas (LNG and bio-LNG), as well as hydrogen and battery electric. These solutions enable customers to make the switch to alternative fuels within two market segments: commercial vehicles and gas distribution.

Commercial vehicles

Hexagon is one of the leading global providers of alternative fuel solutions for commercial vehicles. Our expertise is key to integrating energy storage and fuel systems into medium and heavy-duty trucks, transit, refuse, aerospace and maritime vehicles. We work with our customers and partners, global leading OEMs, dealers and fleet owners, to support and enable their adoption of low-carbon transportation solutions. Our

solutions are engineered for high performance, durability, and uncompromised safety, making us an attractive supplier to fleets looking to displace diesel vehicles in their decarbonization efforts.

Gas distribution

Hexagon's high-pressure gas distribution solutions are essential to alternative fuel supply chains. Our composite gas distribution solutions have the largest transport capacity for compressed gases worldwide- enabling the safe transport of various gases to users lacking pipeline infrastructure. This capability is vital for bringing alternative fuels to the pipeline or directly to end customers across industries. Hexagon's gas distribution business generated NOK 2 170 million in revenue in 2024. As the modules can be used for all types of gases, Hexagon estimates that more than 25% of the revenues from this business were from transportation of non-fossil gases.

Strategic focus and future outlook

As we move forward, Hexagon Composites remains committed to driving the energy transition and supporting our customers in their journey towards sustainability. Our strategic focus on high-pressure industrial gases and alternative fuels positions us well to capitalize on the growing demand for clean energy solutions.

Our solutions largely leverage Type 4 composite technology. While our solutions represent a sustainable alternative, with a proven lifetime of 20+ years, we acknowledge that one of the main challenges ahead is that there are currently no sustainable end-of-life handling solutions for composite cylinders. Hexagon is actively working on developing improved recycling applications and we believe that, through global efforts and partnerships, new recycling methods can be commercialized worldwide within the next decade.

We recognize the importance of our position as an industry leader and are working with stakeholders across and beyond our industry to ensure the safety, sustainability and success of our products and operations. We will continue to invest in research and development to enhance our product offerings and explore new opportunities in emerging markets.

Headquartered in Norway, Hexagon has 1 033 employees in 10 locations across Europe and North America. The total revenue in 2024 was NOK 4 877 million.

Our goal is to be at the forefront of the energy transition, providing innovative solutions that support our customers' decarbonization targets. At the end of December 2024, our solutions are in operation in over 100 000 commercial vehicles and 2 000 gas distribution modules.



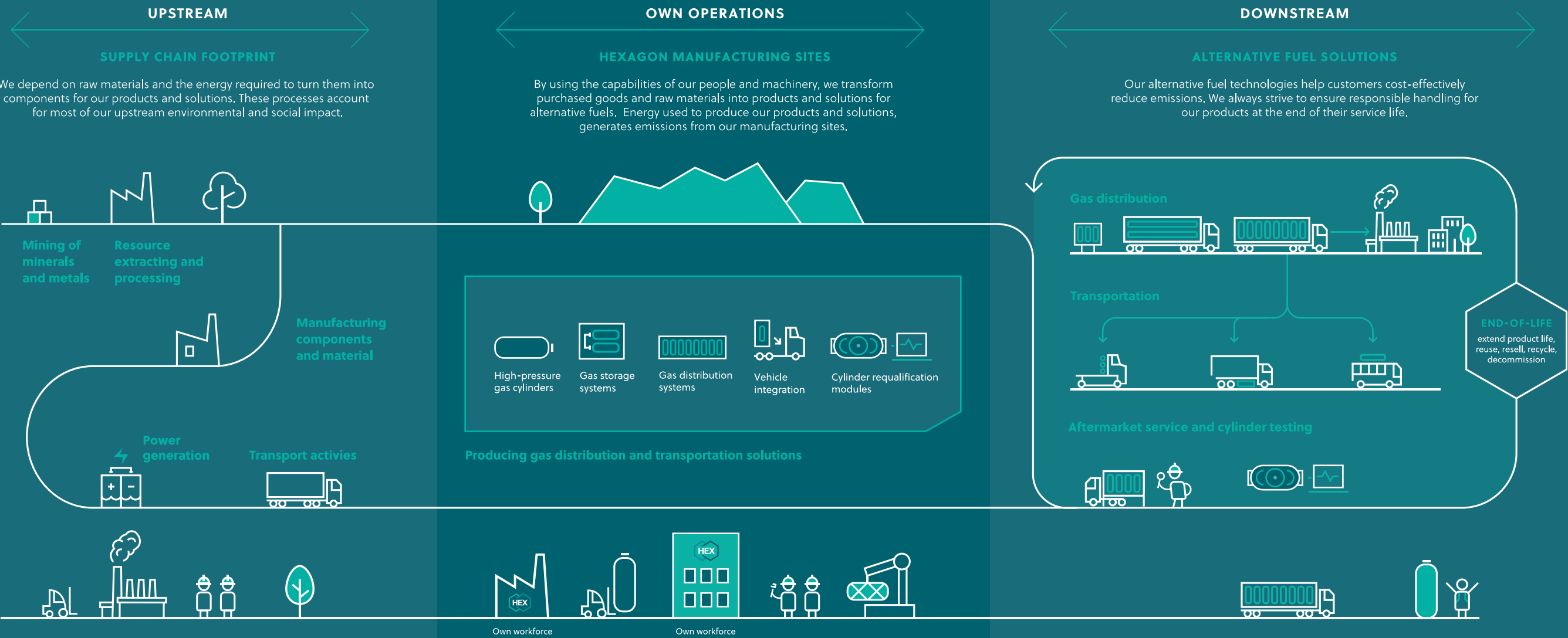
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EUROPE & REST OF WORLD

830

203

Value chain



GENERAL INFORMATION

Interests and views of stakeholders

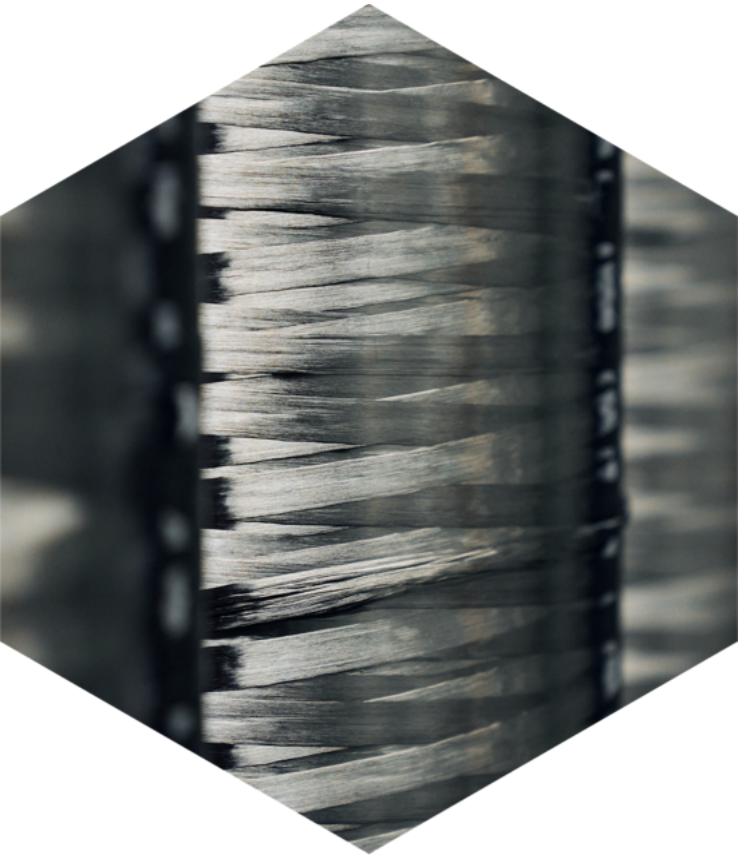
ESRS 2 SBM-2 Interests and views of stakeholders

Our stakeholders are integral to Hexagon Composites’ sustainability journey. Engaging with them transparently and effectively is essential to achieving our sustainability goals and our mission of driving energy transformation.

Stakeholder engagement

Engagement with key stakeholder groups is undertaken by our ESG Steering Committee, Executive Team, HR team, Sales team, Finance team, and employees across our business. We ensure that the views and interests of affected stakeholders regarding our sustainability-related impacts are regularly communicated to our ESG Steering Committee half-yearly through committee meetings.

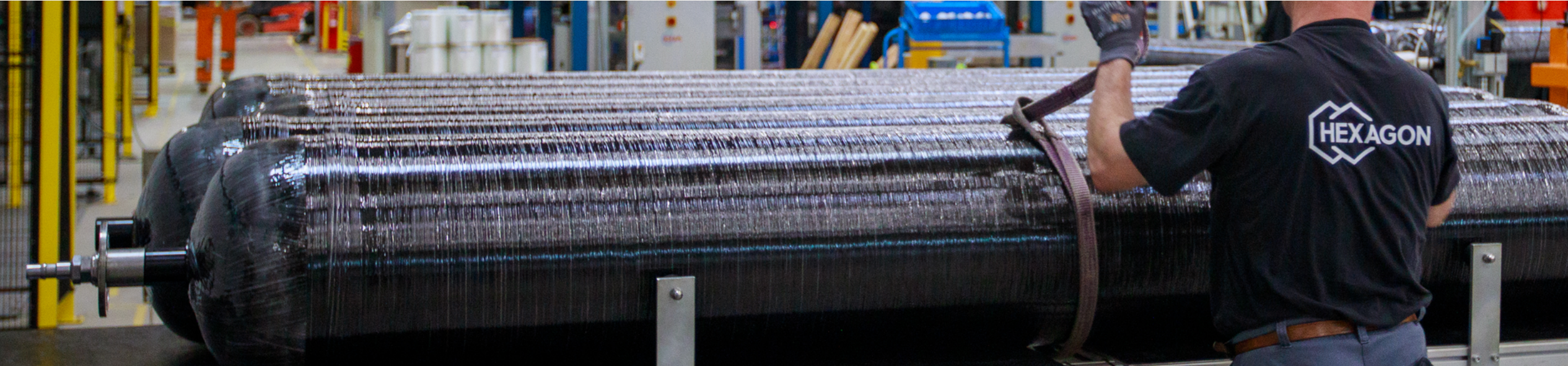
We prioritize fostering open dialogue and building trust to ensure that our actions align with the expectations and needs of our diverse stakeholder groups. This engagement not only informs our strategic direction but also strengthens our business model, ensuring that we remain responsive and adaptive to the evolving alternative fuels landscape that we operate in.



The table below summarizes how we engage with our key stakeholders, the purpose and key topics of those engagements and their outcomes. The insights gained from these engagements inform our due diligence processes and double materiality assessment. The interests and views of our stakeholders are integrated into the DMA, detailed in the IRO-1 subchapter. Engagement with the stakeholders ensured the continuity of the strategy in 2024.

Stakeholder	Purpose	Key Topics	Engagement	Outcome
Employees and potential employees	To cultivate a healthy and committed workforce, and empower our people and their expertise	<ul style="list-style-type: none">• Workforce development• Occupational health and safety• Work-life balance• Diversity and inclusion• Local community relations	<ul style="list-style-type: none">• Townhalls• Strategy updates• Employee feedback and engagement surveys• Workplace social media and intranet• Community volunteer events• Celebrations for milestones and achievements (for example: safety, quality, production)• Training and skills development• Grievance system	<ul style="list-style-type: none">• Launch of Talent Development Cycle program• Internal policy updates• Refreshed well-being initiatives• Views informed strategic priorities and must-win-battles
Customers	To enhance product quality, service efficiency, and practices that ensure customer needs and long-term satisfaction	<ul style="list-style-type: none">• Product quality• Service efficiency• Sustainability practices• Low carbon technology solutions• Product lifetime• Responsible procurement• Human rights in our supply chain	<ul style="list-style-type: none">• Emails and meetings• Site visits• Conferences and industry events• Websites• Reports and presentations• Press releases• Customer satisfaction surveys and scorecards	<ul style="list-style-type: none">• Product/service improvements• Joint projects on product innovation and lifecycle assessments• Advising and delivering alternative fuel solutions
Owners, analysts, investors and financial community	To provide transparent and timely information on financial performance and sustainability practices, ensuring informed investment decisions and fostering trust	<ul style="list-style-type: none">• Financial performance• EU taxonomy• External ESG ratings• Responsible procurement• Anti-corruption and integrity• Corporate Governance and compliance• Risk management	<ul style="list-style-type: none">• Financial presentations & stock exchange releases• Annual General Meeting• Sustainability and annual report• Meetings, conferences, and roadshows• Website	<ul style="list-style-type: none">• Expanded multiples and share price appreciation• Successful and oversubscribed capital raise• Enhanced reporting practices to align with CSRD 2024 requirements• Responses to investor queries

Stakeholder	Purpose	Key Topics	Engagement	Outcome
Partners and suppliers	To share best practice, ensure responsible procurement, and uphold integrity and human rights in our supply chain	<ul style="list-style-type: none">Responsible procurementHuman rights in our supply chainAnti-corruption and integritySustainability sourcing	<ul style="list-style-type: none">Supplier questionnairesQuarterly Business Reviews (QBRs) with top suppliersSupplier visits and auditsWorkshopsMeetings and industry events	<ul style="list-style-type: none">Expanded supplier sustainability program with more rigorous assessmentsEcovadis sustainability scorecardsMonthly supplier performance scorecardsESG workshops with partners and suppliersAdherence to Hexagon Composites' business conduct standards
National/ international regulators, NGOs and governments	To ensure regulatory compliance, promote environmental and safety standards, and foster collaboration for sustainable development	<ul style="list-style-type: none">Regulatory complianceEnvironmental impactSafety standardsResponsible procurementAnti-corruption and integrityHuman rights in our supply chainLocal community relationsTechnology-neutral laws and regulations	<ul style="list-style-type: none">PartnershipsConferencesCommunity and industry eventsPublic forumsDirect consultationsIndustry initiativesCommittees and industry advisory boardsLegislators, policy makers and regulators	<ul style="list-style-type: none">Ensuring compliance with regulation in the markets in which we operateDeveloping industry standards on safetyImproved transparency in reportingTraction with policy makers and stakeholders about advantages of vehicles running on CO₂ neutral fuelsIssuance of stakeholder report describing methodologies for vehicles running exclusively on CO₂ neutral fuels



GENERAL INFORMATION

Material assessment process

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

In 2024, Hexagon completed a double Materiality Assessment (DMA) to align with the ESRS. The process involved engaging a wide range of stakeholders, including employees, suppliers, and customers, to identify Hexagon’s key sustainability impacts, financial risks and opportunities.

Engagement methods included interviews, workshops, an employee survey and additional research. The identified material impacts, risks, and opportunities from the assessment are detailed alongside the topical ESRS E1 Climate change, E5 Circular Economy, S1 Own workforce, S2 Workers in the value chain, and G1 Business conduct within this sustainability statement. Due to methodological updates and alignment with CSRD requirements, the material topics identified differ from past reports and are not fully comparable.

Climate change risks and opportunities

In addition to Double Materiality Assessment a Physical Climate Risk Assessment was conducted in 2023. Physical climate risks can greatly impact businesses, communities, and individuals, including financial losses, reduced competitiveness, and increased vulnerability. Consequently, they are crucial factors to consider in decision-making and risk management, especially in relation to climate change. The Climate risk assessment process involved four key stages:

1. Hazard screening: Initial screening to eliminate certain hazards from further detailed analysis.
2. Climate risk assessment: Evaluating the exposure of Hexagon’s operations to climate-related natural hazards.
3. Vulnerability assessment: Analyzing the potential consequences of identified exposures.
4. Adaptive actions: Managing material risks.

The analysis focused on Hexagon’s production and manufacturing sites in Europe and North America, specifically examining physical climate risks. In the first phase, several climate-related natural hazards were identified as the greatest threats to Hexagon’s sites, including extreme precipitation and flash flooding; water stress and drought, and extreme heat. The second stage of the analysis highlighted two specific hazards at Hexagon’s US sites: tornados in Lincoln and extreme wind in Salisbury. Hazards were identified through surveys, desktop research, and workshops, considering high emission scenarios. Although Hexagon’s Physical Climate Risk

Assessment did not initially include the value chain, we have evaluated the climate risk of our main carbon fiber supplier using supplier specific data. Our medium-term objective is to enhance the climate risk assessment and extend it to encompass the entire value chain.

Over the next reporting year, we will enhance our processes while assessing the resilience of our business model and evaluating the financial effects of our material risks and opportunities.

ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

Introduction

The identification and assessment of impacts, risks and opportunities (IROs) are critical components of Hexagon’s sustainability strategy. By understanding and addressing these impacts, risks, and opportunities, the company can enhance its sustainability performance and ensure long-term resilience.

Since its previously reported materiality assessment in 2021, Hexagon has undertaken a comprehensive Double Materiality Assessment (DMA) for the first time, aligned with the European Sustainability Reporting Standards (ESRS). This assessment, conducted from August 2023 to February 2024, was designed to identify and evaluate the actual and potential impacts, risks, and opportunities (IROs) associated with its operations and value chain. By adopting the ESRS framework, Hexagon aims to ensure it effectively address both its sustainability impacts and the financial risks and opportunities arising from its activities. The assessment encompassed the geographical areas of our operations, upstream and downstream value chain. While our upstream value chain is primarily located in Europe, North and South America, and the Middle East, our downstream value chain extends to additional countries in Asia.

Identification process

The identification of IROs was guided by the sustainability matters outlined in ESRS 1. IROs were characterized by their nature (positive or negative), their status (actual or potential), and their positioning within either own operations or business relationships (upstream or downstream). The process involved a detailed examination of Hexagon's value chain, which includes:

- Upstream Value Chain: Raw materials, Tier 2/3 suppliers, Tier 1 suppliers.
- Own Operations: Manufacturing, development, and operation.
- Downstream Value Chain: Sales, distribution, decommissioning, and end-of-life.

Characteristics of Impacts, Risks and Opportunities (IROs)

IROs were characterized based on their nature (positive/negative) and their status (actual/potential). Additionally, a time horizon was assigned to each IRO to indicate when its effects might manifest:

- Short-term: Less than 1 year.
- Medium-term: 1 to 5 years.
- Long-term: More than 5 years.

Assessment methodology

The assessment of IROs was conducted using a dual approach:

1. Impact Materiality: Evaluating the severity of Hexagon Composites' impact on people and nature, considering factors such as scale, scope, irremediability, and likelihood.
2. Financial Materiality: Assessing the financial implications of identified risks and opportunities, focusing on the financial magnitude and likelihood of these risks materializing.

The DMA process identified several key IROs across Hexagon's value chain. These IROs were assessed for their materiality based on the following criteria:

- Scale: The gravity of the impact.
- Scope: The extent and geographical reach of the impact.
- Irremediability: The potential for reversing the impact.
- Likelihood: The probability of the impact occurring.

Identified IROs were considered material if they scored above the established materiality thresholds, applicable to either impact, or financial materiality. If the IRO scored above the threshold, the related sustainability matter was considered material. The materiality thresholds were based on Hexagon's enterprise risks management system and aligned with the ESRS guidelines giving precedence to severity over likelihood and lowering the materiality threshold for impacts connected to human rights.

Materiality determination

IROs were deemed material if they had significant impact or financial implications. The materiality thresholds were established based on Hexagon's enterprise risk management system, with adjustments made for human rights-related impacts in line with ESRS guidelines.

The financial risks from the DMA are integrated into the overall risk management framework, and regular DMA updates will continue to enhance Hexagon's risk management process.

Internal controls and documentation

All assessments and findings were documented in an IRO Workbook, which was quality-assured by third-party experts and approved by Hexagon. The contents of the workbook were transferred to a digital solution for ongoing monitoring and audit purposes.

1. Mobilization

2. Initial Materiality Assessment

3. Calibration of Internal Assessment

4. Stakeholder Engagement

5. Executive Sign-off

6. Finalization and Documentation

The DMA process included the following steps

1. Mobilization

The initial step focused on preparing the groundwork for the DMA. Key activities included identification and onboarding of internal experts, calibration of IRO workbook and an employee survey.

2. Initial materiality assessment

The purpose of the second step was to develop and calibrate a long list of sustainability matters, identify IROs for assessment, and complete an initial assessment. Key activities included developing and calibrating a sector-agnostic long list of ESRS sustainability matters and initial assessment by internal experts.

During this process, connections between impacts and dependencies, as well as the risks and opportunities arising from them, were carefully considered. This ensured that the comprehensive list accurately reflects the organization’s sustainability context and potential material topics.

3. Calibration of internal assessment

The third step involved reviewing the initial assessment results and making necessary adjustments. Key activities included workshops with internal experts and updates and adjustments.

4. Stakeholder engagement

The purpose of this step was to consult with and get independent input from impacted parties and users of the information. Key activities included stakeholder Identification, stakeholder engagement activities, and validation of findings. The following activities were performed:

- Survey sent to 219 employees to assess ESRS1 S1 – Own workforce.
- Interviews with two suppliers (European and American) and one North American based customer were conducted, essentially to assess ESRS1 E5 (Resource use and circular economy) and S2 (Workers in the value chain).
- Two Board members who also are part of the Audit & Sustainability Committee were interviewed.
- Additional researched on human rights issues in the supply chain in China was conducted.
- Findings from the physical climate risk assessment were incorporated.

5. Executive sign-off

The findings and the process of the DMA were presented to Hexagon Composites’ Executive Team. Executive sign-off ensured that the Executive Team was informed and approved the findings.

6. Finalization and documentation

The final step involved completing the project and handing over the documentation to Hexagon Composites. Key activities included documentation and the digital solution that will ensure and support the ongoing monitoring and auditing process.

Process for identifying climate related physical risks

Climate related physical risks

In the second half of 2023, Hexagon performed a physical climate risk assessment for all its manufacturing sites in Europe and North America, including climate-related natural hazard vulnerabilities. The climate hazards were identified through surveys, desktop research and workshops with internal staff from EHS, operations, engineering, sustainability and maintenance, considering high emission scenarios. The assessment evaluated the exposure of Hexagon’s assets and activities to identify hazards, creating gross physical risks.

The exposure to climate-related natural hazards was evaluated for present-day conditions and 2030 and 2050 under two IPCC-aligned climate change scenarios, SSP1-2.6 and SSP3-7.0. The scope of the assessment was hazards potentially impacting Hexagon’s direct activities. Hexagon’s upstream or downstream supply chain risks have not yet been assessed. Using the calibrated medium-term (i.e., 2030) annual exposure probabilities accumulated over 10 years and the assigned financial impact, two physical climate risks, tornado and extreme wind were found to be material under current and mid-term conditions at two different sites in the US. We did not identified assets or business activities that are incompatible with a transition to a climate-neutral economy.

The future evolution of these hazards towards 2050 in the high-warming SSP3-7.0 scenario are as follows:

- Tornado activity is expected to increase, so this risk will become more material between 2025 and 2050.
- Extreme wind in the southeastern USA is expected to remain unchanged.

For the two sites with material risks, the EU Taxonomy requires the development of a climate adaptation plan to reduce the identified risks. Hexagon already has established procedures and health and safety related plans in place to reduce the risks and is expecting to complete plans and implement them during 2025.

The climate scenarios used are consistent with widely recognized climate-related assumptions, providing a structured basis for assessing potential impacts, risks and opportunities, even though they are not directly reflected in the financial statements.

Climate related transition risks

The primary transition risk is the possibility of the market bypassing low-carbon solutions, such as RNG, in favour of zero-emission technologies like hydrogen and battery-electric systems. This "market leapfrog" could lead to lost opportunities and decreased revenue. Further analysis, including climate scenarios of transition risk will be undertaken in 2025.

As part of the Physical Climate Risk Assessment, a GHG screening was conducted to identify emission sources across our supply chain and operations. This analysis was later refined in our Double Materiality Assessment. A description of

each GHG emission category can be found in section E1-6.

Effective management of IROs is essential to the overall management process. The Audit & Sustainability Committee is informed quarterly on material impacts, risks, and opportunities. Furthermore, the double materiality assessment is reviewed annually, with findings presented to and approved by the Executive Team as well as discussed and presented to the Audit & Sustainability Committee and presented to the full Board of Directors.

Material impacts, risks and opportunities

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The identified material impacts, risks, and opportunities from the assessment are detailed alongside the topical ESRS E1 Climate change, E5 Circular Economy, S1 Own workforce, S2 Workers in the value chain, and G1 Business conduct within this sustainability statement.

The following table describes the identified material impacts, risks and opportunities and their interaction with strategy and business model across our value chain



E1 Climate change

Climate change adaptation

Tornados and extreme winds.

Lincoln, NE is one of the most tornado-prone areas of the USA. A direct hit from a major tornado is a catastrophic event. Extreme wind, particularly from tropical cyclones in the Eastern US, is a regularly occurring natural hazard.

Potential
physical
risk

Value chain direction	Value chain position	Time horizon
Own activities	Operations	Long-term
Downstream	Sales	Medium-term
Downstream	Sales	Long-term
Own activities	All own activities	Short-term

Climate change mitigation

Growing market demand for alternative fuel solutions

Due to Hexagon’s offering of alternative fuel solutions, there is a possibly increasing market demand for its products from clients that want to decrease their emissions, which can lead to higher revenue.

Potential
opportunity

Market leapfrog over low-carbon solutions

Hexagon provides low-carbon transition solutions, bu there is a risk that the market leaps over these solutions and acquire zero-emission solutions. This could lead to lost opportunities and have a negative financial effect.

Potential
transition
risk

Direct CO₂ Emissions (Scope 1)

Hexagon has an actual direct impact on the environment through direct CO₂ emissions (scope 1) from use of fossil fuels in own operations which contributes to climate change and thus have a negative effect on the environment.

Actual
negative
impact

E1 Climate change

Climate change adaptation

Indirect CO₂ emissions (Scope 2)

Hexagon has an actual direct impact on the environment through indirect CO₂ emissions (scope 2) from purchased or acquired electricity, steam, heat and cooling in its own operations. This subject to the type of energy used (fossil or renewable), where fossil contributes to climate change and thus have a negative effect on the environment.

Actual
negative
impact

Value chain direction	Value chain position	Time horizon
Own activities	All own activities	Short-term
Upstream	Tier 1 suppliers	Short-term
Downstream	Sales	Short-term
Own activities	Operations	Short-term

Indirect CO₂ emissions upstream and downstream activities (Scope 3)

Hexagon has an actual indirect impact on the environment through CO₂ emissions in the supply chain and use of sold products, as well as business travel. This accounts for 96% of the company's total CO₂ emissions (2022). The majority is linked to upstream purchased goods and services including raw materials such as carbon fiber. It also includes emissions related to transportation. The emissions contribute to climate change and thus have a negative effect on the environment .

Actual
negative
impact

Climate emission reduction

Hexagon produces cylinders for CNG/RNG that allows clients to replace fossil fuel with non/low-carbon fuels. This could therefore reduce the emission with clients, and Hexagon Composites thus have an indirect positive impact on climate change mitigation.

Potential
positive
impact

Energy

Energy consumption

Hexagon has an actual impact on the environment directly through its energy consumption. The majority of energy consumption is directly linked to the company's operations and manufacturing activities. Energy consumption is considered to have a negative impact on the environment as energy production and consumption can cause air pollution, water pollution and stress, thermal pollution, and solid waste disposal. This ultimately contributes to global warming and climate change.

Actual
negative
impact

E5 Circular economy

Resource inflows, including resource use

Raw material in products

Hexagon has a direct and actual impact on circular economy through the raw materials used in products. The majority (90,4% in 2022) where non-renewable materials including: carbon fiber, glass fiber, plastics, aluminum and stainless steel and binding materials.

Actual
negative
impact

Value chain
direction

Upstream

Value chain
position

Raw
materials

Time horizon

Short-term

Use of helium

Hexagon has a direct impact on the environment through its use of helium, which is a non-renewable gas, in testing of cylinders. It contributes to helium scarcity, which is predicted in the long term (complete depletion by 2090).

Actual
negative
impact

Own activities

Operations

Long-term

Resource outflows

Product life extension

Hexagon Digital Wave has a potential positive impact on the environment as it requalifies cylinders using Modal Acoustic Emission (MAE), which allows it to extend the cylinders' life. With extended life, Hexagon Digital Wave can directly reduce the annual waste or pollution from the disposal of cylinders.

Potential
positive
impact

Downstream

End-of-life

Long-term

Material recyclability

Hexagon has a potential negative impact on the environment directly through possible significant waste caused at the end of life of products. Due to limited recycling options for composite materials which are used in manufacturing, Hexagon is not able to accurately predict the recyclability of its products at the end of their life, resulting in waste.

Potential
negative
impact

Downstream

End-of-life

Long-term

Reduced material consumption

The recycling of casins or racks reduce waste and the use of virgin material needed for new racks. It has a direct positive impact on the circular economy and its resource outflows.

Actual
positive
impact

Downstream

Distribution

Medium-term

		Value chain direction	Value chain position	Time horizon
E5 Circular economy				
Waste				
Direct hazardous waste generation				
Hexagon has a direct and actual impact on the natural environment through generation of hazardous waste in its operations, which can contribute to climate change through emissions, and further pollution of soil and water. Hazardous waste has been identified using Hexagon's own assessment and EPD-norge approved EPD for its cylinder, and includes paint, varnish, glue, spray cans, toner cartridges, split oil, oilfilter and absorbent, and e-waste such as bulbs and fluorescent tubes, batteries, and EL cables.	Actual negative impact	Own activities	Manu-facturing	Medium-term
Direct non-hazardous waste generation				
Hexagon has a direct, actual impact on the environment through generation of non-hazardous waste in its operations. This includes scrap produced during production, distributions and testing, such as carbon fiber, cardboard, paper, plastic, wood, metal, glass, and food waste, and all waste not classified by the Article 57 of Regulation (EC) 1907/2006 (REACH).	Potential negative impact	Own activities	Operations	Short-term
Indirect hazardous waste generation				
Hexagon has an indirect and actual impact on the natural environment through hazardous waste generation that occurs in its upstream and downstream activities. Those can cause pollution to air, soil and water, as well as inflict harm on biodiversity.	Actual negative impact	Upstream	Entire upstream supply chain	Medium-term

		Value chain direction	Value chain position	Time horizon
S1 Own workforce				
Equal treatment and opportunities for all				
Diversity in own operations <p>Hexagon has an actual and direct impact on its own workforce related to diversity and non-discrimination in its own operations. Lack of diversity (age, race, nationality, gender identity, sexual orientation, religion, political belief, etc.) in the workplace can increase the risk of discrimination and may lead to failure to receive a variety of inputs and opinions in company decisions overall.</p>	Potential negative impact	Own activities	All own activities	Short-term
Pay distribution in own operations <p>Hexagon has an actual and direct impact on its own workforce related to ensuring equal pay for equal work. Receiving less pay for equal work is a form of discrimination that negatively impacts people, traditionally women.</p>	Potential negative impact	Own activities	All own activities	Short-term
Workforce training in own operations <p>Hexagon has an actual and direct impact on its own workforce related to training and skills development in its own operations. Receiving insufficient training (both initial training and upskilling) can result in workers not performing their job sufficiently while also increasing the likelihood of a related health and safety incident.</p>	Actual negative impact	Own activities	All own activities	Short-term
Workplace harassment in own operations <p>Hexagon has an actual and direct impact on its own workforce related to workplace harassment in its own operations. Being subject to harassment in the workplace (verbal, physical, sexual) may directly or indirectly impact the overall wellbeing and safety of the worker</p>	Potential negative impact	Own activities	All own activities	Short-term

		Value chain direction	Value chain position	Time horizon
S1 Own workforce				
Other work related rights				
Privacy of own workers' information				
Hexagon has an actual and direct impact on its own workforce related to ensuring privacy of workers' information in its operations. The failure to protect the sensitive information of employees (e.g. addresses, personal identification numbers, etc) resulting in a breach of the employee's right to privacy	Potential negative impact	Own activities	All own activities	Short-term
Working conditions				
Freedom of association and collective bargaining in own operations				
Hexagon has an actual and direct impact on its own workforce related to ensuring full freedom of association and collective bargaining in its own operations. Even if workers formally are allowed to freely associate, they can still face a range of practical barriers (including discrimination, informal restrictions and intimidation). Infringing on employees' right to freely associate can lead to worsened working conditions and employment security.	Potential negative impact	Own activities	All own activities	Short-term
Excessive working hours in own operations				
Hexagon has an actual and direct impact on its own workforce related to excessive working hours in its own operations. Excessive working hours can result in negative impacts on the workforce through increased health and safety risks, higher stress levels, increased risk of burn out etc.	Potential negative impact	Own activities	All own activities	Short-term
Health and safety in own operations				
Hexagon has a direct and actual impact on its own workforce related to health and safety in all stages of manufacturing processes and operational activities (complex machinery and industrial processes, rapidly moving equipment, heat, caustic chemicals, and pressurized gas which can cause potential negative impact on people and society if not managed well).	Actual negative impact	Own activities	All own activities	Short-term

		Value chain direction	Value chain position	Time horizon
S2 Workers in the value chain				
Other work related rights				
Child labor in the supply chain				
Hexagon has a potential indirect impact on child labor through its value chain as some raw minerals identified to child labor abuses in certain jurisdictions. For example aluminum and nickel in Indonesia, fibre glass in China.	Potential negative impact	Upstream	Entire upstream value chain	Short-term
Forced labor in the supply chain				
Hexagon has a potential indirect impact on forced labor through its value chain, as some raw minerals are linked to forced labor abuses and economic exploitation in certain jurisdictions. For example, For example aluminum and nickel in Indonesia, fibre glass in China.	Potential negative impact	Upstream	Entire upstream value chain	Short-term
Working conditions				
Inadequate wages in the supply chain				
Hexagon has a potential indirect impact on their mineral value chain. Workers in the upstream supply chain, specifically mining, receive low pay and are exposed to dangerous work. Such workers live in geographical locations where their income is below living wage.	Potential negative impact	Upstream	Entire upstream value chain	Short-term
Use of temporary contracts in the supply chain (Social protections)				
Hexagon potentially indirectly impacts workers in the value chain related to using temporary contracts. Some suppliers within the manufacturing stages of the supply chain may have temporary workers and contractors, which may lead to the risk of losing their jobs and lack of other work benefits and security.	Potential negative impact	Upstream	Entire upstream value chain	Short-term

	Value chain direction	Value chain position	Time horizon
<div><div><div>G1 Business conduct</div><div>Political engagement and lobbying activities</div><div>Diluted regulations rules and control</div><div>Hexagon has a potential indirect impact on its market condition for the use of renewable and non-renewable gas through political engagement and lobbying activities. Hexagon holds memberships with the following industry organisations: NGV America, WLPGA, Europe Liquid Gas Europe, European Biogas Association and uses government relations advisors in Europe</div></div><div>Potential negative impact</div></div>	Own activities	Entire value chain	Medium-term



Environmental information

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Environmental Information

E1 Climate change

E1-1

Transition plan for climate change mitigation

Hexagon’s provides alternative fuel systems and solutions to commercial vehicles and gas distribution companies around the world. Trucking is considered a hard-to-abate sector, responsible for 5% of the world’s greenhouse gas emissions, equivalent to emissions from both aviation and shipping. The essence of Hexagon’s business model is to enable fleet owners and transportation companies to make the switch from diesel to low-carbon solutions. From point of deployment our solutions have a mitigating impact on CO₂ emissions, benefiting both the environment and people.

Hexagon recognizes the fact that materials used in our solutions are negatively impacting our own greenhouse gas emissions and our products’ end-of-life. We engage with our suppliers to find ways of improving our footprint without compromising the safety of our solutions. We acknowledge that the emissions must be reduced throughout the value chain to further strengthen our business model and limit the negative impact on the environment. Hexagon is currently running R&D projects aimed at finding new ways to

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

		Value chain direction	Value chain position	Time horizon
Climate change mitigation				
Growing market demand for alternative fuel solutions	Potential opportunity	Downstream	Sales	Medium-term
Market leapfrog over low-carbon solutions	Potential transition risk	Downstream	Sales	Long-term
Direct CO ₂ Emissions (Scope 1)	Actual negative impact	Own activities	All own activities	Short-term
Climate change adaptation				
Tornados and extreme winds	Potential physical risk	Own activities	Operations	Long-term
Indirect CO ₂ emissions (Scope 2)	Actual negative impact	Own activities	All own activities	Short-term
activities (Scope 3)	Actual negative impact	Upstream	Tier 1 suppliers	Short-term
Climate emission reduction	Potential positive impact	Downstream	Sales	Short-term
Energy				
Energy consumption	Actual negative impact	Own activities	Operations	Short-term

recycle composite materials to reduce the potential negative impact on environment at end-of-life.

In line with its vision of Clean Air Everywhere and the 1.5-degree trajectory, Hexagon has defined science base emission reduction targets for scope 1, 2 and 3, and committed to net zero by 2050 as approved by the executive management and Board of Directors in 2022. Our CO₂ emission reduction targets were validated by the Science-Based Target initiative in July 2024. See E1-4 for details about our targets. For 2024, Hexagon did not have a transition plan in place, we are however targeting the development of a full transition plan for climate change mitigation during 2025, including

calculation of opex, capex and other financial resources required to implement the plan.

The main levers and actions planned to support and drive progress for our targets are further outlined in E1-3 and include:

Climate change adaptation actions

Various energy efficiency improvement projects have been planned at our production sites for 2025 to reduce energy consumption and GHG emissions to further adapt the production facilities and operations to climate change. In addition, we continue purchasing of RECs at our Kassel, Germany and Lincoln, US sites.

Climate change mitigation actions

For scope 1 and 2, Hexagon has established a detailed roadmap with related action plans until 2033 which includes the following categories of decarbonization levers: Energy efficiency and use of renewables.

Scope 3

Reducing our scope 3 emissions requires a close collaboration with our key suppliers, and we continue using the sustainability evaluation platform EcoVadis to support structured evaluations and follow up of our upstream suppliers.

Hexagon's opportunities to reducing own greenhouse gas emissions lie largely in the development of our products, both in manufacturing and in the disposal of our cylinders at end-of-life. The main share of our carbon emissions is generated in scope 3 activities, mainly through key raw materials and other purchased goods and services that are used in the manufacturing of our products.

For 2025, Hexagon has planned further work on achieving external verification of the lifecycle assessment for its Mobile Pipeline product, with an objective of being able to demonstrate substantial life-cycle GHG emission savings compared to the best performing alternative available on the market. If achieved, this activity would be aligned with the criteria established in Commission Delegated Regulation 2021/2139.

Hexagon is not excluded from Paris-aligned benchmarks.

Climate change impacts

The materiality assessment outlined in ESRS IRO-2 identified the following material climate change mitigation impacts, further details are available under ESRS2 SBM-3:

Direct CO₂ emissions, emissions from own operations (Scope 1)

Hexagon's use of fossil fuels in own operations of manufacturing and assembly have a direct actual negative impact on the environment through direct CO₂ emissions (scope 1) of 2 337 tons of CO₂eq during 2024.

Indirect CO₂ emissions (scope 2)

Hexagon has an actual negative direct impact on the environment through indirect CO₂ emissions (scope 2) from purchased or acquired electricity, steam, heat and cooling in its own operations. In 2024, the market-based CO₂ emissions from scope 2 totaled 1 863 tons CO₂eq.

Indirect CO₂ emissions upstream and downstream activities (scope 3)

Hexagon has an actual indirect negative impact on the environment through CO₂ emissions in its upstream value chain and downstream value chain of gross 269 490 tons CO₂eq. Purchased goods and services in our upstream value chain were the main contributors with 186 016 tons CO₂eq. The second-largest contributor was emissions from equity investments, primarily driven by our investments in Hexagon Purus and Worthington SES, which totaled 49 968 tons CO₂eq, while use of sold products in our downstream value chain totaled 15 558 tons CO₂eq in 2024.

Energy consumption

Hexagon has an actual negative impact on the environment directly through its energy consumption related to own offices, operations and manufacturing activities.

We are mitigating our material climate change impacts by following our road map and action plans to reduce scope 1 and 2 emissions from own operations, as well as establishing a detailed scope 3 road map and action plans in 2025, see E1-3 for descriptions of our decarbonization levers and actions.

Compressed natural gas/Renewable natural gas fuel systems for commercial vehicles allow customers to replace fossil fuel with lower- or negative-carbon fuels¹

Hexagon produces cylinders and fuel systems for CNG/RNG vehicles that enable clients to replace fossil fuel with lower- or negative-carbon fuels. This would reduce the customers' CO₂ emission, and Hexagon thus have a potential indirect positive impact on climate change mitigation.

Climate change risks and opportunities

Hexagon Composites has identified both risks and opportunities associated with climate change. The primary opportunity lies in its core value proposition of providing low-carbon emission solutions, which may experience increasing market demand from clients seeking to reduce their emissions. This growing demand has the potential to drive higher revenue for the company.

The identified risks include both physical and transition risks, which could significantly impact Hexagon's operations and strategy.

Physical risks are linked to extreme weather events, such as

tornadoes and strong winds, that pose a risk to two of the manufacturing facilities in North America. Meanwhile, the primary **transition risk** is the possibility of the market bypassing low-carbon solutions, such as RNG, in favor of zero-emission technologies like hydrogen and battery-electric systems. This "market leapfrog" could lead to lost opportunities and decreased revenue.

Resilience of Strategy and Business Model

Although a formal resilience plan to counteract the mentioned risks is not yet in place, Hexagon has allocated resources to evaluate facility vulnerabilities and identify the necessary infrastructure upgrades to mitigate physical risks. This is further informed by a physical climate risk assessment that was conducted following the

EU Taxonomy Do No Significant Harm criteria. To address transition risks, Hexagon is prioritizing political influence and lobbying activities and initiatives promoting parity among technologies, including renewable natural gas². Hexagon engages in activities intended to influence policies and regulations that will have a significant impact on Hexagon's business. These efforts allow Hexagon to promote policies that further Hexagon's purpose, mission and vision. For further details, see G1 - Political influence and lobbying activities.

In 2025, Hexagon plans to conduct a comprehensive resilience analysis to address the identified risks, covering its own operations, upstream suppliers, and downstream value chain. This analysis will include all material physical and transition risks without exclusions. It will align with scenarios used in the previously done physical climate risk assessment, incorporating assumptions on macroeconomic trends, energy transitions, and technological advancements across short-, medium-, and long-term horizons. The anticipated outcomes of this analysis include enhanced risk management, improved climate change adaptation, and strengthened alignment with global net-zero goals.

² Renewable Natural Gas | US EPA



Impact, risk and opportunity management

E1-2

Policies related to climate change mitigation and adaptation

Hexagon's Environmental, Health and Safety (EHS) Policy defines our approach to providing a safe and healthy environment for its employees, contractors, visitors, and anyone who may be affected by our business operations and protecting the environment by managing the business in an environmentally sensitive and responsible manner. The EHS policy outlines Hexagon's responsibilities and expectations regarding environment, health and safety, and guides us in evaluation of material impacts and potential risks and opportunities related to environmental topics. Our material impacts, risks and opportunities related to climate change are listed under E1-1.

All of Hexagon's production facilities in North America and Germany are certified according to the Environmental Management system ISO 14001. Environmental Management System ensures local alignment with Hexagon Composites strategic objectives, compliance with applicable laws and regulations, drives continual improvement and enables a systematic approach to our work with environmental and climate related topics at all our production sites. Hexagon performs regular internal and external audits to maintain the certification.

The EHS policy is not specifically referring to climate change mitigation or climate change adaptation. However, Hexagon has committed to net zero by 2050 through our science-based emission

reductions targets for scope 1, 2 and 3 (see E1-4 for details), and Hexagon's management commitments include the following:

- Sustain a Zero Impact Environmental Culture and realize our vision of Clean Air Everywhere, through innovative products and responsible business practices, from sourcing to end-of-life management, to protect the environment and prevent pollution
- Advance a Zero Impact Sustainable Energy Culture, by making efficient design, operational and procurement choices to reduce energy consumption and carbon emissions.
- Drive a Zero Waste Operations Culture to create an ongoing competitive advantage as a world-class manufacturer.

As part of the EHS Policy, Hexagon will strive to use renewable energy in our operations and ensure energy efficiency in line with the 50001 Energy Management ISO certification standard to which our three US production facilities were certified in 2024. In addition, Hexagon's Supplier Code of Conduct covers Environmental Performance and Resource Efficiency and Energy Consumption, where Hexagon expects its suppliers to actively seek to reduce their environmental footprint as well as ensure efficient and optimized use and consumption of natural resources, with particular focus on implementing conservation and recycling practices in its production and maintenance processes. This policy spans across our own operations and the upstream value chain.

The EHS Policy applies to all employees and is available to all employees on the company's intranet and to external stakeholders on Hexagon's website. The ESG Steering Committee is overall responsible for the EHS Policy, including an annual review which is communicated to the Executive Team and the Audit & Sustainability

Committee. The local management teams are responsible for implementing and following up the Policy at Hexagon's sites.

E1-3

Actions and resources in relation to climate change policies

In 2023 and 2024, a physical climate risk and vulnerability assessment was performed for all of Hexagon's production sites (for further details, see ESRS 2, IRO-1). The assessment found that two of the manufacturing sites in the US were exposed to physical climate risk being extreme wind and tornados. To reduce this risk, climate adaptation plans are being developed for the respective sites and will be implemented within five years in line with the compliance requirements in the EU Taxonomy regulation.

Climate change adaptation actions

For 2024, Hexagon had several energy efficiency improvements planned as part of the ISO 50001 certification process to reduce energy consumption and greenhouse gas emissions, and to further adapt the operations to climate change. Many projects are also planned for 2025, including: Cure oven temperature specification, LED lighting installation, compressed air leak identification and repair, energy metering system implementation, manufacturing process throughput and energy performance improvements, purchase of energy-efficient HVAC and office equipment, and an HVAC automation system.

In addition, Hexagon has been purchasing renewable energy certificates (RECs) at our Kassel and Lincoln sites since 2023 and will continue to do so in 2025. We continue to investigate options for long-term REC purchase or alternative sourcing of renewable energy

for all our sites, including installation or sourcing of renewable electricity and renewable natural gas as it becomes available.

Climate change mitigation actions

By 2033, Hexagon has committed to reducing 54.6% of absolute scope 1 and 2 greenhouse gas emissions and 61% of Scope 3 GHG emissions per cubic meter of container volume sold, and reduce absolute scope 3 GHG emissions from use of sold products for sold fossil fuels by 54.6% from base year 2022. See E1-4 for a complete description of our science-based emission reduction targets.

Hexagon has developed a detailed roadmap with related action plans until 2033 for its scope 1 & 2 emission reduction efforts. The roadmap employs a diverse decarbonization approach to mitigate climate change and these strategies underpin our current and future actions and plans to reduce our carbon footprint. A detailed roadmap for reducing scope 3 emissions in line with our science based 2033 targets will be created in 2025. Roadmaps to meet our 2050 net zero commitments for scope 1, 2 & 3 will also be established in 2025. For 2025, separate capex and opex budgets have been allocated to fund the emission reduction projects.

The following decarbonization levers represent Hexagon’s efforts during 2024 as well as planned future actions to address scope 1 & 2 emissions reductions to achieve our 2033 science-based targets and support our management commitment in our EHS policy of sustaining a Zero Impact Environmental Culture to protect the environment and prevent pollution:

Energy efficiency and use of renewables

Hexagon is planning a variety of efforts across its operations, including energy efficiency and transitioning to low- or zero-carbon fuels. To maintain the ISO 50001 Energy Management certifications obtained at our US production sites in 2024, we have set annual targets to track and reduce energy use by at least 2% of each production site’s 2022 energy use each year with planned 2025 projects to achieve an estimated 274 metric tons of CO₂eq reduction annually. We are evaluating how to best phase out our use of fossil fuel-based energy inputs, including replacing all propane-powered forklifts at US production sites with electric forklifts by 2033 and replacing all propane-burning ovens at our Kassel, Germany site with electric ovens by 2050.

Transport fuel switching is another one of our levers for scope 1 and 2 emissions reduction. In 2025, we will begin to replace our FleetCare service trucks with CNG-powered vehicles with a target to replace four service trucks by year end, which is estimated to contribute to emission reductions of 56 tons of CO₂eq annually. As far as renewable energy sourcing, the RECs purchased at Kassel and Lincoln result in an estimated total reduction of about 4,600 tons of CO₂eq annually. In 2024, budgeting, a vendor search, and impact analysis for a potential solar system at our Salisbury, US site was initiated, with evaluation ongoing in 2025. We are also establishing dialogue with and expecting our energy providers to achieve their planned energy source decarbonization.

Product Eco-design

Hexagon considers the environmental aspects of its products during the research and development (R&D) stage of product development. In 2024, we continue to integrate Eco Design principles for new

products into Advanced Product Quality Planning (APQP) which are part of our management system. The principles cover potential impacts on materials, energy consumption and waste, and are also part of our project manager training and the project approval template that is mandatory for all new projects. In 2024, we completed a Life Cycle Assessments (LCA) for our highest running product, the “27x81” type 4 cylinder and the ProCab 175 system that uses it. The LCAs will support our quantifications and design evaluation choices based on GHG impact analysis of the various materials and components included, to ensure we are designing with both as little material as possible, and the most sustainable produced materials available. By applying these principles, we began a project to significantly improve carbon fiber efficiency in our design in 2024. In 2025, these improvements will be incorporated in production and are estimated to reduce more than 1 300 tons of CO₂ equivalent annually. In 2025, we will continue to research opportunities to reduce the GHG footprint of other key materials identified in LCA.

World Class Manufacturing (WCM) and waste reduction initiatives

Our WCM program continues to drive improvement to our production processes at all sites to reduce scrap towards our long-term goal of zero waste to landfill. The waste audits at all US production sites established in 2024 will continue annually, generating plans for further waste reduction and improvement to our waste handling practices, as well as for how to work with our supply chain on more eco-friendly packaging materials. As part of our waste reduction initiatives in 2024, our Kassel site replaced liner tube packaging with a reusable steel option for an estimated impact of 60 tons of CO₂ equivalents reduced annually in addition to transport emissions savings. Plastic wrap for paint, plastic tape, and

plastic manifold shipping materials were all eliminated from our Salisbury site in 2024 for a combined estimated 0.6 tons of CO₂ equivalents annually. In 2025, we will continue to implement recycling for key materials. We are also developing returnable packaging for our 27 x 81 cylinder for use in shipping between our Salisbury and Lincoln sites in the US with data being recorded and metrics further developed in 2025.

The following decarbonization levers represents Hexagon's efforts during 2024 as well as planned future actions to address scope 3 emissions reductions:

Supply chain decarbonization

Scope 3 is Hexagon's largest GHG emission category, and the company is depending on a close and long-term collaboration with suppliers to achieve the targeted scope 3 emissions reduction. This dependence may lead to challenges in achieving scope 3 reduction targets according to plan as these emissions are indirect and require significant efforts from Hexagon's suppliers.

In 2025, we will continue our work using the upstream supply chain sustainability evaluation platform EcoVadis in dialogue with our upstream suppliers, to evaluate their sustainability program maturity. We will continue the dialogue and follow ups of our suppliers' improvement areas, carbon metrics and setting specific corrective actions and targets to further develop the maturity of their sustainability programs. We will further be collecting GHG data from larger suppliers, focusing on direct material suppliers.

We continue to partner with carbon fiber suppliers to drive emissions reductions for our most significant raw material (~36% of total scope 3 emissions) and further formalize collaborations on common sustainability projects such as reviewing the viability of bio-based feedstock inputs, supporting conversion to green energy for the carbonization process, and identifying new technical solutions that enable more efficient, less consumption-based results. To enhance our partnerships and drive execution of these projects in support of our stated targets we have established formal quarterly meetings with several key suppliers.

The expected GHG emission reductions will be included in the detailed scope 3 roadmap and estimation model being developed in 2025. This roadmap will also include near- and long-term action plans to achieve our science-based emission reduction targets for 2033 and net zero by 2050.

To impact our downstream supply chain, we developed a total system lifecycle guide in 2024 for publication in 2025 that outlines proper end-of-life handling for our products and encourages recycling and repurposing where feasible. The lifecycle guide will be presented to customers and partners, and be available on our website.

Capital Expenditure (CapEx) and Operational Expenditure (OpEx)

In 2024, we committed and invested in specific sustainability projects to support our near-term science-based emission reduction targets. Approximately NOK 8.6 million were classified towards CapEx directly contributing to the achievement of our sustainability targets, while the main portion of opex have been working hours within engineering and operations which were classified as salary costs in

We continue to partner with carbon fiber suppliers to drive emissions reductions for our most significant raw material.

2024. This includes investments in Energy efficiency and use of renewables, product eco-design and WCM and waste reduction initiatives.

For 2025, we have budgeted capex of approximately NOK 33.5 million related to the action plans supporting our scope 1 & 2 emission reductions at the various sites across Hexagon. As the main part of the opex is related to working hours on projects described under decarbonization levers, it is currently challenging to accurately report on opex.

Reconciliation with KPIs and Regulatory Requirements

The amounts allocated for CapEx in 2024 were consistent with our sustainability KPIs.

Resource Allocation and Implementation Dependency

The successful implementation of these actions is contingent upon the sustained availability and strategic allocation of resources in Hexagon, including financial investments, technological innovation, as well as collaboration with our partners and suppliers. We are committed to the transparent management of these resources to optimize our impact on climate change mitigation and adaptation.

Performance, targets & metrics

E1-4

Targets related to climate change mitigation and adaptation

As part of our net zero roadmap and in line with the 1.5-degree trajectory, Hexagon is committed to reduce its direct emissions by 2033, and work with partners and suppliers to be net zero across our value chain by 2050. We submitted our first science-based targets in December 2023 and received validation by the Science Based Targets initiative (SBTi) in July 2024. Our commitment includes our material impacts which are direct and indirect CO₂ emissions in own operations (Scope 1 and 2), as well as indirect CO₂ emissions (scope 3) upstream and downstream. Scope 3 covers all categories in the GHG Protocol, except from categories 8, 9, 10, 13 and 14 which were assessed together with external sustainability consultants and deemed not applicable to Hexagon. For further details on accounting principles for our GHG emissions, refer to E1-6.

Hexagon’s climate targets

The climate targets have been defined based on externally available guidance such as relevant manuals from the GHG protocol and SBTi and best practices based on external consultants’ experiences. The targets are overseen by the ESG Steering Committee and owned by the relevant functions such as Procurement, Engineering, Operations and their local teams at the production sites. The process of setting the climate targets involved internal resources and external sustainability consultants, no other external stakeholders were involved in setting the targets. Hexagon acknowledges that various factors might influence the achievement of our climate targets, such as continued and successful collaboration with key suppliers, regulatory frameworks, availability of renewable energy,

and technological advancements. Significant changes in demand or sales volumes, may also impact the emission reductions.

Near-term targets

By 2033, Hexagon commits to reducing 54.6% of absolute scope 1 and 2 greenhouse gas emissions and 61% of Scope 3 GHG emissions per cubic meter of container volume sold (intensity target), and reduce absolute scope 3 GHG emissions from use of sold products for sold fossil fuels by 54.6% from base year 2022. The scope 2 target is market based, all targets are gross targets, and we are covering the full scope 1 and 2. The baseline value is 11 817 tons CO₂eq for scope 1 and 2, and 210 448 tons CO₂eq for scope 3. Hexagon is considering the baseline year to be representative for the business with the exception of scope 3, category 15 - Equity Investments, where the size of such investments have increased significantly in 2024. The baseline will be updated in 2025 based on significant changes within the Group, and going forward at a minimum every five years.

Long-term targets

By 2050, Hexagon commits to reducing 90% of absolute scope 1 and 2 greenhouse gas emissions, and 97% of Scope 3 GHG emissions per cubic meter of container volume sold and reduce absolute scope 3 GHG emissions from use of sold products for sold fossil fuels by 90% from base year 2022. The scope 2 target is market based. These science-based emission reduction targets are supporting our management commitments to sustain a Zero Impact Environmental Culture, advance a Zero Impact Sustainable Energy Culture and drive a Zero Waste Operations Culture, as described in our EHS policy and outlined in E1-2, and will be achieved through our decarbonization levers, mentioned in E1-3, and other initiatives to be developed with our transition plan. To ensure consistency, our reduction targets are

set using the same boundaries as our GHG inventory (detailed in E1-6), following the GHG Protocol and operation control approach.

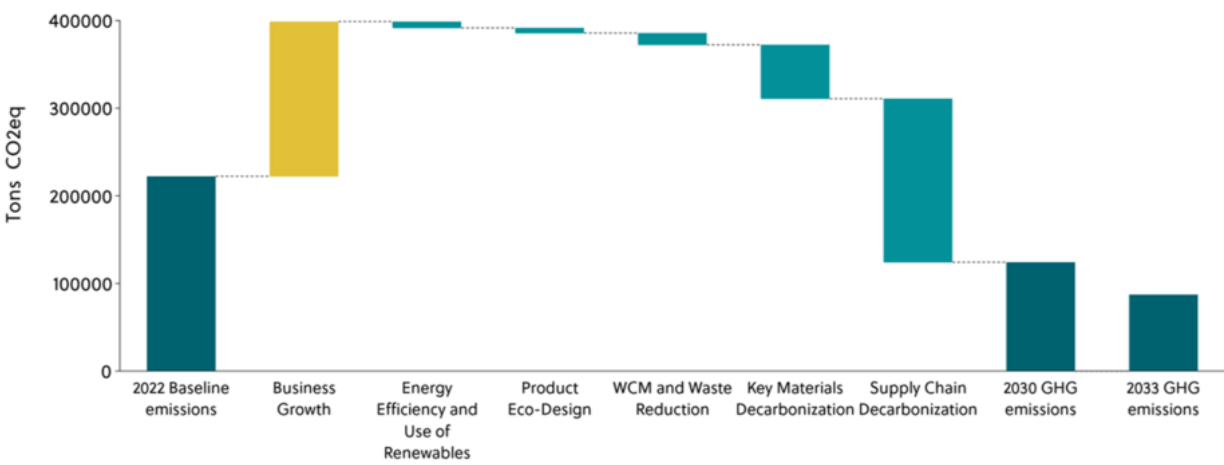
Performance

In 2024, Hexagon’s scope 1 and 2 emissions accounted for 2% of our total GHG emissions, with purchased electricity and stationary combustion being the largest categories. Hexagon targeted an overall reduction of 5% for its scope 1 and 2 emissions in 2024 and achieved a reduction of 37% from 2023 (scope 1 + scope 2 market based). For 2025 and going forward, the energy management projects described under E1-3 are targeted to contribute with a reduction of 2% annually at our US production facilities.

Hexagon’s scope 1 and 2 emissions are estimated continually as utility use numbers at each of our locations globally are entered into the PowerApp reporting system and converted to emissions using appropriate emission factors (for E1-6 Accounting policies, see page 73). The annual emissions are formally calculated at each year end in our GHG accounting process (reference E1-6) and input to an Excel model of past and projected future emissions for performance evaluation. A linear baseline of -5% emissions each year until 2033 and -2.1% each year from 2033-2050 is compared against to ensure progress is continuing at an acceptable pace. The climate change actions described under E1-3 have related emission reduction targets attached to measure and track the effectiveness of these actions. The measurable targets set for 2025 to support our near- and long-term climate targets will be assessed at half year and year end to measure the effectiveness to help meet our EHS policy objectives. In 2025, we will create roadmaps for scope 1, 2 and 3 emissions to model actions and plans toward 2050 to be able to meet our net-zero SBTi targets.

GHG emissions targets and decarbonization levers

The decarbonization levers are described in detail under E1-3. The total quantitative contribution to 2030 emission levers are estimated to be 274 770 tonnes CO₂eq. the split of the contributions from the various decarbonization levers are illustrated and summarized in further detail in the illustration and table below.



Emission reduction targets

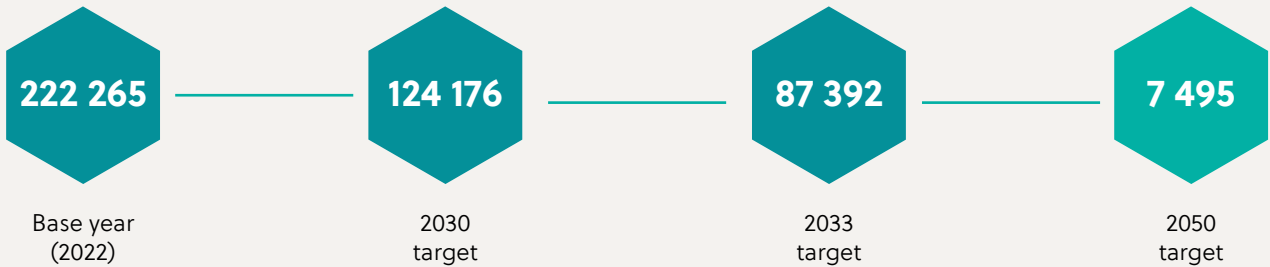
	Base year 2022	2030	2033	2050
Scope 1 & 2 (absolute value, market based)	11 817	7 126	5 365	1 182
Scope 1 & 2 (%)		40 %	55 %	90 %
Scope 3 (intensity* reduction target)	4.1	2.3	1.6	0.1
Scope 3 (intensity reduction target %)		44 %	61 %	97 %
Scope 3 (associated absolute value)	210 448	117 086	82 075	6 313
Scope 3 (associated absolute value %)		44 %	61 %	97 %

Source: based on Science based targets

*The intensity metric is a calculated ratio of total Scope 3 emissions divided by the 1000 liters (1 m3) of water volume contained by all of the cylinders sold in the year.

Decarbonization Lever	Contribution to 2030 Emissions Reduction (%)	Contribution to 2030 Emissions Reduction (tCO ₂ eq)
Energy Efficiency and Use of Renewables	(3)%	(7 224)
Product Eco-Design	(2)%	(5 886)
WCM and Waste Reduction	(5)%	(13 377)
Key Materials Decarbonization	(22)%	(61 536)
Supply Chain Decarbonization	(68)%	(186 747)

GHG emissions (tCO₂eq)



E1-5

Energy consumption and mix

Hexagon uses electricity, natural gas, propane, and remote heat in our operations. Diesel and gasoline are also used to power company cars. We are working to reduce the emissions associated with our energy use through energy efficiency projects and sourcing renewable energy. At our Kassel and Lincoln sites, we purchase RECs for all electricity used. Renewables are also included in the electricity mixes at all our sites. Our accounting policy detail the assumptions, methodology and data sources used to tabulate our energy consumption and mix.

Energy intensity per net revenue

	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/NOK million)	61.18

* See the financial statement (page 137) for revenue details.
* Hexagon's all activities are classified under high climate impact sectors.

	Unit	Hexagon Composites 2024 ¹	Hexagon Ragasco 2024
Fuel consumption from coal and coal products	MWh	0	0
Fuel consumption from crude oil and petroleum products	MWh	343	32
Fuel consumption from natural gas	MWh	126 809	48
Fuel consumption from other fossil sources	MWh	0	0
Consumption of purchased or aquired electricity, heat, steam, and cooling from fossil sources	MWh	33 348	0
Total fossil energy consumption	MWh	160 500	80
Share of fossil sources in total energy consumption	%	54 %	— %
Consumption from nuclear sources	MWh	18 662	0
Share of consumption from nuclear sources in total energy consumption	%	6 %	— %
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc)	MWh	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	119 228	43 030
The consumption of self-generated non-fuel renewable energy	MWh	0	0
Total renewable energy consumption	MWh	119 228	43 030
Share of renewable sources in total energy consumption	%	40 %	100 %
Total energy consumption	MWh	298 390	43 111

¹ Excluding Hexagon Ragasco

* Hexagon's all activities are classified under high climate impact sectors.

Disclosure Requirement	Accounting Policy
Energy consumption and mix	Energy consumption data is sourced from provider invoices monthly. Some estimates are included in the data from December of 2024 as some invoices arrived after the data was compiled. In these cases, the previous month’s use was used as preliminary data.
	E1-5_02 Fuel consumption from crude oil and petroleum products Hexagon’s fuel consumption from crude oil and petroleum products includes diesel and gasoline used to power fleet vehicles. Diesel use data at our Norway sites is sourced from diesel provider invoices. North American fuel consumption is estimated based on the annual mileage and average fuel economy of each vehicle.
	E1-5_03 Fuel consumption from natural gas Natural gas is used for building heating and/or ovens. Propane, which is used to power forklifts and/or ovens, was also included in this category. Fuel consumption from natural gas is based on natural gas and propane provider monthly invoices at each site.
	E1-5_05 Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (market-based) Our purchased electricity includes a percentage of fossil-derived electricity in the electricity mix, the compositions of which were obtained from each provider. Electricity use is based on provider invoices.
	E1-5_06 Total energy consumption from fossil sources The total energy consumption from fossil sources was calculated as the sum of fuel consumption from crude oil and petroleum products, fuel consumption from natural gas, and consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources.

Disclosure Requirement	Accounting Policy
	E1-5_07 Total energy consumption from nuclear sources Hexagon has no direct nuclear sources of energy, but purchased electricity at some of our sites includes a percentage of nuclear-derived electricity in the electricity mix, the compositions of which were obtained from each provider. Electricity use is based on electric provider invoices.
	E1-5_09 Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (market-based) Purchased electricity at each of Hexagon’s sites includes a percentage of renewably derived electricity in the electricity mix, the compositions of which were obtained from each provider. Renewable energy certificates (RECs) were purchased for electricity at Kassel and Lincoln in 2024. Electricity use is based on invoices from the electric company at each site.
	E1-5_11 Total energy consumption from renewable sources The total energy consumption from renewable sources is equal to the consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources.
	E1-5_12 Percentage of renewable sources in total energy consumption The percentage of renewable sources in total energy consumption was calculated by dividing the total renewable energy consumption by the total energy consumption and converting to a percentage.
	E1-5_13 Total energy consumption related to own operations The total energy consumption related to own operations was calculated as the sum of the total fossil energy consumption, consumption from nuclear sources, and total renewable energy consumption.

Scope 1 emissions
decreased by

4%

Absolute Scope 2
location-based
emissions decreased by

26%

Market-based Scope 2
emissions decreased by

58%

This significant reduction was driven by the full-year purchase of renewable energy certificates (RECs) in 2024

E1-6

Gross Scopes 1, 2, 3 and Total GHG emissions

The methodologies, key assumptions, and emission factors used to calculate or measure our GHG emissions are outlined in the Accounting Policies on page [73](#).

Scope 1 and Scope 2 emissions

Our absolute Scope 1 emissions decreased by 4% to 2 637 tons CO₂eq. Our absolute Scope 2 location-based emissions decreased by 26% to 5 701 tons CO₂eq, while our market-based Scope 2 emissions decreased by 58% to 1 863 tons CO₂eq. This significant reduction was driven by the full-year purchase of renewable energy certificates (RECs) in 2024 at our Lincoln and Kassel sites. Additionally, lower activity levels contributed to the decrease, as Hexagon Agility's operations in Norway were relocated to Germany and integrated into the Kassel plant.

Scope 3

Scope 3 emissions account for approximately 98% of Hexagon's total emissions. The use of carbon fiber in our products remains the most significant contributor to our Scope 3 footprint. In 2024, emissions from carbon fiber remained at the same level than the previous year, totaling 96 499 tons CO₂eq.

Our total Scope 3 emissions increased by 21% compared to the previous year, primarily due to additional reporting categories in our Scope 3 GHG accounting in 2024, and more complete category 15 data. The four categories added were Employee commuting, Use of sold products, End of life treatment of sold products and Investments, totaling 25 934 tons CO₂eq. Hexagon Purus and Worthington SES were the main contributors to Category 15 - Equity Investments emissions. Enhanced reporting processes and the

inclusion of Scope 3 emissions within this category - totaling 43 171 tons CO₂eq, led to an increase in total Scope 3 emissions while improving completeness and transparency.

Data collection

Hexagon has established a robust data collection process, providing a comprehensive view of our carbon footprint and enabling us to implement targeted emission reduction strategies. Hexagon's GHG accounting is based on data collected from internal systems and external carbon accounting software. As we currently use the spend-based method for certain calculations, we acknowledge the risk of inaccuracy and are actively working to enhance the precision of our GHG accounting.

Following the deconsolidation of Hexagon Ragasco from June 2024, our 2024 sustainability statement includes Hexagon Ragasco's contributions only for the first five months of the year.

Hexagon Composites GHG Emissions

	Retrospective				Milestones and target years			
	Base year 2022	2023	2024 (N)	%N / N-1	2030	2033	2050	Annual % Target / base year
Scope 1 GHG Emissions continuing operations								
Gross Scope 1 GHG emissions (tCO ₂ eq)	3 465	2 665	2 637	(1)%	2 089	1 573		5 %
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0							
Scope 2 GHG Emissions continuing operations								
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	6 694	7 657	5 701	(26)%	4 036	3 039		5 %
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	8 352	4 445	1 863	(58)%	5 036	3 792		5 %
Significant scope 3 GHG emissions continuing operations								
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	210 448	213 903	269 490	21 %				
1 Purchased goods and services			186 016					
2 Capital goods			6 536					
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)			1 936					
4 Upstream transportation and distribution			6 028					
5 Waste generated in operations			754					
6 Business traveling			1 577					
7 Employee commuting			1 043					
8 Upstream leased assets			N/A					
9 Downstream transportation			N/A					
10 Processing of sold products			N/A					
11 Use of sold products			15 558					5 %
12 End-of-life treatment of sold products			74					
13 Downstream leased asset			N/A					
14 Franchises			N/A					
15 Investments			49 968					
Total GHG emissions continuing operations								
Total GHG emissions (location-based) (tCO ₂ e)	220 607	224 221	274 849					
Total GHG emissions (market-based) (tCO ₂ e)	222 265		271 012					
Total GHG emissions discontinuing operations¹								
Total GHG emissions (location-based) (tCO ₂ e)	36 203	31 143	15 381					
Total GHG emissions (market-based) (tCO ₂ e)			17 384					

¹ Hexagon Ragasco

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/NOK million)	56
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/NOK million)	56
Quantitative Reconciliation (NOK million)	2024
Net revenue used to calculate GHG intensity	4 877
Net revenue (other)	0
Total net revenue (in financial statements)	4 877

* See the financial statement (page 137) for revenue details



Quantitative Reconciliation	
Biogenic emissions of CO ₂ from the combustion or bio-degradation of biomass not included in Scope 1 GHG emissions	N/A
Percentage of contractual instruments, Scope 2 GHG emissions	17 %
Disclosure of types of contractual instruments, Scope 2 GHG emissions	Renewable Energy Certificates (RECs)
Percentage of market-based Scope 2 GHG emissions linked to purchased electricity bundled with instruments	53%
Percentage of contractual instruments used for sale and purchase of energy bundled with attributes about energy generation in relation to Scope 2 GHG emissions	100%
Percentage of contractual instruments used for sale and purchase of unbundled energy attribute claims in relation to Scope 2 GHG emissions	—%
Biogenic emissions of CO ₂ from combustion or bio-degradation of biomass not included in Scope 2 GHG emissions	N/A
Percentage of GHG Scope 3 calculated using primary data	54%
Biogenic emissions of CO ₂ from combustion or bio-degradation of biomass that occur in value chain not included in Scope 3 GHG emissions	N/A

Accounting policies

The table below outlines the accounting principles for Hexagon’s E1 metrics and data points. Hexagon follows the principles and provisions of the GHG Protocol Corporate Accounting and Reporting Standards and our GHG accounting follows the operation control approach. Scope 3 emissions are also reported based on the GHG Protocol. The emission factors used in calculating Scope 1-3 emissions are sourced from Hexagon’s carbon accounting software (DEFRA, AIB, IEA, KfW, Norsk Fjernvarme, Exiobase, EU & DK Input Output Database, NTMCalc.Advanced) except where supplier- or investment-specific factors have been available.

Disclosure Requirement

Scopes 1, 2 and 3 and total GHG emissions

Accounting Policy

Direct GHG emission (scope 1)

Scope 1 emissions cover direct GHG emissions from stationary combustion. Data is collected monthly through an internal data platform.

Indirect GHG emission (scope 2)

Scope 2 emissions cover indirect GHG emissions from the generation of power and heat purchased and consumed by Hexagon. Data is measured in kWh and recorded through an internal data platform. Scope 2 emissions are calculated by multiplying the purchased power volumes by country-specific emission factors, considering any available data on renewable electricity. Location-based emissions are calculated using average emission factors for each country.

Indirect GHG emissions (scope 3)

Hexagon screens its total Scope 3 GHG emissions across the 15 categories outlined in the GHG Protocol. Hexagon has identified 10 significant categories for Scope 3 emissions, applying the following calculation methods:

Category 1

- Supplier-specific method: Applied for the largest raw-material group (carbon fiber), where a supplier-specific emission factor is available.
- Average-data method: Applied to other main raw material groups where purchased volumes are available. Emissions are calculated by multiplying the quantity (kg) of goods by industry-average emission factors.
- Spend-based method: For all other purchased goods and services, emissions are calculated by multiplying the economic value by relevant secondary emission factors.

Category 2

Spend-based method: Emissions are calculated by multiplying the economic value of purchased goods by relevant secondary emission factors.

Category 3

Average-data method: Emissions are calculated by applying country-specific emission factors to collected energy consumption data (kWh).

Category 4

Spend-based method: Emissions are calculated by multiplying the economic value of the transportation per transportation type by relevant category-specific emission factors.

Category 5

Waste-type-specific method: Emissions are calculated based on collected weight data in the global EHS data platform. Weight of waste type and treatment method were multiplied by waste treatment-specific emission factors.

Category 6

Spend-based method: Emissions are calculated by multiplying the economic value of the business travel by type by relevant category-specific emission factors.

Category 7

Distance-based method: Available statistics are used to estimate distances traveled and mode of transport.

Category 11

Direct use-phase emissions: Annual permeation emissions are calculated based on the total volumes (l) sold and expected lifespan.

Category 12

Waste-type specific method. Average emission factors for waste disposal and treatment are applied. Total mass of sold products and packaging is sourced from the ERP system, while estimations are used for waste disposal and treatment types.

Category 15

- Investment-specific method: The method is used when Scope 1, 2 and 3 emissions data is available from the investee company.
- Average-data method: When Scope 1 and 2 emission data is unavailable, revenue data from the investee company and the sector-specific emission factors are used for emission calculations.

E1-7

GHG removals and GHG mitigation projects financed through carbon credits

Hexagon has a net-zero commitment by 2050, but we do not currently use carbon credits, offsets, or external compensation mechanisms to meet our targets. Our decarbonization strategy is focused on emissions reductions across scope 1, 2, and 3 through several projects and initiatives within energy efficiency and use of renewables, product eco-design, world-class manufacturing and waste reduction initiatives, and supply chain decarbonization. We will continue to evaluate the role of carbon removals and offset mechanisms as part of our long-term net-zero roadmap, particularly for addressing residual Scope 3 emissions where direct reductions may not be technically feasible.

E1-8

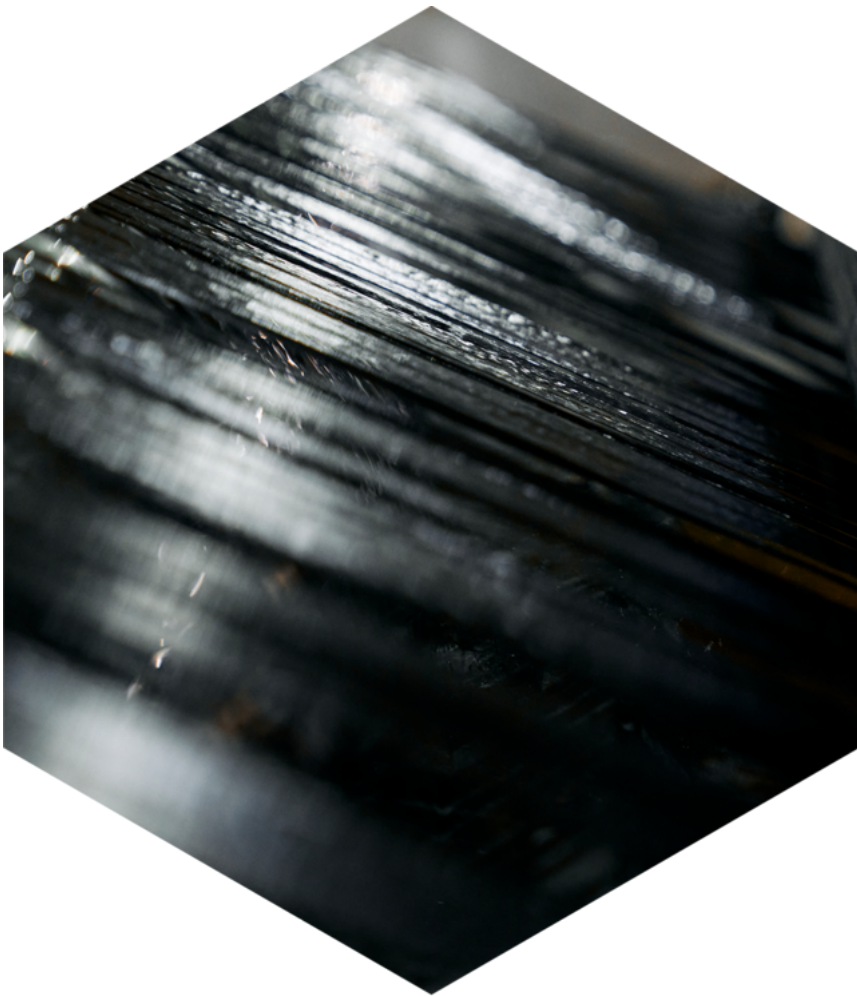
Internal carbon pricing

Hexagon does not currently apply any internal carbon pricing; this is something that may be considered in the future.

E1-9

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Hexagon is using the phase-in allowance to omit the financial effects from material physical and transition risks and potential climate-related opportunities required in E1-9.



ENVIRONMENTAL INFORMATION

E5 – Resource use and circular economy

Hexagon’s manufacturing processes involve substances and materials that can potentially cause harm to the environment if not handled properly. It is essential for us to understand how our own consumption affects the planet and focus on what we can do to minimize our impact.

Impact, risk and opportunity management

E5-1

Policies related to resource use and circular economy

Hexagon has two policies relating to resource use and circular economy.

Our Environmental, Health and Safety (EHS) policy contains management commitments, tools, procedures, and management and employee responsibilities relevant to maintaining employee and environmental health and safety. Hexagon’s management commitments describe the vision, purpose, core values, and obligations of the company leadership team. The commitments

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

		Value chain direction	Value chain position	Time horizon
Resource inflows, including resource use				
Raw material in products	Actual negative impact	Upstream	Raw materials	Short-term
Use of helium	Actual negative impact	Own activities	Operations	Long-term
Resource outflows				
Product life extension	Potential positive impact	Downstream	End-of-life	Long-term
Material recyclability	Potential negative impact	Downstream	End-of-life	Long-term
Reduced material consumption	Actual positive impact	Downstream	Distribution	Medium-term
Waste				
Direct hazardous waste generation	Actual negative impact	Own activities	Manufacturing	Medium-term
Direct non-hazardous waste generation	Potential negative impact	Own activities	Operations	Short-term
Indirect hazardous waste generation	Actual negative impact	Upstream	Entire upstream supply chain	Medium-term

guide the overall function of the company and include sustaining a culture of zero impact on the environment through responsible resource and energy use and striving for zero waste in operations.

The EHS policy requires that we make efficient design, operational and procurement choices to minimize the environmental impact of the business. Hexagon’s management is responsible for implementing programs to reduce waste, promote circularity, and source renewable energy. Part of the promotion of circularity includes substituting secondary input materials for use in our products and packaging, and operations where feasible. All employees are expected to support these commitments by reducing,

reusing and recycling materials, promoting renewable energy use, and conserving resources.

Hexagon also has a policy to cover activity throughout our supply chain. Our Supplier Code of Conduct sets forth expectations for our suppliers regarding environmental performance, resource efficiency, and energy consumption. We require our suppliers to actively seek to reduce their environmental footprints through resource efficiency and improved circularity including recycling in production and maintenance processes. Hexagon also expects our suppliers to be able to report to us ESG data including progress on their transition to renewable energy, efforts to reduce waste, sustainability policies, and product environmental footprint data if available.

Performance, metrics & targets

E5-2

Actions and resources in relation to resource use and circular economy

Hexagon is undertaking a variety of actions to embody the resource use and circularity principles in our EHS policy.

Environmental-Team (E-Team)

In January 2024, the E-Team (Environmental Team) was re-established as a cross-site, cross-functional group to drive environmental initiatives within the company. The team meets monthly to report progress on initiatives, share best practices and knowledge, and set annual targets. Each team member is responsible for establishing and executing projects with a positive environmental impact on their site or within their department. These projects mainly fall within the categories of energy efficiency and use of renewables, WCM and waste reduction, product eco-design, and supply chain decarbonization.

Projects from 2024 related to resource use and circular economy included reduction of plastic packaging, a compressed air audit, and reduced ceiling fan use at Salisbury, US, and achieved ISO 50001 energy management certification at US production sites. Proposed 2025 E-Team projects relevant to these outcomes include Research and Development initiatives to reduce the material needed in our products, recycling of key materials, and initiatives at each ISO 50001-certified site to achieve energy efficiency upgrades required to maintain certification.

Waste

We achieved ISO 14001 certification at our Kassel site in 2024, which means all Hexagon production sites now have a certified environmental management system with which to drive improvements to our waste programs. In 2024, Hexagon Agility performed its first round of annual waste audits at our US production sites. Hexagon Digital Wave created its first site waste map and will also perform a waste audit in 2025. Action plans from these audits will generate ideas for waste handling and efficient material use toward our long-term goal of zero waste to landfill.

Engineering

Life cycle assessments (LCAs) are a key part of Hexagon’s strategy to minimize resource use.

In 2024, Hexagon Digital Wave obtained an LCA on their UE-29 cylinder testing machine and Hexagon Agility obtained a cradle-to-grave LCA over the highest-running ProCab 175 fuel system with a corresponding Environmental Product Declaration (EPD) pending verification. The ProCab LCA is to be used as a basis for expanded in-house LCA work across all product lines. In 2025, completion of a full cradle-to-grave LCA on the Titan 450 product is planned, as well as product redesign work in Digital Wave for the UE-29 system. Principles of eco-design (as outlined in section E1-3) will be incorporated into Hexagon Agility’s processes in 2025, allowing proposed design changes to be evaluated through LCAs for their impact on total product lifecycle emissions before implementation.

Upstream and downstream supply chain

To promote circularity and conservation of resources upstream in our supply chain, we began using business sustainability ratings

platform EcoVadis in 2024 to evaluate our suppliers’ sustainability program maturity. We will continue to collaborate with our suppliers in 2025, setting ratings targets and assigning them corrective actions to improve their sustainability practices. To impact our downstream supply chain, we developed a total system lifecycle guide in 2024 for publication in 2025 that outlines proper end-of-life handling for our products and encourages recycling and repurposing where feasible.

E5-3

Targets related to resource use and circular economy

Hexagon has set several voluntary targets for 2025 to guide our actions and use of resources in pursuance of our policies. The targets cover the major areas of emphasis for Hexagon including energy efficiency and use reduction, zero-waste, green engineering, corporate reporting, and supply chain sustainability. Our 2024 resource management targets included auditing our waste streams, certifying our Kassel site to ISO 14001, continuing established recycling processes, implementing carbon fiber recycling at Kassel, and expanding our life cycle assessment work, all of which were completed or are in progress. We will use the targets set for 2025 to assess the effectiveness of our policies.

Target: Create road maps to 2033 and 2050

Waste hierarchy layer: Reduce

In 2025, we will build on our current plans to reduce our scope 1, 2, and 3 emissions to reach our science-based emission reduction targets for 2033 and net zero by 2050. Our goal is to create two comprehensive roadmaps by year end 2025 - one for scope 1 and 2 emissions and one for scope 3 emissions. Our roadmaps will detail specific actions and their associated emissions reductions, including energy efficiency projects, adoption of renewable energy, and fuel

switching for scope 1 and scope 2, and supplier partnerships, freight optimization, and engineering initiatives to reduce raw materials required for our products for scope 3, on a timeline to help us achieve our goals.

Target: Complete annual waste audits

Waste hierarchy layer: Reduce, re-use, recycle

In 2025, we will continue the annual waste audit initiative started in 2024 for our production sites. We will also implement a scoring system to track improvements year over year as the program continues. Each site will implement waste management initiatives which may include reductions of single-use material, improvement of waste sorting, and ideas to improve the circularity of our processes.

Target: Green engineering to understand and reduce the carbon footprint of our products

Waste hierarchy layer: Reduce

We will continue our life cycle analysis (LCA) work in 2025 with the goal of completing a cradle-to-grave LCA on our Mobile Pipeline product by the end of the year. We will also be incorporating LCAs into our processes to enable circular and eco-design for responsible resource use. In addition, we have three product-specific engineering goals to reduce the amount of raw material required by the end of the year in 2025:

- Improve carbon fiber efficiency for our 27 x 81 and Maximus tanks by 4%.
- Decrease the material required to build our generation 4.1 and 5 ProCab systems by 18 and 22 kg (40 and 50 lbs) respectively.
- Launch the Mobile Pipeline Titan 510 product, which uses 5% less carbon fiber and resin in each of its cylinders compared to the previous model.

E5-4

Resource inflows

Hexagon’s resource inflows are tracked using our company Enterprise Resource Planning (ERP) system. Because not all the line items are measured in terms of weight and manually estimating the weight would require many assumptions, it was determined that using a mass balance with the weight of sold products and waste outflows would result in more accurate values. The weight of Hexagon Agility’s sold products in 2024 was provided by the production planning department and added to the total weight of waste produced in 2024, which was calculated as described in the section E5-5 – Resource outflows. An additional 3% weight was added to the total weight of sold products to account for the products and packaging of Hexagon Digital Wave. For Hexagon Ragasco, the average weight of sold products and the total number of products sold were provided by the Procurement & Logistics department. These numbers were multiplied to calculate the total weight of sold products. The total estimated weight of resource inflows in 2024 for Hexagon Composites and Hexagon Ragasco is shown in Table E5-4 31 (a-c).

The weight of recycled components was calculated based on the percentage of recycled content in Hexagon Agility’s aluminum inputs provided by our supplier at an average of 48% recycled content. This was multiplied by the estimated quantity of aluminum used in 2024 to find the weight and percentage of recycled content in our products.

The estimated amount of aluminum was calculated by using the percentage of aluminum in a representative product in each of Hexagon Agility’s three product lines and multiplying by the total number of each type of product line sold. It was assumed that all products within a product line have a similar quantity of each key material. No other components were considered to have recycled content.

No biological materials are used in the manufacture of our products.

E5-4 31 (a-c)	Unit	Hexagon	Ragasco 2024
		Composites 2024 ¹	
Total weight of products and technical and biological materials used during the reporting period	Metric tons	13 304	2 753
The absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (including packaging)	Metric tons	834	0
Percentage of biological materials (and biofuels used for non-energy purposes)	%	—%	—%
Percentage of secondary reused or recycled components, secondary intermediary products and secondary materials	%	6%	—%

¹ Excluding Hexagon Ragasco

E5-5

Resource outflows

Our products

Hexagon Agility is a global provider of natural gas fuel systems for commercial vehicles and gas distribution systems. These systems allow the use of renewable natural gas (RNG)¹, which is a low- and at times negative-carbon fuel. We design our cylinders and fuel systems to be durable yet light weight, minimizing the amount of fuel needed to transport their weight and maximizing their lifespan. Similarly, Hexagon Ragasco manufactures lightweight composite LPG cylinders.

Hexagon Digital Wave offers innovative cylinder testing and monitoring technologies to inspect high-pressure cylinders to requalify them for further use, reducing down-time and inspection costs while improving inspection accuracy.

As shown in Table E5-5 36(a), Hexagon’s product durability matches the industry average for each product group where the data is available. Our cylinders and the fuel systems they go in have an expected durability of 20 years according to the Natural Gas Vehicle (NGV) 2 industry standard for Type 4 cylinders, which requires cylinder lifespan to be specified between 10 and 25 years. Mobile Pipeline modules and their cylinders have an expected durability of 15 years in compliance with Hexagon’s Department of Transportation special permit. However, the designs are capable of lasting longer

than 15 years and service life may be extended through recertification testing. Hexagon Digital Wave’s products have an estimated lifespan of 15 years. Because Digital Wave makes up most of the market in the product they make, no industry average data is available for comparison. Hexagon Ragasco’s cylinders have proven durability of 22 years according to their EPD obtained in 2022.

Hexagon Agility’s FleetCare department aids customers in refurbishing and repairing their products to extend their lifespan. Our certified pre-owned (CPO) program gives systems a second useful life. We are also developing a total lifecycle system guide for publication in 2025 to inform customers of their options at product end of life, from reuse to CPO to disposal.

When Hexagon’s products reach the end of their life, recycling is the preferred next step for their recyclable components. The packaging used to transport these products to the customer is also recyclable depending on the product. Table E5-5 36(c) details the rates of recyclable content in Hexagon’s products and packaging. All metals were assumed to be recyclable, as were carbon fiber, electronics, wood, and paper components. Resins and most plastics were not assumed to be recyclable. A representative cylinder, system, Mobile Pipeline unit, and Digital Wave system were selected to calculate rates of recyclability based on their bills of material, each component of which was assumed to be recyclable or not based on their

composition. The weight of recyclable components was divided by the total material weight for each product. Currently, Hexagon Ragasco’s LPG cylinders do not include recyclable content, but they are engaged in ongoing research projects focused on recycling key materials.

Our waste

Hexagon’s hazardous and non-hazardous waste outflows are detailed in Table E5-5 37 (a-d). Direct measurement data sourced from our waste handling companies' monthly invoices is entered into a PowerApp database for Environmental, Health and Safety (EHS) data reporting monthly by EHS representatives at each site. The 2024 data was pulled from this report and further categorized and filtered by data type to fit the reporting requirements.

The materials present in Hexagon’s waste are further broken down in Table E5-5 38. For the manufacturing industry, landfill waste and recycling are significant. Hexagon has a relatively large amount of landfill waste due to the resin used to manufacture Type 4 cylinders, which contaminate other materials and cannot be recycled even once cured. However, Hexagon strives to recycle all possible waste and continues to develop our waste handling program through waste audits.

¹ [RNG: Life Cycle Analysis, Carbon Intensity and Carbon-Negativity](#)

Waste generated

	Unit	Hexagon Composites ¹			Hexagon Ragasco		
		Non-hazardous	Hazardous	Total	Non-hazardous	Hazardous	Total
a. Preparation for reuse	Metric tons	0	0	0	0	0	0
b. Recycling	Metric tons	1 437	29	1 466	106	0	106
c. Other recovery	Metric tons	0	0	0	0	0	0
A. Total diverted from disposal	Metric tons	1 437	29	1 466	106	0	106
d. Incineration	Metric tons	134	25	159	72	23	95
e. Landfill	Metric tons	1 248	0	1 248	4	0	4
f. Other disposal	Metric tons	0	16	16	0	0	0
B. Total directed to disposal	Metric tons	1 382	41	1 423	76	23	99
TOTAL WASTE (A. + B.)	Metric tons	2 819	70	2 889	181	23	205
Non-recycled waste ²	Metric tons	1 382	41	1 423	76	23	99
% Non-recycled waste	%	49%	58%		42%	100%	

¹Excluding Hexagon Ragasco ²"Non-recycled waste" means any waste not recycled within the meaning of "recycling". "Recycling" means any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes. It includes the reprocessing of organic material but does not include energy recovery and the reprocessing into materials that are to be used as fuels or for backfilling operations

Waste stream breakdown

	(Metric tons)	Hexagon Composites 2024 ¹	Hexagon Ragasco 2024
Carbon Fiber Recycled		120	0
Cardboard Recycled		238	13
Electronic Waste Recycled		2	0
Food Waste Recycled		0	0
Hazardous Waste to Controlled Disposal		16	0
Hazardous Waste to Energy		25	23
Metal Recycled		221	15
Mixed Waste Recycled		11	2
Other Hazardous Waste Recycled		29	0
Paint Recycled		38	0
Paper Recycled		6	0
Plastic Recycled		200	62
Solid Waste To Energy		134	72
Solid Waste To Landfill		1 248	4
Wood Recycled		599	13
Total waste		2 889	205

¹ Excluding Hexagon Ragasco

E5-5 36 (c)

	Hexagon Agility Cylinders	Hexagon Agility Systems	Hexagon Agility Mobile Pipeline	Hexagon Digital Wave	Hexagon Ragasco
Rate of recyclable content					
Rate of recyclable content in products (%)	56%	78%	71%	98%	—%
Rate of recyclable content in packaging (%)	—%	100%	N/A	97%	100%

E5-5 36 (a)

Expected durability of the products	Hexagon (year)	Industry average (year)
Hexagon Agility Cylinders	20	20
Hexagon Agility Systems	20	20
Hexagon Agility Mobile Pipeline	15	15
Hexagon Digital Wave	15	N/A
Hexagon Ragasco	22	22



Our accounting principles for waste data are detailed in the table below.

Disclosure Requirement	Accounting Policy
Resource outflows	<p>The data in this section is sourced from invoices from our various waste management companies.</p> <p>Some estimates are included in the data from Q4 of 2024 as some invoices arrived after the data was compiled. In these cases, the previous month's waste was used as preliminary data.</p> <p>E5-5_37b – Recycling</p> <p>Recycled waste includes wood, metal, plastic, carbon fiber, cardboard, plastic, paint, hazardous waste, mixed waste, electronic waste, and/or food waste. Recycling data is sourced from waste management company invoices.</p> <p>E5-5_37A – Total diverted from disposal</p> <p>Total diverted from disposal is equal to the recycling quantity. Hexagon has no preparation for reuse or other recovery.</p> <p>E5-5_37d – Incineration</p> <p>Incineration is the total quantity of waste to energy from our sites, data for which is sourced from waste management company invoices.</p>

Disclosure Requirement	Accounting Policy
Resource outflows	<p>E5-5_37e – Landfill</p> <p>Landfill waste is waste that cannot be recycled or converted to energy, data for which is sourced from waste management company invoices.</p> <p>E5-5_37f – Other disposal</p> <p>Other disposal is controlled disposal of hazardous waste at our sites, data for which is sourced from waste management company invoices.</p> <p>E5-5_37B – Total directed to disposal</p> <p>The total directed to disposal is equal to the sum of incineration, landfill, and other disposal categories.</p> <p>E5-5_37 – TOTAL WASTE</p> <p>Total waste is equal to the sum of total diverted from disposal and total directed to disposal.</p> <p>Non-recycled waste</p> <p>Non-recycled waste is equal to the total directed to disposal as Hexagon has no preparation for reuse or other recovery.</p> <p>% Non-recycled waste</p> <p>The % non-recycled waste is equal to non-recycled waste divided by the total waste and converted to a percentage.</p>

Statement on EU Taxonomy for sustainable economic activities

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

The pie charts to the right show the eligible and aligned KPI's for Revenues, CAPEX and OPEX for 2024 and 2023 for the Group's continuing operations.

Further details can be found in the following sections. The KPIs required by the EU Taxonomy are included at the end of this report.



Background and objectives

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

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

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

- Protection and restoration of biodiversity and ecosystems

As per year-end 2024, large, listed companies are obliged to report on alignment to all of the environmental objectives.

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

- The activity makes a substantial contribution to one of the environmental objectives by meeting the screening criteria defined for this economic activity.
- The activity meets the Do-No-Significant-Harm (DNSH) criteria defined for this economic activity. These are designed to prevent significant harm to one or more of the other environmental objectives.
- The Group carries out its activities in compliance with the minimum safeguards, which apply to all economic activities and relate primarily to human rights and social and labor standards.

A taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Regulation, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.

The EU taxonomy regulation entered into force in Norway on 1 January 2023. Hexagon is required by the Sustainable Finance Act to report on taxonomy eligibility and alignment for Hexagon Agility under the environmental objective “Climate Change mitigation” and for Hexagon Digital Wave under the environmental objective “Transition to a circular economy”. Due to the sale of Hexagon Ragasco in June 2024 and the subsequent presentation of Hexagon Ragasco as discontinued operations, the following report does not cover Hexagon Ragasco’s economic activities. Last year’s taxonomy-KPIs for the Group have consequently been re-presented to ensure comparability of the Group’s continuing operations, concurrent with the re-presentation made in the Group’s consolidated financial statements for 2024. As such, taxonomy-KPIs related to Hexagon Ragasco is not a part of the Group’s KPIs and reporting for 2024, nor 2023.

Hexagon Group does not include associates and/ or joint ventures in the EU Taxonomy KPIs.

Eligible economic activities in the Hexagon Group

As one of the leading composite cylinder technology developer and manufacturer, and with our purpose of “Driving Energy Transformation”, we enable the safe delivery of clean energy and we decarbonize transportation.

The majority of Hexagon’s activities are related to the production of composite cylinders. To date we have more than 2 000 Mobile Pipeline distribution modules in operation, and more than 100 000 commercial vehicles with our fuel systems installed.

All our products and services in Hexagon Agility were deemed eligible under the climate change mitigation objective, while only the activity “Fuel systems for commercial vehicles” were considered taxonomy-aligned, with additional assessments were needed for the activities “Mobile Pipeline distribution modules” and “Type 4 Composite cylinders”. Furthermore, all our products and services in Hexagon Digital Wave were deemed eligible under the transition to a circular economy objective. Although it was not mandatory to report eligibility and alignment against the transition to a circular economy objective in 2023, we nevertheless included Hexagon Digital Wave’s financial metrics within the Group KPIs.

In 2024, Hexagon continued its assessments especially focused on the substantial contribution criteria for the activities “Mobile Pipeline distribution modules” and “Type 4 Composite cylinders” within Hexagon Agility and a full alignment assessment within Hexagon Digital Wave. The assessment undertaken concluded

that the substantial contribution criteria for the activities “Mobile Pipeline distribution modules” and “Type 4 Composite cylinders” could not be deemed met in 2024 due to the fact that the required LCA (life cycle assessment) including 3rd party verification is still to be completed.

Furthermore, Hexagon Digital Wave’s activities could not be deemed aligned due to additional documentation needed to fulfill the substantial contribution criteria and the do-no-significant-harm criteria. Hexagon is targeting to finalize the LCA and documentation in 2025, and considers it achievable that all activities become aligned for the 2025-reporting.

Fuel system for commercial vehicles – CCM 3.3. Manufacture of low carbon technologies for transport

Hexagon Agility’s fuel systems are installed on a variety of commercial vehicles, ranging from heavy- to medium duty trucks, refuse trucks and transit buses. The technical screening criteria under the economic activity “CCM 3.3. Manufacture of low carbon technologies for transport” refers largely to the end-products or the commercial vehicles themselves. As Hexagon Agility is a key supplier for the manufacturers of low carbon transport vehicles, Hexagon has considered its fuel systems to be eligible under this economic activity. Our technical screening assessment is thus based on the vehicles our

systems are installed on and not the fuel system itself. Hexagon has four facilities for production and assembly of fuel systems, including Salisbury (North Carolina, US), Rialto (California, US), Lincoln (Nebraska, USA) and Kassel (Germany).

To make a substantial contribution to climate change mitigation within this economic activity, the heavy and medium duty vehicles our systems are installed on (i.e., vehicles of categories N2 and N3) needs to be zero-emission heavy-duty vehicles as defined in Article 3, point (11), of Regulation (EU) 2019/1242 or ‘low-emission heavy-duty vehicles’ as defined in Article 3, point (12) of that Regulation. Furthermore, the transit buses our systems are installed on (i.e., vehicles designated as category M3) need to comply with the latest EURO VI standard, and where such a standard is not available – the direct CO₂ emissions of the vehicles need to be zero.

Mobile Pipeline distribution solutions and Type 4 composites cylinders – CCM 3.6. Manufacture of other low carbon technologies

Hexagon Agility’s Mobile Pipeline distribution modules enable safe transport of renewable natural gas (RNG), compressed natural gas (CNG) as well as other gases. Our Mobile Pipeline modules are outfitted with our cutting-edge lightweight Type 4 composite cylinders certified for transport. With significantly more

capacity and weighing 70% less than steel tubes, our composite solutions enable customers to deliver more gas and reduce transport resulting in low total cost of ownership.

Hexagon has assessed these distribution solutions to fall within the economic activity “CCM 3.6. Manufacture of other low carbon technologies”, which is described as manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered specifically in other parts of the Taxonomy.

Hexagon Agility also sells its Type 4 high-pressure composite cylinders as a stand-alone product to external customers. The assessment for this activity is similar to the Mobile Pipeline distribution solutions.

To make a substantial contribution to climate change mitigation within this economic activity, the economic activity manufactures technologies that are aimed at and demonstrate substantial life-cycle GHG emission savings compared to the best performing alternative technology/product/solution available on the market.

Modal Acoustic Emission (MAE) testing – CE 4.1 Provision of IT/OT data-driven solutions

Hexagon Digital Wave’s MAE testing services allow testing and qualifying composite cylinders using high-bandwidth stress waves. MAE testing works by placing transducers on the surface of a composite vessel, applying stress to the structure and recording any ultrasonic stress waves that propagate from the epicenter of a flaw, which are ultimately tested analyzed with Hexagon Digital Wave’s proprietary software. Hexagon has assessed that Hexagon Digital Wave’s MAE services fall within the economic activity “CE 4.1. Provision of IT/OT data-driven solutions” within the environmental objective “Transition to a circular economy”. This economic activity covers a wide variety of software and information technology or operational technology systems for among other things – analyzing the operational performance and condition of a product or equipment. To make a substantial contribution to circular economy, and for remote monitoring and predictive maintenance systems, at least two of the following capabilities specified in points (a) to (d) need to be met in their full scope:

- a alerting the user to abnormal sensor values, and assessing the status of the product, equipment, or infrastructure, detecting wear and tear or electrical issues, and drawing conclusions about the exact nature of

- abnormal operating conditions by means of advanced analytical methods;
- b predicting the expected remaining lifetime of a product, equipment, or infrastructure, and recommending measures to extend the remaining lifetime;
- c predicting an upcoming product, equipment or infrastructure failure and recommending measures to prevent such failure;
- d providing recommendations about the highest value next use cycle, such as reuse, recovering components through parts harvesting for remanufacture, or recycling, taking into consideration a combination of factors regarding the product’s condition.

Ultrasonic Examination (UE) machines - CE 4.1
Provision of IT/OT data-driven solutions

Hexagon Digital Wave’s UE test equipment makes it easy for operators to detect even the smallest defects in metallic cylinders without removing the valve or product. The UE machines produce an ultrasonic beam which scans the cylinder for defects and allows the operator to efficiently analyze whether there are structural integrity issues or not. Hexagon has assessed that Hexagon Digital Wave’s UE machines fall within the economic activity “CE 4.1. Provision of IT/OT data-driven solutions” within the environmental objective “Transition to a circular economy”. This economic activity covers “lifecycle performance management

- software supporting the monitoring and assessment of the circularity performance of products, equipment, or infrastructures during their lifecycle”, for which is considered relevant to assess against for Hexagon Digital Wave’s UE machines. To make a substantial contribution to the economic activity for the said lifecycle performance management software, and for remote monitoring and predictive maintenance systems, at least one of the following capabilities specified in points (a) to (e) need to be met in its full scope:
- a supporting the monitoring and assessment of the circularity performance of a product, equipment or infrastructure during its lifecycle over time;
- b comparing circularity performance against original circularity design goals, analyzing deviations and their root causes;
- c supporting the planning and documentation of measures required to prolong the useful life of the product, equipment or infrastructure, such as maintenance, retrofit, or other services;
- d supporting the impact assessment of such measures on circularity performance;providing the user with data required to take decisions on the future use of the product, equipment, or infrastructure, such as retrofit, change of use, decommissioning and recycling,
- e providing the user with data required to take decisions on the future use of the product, equipment, or infrastructure, such as retrofit, change of use, decommissioning and recycling.

Nuclear and fossil gas related activities

The undertaking carries out, funds or has exposures to:

Nuclear energy related activities

1	Research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle:	No
2	Construction and safe operation of new nuclear installations to produce electricity to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies:	No
3	Safe operation of existing nuclear installations that produce electricity of process hear, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades:	No

Fossil gas related activities

4	Construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels:	No
5	Construction, refurbishment, and operation of combined heat/cool and poser generation facilities using fossil gaseous fuels:	No
6	Construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Table 1 below shows a summary and overview of eligible products and services and their respective economic activities and environmental objectives.

Business area	#	Description of product / service	Taxonomy-eligible economic activity	Environmental objective
Hexagon Agility	1	Fuel system for commercial vehicles	CCM 3.3. Manufacture of low carbon technologies for transport	Climate change mitigation
	2	Mobile Pipeline distribution solutions	CCM 3.6. Manufacture of other low carbon technologies	Climate change mitigation
	3	Type 4 composite cylinders		
Hexagon Digital Wave	4	Modal Acoustic Emission (MAE) testing	CE 4.1. Provision of IT/OT data driven-solutions	Transition to a circular economy
	5	Ultrasonic Examination (UE) machines		

Table 1 - Overview of eligible products and services and respective economic activities

Meeting the alignment criteria for Substantial Contribution and Do-No-Significant-Harm (DNSH)

Fuel system for Commercial Vehicles - CCM 3.3. Manufacture of low carbon technologies for transport

Our fuel systems for commercial vehicles are found to meet the substantial contribution criteria for “3.3 Manufacture of low carbon technologies for transport” because the heavy- and medium duty commercial vehicles our fuel systems are installed on, are considered to meet the definition of “low-emission heavy-duty vehicles” as defined in Article 3, point (12) of that Regulation (EU) 2019/1242. “Low-emission heavy-duty vehicles” in the said regulation “means a heavy-duty vehicle, other than a zero-emission heavy-duty vehicle, with specific CO₂ emissions of

less than half of the reference CO₂ emissions of all vehicles in the vehicle sub-group to which the heavy-duty vehicle belongs, as determined in accordance with point 2.3.3 of Annex I.” As more than 90% of all heavy- and medium duty vehicles today run on diesel, the comparable reference vehicle sub-group is considered to be diesel-engine vehicles and their CO₂ emissions. Comparing the on-average negative CO₂ emissions from all natural gas vehicles, with CO₂ emissions from diesel vehicles, we have assessed all of our customers’ natural gas vehicles to fit into the category of “low-emission heavy-duty vehicles”. As such, our fuel systems are thus considered to make a substantial contribution and thus in accordance with the criteria.

Furthermore, fuel systems that are delivered to transit buses (i.e., vehicles designated as

categories M2 and M3) in Europe are all considered compliant with the latest EURO VI standard, and as such are considered to meet the substantial contribution criteria. For transit buses delivered to areas where the EURO VI standard is not applicable, the criterion for substantial contribution is “zero direct CO₂ emissions”. For fuel systems delivered to the transit bus segment in these areas, Hexagon has used the same reasoning as for heavy-duty trucks above where CO₂ emissions are considered negative, and thus concluded that these vehicles also meet the substantial contribution criteria.

Hexagon has performed an assessment of all DNSH criteria at all production sites for fuel systems in the US and Europe, which will be further described in the following sections.

For DNSH 2 (Climate change adaptation), a physical climate risk and vulnerability assessment has been performed for all of Hexagon Agility’s production sites. The assessment found that that two of Hexagon’s manufacturing sites (Salisbury, North Carolina and Lincoln, Nebraska) were exposed to physical climate risk being extreme wind and tornados. To reduce this risk, climate adaptation plans are under development for the respective sites and will be implemented within 2028 - in line with the five year deadline requirement in the regulation.

For DNSH 3 (Sustainable use and protection of water and marine resources), water risk has been assessed through a screening without any identified risks due to insignificant use of water or the use of closed-loop water systems in the production lines.

For DNSH 4 (Transition to a circular economy), the criteria are considered met because Hexagon Agility uses secondary raw materials in its manufacturing process and ensures the highest possible recycling of internal scrap material into other products. The products are designed for high durability, recyclability, and policies are in place to prioritize recycling over disposal in the manufacturing process, and integrate Eco Design principles into Advanced Product Quality Planning for new products. To manifest this, a software-alike “environmental tracker” was established with 45 initiatives for 2024 and is being updated further in 2025.

For DNSH 5 (Pollution prevention and control), the criteria have been challenging to assess. As a manufacturer, Hexagon uses a wide range of substances in the production lines. No constituents that contain persistent pollutants, mercury and substances that deplete the ozone layer are being used and all manufacturing sites comply with national laws and regulations for handling substances, including the REACH directive for our European operations. As our operations in the US are not subject to the EU directives, we have performed a separate assessment of the use of substances regulated under the REACH directive. The assessment concluded that our relevant US operations

comply with the directive, and as such – the DNSH criteria are considered met.

For DNSH 6 (Protection and restoration of biodiversity and ecosystems), Hexagon Agility has performed a screening to assess whether its activities/manufacturing sites are listed in Annex II to the EIA directive, and thus need to perform an EIA (Environmental Impact Assessment). The screening did not find our kind of manufacturing activities mentioned in the Annex, hence an EIA was not considered required.

Conclusion

The overall assessment concludes that “fuel systems for commercial vehicles” within the economic activity “CCM 3.3. Manufacture of low carbon technologies for transport”, is taxonomy-aligned when taking into account compliance with the minimum safeguard’s requirements, see separate section.

Mobile Pipeline distribution solutions and type 4 composites cylinders – CCM 3.6.

Manufacture of other low carbon technologies

The substantial contribution criteria for CCM 3.6. “Manufacture of other low carbon technologies”, requires a third-party verified life cycle assessment (LCA) for GHG emissions compared to the best performing alternative. Hexagon Agility is currently working on LCAs which will cover both its Mobile Pipeline distribution modules and its Type-4 composite cylinders. Until the LCAs are completed, we are not able to document the substantial contribution criteria, but we expect to complete the LCA work during 2025. Hexagon considers it highly likely that the LCAs once finalized will clearly demonstrate quantified life-cycle GHG emission savings.

For the DNSH criteria, separate assessments have been made for these activities and conclusions are concurrent with those for fuel systems for commercial vehicles elaborated in the previous section.

Conclusion

Substantial contribution cannot be demonstrated, and these activities are thus not yet considered taxonomy-aligned.

Modal Acoustic Emission (MAE) testing and Ultrasonic Examination (UE) machines – CE 4.1 Provision of IT/OT data-driven solutions

Our MAE services and software deploy IT/OT data-driven solutions through sensors, data collection and data repository (cloud). Transducers placed on equipment apply stress to the structure and record any ultrasonic stress waves that propagate from the equipment. Examining the data collected allows the software to produce predictive models. Any documentation that we have is very technical data that is reviewed by engineers to pass or fail a composite pressure cylinder used in Mobile Pipeline, Self-Contained Breathing Apparatus (SCBA), and alternative fuel systems.

Further, we have assessed that our MAE services have the potential to meet the following two capabilities listed as requirements in the substantial contribution criteria:

- b. predicting the expected remaining lifetime of a product, equipment, or infrastructure, and recommending measures to extend the remaining lifetime;
- c. predicting an upcoming product, equipment or infrastructure failure and recommending measures to prevent such failure

With respect to requirement b. - after MAE inspections, each composite tank is regulatorily

eligible for an additional 5 years of service life, at which point it goes through another MAE inspection. The MAE inspection validates the prediction of extended life through detecting and quantifying fibre fracture and delamination of the composite microstructure, and the requirement is therefore considered fulfilled. With respect to requirement c., - the predictability of future potential failures needs further assessments and documentation in 2025 until it can be claimed to be fulfilled.

Due to the lack of documentation on the substantial contribution criteria, specifically related to letter c. mentioned above, Hexagon Digital Wave's MAE testing service is not yet considered taxonomy-aligned.

Conclusion

Substantial contribution cannot yet be demonstrated, and this activity is thus not yet considered taxonomy-aligned.

Ultrasonic Examination (UE) machines – CE 4.1 Provision of IT/OT data-driven solutions

Our UE machines monitor the circulatory performance of seamless metallic cylinders during their life cycle, prolonging the useful life of the product each time it is processed through our system and software. Tested assets that pass testing are approved for an additional 5 years in service, but should they fail they are condemned. Hexagon has assessed that these features of the UE machines collectively meet requirement a. ("supporting the monitoring and assessment of the circularity performance of a product, equipment or infrastructure during its lifecycle over time") in the substantial contribution criteria.

Hexagon has furthermore performed an assessment of all do-no-significant-harm (DNSH) criteria at its production site in Centennial (Colorado, US) its UE machines, which will be further described in the following sections

For DNSH 1 (Climate change mitigation), there are no criteria listed in the EU Taxonomy.

For DNSH 2 (Climate change adaptation), a physical climate risk and vulnerability assessment has been performed for Hexagon Digital Wave's site. For Digital Wave, no significant climate risks were identified.

For DNSH 3 (Sustainable use and protection of water and marine resources), water risk has been assessed through a screening without any identified risks due to insignificant use of water

For DNSH 5 (Pollution prevention and control), the criteria have been challenging to assess. To meet the requirements, the equipment used to operate the software meets the requirements laid down in Directive 2009/125/EC for servers and data storage products, and the equipment used does not contain the restricted substances listed in Annex II to Directive 2011/65/EU, except where the concentration values by weight in homogeneous materials do not exceed the maximum values listed in that Annex. These assessments and documentation requirements are yet to be completed and the criteria can therefore not be considered met for 2024.

For DNSH 6 (Protection and restoration of biodiversity and ecosystems), there are no criteria listed in the EU Taxonomy.

Conclusion

All DNSH criteria is not yet fully documented and completely assesses, and this activity is thus not yet taxonomy-aligned.

Meeting the "Minimum safeguards" criteria

For activities to be aligned with the EU Taxonomy, they must meet the minimum safeguards criteria. There is currently no legally binding definition of how to adhere with the minimum safeguards in relation to human rights and Labor Rights, bribery and anti-corruption, taxation and fair competition. As such, we have assessed our alignment on the report produced by the Platform on Sustainable Finance titled "Final Report on Minimum Safeguards" (Report Published by the EU Platform on sustainable finance, October 2022). Based on the criteria defined by this report, we define ourselves as aligned with the minimum safeguards. The sections below describe how this has been assessed.

At Hexagon, we recognize that sustainable business growth requires a strong commitment to ethical business conduct, human rights, and good governance. We respect human rights as set out in the International Bill of Human Rights and the ILO Core Conventions. In alignment with the EU Taxonomy's minimum safeguards, we integrate internationally recognized standards, including the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Declaration on Fundamental Principles and Rights at Work.

We are committed to conducting thorough due diligence to assess, prevent, and mitigate potential adverse human rights impacts in our operations and supply chain. Our commitments are embedded in several key policies, including our Policy on Human Rights and Working Conditions, Code of Conduct, and Supplier Code of Conduct. These policies define our expectations for responsible business practices across our operations and supply chain.

Our approach is built on:

- Respect for Human Rights and labor rights – Ensuring fair treatment, safe working conditions, and equal opportunities.
- Zero Tolerance for Corruption and bribery – Upholding integrity in all business dealings and enforcing anti-bribery policies.
- Fair and Transparent Tax Practices – Meeting all tax obligations in an open and responsible manner.
- Commitment to Fair Competition – Promoting a level playing field and preventing anti-competitive behavior.

There have been no findings against Hexagon, or any specific concerns have been raised from stakeholders related to any of the four areas above in 2023 or 2024.

Key performance indicators

The EU Taxonomy defines sales revenues, capital expenditure and operating expenditure as the key performance indicators that must be reported on.

Revenues

The definition of turnover in the EU Taxonomy corresponds to total revenues as reported in the Group’s IFRS consolidated financial statements, which amounted to NOK 4 877 million for the fiscal year 2024. Of this total, NOK 4 832 million, or 99% of Group revenues, was attributed to taxonomy-eligible activities. Of the total taxonomy-eligible revenues, NOK 2 570 million, or 53%, meet the technical screening criteria for substantial contribution. Taking into account the DNSH and the minimum safeguards criteria, NOK 2 499 million, or 51%, of the Group’s total revenues was also considered taxonomy-aligned. Of this total, all of Hexagon Agility’s revenues from its fuel systems business are included as aligned. In the table below, eligible and aligned revenues are presented for each of our operating segments. The figures are furthermore discussed and explained in the following.

The revenue KPI is built up on an entity-by-entity whereby each entity’s revenue is linked to one activity in the EU Taxonomy. There is only one legal entity in the Group which has activities

across more than one activity in the taxonomy. For this legal entity, revenues are allocated to the respective activity in the taxonomy is line with revenues generated, and such that the sum of revenues allocated to the taxonomy activities and non-eligible activities never exceeds the entities total revenues. Furthermore, each entity’s group internal revenues (if any) is not included in the calculation build-up as these revenues are and will be eliminated for group purposes. As such, only external revenues (from a group perspective) is included in the revenue KPI build for each entity. This avoids double counting.

Within Hexagon Agility, revenues have been allocated to the two economic activities within the EU Taxonomy, “3.3. Manufacture of low carbon technologies for transport” and “3.6. Manufacture of other low carbon technologies”, where activity 3.3. includes revenues associated with fuel systems for commercial vehicles and fleet care services, while 3.6. includes revenues associated with Mobile Pipeline distribution modules and sale of stand-alone type 4 high-pressure cylinders. Revenues of NOK 2 499 million generated from fuel systems for commercial vehicles contribute substantially to climate change mitigation as the fuel systems facilitate the usage of renewable natural gas (RNG) as fuel source for the vehicles being assessed in the screening criteria. Taking into

account that all DNSH criteria and minimum safeguards were also met, revenues within this activity were considered taxonomy-aligned for 2024. Revenues generated from Mobile Pipeline modules and type 4 high-pressure cylinders amounted to NOK 2 162 million but did not meet the technical screening criteria, which requires a formal and documented life cycle assessments (LCA) verified by an independent third party. As a result, only Hexagon Agility’s fuel system business was considered taxonomy-aligned in 2024. Hexagon is, however, confident that Hexagon Agility’s Mobile Pipeline modules and Type 4 composite cylinders will become taxonomy-aligned once the formal requirements and procedures in the Taxonomy have been properly documented.

Hexagon Digital Wave’s product offering has been allocated to the environmental objective “Transition to a circular economy”. As none of Hexagon Digital Wave’s products and services are considered taxonomy aligned for 2024, NOK 171 million is reported as taxonomy-eligible but not environmentally sustainable activities.

The tables below show eligible and aligned revenues for each of our operating segments and for each economic activity.

Revenues 2024

Economic activities	Environmental objective	Revenues		Compliance with substantial contribution criteria		Compliance with DNSH criteria	Compliance with minimum safeguards	Taxonomy-aligned revenues	
		NOK million	% ¹⁾	NOK million	% ¹⁾	Y/N	Y/N	NOK million	% ¹⁾
A. TAXONOMY-ELIGIBLE ACTIVITIES		4 832	99 %	2 570	53 %	Y/N	Y	2 499	51 %
Hexagon Agility	Climate change mitigation	4 661	96 %	2 499	51 %	Y	Y	2 499	51 %
3.3. Manufacture of low carbon technologies for transport		2 499	51 %	2 499	51 %	Y	Y	2 499	51 %
3.6. Manufacture of other low carbon technologies		2 162	44 %	0	0 %	Y	Y	0	0 %
Hexagon Digital Wave	Transition to a circular economy	171	3 %	71	1 %	N	Y	0	0 %
4.1. Provision of IT/OT data-driven solutions		171	3 %	71	1 %	N	Y	0	0 %
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		45	1 %						
TOTAL (A + B)		4 877	100 %						

¹ All percentages relate to the Group's total revenues

Revenues 2023 re-presented (excluding Hexagon Ragasco)

Economic activities	Environmental objective	Revenues		Compliance with substantial contribution criteria		Compliance with DNSH criteria	Compliance with minimum safeguards	Taxonomy-aligned revenues	
		NOK million	% ¹⁾	NOK million	% ¹⁾	Y/N	Y/N	NOK million	% ¹⁾
A. TAXONOMY-ELIGIBLE ACTIVITIES		4 425	98 %	2 536	56 %	Y/N	Y	2 536	56 %
Hexagon Agility	Climate change mitigation	4 263	94 %	2 536	56 %	Y	Y	2 536	56 %
3.3. Manufacture of low carbon technologies for transport		2 536	56 %	2 536	56 %	Y	Y	2 536	56 %
3.6. Manufacture of other low carbon technologies		1 727	38 %	0	0 %	Y	Y	0	0 %
Hexagon Digital Wave	Transition to a circular economy	162	4 %	0	0 %	N	Y	0	0 %
4.1. Provision of IT/OT data-driven solutions		162	4 %	0	0 %	N	Y	0	0 %
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		101	2 %						
TOTAL (A + B)		4 526	100 %						

¹ All percentages relate to the Group's total revenues

Capital expenditure

Capital expenditure for the purposes of the EU Taxonomy refers to the following items in the IFRS consolidated financial statements: additions to property, plant and equipment, additions to intangible assets and additions to lease right-of-use assets. These are reported in the notes to the consolidated financial statements in the notes on "Property, plant and equipment", "Intangible assets", and "Leases". Additions from business combinations, reported under note "Changes in the Group structure", are also included, if relevant. By contrast, additions to goodwill are not included in the calculation.

In the fiscal year 2024, additions in the Hexagon Group as defined above amounted to (2023 figures in parenthesis):

- NOK 237 (175) million from property, plant and equipment
- NOK 32 (22) million from intangible assets, and
- NOK 239 (91) million from right-of-use assets.

Total capital expenditure to be included in accordance with the EU Taxonomy therefore amounted to NOK 508 (288) million.

All capital expenditures within each operating entity of the Group have been allocated to the same economic activities as for revenues for each operating entity. For most operating entities, capital expenditures are related to one product/service offering and thus one specific economic activity. For those operating entities that deliver products/services covering two or more economic activities, the capital expenditure has been allocated pro rata in accordance with the revenue split within that entity, unless the capital expenditure could be directly attributed to a specific product and thus economic activity. This avoids double counting. Capital expenditure in non-operating and holding entities have all been considered non-eligible.

Taxonomy eligible capital expenditure amounted to NOK 504 million, representing 99% of the Group's total capital expenditure in 2024. Of this amount, Hexagon Agility's capital expenditure within its fuel systems business meets the substantial contribution criteria, totaling NOK 329 million, or 65%. For the same reasons as explained in the section on revenues above, capital expenditures within Hexagon Agility's Mobile Pipeline business and type 4 high-pressure cylinder business, and Hexagon Digital Wave did not meet the substantial contribution and all DNSH criteria in 2024.

Taking into account the DNSH criteria and the minimum safeguards criteria, and for the same reasons as for revenue alignment, Hexagon Agility's capital expenditure within its fuel system business of NOK 329 million was deemed taxonomy-aligned. This represented 65% of total capital expenditure and was largely related to investments in property, plant and equipment and right-of-use assets.

The tables below show eligible and aligned capital expenditure for each of our operating segments and for each economic activity.

Operating expenditure

The operating expenditure reported by us for the purposes of the EU Taxonomy comprises non-capitalized research and development costs, which can be taken from the note on "Intangible assets". We also include the expenditure for short-term leases recognized in our consolidated financial statements, which can be found in the note on "Leases", and expenditure for maintenance and repairs. For most operating entities, operating expenditures are related to one product/service offering and thus one specific economic activity. For those operating entities that deliver products/services covering two or more economic activities, the operating expenditure has been allocated pro rata in accordance with the revenue split within that

entity, unless the operating expenditure could be directly attributed to a specific product and thus economic activity. This avoids double counting.

The allocation of operating expenditure to the economic activities followed the same logic as that described for capital expenditure. Due to somewhat higher operating expenditures compared to capital expenditures in non-operating and holding entities, the portion of eligible operating expenditures was 95% in 2024, for a total of NOK 71 million. NOK 43 million, or 57%, meet the substantial contribution criteria, and NOK 42 million, or 56%, are considered taxonomy aligned. The explanations for the results follow the same reasoning as for revenues and capital expenditures above, which is also depicted in the tables below.

Capital expenditure 2024

Economic activities	Environmental objective	Capital expenditures		Compliance with substantial contribution criteria		Compliance with DNSH criteria	Compliance with minimum safeguards	Taxonomy-aligned capital expenditure	
		NOK million	% ¹⁾	NOK million	% ¹⁾	Y/N	Y/N	NOK million	% ¹⁾
A. TAXONOMY-ELIGIBLE ACTIVITIES		504	99 %	335	66 %	Y/N	Y	329	65 %
Hexagon Agility	Climate change mitigation	485	96 %	329	65 %	Y	Y	329	65 %
3.3. Manufacture of low carbon technologies for transport		329	65 %	329	65 %	Y	Y	329	65 %
3.6. Manufacture of other low carbon technologies		157	31 %	0	0 %	Y	Y	0	0 %
Hexagon Digital Wave	Transition to a circular economy	18	4 %	6	1 %	N	Y	0	0 %
4.1. Provision of IT/OT data-driven solutions		18	4 %	6	1 %	N	Y	0	0 %
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		5	1 %						
TOTAL (A + B)		508	100 %						

¹ All percentages relate to the Group’s total capital expenditure

Capital expenditure 2023 (represented excluding Hexagon Ragasco)

Economic activities	Environmental objective	Capital expenditures		Compliance with substantial contribution criteria		Compliance with DNSH criteria	Compliance with minimum safeguards	Taxonomy-aligned capital expenditure	
		NOK million	% ¹⁾	NOK million	% ¹⁾	Y/N	Y/N	NOK million	% ¹⁾
A. TAXONOMY-ELIGIBLE ACTIVITIES		268	93 %	185	64 %	Y/N	Y	185	64 %
Hexagon Agility	Climate change mitigation	264	92 %	185	64 %	Y	Y	185	64 %
3.3. Manufacture of low carbon technologies for transport		185	64 %	185	64 %	Y	Y	185	64 %
3.6. Manufacture of other low carbon technologies		79	27 %	0	0 %	Y	Y	0	0 %
Hexagon Digital Wave	Transition to a circular economy	4	1 %	0	0 %	N	Y	0	0 %
4.1. Provision of IT/OT data-driven solutions		4	1 %	0	0 %	N	Y	0	0 %
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		20	7 %						
TOTAL (A + B)		288	100 %						

¹ All percentages relate to the Group’s total capital expenditure

Operating expenditure 2024

Economic activities	Environmental objective	Operating expenditure		Compliance with substantial contribution criteria		Compliance with DNSH criteria	Compliance with minimum safeguards	Taxonomy-aligned operating expenditure	
		NOK million	% ¹⁾	NOK million	% ¹⁾	Y/N	Y/N	NOK million	% ¹⁾
A. TAXONOMY-ELIGIBLE ACTIVITIES		71	95 %	43	57 %	Y/N	Y	42	56 %
Hexagon Agility	Climate change mitigation	69	92 %	42	56 %	Y	Y	42	56 %
3.3. Manufacture of low carbon technologies for transport		42	56 %	42	56 %	Y	Y	42	56 %
3.6. Manufacture of other low carbon technologies		27	36 %	0	0 %	Y	Y	0	0 %
Hexagon Digital Wave	Transition to a circular economy	2	3 %	1	1 %	N	Y	0	0 %
4.1. Provision of IT/OT data-driven solutions		2	3 %	1	1 %	N	Y	0	0 %
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		4	5 %						
TOTAL (A + B)		75	100 %						

¹ All percentages relate to the Group's total capital expenditure

Operating expenditure 2023 (represented excluding Hexagon Ragasco)

Economic activities	Environmental objective	Operating expenditure		Compliance with substantial contribution criteria		Compliance with DNSH criteria	Compliance with minimum safeguards	Taxonomy-aligned operating expenditure	
		NOK million	% ¹⁾	NOK million	% ¹⁾	Y/N	Y/N	NOK million	% ¹⁾
A. TAXONOMY-ELIGIBLE ACTIVITIES		82	96 %	46	54 %	Y/N	Y	46	54 %
Hexagon Agility	Climate change mitigation	79	93 %	46	54 %	Y	Y	46	54 %
3.3. Manufacture of low carbon technologies for transport		46	54 %	46	54 %	Y	Y	46	54 %
3.6. Manufacture of other low carbon technologies		33	39 %	0	0 %	Y	Y	0	0 %
Hexagon Digital Wave	Transition to a circular economy	3	3 %	0	0 %	N	Y	0	0 %
4.1. Provision of IT/OT data-driven solutions		3	3 %	0	0 %	N	Y	0	0 %
B. TAXONOMY NON-ELIGIBLE ACTIVITIES		4	4 %						
TOTAL (A + B)		86	100 %						

¹ All percentages relate to the Group's total capital expenditure

Tabular presentation of the KPIs in accordance with the EU Taxonomy

Proportion of turnover from products or services associated with Taxonomy- aligned economic activities - disclosure covering year 2024

Financial year N	Substantial contribution criteria										DNSH criteria (Does No Significant Harm)(h)								
	Code (a) (2)	Turnover MNOK (3)	Proportion of Turnover, year N (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2), turnover, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)
Economic activities (1)																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	CCM 3.3	2 499	51 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y	56 %	E	
Manufacture of other low carbon technologies	CCM 3.6	-	0 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y	0 %	E	
Turnover of environmental sustainable activities (Taxonomy-aligned (A.1))		2 499	51 %	51 %	0 %	0 %	0 %	0 %	0 %	N/A	Y	Y	Y	Y	Y	Y	56 %		
Of which enabling		2 499	51 %	51 %	0 %	0 %	0 %	0 %	0 %	N/A	Y	Y	Y	Y	Y	Y	56 %	E	
Of which transitional		-	0 %							N/A	Y	Y	Y	Y	Y	Y	0 %		T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
Manufacture of other low carbon technologies	CCM 3.6	2 162	44 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								38 %		
Provision of IT/OT data-driven solutions	CE 4.1	171	3 %	N/EL	N/EL	N/EL	N/EL	EL	N/EL								4 %		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2 333	48 %	44 %	0 %	0 %	0 %	3 %	0 %								42 %		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		4 832	99 %	96 %	0 %	0 %	0 %	3 %	0 %								98 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		45	1 %																
TOTAL		4 877	100 %																

Proportion of turnover from products or services associated with Taxonomy- aligned economic activities - disclosure covering year 2023 (re-presented excluding Hexagon Ragasco)

Financial year N-1	Substantial contribution criteria										DNSH criteria (Does No Significant Harm)(h)							Proportion of Taxonomy aligned (A.1) or eligible (A.2.) turnover, year N-1 (18)	Minimum safeguards (17)	Category (enabling activity or) (19)	Category (transitional activity) (20)
	Code (a) (2)	Turnover MNOK (3)	Proportion of Turnover, year N (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)						
Economic activities (1)																					
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1 Environmental sustainable activities (Taxonomy-aligned)																					
Manufacture of low carbon technologies for transport	CCM 3.3	2 536	56 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y			E		
Manufacture of other low carbon technologies	CCM 3.6	-	0 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y			E		
Turnover of environmental sustainable activities (Taxonomy-aligned (A.1))		2 536	56 %	56 %	0 %	0 %	0 %	0 %	0 %	N/A	Y	Y	Y	Y	Y	Y					
Of which enabling		2 536	56 %	56 %	0 %	0 %	0 %	0 %	0 %	N/A	Y	Y	Y	Y	Y	Y			E		
Of which transitional		-	0 %							N/A	Y	Y	Y	Y	Y	Y			T		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																					
Manufacture of other low carbon technologies	CCM 3.6	1 727	38 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL												
Provision of IT/OT data-driven solutions	CE 4.1	162	4 %	N/EL	N/EL	N/EL	N/EL	EL	N/EL												
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1 889	42 %	38 %	0 %	0 %	0 %	4 %	0 %												
A. Turnover of Taxonomy eligible activities (A.1+A.2)		4 425	98 %	94 %	0 %	0 %	0 %	4 %	0 %												
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy-non-eligible activities		101	2 %																		
TOTAL		4 526	100 %																		

Proportion of capital expenditure from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

Financial year N	2024									DNSH criteria (Does Not Significantly Harm)(h)										
	Code (a) (2)	CapEx MNOK (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category (enabling activity or) (19)	Category (transitional activity) (20)	
Economic activities (1)																				
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
Manufacture of low carbon technologies for transport	CCM 3.3	329	65 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y	64 %	E		
Manufacture of other low carbon technologies	CCM 3.6	0	0 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y	0 %	E		
CapEx of environmental sustainable activities (Taxonomy-aligned (A.1))		329	65 %	65 %	0 %	0 %	0 %	0 %	0 %	N/A	Y	Y	Y	Y	Y	Y	64 %			
Of which enabling		329	65 %	65 %	0 %	0 %	0 %	0 %	0 %	N/A	Y	Y	Y	Y	Y	Y	64 %	E		
Of which transitional		0	0 %							N/A	Y	Y	Y	Y	Y	Y	0 %		T	
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																				
Manufacture of other low carbon technologies	CCM 3.6	156	31 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								27 %			
Provision of IT/OT data-driven solutions	CE 4.1	18	4 %	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1 %			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		175	34 %	31 %	0 %	0 %	0 %	4 %	0 %								29 %			
A. CapEx of Taxonomy eligible activities (A.1+A.2)		503	99 %	96 %	0 %	0 %	0 %	4 %	0 %								93 %			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities		4	1 %																	
TOTAL		508	100 %																	

Proportion of capital expenditure from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023 (re-presented excluding Hexagon Ragasco)

Financial year N-1	2023		Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)(h)							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Minimum safeguards (17)	Category (enabling activity or) (19)	Category (transitional activity) (20)
	Code (a) (2)	CapEx MNOK (3)	Proportion of CapEx, year N (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)					
Economic activities (1)																				
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
Manufacture of low carbon technologies for transport	CCM 3.3	185	64 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y		E		
Manufacture of other low carbon technologies	CCM 3.6	0	0 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y		E		
CapEx of environmental sustainable activities (Taxonomy-aligned (A.1))		185	64 %	64 %	0 %	0 %	0 %	0 %	0 %	N/A	Y	Y	Y	Y	Y	Y				
Of which enabling		185	64 %	64 %	0 %	0 %	0 %	0 %	0 %	N/A	Y	Y	Y	Y	Y	Y		E		
Of which transitional		0	0 %							N/A	Y	Y	Y	Y	Y	Y			T	
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																				
Manufacture of other low carbon technologies	CCM 3.6	79	27 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL											
Provision of IT/OT data-driven solutions	CE 4.1	4	1 %	N/EL	N/EL	N/EL	N/EL	EL	N/EL											
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		83	29 %	27 %	0 %	0 %	0 %	1 %	0 %											
A. CapEx of Taxonomy eligible activities (A.1+A.2)		268	93 %	92 %	0 %	0 %	0 %	1 %	0 %											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities		20	7 %																	
TOTAL		288	100 %																	

Proportion of operating expenditure from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

Financial year N	Substantial contribution criteria										DNSH criteria (Does Not Significantly Harm)(h)							Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year N-1 (18)	Minimum safeguards (17)	Biodiversity and ecosystems (16)	Circular Economy (15)	Pollution (14)	Water (13)	Climate change adaption (12)	Climate change mitigation (11)	Biodiversity (10)	Circular Economy (9)	Pollution (8)	Water (7)	Climate change adaption (6)	Climate change mitigation (5)	Proportion of OpEx, year N (4)	OpEx MNOK (3)	Code (a) (2)	Economic activities (1)	Category (enabling activity or) (19)	Category (transitional activity) (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																																					
A.1 Environmental sustainable activities (Taxonomy-aligned)																																					
Manufacture of low carbon technologies for transport																																					
Manufacture of other low carbon technologies																																					
OpEx of environmental sustainable activities (Taxonomy-aligned (A.1))																																					
Of which enabling																																					
Of which transitional																																					
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (q)																																					
Manufacture of other low carbon technologies																																					
Provision of IT/OT data-driven solutions																																					
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																																					
A. OpEx of Taxonomy eligible activities (A.1+A.2)																																					
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																																					
OpEx of Taxonomy-non-eligible activities																																					
TOTAL																																					

Proportion of operating expenditure from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023 (re-presented excluding Hexagon Ragasco)

Financial year N-1	2023		Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)(h)							Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year N-1 (18)	Minimum safeguards (17)	Category (enabling activity or) (19)	Category (transitional activity) (20)
	Code (a) (2)	OpEx MNOK (3)	Proportion of OpEx, year N (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)					
Economic activities (1)																				
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmental sustainable activities (Taxonomy-aligned)																				
Manufacture of low carbon technologies for transport	CCM 3.3	46	54 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y				
Manufacture of other low carbon technologies	CCM 3.6	0	0 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/A	Y	Y	Y	Y	Y	Y				
OpEx of environmental sustainable activities (Taxonomy-aligned (A.1))		46	54 %	54 %	0 %	0 %	0 %	0 %	0 %	N/A	Y	Y	Y	Y	Y	Y				
Of which enabling		46	54 %	54 %	0 %	0 %	0 %	0 %	0 %	N/A	Y	Y	Y	Y	Y	Y		E		
Of which transitional		0	0 %							N/A	Y	Y	Y	Y	Y	Y			T	
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																				
Manufacture of other low carbon technologies	CCM 3.6	33	39 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL											
Provision of IT/OT data-driven solutions	CE 4.1	3	3 %	N/EL	N/EL	N/EL	N/EL	EL	N/EL											
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		36	42 %	39 %	0 %	0 %	0 %	3 %	0 %											
A. OpEx of Taxonomy eligible activities (A.1+A.2)		82	96 %	93 %	0 %	0 %	0 %	3 %	0 %											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		4	4 %																	
TOTAL		86	100 %																	

Social information

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SOCIAL INFORMATION

S1 Own workforce

Our employees’ expertise, engagement and motivation are key to driving the energy transition forward.

S1-ESRS 2 – SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Hexagon has 1 033¹ employees worldwide. 97% are permanent employees, with the majority working in manufacturing roles.

Operating in a fast-paced, male-dominated manufacturing industry, the company’s ability to keep employees safe, engaged and valued are critical to maintain healthy retention rates, attract new talents, improve diversity and secure long-term sustainable growth. With most employees operating on the production floor, the company recognizes that this group of employees is more exposed to potential negative impacts.

Hexagon business strategy positions us at the forefront of the energy transition, and we do not expect a reduction of our own emissions to have material impact on our workforce.

Equal treatment and opportunities for all
Diversity in own operations

Hexagon Composites has an actual and direct impact on its own workforce related to diversity and non-discrimination in its own operations. Operating in a male-dominated industry, the lack of

		Value chain direction	Value chain position	Time horizon
Equal treatment and opportunities for all				
Diversity in own operations	Potential negative impact	Own activities	All own activities	Short-term
Pay distribution in own operations	Potential negative impact	Own activities	All own activities	Short-term
Workforce training in own operations	Actual negative impact	Own activities	All own activities	Short-term
Workplace harassment in own operations	Potential negative impact	Own activities	All own activities	Short-term
Other work related rights				
Privacy of own workers’ information	Potential negative impact	Own activities	All own activities	Short-term
Working conditions				
Freedom of association and collective bargaining in own operations	Potential negative impact	Own activities	All own activities	Short-term
Excessive working hours in own operations	Potential negative impact	Own activities	All own activities	Short-term
Health and safety in own operations	Actual negative impact	Own activities	All own activities	Short-term

diversity in the workplace can increase the risk of discrimination and may lead to failure to receive a variety of inputs and opinions in company decisions overall.

Workforce training in own operations

The majority of our employees work on the production floor and several roles do not require previous experience. Lack of insufficient training, both initial training and upskilling will have an actual negative impact on especially production floor employees, resulting in workers not performing their job sufficiently, increasing the likelihood of a related health and safety incident and overall lack of engagement leading to turnover. Providing workforce training has had a positive impact on our employees, resulting in increased efficiency and steady retention rates.

Workforce harassment

Being subject to harassment in the workplace (verbal, physical, sexual) may directly or indirectly impact on the overall well-being and safety of the worker.

Working conditions

Health and safety in own operations Hexagon has a direct and actual impact on its own workforce related to health and safety in all stages of manufacturing processes and operational activities. Complex machinery and industrial processes, rapidly moving equipment, heat, caustic chemicals, and pressurized gas represent a risk and can cause potential negative impact on people and society if not managed well.

Impact, risk and opportunity management

S1-1

Policies related to own workforce

Health and Safety

Hexagon is committed to providing a safe and healthy environment for its employees, contractors and visitors, with a goal of zero injuries. Our commitments are summarized in our Environment, Health and Safety (EHS) policy.

The EHS policy applies to all employees and visitors. Safe work practices are an expectation of employment and part of employee onboarding. All employees are encouraged to actively report unsafe behavior, hazards or unsafe work practices to their EHS manager. The overall responsibility for health and safety resides with the Chief Operating Officer, however, day-to-day implementation, monitoring and follow-up is overseen by management at each site.

Human rights and working conditions

Hexagon does not tolerate the use of child labor, human trafficking, forced or involuntary labor or abusive working conditions of any kind.

Hexagon follows all applicable laws regarding working hours and wages in all geographies. Operations are conducted in ways that limit overtime to levels, complying with all requirements and applicable laws related to paid time off, annual leave, sick leave or parental leave. Hexagon strives to adopt and promote wage progression structures that enable and promote career advancement. Hexagon respects workers' rights relating to freedom of association and collective bargaining. If local laws restrict the right to freedom of

association and collective bargaining, Hexagon allows alternative forms of worker representation, association and bargaining.

As outlined in our Policy for Human Rights and Working Conditions, the above mentioned applies to all employees and abides by the following internationally recognized human rights covenants and conventions: (i) United Nation's Universal Declaration of Human Rights; (ii) International Covenant on Economic, Social and Cultural Rights; (iii) International Covenant on Civil and Political Rights; (iv) International Labor Organization's core conventions; and (v) Organisation for Economic Co- operation and Development (OECD) Guidelines for Multinational Enterprises.

Diversity and Inclusion

Having employees of more than 30 nationalities, Hexagon values the diversity of its workforce and is committed to having a safe workplace with equal opportunities for all and zero tolerance for discrimination, bullying or harassment of any kind.

Hexagon's Diversity and Inclusion Policy outlines our commitment to treating all employees in a nondiscriminatory manner regarding race, gender, religion, sexual orientation, disability, wages, benefits and more. The policy is aligned with the International Labour Organization (ILO) Convention on Discrimination and other internationally recognized standards.

The policy applies to all employees and SVP Human Resources is responsible for the overall processes, with management teams at each site responsible for the day-to-day follow-up and implementation.

Privacy

Our Policy on Processing of Personal Data manages the privacy and processing of personal data in Hexagon. It outlines the company's commitment to collecting, processing, sharing, saving and utilizing personal data in a way that complies with GDPR and other applicable privacy laws in areas in which we operate. Robust security measures are in place to safeguard the security and integrity of all personal data and are monitored daily by our IT department.

The policy applies to Hexagon and its majority owned subsidiaries and applies to all personnel employed and working for all Hexagon legal entities, including suppliers and consultants.

Whistleblowing

Employees are encouraged to disclose information regarding dishonest, fraudulent or illegal behavior or activities via Hexagon's Whistleblowing channel without fear of retaliation as outlined in our Whistleblowing policy. Read more in the Governance chapter.

Code of Conduct

All policies referenced are summarized in Hexagon's Code of Conduct. The Code of Conduct serves as a compass, providing descriptions, guidance, and insight into how to act in accordance with our governing principles, including our vision, purpose and values.

Availability and responsibility

Governing policies are available on hexagongroup.com and applies to all employees. Local policies are available on the company's intranet page. Policies are communicated through various channels, such as onboarding sessions, town halls, emails and online training

sessions to both educate and test awareness. All online training is tracked. Implementation of all policies are monitored through employee engagement and feedback mechanisms, and regular reviews by management.

Hexagon Group’s CEO has the responsibility of ensuring compliance within the Group. The management of this task is delegated to the Hexagon Group CFO, serving as Group Compliance Officer.

S1-2

Processes for engaging with own workforce and workers’ representatives about impacts.

Hexagon’s employees are essential for the company to achieve its sustainability goals and ambitions. We strive for an active dialogue with employees through day-to-day interaction and various internal forums and digital channels.

Our employees can give feedback on topics of interest by communicating with their managers on a day-to-day basis. Bi-monthly town halls are held at our largest sites, with the purpose of management informing and receiving feedback. Hexagon also uses analogue feedback boxes where employees can write their suggestions on improvements at their local site. In Germany, management meets with the workers councils on a weekly basis to cover employees’ interests in health and safety, remuneration, working conditions, and potential organizational changes.

Through the Talent Development Cycle, see page [107](#), employees are given the opportunity to actively influence their own development and career path.

Hexagon conducts the Great Place to Work Survey® on a bi-annual basis. The survey enables employees to give anonymous feedback on areas such as diversity, equality, harassment and overall engagement and satisfaction with the company. Dedicated focus groups at each site are responsible for identifying areas of improvement and actionable steps. Several initiatives at the sites have been implemented throughout the year to improve communication, culture and retention.

Operating in a manufacturing environment, most employees are out on the production floor with limited flexibility to engage with management during the shifts. Therefore, it has become a tradition for management to host various social events to have the opportunity to engage directly with employees in a more informal manner.

Management brings feedback from employees into discussions and leadership decisions. The responsibility for workforce engagement lies with HR and management teams at each location and processes are overseen by the SVP Human Resources.

S1-3

Processes to remediate negative impacts and channels for own workforce to raise concerns

Employees are encouraged to contact their line managers, local compliance officers and/ or human resources teams with any issue or concern, without fear of any retaliation. Analogue feedback boxes are also available at our sites for employees to raise improvements or concerns.

In Germany, the Workers Council is a well-established forum that advocates for employees’ rights and interests and meet with management on a weekly basis. Hexagon’s whistleblowing channel enables employees to report grievances or concerns, effectively and anonymously. The whistleblower channel is available to all employees and managed by an independent third party. It is available in four languages through Hexagon’s internal channels and the company’s website. In addition, there are Norwegian and German telephone numbers available for anyone wishing to submit their report orally. All reports submitted via the whistleblower channel are investigated promptly and objectively according to Hexagon’s internal whistleblowing procedure. If concerns are raised, the organization sets a follow-up plan to remedy negative impact. Where occurred, the feedback from employees have been positive.

Hexagon protects whistleblowers, including respecting requests for anonymity, keeping individuals’ identities confidential, and protecting whistleblowers’ employment status. Retaliation is unacceptable in all locations where Hexagon operates and will be disciplined accordingly. Read more in our Governance chapter on page [118](#).

Our grievance system is considered a trusted channel amongst employees and available on the company’s website and local intranets.



Performance, metrics and targets

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions.

Working Conditions

Health and safety

Hexagon is committed to achieving its overall goal of zero injuries and zero incidents. We are actively working with employees to both train and raise awareness of how we can all contribute to a safe workplace.

Health and safety training and awareness have been high on our agenda for the past years, and although the number of work-related injuries has declined over the years, they are not yet showing a satisfactory result.

In 2024, employees have received regular training on safety measures and routines, both virtual and in person. A 100-day safety campaign was run at one of our largest sites, resulting in zero recordable injuries in that period.

Due to a sudden negative trend at one of our facilities, a safety intervention was run to enforce importance and reduce any outside factors disturbing employees' attention to safety. During the safety intervention, the facility had three recordable injuries. Results are still not at an acceptable level and the facility continues with implementing mitigating improved measures and accountability.

Hexagon has recognized the lack of unified health and safety communication across our sites, leading to gaps in routines and safety cultures. As a response, new safety behavior procedures and communication campaigns were launched towards the end of 2024. The unified safety messaging is aimed at raising awareness of safety, fostering Hexagon's safety culture and making each employee, from production worker to manager, accountable for their own safety. The implementation work will continue in 2025, coupled with training and close monitoring of our safety performance.

Equal treatment and opportunities for all

Throughout 2024, we have rolled out the Talent Development Cycle across our largest facilities. The program structures: individual performance objectives, talent reviews, performance feedback, individual development plans, succession planning and strategic workforce planning. The purpose is to remove systemic barriers that could hinder employees from reaching their full potential and provide equal opportunities for all employees.

As part of the implementation, employees have been offered a series of online training courses, equipping them with tools and resources to be used in discussion with their manager. Through the introduction of the Talent Development Cycle, the management are better equipped to assess the organization’s capabilities, gaps and potential during the year and reduce the risks of talent gaps that may arise from retirements, resignations, or unexpected departures.

To fully create growth opportunities and offer continuous support, Hexagon recognizes the need for improved education material and resources. In addition, we see the need for a Learning Management System to better track the development and effectiveness of our actions. This, in combination with further roll-out of the Talent Development Cycle, will be key priorities in 2025.

Training and skills development

Hexagon is committed to the continuous development of its workforce, and based on employee feedback, we have invested more time in the onboarding and training of production workers. This has also proven to be an effective measure in improving employee retention at our manufacturing sites.

Throughout 2024, a selected set of training courses were offered on a regular basis with the aim of engaging, enhancing leadership skills and improving technical job skills:

- **Drive**, our leadership accelerator course, has been held for existing and potential managers in the US and Germany.
- **Think Twice!** – our unconscious bias training has been held at several locations, to raise awareness of how our unconscious biases influence our decision-making processes
- **Rolled out a 360-feedback** program to our Hexagon Digital Wave leadership team with the purpose of identifying strengths and pinpointing areas for improvement to provide valuable insights into leadership performance and communication.
- Technical training was offered on a regular basis to all our production staff. This is considered an important measure to increase engagement and skill level amongst our production staff, and the increase in training is a result of employee feedback. At our largest sites comprehensive training initiatives were implemented, including monthly leadership and safety training, production-related courses, and partnerships with local colleges for workforce development. This has effectively boosted employee engagement and confidence, demonstrating our commitment to their growth and enhancing operational performance

English language courses

Lincoln, Nebraska is also the home of many migrants in the US, and our current workforce is made up of 15 different languages, many with limited English skills. To overcome language barriers, Hexagon entered a partnership with Lincoln Literacy in 2024 to offer English language courses to its workforce. The courses are free and conducted as paid hours for the employees during the day. This has proven to better integrate workers in the local community and at

Our Talent Development Cycle removes systemic barriers that hinder employees from reaching their full potential and ensures equal opportunities for all.

work. 38 employees completed the course in 2024, and the plan is to expand with an additional 40 employees in 2025.

The Lincoln site has also implemented a standardized training process across its operations to enhance workforce development and skill consistency. This approach includes a structured training methodology and tracking system, enabling us to monitor employee progress and training effectiveness.

Diversity in own operations

Operating in a male dominated industry, retaining and attracting female candidates are important to Hexagon.

In 2023, we implemented a more systematic way to have a more diversified and inclusive application pool in Lincoln, our largest site in North America:

- Digital tools were implemented to ensure recruitment ads held an inclusive language and layout, contributing to reducing any potential barriers toward gender, age and mindset.
- Direct dialogue and collaboration with female students in engineering at the University of Lincoln.

The work continued, and in 2024 we saw 27% females amongst our applicants, up from 22% in 2023. Progress is monitored regularly through our own system.

The HR teams at each location, in close cooperation with management teams, are responsible for implementing actions in our workforce. Actions and processes are overseen by the SVP Human Resources.



S1-5

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

2024 was a year with several organizational changes and investments in increased capacity, both in terms of new locations and machinery. Despite changes, our retention rates remained steady at 79%, with a turnover of 19%. 100% of our workforce is covered by Hexagon’s Health & Safety Management System.

In 2024, Hexagon had 25 recordable work-related accidents, up from 24 in 2023. There were 0 fatalities due to work-related injuries and work-related ill health in the year. Lost time incidents ended at 9, up from 7 in 2023. Our health and safety numbers are not at an acceptable level. The company remains committed to our vision of zero injuries and fatalities and aims to reduce the number of recordable incidents by at least 20% in 2025 and will increase internal efforts to further build a safety culture and make each employee accountable for working safely.

Total percentage of women ended at 21%, up from 20% in 2023. Female managers remained steady at 21%. We remain committed to our long-term target of 25% females by 2030.

Training, courses and development initiatives will continue in 2025, and to better monitor the effectiveness of our actions, Hexagon targets to structure and document its training and development processes throughout the year.

Our workforce is not directly engaged in setting our targets; however, management is responsible for ensuring input given

through internal feedback mechanisms are represented when targets are set. Performance updates are communicated at town halls to keep everyone informed and aligned.

S1-6, S1-7

**Characteristics of the company’s employees
Characteristics of non-employees in the undertaking’s own workforce**

Hexagon is headquartered in Ålesund, Norway, with 1033¹ employees across North America and Europe.

In 2024, strategic operational steps resulted in a reduced workforce in Europe. One site in Norway closed and moved production to Germany, leading to termination of 20 employees.

In June 2024, Hexagon Ragasco, also located in Norway, was sold to Worthington Enterprises, reducing our workforce by approximately 140 employees. At year end, 80% of our workforce was based in North America.

In 2024, our employee turnover rate was 19% and 194 employees left the company during the year. The numbers include the closing of Hexagon Agility’s facility in Norway.

Due to the nature of Hexagon’s operations, non-employees make up approximately <5% of our workforce. To manage seasonal demands at our production facilities, we use temporary employment agencies. We currently do not track the diversity or number of non-employees on a regular basis but will establish this for reporting in 2025.

S1-8

Freedom of association and collective bargaining on own operations

Hexagon respects employees’ rights to freedom of association and collective bargaining across all its operations.

In our German operations, 98% of our employees legally fall under the jurisdiction of the workers council. The council has legal rights to consult on workplace matters, and collaborates with management on decisions affecting staff, ensuring compliance with labor laws, helping to avoid work accidents, implementing workers council agreements, and promoting fair treatment in the workplace. As the company is not unionized, we follow industry standards when it comes to wages and working conditions.

While union presence is limited in the U.S. due to cultural and legal factors, we ensure compliance with national labor laws and industry standards and provide alternative forums of worker representation that align with international covenants and our code of conduct.

Our operations in Norway represent less than 10% of the total , workforce and are not subject to disclosure, however, the company comply with Norwegian collective bargaining and labor laws, supporting employees’ rights to unionize and engage in social dialogue.

Metrics

S1-6 Characteristics of the undertakings employees

See tables for further details about our workforce. For the most representative figure in the financial statements, please see page [169](#).

Number of employees

Gender	Number of Employees (headcount)
Male	819
Female	214
Not Reported	0
Total Employees	1 033

*Per 31.12.2024

Employees per country

Country	Number of Employees (headcount)
Norway	21
Germany	178
USA	803
Canada	27
Other	4
Total Employees	1 033

*Per 31.12.2024

Number of employees (FTE)

	Male	Female	Total
Number of employees (FTE)	814	205	1 019
Number of permanent employees (FTE)	803	202	1 005
Number of temporary employees (FTE)	11	3	14
Number of non-guaranteed hours employees (FTE)	0	0	0

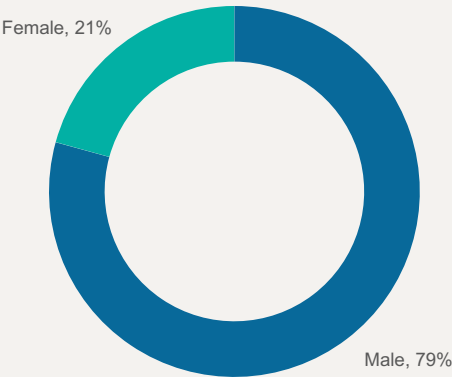
Full-Time Equivalents (FTE) is calculated by dividing the total hours worked by the standard full-time hours.Per 31.12.2024

Employee turnover

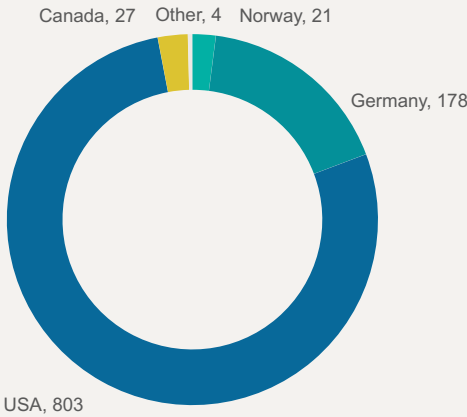
	Unit	2024
Number of employees who have left undertaking	Number	194
Percentage of employee turnover	%	19 %

Per 31.12.2024. The turnover rate is calculated by dividing the number of employees who have left the company by the average number of employees during 2024.

Gender distribution



Employees per country



S1-9, S1-16

Diversity

Data Point	Unit	2024
Board of Directors	Number	7
Gender with lowest representations (female)	%	43 %
Executive management	Number	6
Gender with lowest representations (female)	%	17 %
Headquarters (Norway)	Number	17
Gender with lowest representations (female)	%	47 %
Managers	Number	157
Gender with lowest representations (female)	%	21 %
All employees	Number	1 033
Gender with lowest representations (female)	%	21 %
Gender pay gap		
Gender pay gap, average	%	9 %
Annual total remuneration ratio		
Remuneration ratio	%	5.8x

Age distribution

Data Point	Unit	2024
<30	Number	186
30-50	Number	563
>50	Number	284

*Per 31.12.2024



Numbers are per 31.1.2.2024, and present headcount.
The annual total remuneration ratio: Annual compensation of the all members of the Executive Team of Hexagon Composites ASA vs mean employee compensation. For detailed overview, see Remuneration report 2024.



S1-14

Health & safety

Indicator	Unit	Ragasco until 1 June 2024*	HEX Full Year 2024	Target 2025
Fatalities	Number	0	0	0
Recordable work-related accidents ¹	Number	0	25	20
High-consequence injuries	Number	0	0	0
Rate of recordable WRI	Number	0	13	
Rate of high-consequence WRI	Number	0	0	0
Lost Time Incidents	Number	0	9	5
Lost Time Incidents Frequency ³	Number	0	1	
Working hours ⁵	Hours	91 520	1 942 950	NA

¹ Recordable work-related incidents: A work related incident is recorded as an WRI if it results in one of the following; death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid,work-related ill health, loss of consciousness, significant injury or illness diagnosed by a physician or other licensed health care professional

² Per 1,000,000 hours

S1-17

Incidents, complaints and severe human rights

During 2024, a total of two cases were reported, both were related to discrimination and harassment. Both were substantiated.

The incidents were investigated and processed according to Hexagon’s whistleblowing procedures and policy. Remediation plans were taken to address these, and company policies against discrimination and harassment were reinforced and communicated to the workforce by email and in group meetings.

There were no severe human rights incidents in the period, and therefore no fines, penalties and compensation were paid to remedy this.

Incidents

	2024
Severe human rights incidents	0
Discrimination incl. harassment	2
Other incidents*	0
Total	2

*Other incidents through Hexagon's Whistleblowing channel

Fines, penalties and compensation for damages

(NOK 1 000)	2024
Amount	0



SOCIAL INFORMATION

S2 Workers in the value chain

S2-ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Hexagon believes that clean air is a right, not a privilege. Our core mission is to drive energy transformation through the delivery of clean vehicle solutions. Our core values – integrity and drive – support this mission and ensure accountability for our actions. Hexagon recognizes the obligations we have towards our people, investors, customers, suppliers, and the community. Our suppliers, contractors, sub-suppliers, subcontractors, consultants and business partners (Suppliers) play a critical role in maintaining our customers’ trust and ensuring the highest degree of quality in our products.

Aligned with our commitment to sustainability and responsible business practices, our double materiality assessment encompasses workers throughout the entire value chain, from upstream to downstream activities. As part of this commitment, Hexagon is dedicated to identifying and mitigating human rights risks throughout its value chain.

		Value chain direction	Value chain position	Time horizon
Other work related rights				
Child labour in the supply chain	Potential negative impact	Upstream	Entire upstream value chain	Short-term
Forced labour in the supply chain	Potential negative impact	Upstream	Entire upstream value chain	Short-term
Working conditions				
Inadequate wages in the supply chain	Potential negative impact	Upstream	Entire upstream value chain	Short-term
Use of temporary contracts in the supply chain (Social protections)	Potential negative impact	Upstream	Entire upstream value chain	Short-term

Our upstream activities, which involve workers in areas such as mining, raw materials sourcing, shipping, production and transportation, are based in various countries predominantly in Europe, North America and Asia. Our downstream activities, involving workers in areas such as sales, customer engagement, and product usage, mainly occur in geographic areas across Europe, North and South America, and the Middle East.

In addition to conducting the Double Materiality Assessment, Hexagon reviewed the comprehensive due diligence analysis in 2024. The assessments are conducted to determine the presence of any impacts, risks and opportunities and to formulate appropriate mitigation actions. Both the multi-step due diligence process and the double materiality assessment map impacts, risks and opportunities across the diverse regions where Hexagon operates. The thorough analysis identified four material negative impacts: child labor, forced labor, inadequate wages and use of temporary contracts in the supply chain. The impacts are systemic and not connected to any specific incident. The company’s due diligence

process did not identify any high-risk geographies or commodities or any specific concerns regarding human rights.

Impact, risk and opportunity management

S2-1 Policies related to value chain workers

Hexagon believes that trust and respect are essential to building long-lasting partnerships with our customers and business partners. Our Supplier Code of Conduct (Code) sets forth the requirements and expectations that our Suppliers (including suppliers, contractors, sub-suppliers, subcontractors, consultants and business partners) must abide by when doing business with Hexagon. Suppliers must uphold the highest standards of integrity, act in compliance with all applicable laws, including the Code, and operate honestly and equitably in all business relationships. Failure to comply with the Code could result in Hexagon terminating its relationship with Suppliers. If Suppliers become aware of any violation of the Code

within their business organization or applicable supply chain, Suppliers must promptly notify Hexagon and ensure adequate remedial measures are taken to address the noncompliance. Hexagon reserves the right to audit Suppliers to verify compliance with the Code.

The Code further addresses potential risks related to labor practices, human rights, health and safety, the environment, use of temporary contracts (employment security), and bribery and corruption in the supply chain. The Code covers Hexagon’s entire supply chain and is aligned with the following human rights covenants and conventions: (i) United Nation's Universal Declaration of Human Rights; (ii) International Covenant on Economic, Social and Cultural Rights; (iii) International Covenant on Civil and Political Rights; and (iv) International Labor Organization's core conventions.

Under the Code, Suppliers must comply with international human rights standards and national laws regarding child and forced labor, working hours, wages and benefits (inadequate wages, use of temporary contracts in the supply chain, etc.), and non-discrimination. Compliance with the Code is integrated into all purchase agreements (e.g., long term agreements, purchase orders, etc.) with suppliers. All new suppliers must commit to the Code as a pre-requisite for transacting with Hexagon.

We have in several policies pertaining to our commitment to upholding workers’ rights, including our Environment, Health and Safety Policy; Diversity and Inclusion Policy, Whistleblowing Policy, Policy on Human Rights and Working Conditions; Supplier Management Policy; and Anti-Corruption Policy and Guidelines. These are available on our website. In addition, we have a Trade

Control Policy (internal); and Internal whistleblowing procedures that are not publicly available.

The Chief Operations Officer who is part of the company’s Executive Team, is the most senior-level executive accountable for compliance with the Code.

S2-2
Processes for engaging with value chain workers about impacts

Hexagon engages with DM Suppliers through a third-party platform called EcoVadis. This platform rates the DM Suppliers’ sustainability performance and provides tools to help DM Suppliers and Hexagon manage their sustainability risk and compliance. EcoVadis rates a company's sustainability performance based on 21 indicators across four main themes: environment, labor and human rights, ethics, and sustainable procurement. The EcoVadis platform helps Hexagon manage value chain risk and compliance, meet our corporate sustainability goals, and drive impact at scale by guiding the sustainability performance improvement of our company and our value chain. The EcoVadis platform further allows Hexagon to understand risks in the value chain relating to child labor, forced labor, inadequate wages, and use of temporary contracts in the supply chain.

In 2024, Hexagon implemented a screening process for all DM Suppliers through a third-party search engine managed by Dow Jones (Dow Jones Risk & Compliance: Data & Risk Management). This is a modular web-based tool that allows us to conduct due diligence on potential customers, suppliers & connected parties, to ensure there are no red flags relating to anti-money laundering and

counter-terrorism financing, sanctions, governance, anti-bribery and corruption and international trade compliance. The Dow Jones screening tool will also flag adverse media relating to child labor, forced labor, inadequate wages, and use of temporary contracts in the supply chain.

Our engagement strategy, including utilization of the EcoVadis and Dow Jones tools, unfolds at various stages of the supply chain process, beginning with the selection of suppliers and extending through regular reviews of working practices and conditions. This structured engagement allows us to maintain consistent oversight of our Suppliers. We further perform annual due diligence to understand human rights risks in our value chain, including relating to child labor, forced labor, inadequate wages, and use of temporary contracts in the supply chain. As part of this due diligence, we assess and categorize all suppliers according to risk area using reputable human rights indices, and perform individual follow-ups based on these evaluations. Hexagon evaluates each supplier, obtaining sufficient information and/or documentation to ensure that the supplier (and sub-suppliers, as necessary) has taken adequate measures to identify, address and remedy any adverse human rights impacts. Hexagon performs a saliency assessment based on likelihood and severity and formulates action items as necessary to address any suppliers identified as at high risk of human rights violations.

Hexagon is committed to ensuring that its suppliers comply with the internationally recognized human rights covenants and conventions set forth above, including the United Nation’s charters and the International Labor Organization’s core conventions.



The Chief Operations Officer oversees this engagement strategy in close collaboration with the VP Supply Chain and his team. They bear the operational responsibility to ensure that the insights and feedback obtained through our engagements meaningfully influence our policies and practices.

To measure the effectiveness of our engagement, we perform annual due diligence reviews, assessing the working conditions throughout our value chain and ensuring compliance with our core requirements. This evaluation process includes examining the tangible impacts on the lives of the workers and the overall sustainability of our supply chain.

Indices and due diligence serve as credible proxies for understanding and evaluating the perspectives of workers in the value chain, while the EcoVadis platform enables direct engagement with suppliers.

S2-3

Processes to remediate negative impacts and channels for value chain workers to raise concerns

We have in place an operational Whistleblowing Channel through which an individual or group can raise concerns, complaints, and doubts transparently and safely. The channel is publicly available in four languages on our website and administered through a third party, PWC, in order to protect the anonymity of respondents.

When a grievance is received, we follow our internal whistleblowing procedure; conduct a due diligence to collect facts about the case, determine whether the grievance has merit and clarify if Hexagon or

our suppliers are involved. Where merit is established, we will seek to remedy adverse impacts where possible.

The closing timeline of a grievance will depend on each case. Irrespective of whether a complaint is accepted or not, a response to the stakeholder must according to the internal whistleblowing procedure be promptly provided in an understandable and transparent way within seven (7) days. Hexagon ensures that records and evidence are kept confidentially and securely.

Further details regarding Hexagon’s whistleblowing system are available under G1.

Performance, metrics & targets

S2-4

Taking action to prevent potential negative impacts on value chain workers, and managing effectiveness of those actions. Supply chain traceability is the foundation for achieving our core values – integrity and drive. Hexagon’s actions to remediate negative impacts are primarily guided by the results of the DMA, which highlight key aspects the company focuses on. Since 2023, our focus has been on building a full geographical picture of our supply chain, which we have succeeded in doing. We have further focused on understanding particular negative impacts, including relating to child labor, forced labor, inadequate wages, and use of temporary contracts in the supply chain. We currently have comprehensive visibility on our supply chain. However, the further upstream in the supply chain we go, the more difficult the information is to obtain. Hexagon’s focus now is to understand the social and environmental impacts and improve the reliability of information along the full

supply chain. All actions will holistically address the negative impacts on workers throughout the value chain. Actions for specific impacts will be evaluated and determined as needs arise.

Improving supply chain traceability

In 2024, we started utilizing the Dow Jones Risk Center search engine, which offers companies a suite of modules and tools that allow for country and supplier-specific risk analysis. In addition, EcoVadis helps us manage impacts in our value chain and ensure compliance. In 2023, our human rights due diligence analysis only assessed our direct suppliers. In 2024, our human rights due diligence analysis went further down the value chain, assessing indirect suppliers and raw material sourcing generally. These efforts enabled us to better perform supply chain mapping and product-specific global supply chain tracing. The long-term goal is to reach full traceability on all of our products.

In connection with our goal of reaching full traceability of our products, we intend, among other things, to build and grow our sustainable procurement organization, capabilities and resources, and continue to enhance and deepen our approach to sustainability due diligence, utilize and improve existing processes and initiatives to further advance our sustainable value chain approach, and leveraging external regulatory pressures to raise the priority of sustainable and responsible business conduct with our business partners.

In terms of specific steps, within the human rights area, including relating to child labor, forced labor, inadequate wages, and use of temporary contracts in the supply chain, we perform an annual comprehensive due diligence analysis of our value chain, including a

saliency assessment and value chain mapping. Hexagon published and implemented its updated Policy on Human Rights and Working Conditions in 2022, and continued in 2023 and 2024 to work to ensure that our high standards are met and respected across our organization. While we had no specific concerns related to human rights in 2023 or 2024, we are continuing our work to better understand our impact on human rights both in our own operations and supply chain, conducting our human rights due diligence in accordance with the Norwegian Transparency Act and OECD Guidelines for Multinational Enterprises. We remain committed to continuous improvement across our own operations and throughout our business relationships within this area. As part of our human rights due diligence, we assessed and categorized all suppliers according to risk area using reputable human rights indices, and performed individual follow-ups based on these evaluations. Through this process, we have an opportunity to identify actions and responses to any such negative impacts if any were identified.

In 2024, we:

- Conducted four training sessions relating to supplier conduct and expectations
- Implemented the Dow Jones screening process
- Performed due diligence for direct and indirect suppliers
- Implemented a third-party platform, EcoVadis, to assess suppliers’ sustainability maturity

To track and assess the effectiveness of our actions, we review EcoVadis scorecards to measure supplier performance and closely monitor the number of suppliers identified as high risk during due diligence. These allow us to identify areas of improvement and take

corrective actions to mitigate any negative impacts on value chain workers.

In the event of a negative impact, we believe that engaging with suppliers is crucial. By actively collecting feedback from affected parties and incorporating their insights into the corrective actions, we ensure that remedies are effectively implemented.

The target date for further actions is 2025, with long-term actions and their horizons are still being assessed.

Training and awareness

Hexagon is committed to ensuring the effective communication and implementation of its policy among its value chain workers and suppliers in high-risk areas. This includes regular training sessions for employees involved in procurement and supply chain management as well as addressing follow-up with the Code in meetings with suppliers. We welcome questions or comments from our suppliers related to the Supplier Code of Conduct and see this dialogue as a way to ensure understanding of our compliance requirements.

In autumn 2024, four online training programs were organized with approximately 345 participants in each training session. The main objective of the training was to give an understanding of our overall expectations of suppliers.

Online training programs are supplemented with comprehensive communication materials, such as handbooks and online resources, to serve as accessible references for all relevant personnel. These have been translated into three different languages, including all

regions where Hexagon maintains production facilities. One of the primary goals of the training is to communicate how Hexagon mitigates potential negative impacts on workers in the value chain by enforcing our overarching expectations for suppliers.

S2-5

Targets related to managing material negative impacts and advancing positive impacts

Hexagon is strongly committed to ensuring the people, workers, and communities that support our entire supply chain are treated with dignity and respect. To Hexagon, the protection of human rights across our operations and value chain is a moral and business priority. To support these principles and with targets grounded in Policy on Human Rights, Hexagon aims to validate that all of our key global DM Suppliers utilize the EcoVadis platform and are screened using the Dow Jones search engine.

In 2025, we will be implementing a preferred direct materials (DM) Supplier program to reward DM Suppliers that have robust ESG measures in place, as measured via a balanced scorecard. Hexagon plans to engage with DM Suppliers to understand the depth of their current ESG policies and procedures. While compliance with the Supplier Code of Conduct is a pre-requisite (a threshold requirement), we recognize that some DM Suppliers may not be very sophisticated, and Hexagon wants to partner with them to ensure they develop robust internal procedures to prevent against any Code of Conduct violations. Hexagon also intends to perform periodic audits, including site visits and evaluations of our Suppliers' facilities, and quarterly business reviews with our top 20 suppliers.

Information to achieve this target will be gathered through our supplier audit process, and therefore relies on all key DM Suppliers being audited by the end of 2025. In 2025, we will also focus on establishing both short- and long-term targets to effectively manage the material impacts in the value chain.

Our short-term targets for engaging with our suppliers:

- Achieve 90% of direct spending with scorecard by the end of 2025.
- Ensure 100% of new suppliers receive sustainability rating provided by a third-party.
- 80% of suppliers achieve a minimum score of 45/100 in third party-rating.
- 100% of suppliers achieve a minimum score of 25/100 in third party-rating.

Our short-term targets for the human rights area:

- Continue our work to better understand our impact on human rights both in our own operations and supply chain, and continuously improve internal processes
- Conduct human rights due diligence in accordance with the Norwegian Transparency Act and OECD Guidelines for Multinational Enterprises.

Governance information

In this chapter

G1 Business conduct

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GOVERNANCE INFORMATION

G1 Business conduct

ESRS 2 IRO-1

Hexagon is committed to conducting our business with integrity throughout our value chain and ensuring compliance with all applicable laws and regulations.

We believe our team members play an essential role in maintaining our customers’ trust and ensuring the highest degree of quality in our products. We seek to embed a strong compliance culture through regular training and education. Hexagon believes that trust and respect are essential to building long-lasting relationships within our organization. Team members must uphold the highest standards of integrity, act in compliance with all applicable laws, and operate honestly and equitably in all business relationships.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The double materiality assessment identified political influence and lobbying activities as material impact related to business conduct for Hexagon. Hexagon does not engage directly in lobbying activities but often engages in activities intended to influence policies and regulations that will have a significant impact on our business. These efforts allow Hexagon to promote policies that further Hexagon’s purpose, mission and vision. Hexagon believes that clean air is a right not a privilege; that technology is no longer the barrier in

Political engagement and lobbying activities				
		Value chain direction	Value chain position	Time horizon
Diluted regulations rules and control		Potential negative impact	Own activities	Entire value chain
				Medium-term

enabling clean energy for all; and that change is urgent. Hexagon’s political influence activities support the fulfillment of these goals, as we strive to promote parity among technologies, including renewable natural gas. Misuse of political influence could lead to fines and penalties, as well as reputational damage that could undermine our business relationships with customers and suppliers. This risk exists in many highly regulated industries and is considered systemic to the industry in sophisticated jurisdictions.

Policy is consistent with the United Nations Convention against Corruption.

Promoting a culture of integrity

At Hexagon, we foster an organizational culture based on integrity and high ethical standards. All Hexagon employees, contractors, suppliers and business partners must comply with applicable laws and regulations in the relevant jurisdictions in which Hexagon operates or does business.

The Hexagon Group CEO has the responsibility for ensuring compliance within the Group. The management of this task is delegated to the Hexagon Group CFO (“Compliance Officer”). The Compliance Officer is the ultimate point of contact to register any issues around compliance or potential compliance breaches, real or suspected. The Compliance Officer ensures that all policies, including the Anti-Corruption Policy, are established, communicated and understood within the Group. The Compliance Officer evaluates the adequacy and effectiveness of the Governance policies and oversees the implementation of any mitigating actions. The Compliance Officer also monitors adherence to the Code of

Impact, risk and opportunity management

G1-1 Business conduct policies and corporate culture

Our approach to business conduct and corporate culture is anchored by our Code of Conduct and supporting Governance policies, which set the standard for how we conduct business and outline our expectations for suppliers and business partners. In addition to the Code of Conduct, these Governance policies include the Environment, Health and Safety Policy, Diversity and Inclusion Policy, Supplier Code of Conduct, Supplier Management Policy, Product Safety Policy, Whistleblowing Policy, Policy on Human Rights and Working Conditions and Anti-Corruption Policy. The Anti-Corruption

Conduct, ensures training is held on the Governance policies, and any reports raised through the whistleblowing system.

The Governance policies have been approved by the Hexagon Composites' Board of Directors and/or our Executive Team and our Governance Team, as appropriate. Hexagon communicates the policies internally and externally and updates them regularly, at a minimum every two years, or as needed.

Hexagon has identified political influence and lobbying activities as a material topic. To prevent misuse of political influence or lobbying activities, Hexagon has enacted its Anti-Corruption Policy, which clearly describes prohibited behavior and activities. Hexagon also holds training on its policies to ensure Company personnel are aware of these requirements.

Code of Conduct

Hexagon's Code of Conduct sets out ethical guidelines for how we conduct our business. It affirms our commitment to upholding and protecting human rights, promoting diversity and our zero tolerance for bribery and corruption. Specifically, the Code of Conduct includes our responsibility to:

- ensure the people, workers, and communities that support our entire supply chain are treated with dignity and respect
- ensure equal opportunities for all, and foster a culture of inclusion
- provide a safe and healthy environment for Hexagon's employees, contractors, visitors, and anyone who may be affected by our business operations, and to protecting the environment by managing the business in an environmentally sensitive and responsible manner
- conduct our business in an economically, socially, and environmentally responsible manner – safeguarding life,

continually working to reduce and eliminate our carbon footprint, and promoting biodiversity in the ecosystems in which we operate

- protect of all aspects of the environment, including animal welfare, soil quality, deforestation, and noise emissions

Whistleblowing

Hexagon ensures that workers and other stakeholders have an effective mechanism to report grievances to facilitate open communication between management and workers. Hexagon also ensures through the Supplier Code of Conduct and Supplier Management Policy that suppliers have an effective mechanism to report grievances to facilitate open communication between Hexagon and its supply chain.

The whistleblower channel is managed by an independent third party, and available in four languages through Hexagon's internal channels and the company's website. In addition, there are Norwegian and German telephone numbers available for anyone wishing to submit their report orally. All reports submitted via the whistleblower channel are investigated promptly and objectively in accordance with Hexagon's internal procedure for whistleblower incidents. Employees are encouraged to contact their line managers, local compliance officers and/or human resources teams with any issue or concern, without fear of any retaliation. All whistleblower reports will be handled in a fair, objective and transparent manner. All steps in the handling of whistleblowing reports will be logged, documented and stored safely in order to secure and fulfil the principles regarding confidentiality and privacy.

Any incident raised through the whistleblower- or other channels are reported under S1-17.



Performance, metrics & targets

In 2024, no concerns were raised through the whistleblower system. Three incidents were reported directly to management at two different sites within the categories discrimination and harassment . The incidents were investigated and processed according to Hexagon’s whistleblowing procedures and policy.

Training & awareness

Training and awareness activities are essential for fostering a culture of integrity and creating a common understanding of what is expected from our employees.

The Code of conduct, Whistleblowing policy and other compliance training sessions are mandatory for all new employees as part of their onboarding process.

We also periodically roll out mandatory training for existing employees, to refresh their knowledge on different topics in the Code of Conduct. In 2024, we held training on the Supplier Code of Conduct, Supplier Management Policy, and Policy on Human Rights and Working Conditions.

G1-5

Political influence and lobbying activities

In 2024, Hexagon was involved in various activities relating to rules and regulations that could have significant impacts on our business. In the United States, Hexagon promoted the extension of the Alternative Fuels Tax Credit, which is an extension of a USD 0.50 per gallon tax credit for alternative fuels. Hexagon also supported the Renewable Natural Gas Incentive Act of 2023, which would establish a USD 1.00 per gallon tax credit for renewable natural gas. These bills reduce the cost of natural gas adoption and provide fleets with additional financial incentives to bring parity to the natural gas industry. Our efforts regarding these bills were primarily in coordination with the Transport Project, our federal trade association that advocates on behalf of the natural gas transportation sector. In California, we supported changes to the Advanced Clean Truck rule and Advanced Clean Fleet Regulation that would give credit to natural gas in achieving emission reduction goals. We also supported continued implementation of the Low Carbon Fuel Standard, and the inclusion of renewable natural gas in that fuel standard program. These efforts were primarily led by the California Renewable Transportation Alliance, our trade association in California.

In Europe, we worked to include favorable treatment of carbon neutral fuels in the CO₂ emission regulation for heavy duty vehicles. We also sought to introduce a methodology for registering vehicles running exclusively on carbon neutral fuels within the scope of the regulation. These efforts were supported by our European political consultant, NOVE. Hexagon will continue to promote policies that utilize a life cycle (well to wheel) approach, as compared to a tailpipe only approach. This will allow broader adoption of vehicles running on renewable natural gas, which will positively influence our core business areas. Activities involving political influence are primarily managed and supervised by Hexagon’s legal department, with the Chief Legal Officer having primary oversight responsibilities

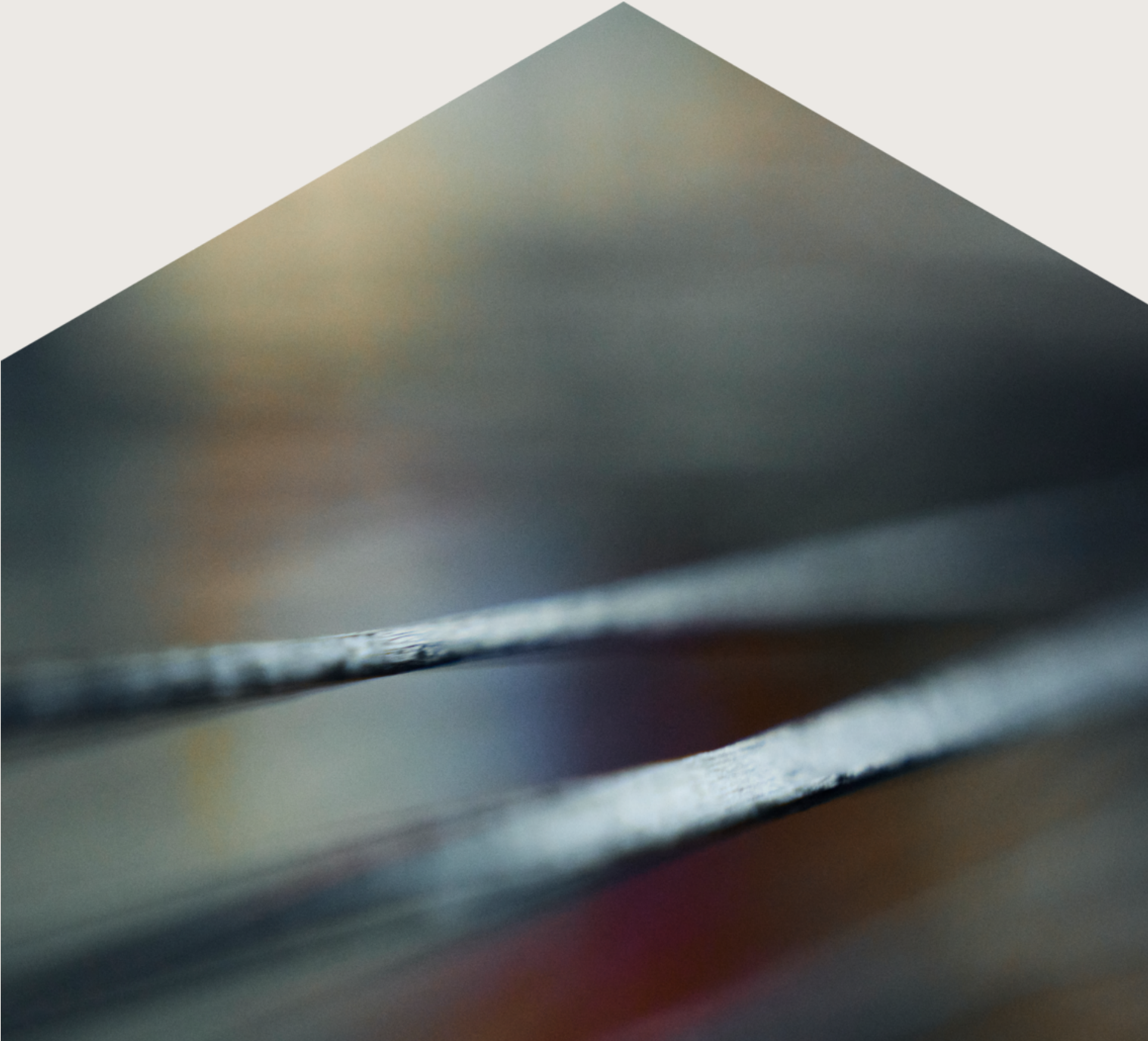
Hexagon did not make any direct political contributions in 2024. Hexagon’s indirect political contributions included involvement in trade associations both in the United States and Europe, as well as consultancy support by NOVE in Europe. Hexagon is registered in the EU Transparency Register, with registration number TR ID 056319643095. Aggregated amounts of our political contributions and lobbying activities are shown in the table below.

(NOK 1 000)	2024
Political contributions	0
Contributions to trade associations and government relations advisors	3 963

Appendix

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- ESRS Index
- List of data points that derive from other EU legislation



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IRO-2 List of data points that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR (23) reference	Pillar 3 (24) reference	Benchmark Regulation (25) reference	EUClimate Law (26) reference	Material/Not material	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (27) , Annex II		Material	34
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	34
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	38
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013;Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Material	40
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (29) , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Phased-in, not disclosed in 2024	

Disclosure Requirement and related datapoint	SFDR (23) reference	Pillar 3 (24) reference	Benchmark Regulation (25) reference	EUClimate Law (26) reference	Material/Not material	Page
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449aRegulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Material	60
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449aRegulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	66
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	68
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	68
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Material	68
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	70
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	70

Disclosure Requirement and related datapoint	SFDR (23) reference	Pillar 3 (24) reference	Benchmark Regulation (25) reference	EUClimate Law (26) reference	Material/Not material	Page
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not material	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phased-in, not disclosed in 2024	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)ESRS E1-9Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phased-in, not disclosed in 2024	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phased-in, not disclosed in 2024	
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phased-in, not disclosed in 2024	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material	
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not Material	
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	

Disclosure Requirement and related datapoint	SFDR (23) reference	Pillar 3 (24) reference	Benchmark Regulation (25) reference	EUClimate Law (26) reference	Material/Not material	Page
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water consumption in m 3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material	
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material	
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material	
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Material	78
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Material	78
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not material	
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not material	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	102
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	102

Disclosure Requirement and related datapoint	SFDR (23) reference	Pillar 3 (24) reference	Benchmark Regulation (25) reference	EUClimate Law (26) reference	Material/Not material	Page
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Not material	
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	102
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	103
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	110
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Phased-in, not disclosed in 2024	
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	109
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	109
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Material	111
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	111
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Material	112
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Material	112
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Material	112

Disclosure Requirement and related datapoint	SFDR (23) reference	Pillar 3 (24) reference	Benchmark Regulation (25) reference	EUClimate Law (26) reference	Material/Not material	Page
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	112
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Material	112
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Material	115
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material	
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Not material	

Disclosure Requirement and related datapoint	SFDR (23) reference	Pillar 3 (24) reference	Benchmark Regulation (25) reference	EUClimate Law (26) reference	Material/Not material	Page
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Not material	
ESRS G1-4 Fines for violation of anti-corruption and anti- bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Not material	
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Not material	



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To the General Meeting of Hexagon Composites ASA

INDEPENDENT SUSTAINABILITY AUDITOR'S LIMITED ASSURANCE REPORT

Limited assurance conclusion

We have conducted a limited assurance engagement on the consolidated sustainability statement of Hexagon Composites ASA (the "Company"), included in Sustainability Statement of the Board of Directors' report (the "Sustainability Statement"), as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in disclosure ESRS 2 IRO-1 *Material assessment process* and
- compliance of the disclosures in subsection *Statement on EU Taxonomy for sustainable economic activities* within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Sustainability auditor's responsibilities section of our report.

Our independence and quality management

We have complied with the independence and other ethical requirements as required by relevant laws and regulations in Norway and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other matter

The comparative information included in the Sustainability Statement was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.



Responsibilities for the Sustainability Statement

The Board of Directors and the Chief Executive Officer (management) are responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in disclosure ESRS 2 IRO-1 of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with the Norwegian Accounting Act section 2-3, including:

- compliance with the ESRS;
- preparing the disclosures in subsection *Statement on EU Taxonomy for sustainable economic activities* within the environmental section of the Sustainability Statement, in compliance with the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group's. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Sustainability auditor's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in disclosure ESRS 2 IRO-1.

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. 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.

Independent sustainability auditor's limited assurance report – Hexagon Composites ASA

A member firm of Ernst & Young Global Limited



Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
 - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
 - reviewing the Company's internal documentation of its Process and
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in disclosure ESRS 2 IRO-1.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by obtaining an understanding of the Group's control environment, processes, control activities and information system relevant to the preparation of the Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Sustainability Statement];
- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and other sections of the Board of Directors' report;

- Evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- Obtained an understanding of the Company's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- Evaluated whether information about the identified taxonomy-eligible and taxonomy-aligned economic activities is included in the Sustainability Statement; and
- Performed inquiries of relevant personnel, analytical procedures and substantive procedures on selected taxonomy disclosures included in the Sustainability Statement.

Alesund, 27 March 2025

ERNST & YOUNG AS

The assurance report is signed electronically

Ivar-André Norvik

State Authorised Public Accountant (Norway) - Sustainability Auditor

Independent sustainability auditor's limited assurance report – Hexagon Composites ASA

A member firm of Ernst & Young Global Limited

Statement from the Board of Directors and the Chief Executive Officer

We confirm to the best of our knowledge that:

- the financial statements for the Group and Parent Company for 2024 have been prepared in accordance with applicable accounting standards, and that the information provided in the financial statements gives a true and fair view of the Group's and Parent Company's assets, liabilities, financial position, and financial performance as a whole, and
- the Board of Directors' Report gives a true and fair overview of the Group's and Parent Company's development, profit, and financial position, together with a description of the principal risks and uncertainties that they face, and
- the Board of Directors' Report, where required, is prepared in accordance with the standards for sustainability reporting established pursuant to paragraph 2-6 of the Norwegian Accounting Act, and in accordance with the rules established pursuant to Article 8 (4) of the Taxonomy Regulation.

Omaha (USA), 26 March 2025
The Board of Directors of Hexagon Composites ASA

Knut Flakk
Chair

Kristine Landmark
Deputy chair

Takayuki Tsunashima
Board member

Liv Astri Hovem
Board member

Eva Sagemo
Board member

Sam Gabbita
Board member

Joachim Magnusson
Board member

Philipp Schramm
Chief Executive Officer

Financial statements

Financial statements Group

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Auditor's report

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Consolidated statement of income

(NOK 1 000)	Note	2024	2023
			Re-presented
Revenue			
Revenue from contracts with customers	4	4 856 973	4 516 666
Rental income	4	5 320	4 383
Other operating income	4	14 920	5 066
Total revenue		4 877 213	4 526 115
Operating expenses			
Cost of materials	13	2 494 220	2 488 126
Payroll and social security expenses	9, 18, 27, 28	1 123 997	1 122 652
Other operating expenses	5, 14, 19, 24, 28	622 102	549 812
Total operating expenses		4 240 319	4 160 590
Operating profit before depreciation, amortization and impairment (EBITDA)	4	636 894	365 525
Depreciation, amortization and impairment	10, 11, 24	266 765	219 942
Operating profit (EBIT)	4	370 129	145 583
Share of profit/loss of investments in associated companies	26	(520 951)	(176 574)
Impairment loss on associated companies	26	(555 847)	(702 000)

(NOK 1 000)	Note	2024	2023
			Re-presented
Finance income and expenses			
Finance income	6, 25	148 119	94 572
Finance expense	6, 20, 21, 25	347 589	377 340
Net financial items		(199 470)	(282 768)
Profit/loss before taxes from continuing operations		(906 139)	(1 015 759)
Tax expense	7	62 516	(1 491)
Profit/loss after taxes from continuing operations		(968 655)	(1 014 268)
Profit after taxes from discontinued operations	5	689 526	2 122 788
Profit/loss for the year		(279 129)	1 108 520
Attributable to:			
Equity holders of the parent		(279 129)	1 205 668
Non-controlling interest		-	(97 148)
Profit/loss for the year		(279 129)	1 108 520
Earnings per share (NOK)			
Basic	8	(1.36)	5.53
Diluted	8	(1.36)	5.53
Earnings per share for continuing operations (NOK)			
Basic	8	(4.73)	(5.06)
Diluted	8	(4.73)	(5.06)

Consolidated statement of other comprehensive income

(NOK 1 000)	Note	2024	2023
			Re-presented
Profit/loss after tax		(279 129)	1 108 520
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified through profit or loss in subsequent periods			
Translation differences on translating foreign activities		200 054	141 639
Translation differences related to deconsolidated subsidiary reclassified to profit and loss	5	10 693	(118 307)
Share of other comprehensive income from associated companies	26	46 979	(21 590)
Net total of items that will be reclassified through profit and loss in subsequent periods		257 726	1 741
Items that will not be reclassified through profit or loss in subsequent periods			
Actuarial gains/losses for the period	18	-	(1 838)
Tax on actuarial gains/losses for the period	7	-	404
Net total of items that will not be reclassified through profit and loss in subsequent periods		-	(1 433)
Other comprehensive income for the period		257 726	308
Total comprehensive income for the period		(21 403)	1 108 828
Attributable to:			
Equity holders of the parent		(21 403)	1 172 401
Non-controlling interests		-	(63 573)

Consolidated statement of financial position

(NOK 1 000)	Note	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	10	940 874	947 938
Right of use assets	24	502 214	365 624
Intangible assets and goodwill	11	1 926 414	1 785 606
Investments in associates	5 , 26	1 009 075	1 225 107
Other non-current financial assets	12 , 25	220 246	127 936
Deferred tax assets	7	33 198	19 013
Total non-current assets		4 632 021	4 471 225
Current assets			
Inventories	13	1 191 954	1 110 406
Trade receivables	4 , 14 , 25	742 861	551 356
Other current financial assets	15	120 000	-
Other current assets	15	88 339	140 760
Cash and cash equivalents	16 , 25	302 297	154 350
Total current assets		2 445 451	1 956 872
Total assets		7 077 472	6 428 096

(NOK 1 000)	Note	2024	2023
EQUITY AND LIABILITIES			
Equity			
Share capital	17	21 007	20 162
Share premium	17	996 230	706 544
Treasury shares	17	(40)	(138)
Other capital reserves		226 672	180 674
Other equity		2 288 831	2 306 791
Equity attributable to equity holders of the parent		3 532 700	3 214 033
Non-controlling interests		-	-
Total Equity		3 532 700	3 214 033

(NOK 1 000)	Note	2024	2023
NON-CURRENT LIABILITIES			
Non-current interest-bearing liabilities	20, 25	1 091 773	-
Lease liabilities	20, 24, 25	541 058	387 260
Other non-current financial liabilities	21, 25	451 737	-
Pension liabilities	18	422	1 591
Deferred tax liabilities	7	163 782	131 018
Non-current provisions	19	19 297	8 594
Total non-current liabilities		2 268 069	528 462
CURRENT LIABILITIES			
Current interest-bearing liabilities	16, 20, 22, 25	201 498	1 108 468
Lease liabilities short term	20, 24, 25	60 523	61 867
Trade payables	25	389 300	384 015
Contract liabilities	4	164 289	332 658
Other current financial liabilities	21, 25	62 758	376 909
Income tax payable	7	6 146	65 835
Provisions	19	98 038	68 011
Other current liabilities	23	294 150	287 840
Total current liabilities		1 276 703	2 685 601
Total liabilities		3 544 771	3 214 063
Total equity and liabilities		7 077 472	6 428 096

Omaha (USA), 26 March 2025

The Board of Directors of Hexagon Composites ASA

Knut Flakk
Chair

Kristine Landmark
Deputy chair

Takayuki Tsunashima
Board member

Liv Astri Hovem
Board member

Eva Sagemo
Board member

Sam Gabbita
Board member

Joachim Magnusson
Board member

Philipp Schramm
Chief Executive Officer

Consolidated statement of cash flows

(NOK 1 000)	Note	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes from continuing operations		(906 139)	(1 015 759)
Profit before taxes from discontinued operations		693 453	2 129 500
Profit before tax		(212 686)	1 113 741
Tax paid/refunded for the period	7	(60 366)	(94 765)
Gain on deconsolidation of subsidiaries		(675 240)	(2 351 302)
Depreciation, amortization and impairment	10 , 11 , 24	284 454	317 331
Interest income		(21 606)	(32 017)
Interest expenses		182 701	221 808
Share of profit/loss of investments in associated companies	26	520 951	176 574
Impairment loss on associated companies	26	555 847	702 000
Share-based payment expenses	27	45 998	57 919
Fair value adjustment of earn-out		(71 000)	-
Changes in net operating working capital (1)	13 , 14 , 23	(612 807)	88 431
Changes in pension liabilities	18	(103)	419
Changes in unrealized derivatives		267 968	163 110
Changes in other accrual accounting entries		(57 016)	19 842
Net cash flow from operating activities		147 097	383 090
- of which from continuing operations		177 198	640 453
- of which from discontinued operations Hexagon Purus		-	(290 914)
- of which from discontinued operations Hexagon Ragasco		(30 101)	33 551

(NOK 1 000)	Note	2024	2023
CASH FLOW FROM INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	10	(259 286)	(424 045)
Purchase of intangible assets	11	(31 527)	(43 195)
Interest received		21 606	32 017
Acquisition of subsidiaries, net of cash	5	-	-
Settlement of contingent considerations	5	-	(85 963)
Total return swap cash collateral payments		(137 015)	-
Proceeds from sale of shares in subsidiaries	5	942 703	-
Other proceeds from sale of subsidiaries (repayment of IC debt)	5	128 973	-
Investment in subsidiary		(18 246)	-
Investments in associated companies	26	(505 497)	(29 305)
Other investments in associated companies (CB investment in Hexagon Purus)		(200 000)	-
Sale of shares in associated companies	26	-	274 029
Loans to associated companies	12	(173 967)	(73 320)
Other investments	5	(4 954)	(5 000)
Net cash flow from investing activities		(237 211)	(354 781)
- of which from continuing operations		(216 497)	66 111
- of which from discontinued operations Hexagon Purus		-	(369 949)
- of which from discontinued operations Hexagon Ragasco		(20 714)	(50 943)

(NOK 1 000)	Note	2024	2023
CASH FLOW FROM FINANCING ACTIVITIES			
New non-current liabilities	20	-	776 909
Repayment non-current liabilities	20	-	(365 398)
New current liabilities	20, 22	810 178	-
Repayment of current liabilities	20, 22	(621 276)	(222 437)
Repayment of principal portion of lease liabilities	20, 24	(61 768)	(71 375)
Interest payments on lease liabilities	24	(36 147)	(29 678)
Interest payments on interest-bearing liabilities		(145 770)	(170 964)
Purchase of treasury shares		-	(63 722)
Increase in share capital (parent company)		290 531	-
Increase in share capital (subsidiary)		-	576 180
Net cash flow from financing activities		235 748	429 516
- of which from continuing operations		208 654	(844 842)
- of which from discontinued operations Hexagon Purus		-	1 299 708
- of which from discontinued operations Hexagon Ragasco		27 095	(25 350)
Net change in cash & cash equivalents		145 634	457 825
Net currency exchange differences		26 185	(43 609)
Cash & cash equivalents at beginning of period		154 350	713 547
Cash and cash equivalents derecognized from deconsolidation of subsidiary		(23 872)	(973 413)
Cash & cash equivalents at end of period	16	302 297	154 350
Undrawn loan facilities	16, 20	898 502	588 745
Restricted funds, included in cash & cash equivalents	16	2 156	9 802

¹ Net operating working capital consists of changes in inventories, trade receivables, contract assets, trade payables and contract liabilities.

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	Total	Non-controlling interest	Total equity
Balance 1 January 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 year							1 205 668	1 205 668	(97 148)	1 108 520
Other comprehensive income						(10 244)	(23 024)	(33 267)	33 575	308
Total comprehensive income						(10 244)	1 182 644	1 172 401	(63 573)	1 108 828
Dividend in kind				(1 369 455)			-	(1 369 455)		(1 369 455)
Movement in treasury shares			(73)				(63 649)	(63 722)		(63 722)
Share-based payment expenses	27				48 328		6 559	54 887	3 032	57 919
Increase share capital 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)
Convertible bonds - equity component							190 363	190 363	87 989	278 352
Transaction cost related to convertible bonds - equity component							(5 495)	(5 495)	(2 540)	(8 034)
Share capital increase in subsidiary (not 100 % owned)								-	102 198	102 198
Derecognition of non-controlling interests related to								-	(834 841)	(834 841)
Balance as of 31 December 2023		20 162	(138)	706 544	180 674	270 893	2 035 899	3 214 033	-	3 214 033

(NOK 1 000)	Note	Share capital	Treasury shares	Share premium	Other capital reserves	Foreign currency translation reserve	Other equity	Total	Non-controlling interest	Total equity
Balance 1 January 2024		20 162	(138)	706 544	180 674	270 893	2 035 899	3 214 033	-	3 214 033
Profit/loss for the year							(279 129)	(279 129)	-	(279 129)
Other comprehensive income						210 747	46 979	257 726	-	257 726
Total comprehensive income						210 747	(232 150)	(21 403)	-	(21 403)
Movement in treasury shares			98				3 442	3 540		3 540
Share-based payment expenses	27				45 998			45 998		45 998
Share capital increase parent company		845		299 155				300 000		300 000
Transaction cost related to capital increase				(9 469)				(9 469)		(9 469)
Balance as of 31 December 2024		21 007	(40)	996 230	226 672	481 640	1 807 191	3 532 700	-	3 532 700

Notes

Note 1

General

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

The Board of Directors authorized the annual report for publication on 26 March 2025.

The Group's operations are described in [note 4](#).

Note 2

Accounting policies

2.1 Basis of preparation of annual financial statements

The consolidated annual financial statements of the Group have been prepared in accordance with IFRS[®] Accounting Standards adopted by the EU and are mandatory for financial years beginning on or after 1 January 2024, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31 December 2024.

The consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments at fair value through profit or loss and fair value through OCI. Furthermore and as consequence of the sale of Hexagon Ragasco on 3 June 2024 and the deconsolidation of Hexagon Purus on 29 June 2023, with the subsequent presentation and classification of these components as discontinued operations, historical income statement figures have been re-presented for enhanced comparability of continuing operations.

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 and 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. All figures are rounded to the nearest thousand unless otherwise specified. 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. Monthly average exchange rates are used as approximations for transaction exchange rates. Translation differences are recognized in other comprehensive income ("OCI"). Exchange rates used can be found in [note 31](#).

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 are recognized in profit and loss.

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

2.3 Basis of consolidation

The Group’s consolidated financial statements comprise Hexagon Composites ASA and its subsidiaries as of 31 December 2024. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. An entity is assessed as being controlled by the Group when the Group is exposed to or have the rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the Group’s returns.

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

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

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

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

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

relating to transactions between entities of the Group are eliminated in full on consolidation.

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

Business combinations and goodwill

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

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

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

months of the acquisition date. The non-controlling interest is set to the non-controlling interest’s share of identifiable assets and liabilities. The measurement principle is done for each business combination separately.

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

Goodwill is recognized as the aggregate of the consideration transferred and the amount of any non-controlling interest less the fair value of net identifiable assets acquired as of the acquisition date. Goodwill is not depreciated but is tested at least annually for impairment. In connection with this, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the business combination.

Change in ownership without loss of control

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

Loss of control

In cases where changes in the ownership interest of a subsidiary results in loss of control, the assets and liabilities of the subsidiary and the carrying amount

of any non-controlling interests are derecognized. Any consideration received and any investment retained in the former subsidiary is recognized at their fair values. The difference between the amounts recognized and derecognized is recognized as gain or loss in profit or loss on the date when control is lost.

Amounts recognized in other comprehensive income related to the subsidiary are reclassified to profit or loss or transferred to equity similarly as if the parent had disposed of the assets and liabilities directly. Amounts reclassified to profit or loss (including accumulated translation differences) are included in gain or loss on loss of control of subsidiary in profit or loss.

Discontinued operations

In the event of a loss of control and a deconsolidation of a subsidiary – 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. Profit after taxes from discontinued operations comprises the discontinued operation's current earnings and the gain or loss from deconsolidation.

For components of the group where control is not lost, the component is presented as discontinued operation if the component is classified as held for sale and if the component represents a material business segment or operation. Components are classified as held for sale if a sale is highly probable,

which by the Group is considered a probability greater than 90 per cent.

2.4 Investment in associates

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

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

Under the equity method, the investments in associates 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 since the acquisition date. Goodwill relating to the associate 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. 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, 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 are eliminated attributable to the interest in the associate.

If the Group's share of the loss equals or exceeds the carrying amount of the associate, the carrying amount is set to zero and further loss is not recognized unless the Group has an obligation to make up for the loss. In determining whether the Group has such obligations, Hexagon assesses specifically, on a case-by-case, whether it has loans to the investee which are neither planned nor likely to occur.

If there are objective evidence that the investment in the associate is impaired, the Group will perform an impairment test of the carrying amount of the investment. 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 made a policy choice to present impairment losses on associates on a separate line in the statement of income.

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

2.5 Current versus non-current classification

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

The Group classifies an asset as current when it:

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

Or

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

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

The Group classifies a liability as current when it:

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

Or

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

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

2.6 Cash and cash equivalents

Cash consist of cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. Any positive balances 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. 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 lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution cost. The cost is arrived at using 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.

2.8 Property, plant & equipment

Property, plant and equipment are valued at their cost, less accumulated depreciation and impairment losses. When assets are sold or disposed, the carrying amount is derecognized and any gain or loss is recognized in the statement of profit and loss.

The cost of property, plant and equipment includes the purchase price and all costs necessary to bring the asset to working condition for its intended use.

Costs incurred after the asset is in use, such as regular maintenance costs, are recognized in the statement of profit and loss, while other costs that are expected to provide future financial benefits are capitalized.

The cost of property, plant & equipment is depreciated to the residual value over the asset's useful life. Depreciation is calculated using the straight-line method over the following useful life:

- Buildings: 10-20 years
- Plant, machinery and equipment: 3-15 years
- Fixtures & fittings and vehicles 3-10 years

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

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

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

2.9 Leases

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A

contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group as a lessee

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

At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (lease agreement less than 12 months maturity)
- Low value assets (value of the underlying asset less than NOK 100 thousand)

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

Lease liabilities

The lease liability is recognized at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the

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

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

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 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.

Sale- and leaseback transactions

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

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

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

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 asset

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

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

- The Group classifies its financial assets in the following categories:
- Financial assets at amortized cost
 - Financial assets at fair value through profit and loss

Financial assets at amortized cost

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

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

The Groups financial assets at 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.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets mandatorily required to be measured at fair value.

The category includes foreign exchange contracts, interest rate swaps, contingent considerations from sale of shares and/or business combinations, equity investments, convertible bond investments and total return swaps (TRS) in the event that the underlying shares sold in the TRS agreement qualifies as a true sale.

The criteria for a true sale of shares in a TRS agreement is considered met when control over the underlying shares is not retained. This is the case when the TRS agreement excludes any buy-back rights or obligations, and when the transferee (i.e., the owners of the shares) have the practical ability to sell the shares and exercise that ability unilaterally without any additional restrictions on the transfer imposed by Hexagon.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either
 1. the Group has transferred substantially all the risks and rewards of the asset, or
 2. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

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

Loans, borrowings and payables

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

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

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

Derecognition of financial liabilities

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

Impairment of financial assets

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, 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.

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

2.11 Intangible assets and goodwill

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

Patents and licenses

Amounts paid for patents and licenses are recognized in the balance sheet and are amortized

on a straight-line basis over their expected useful life. The expected useful life of patents and licenses varies between 5 and 20 years.

Research and development cost

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

Development costs that have previously been expensed are not recognized in subsequent periods. Capitalized development costs are amortized on a straight-line basis over the estimated useful life of the asset.

Customer relationships and technology

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

2.12 Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

2.13 Provisions

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 considerable, 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.

Warranty provisions

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognized when the product is sold, or the service is provided to the customer. Initial recognition is based on historical information about warranties and a weighting of possible outcomes according to the likelihood of their occurrence. The initial estimate of warranty-related costs is revised annually.

2.14 Equity

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

(I) Treasury shares

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

(II) Costs arising from equity transactions

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

(III) Other equity

(a) Translation differences

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

If a foreign entity is sold, the accumulated translation differences linked to the entity are reversed and recognized in profit or loss in the same

period in which the gain or loss on sale is recognized.

(b) Dividends

Proposed dividends are classified as other equity until they are approved by the general assembly of Hexagon Composites ASA. Dividends are recognized at fair value.

(IV) Other capital reserves – share-based payments

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

2.15 Revenue from contracts with customers

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

- 1. Hexagon Agility
- 2. Hexagon Digital Wave

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

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

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

Generally, 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 goods or services to the customer and when the customer pays for that goods or services will be one year or less.

(iii) Warranty provision

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

Services

To some extent the Group provides other services in relation to re-inspection and testing of products and non-recurring engineering and design or development. These services are normally sold on their own and based on relative stand-alone selling prices. The Group recognizes revenue from services at point in time.

Contract balances

(i) 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).

(ii) Contract liability

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

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.

Multi-employer plans

Some of the Norwegian employees participate in a new AFP pension scheme. The scheme is a defined benefit multi-employer pension plan, funded through premiums that are defined as a percentage of salary. The scheme’s retirement benefit obligation and plan assets cannot be reliably measured and allocated at present. For accounting purposes, the scheme is treated as a defined contribution plan, with premium payments expensed as incurred, and no pension liability recognized.

Defined contribution pension plans

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

Share-based payment

The Group has share-based programs for senior- and key executives. The programs are settled in shares, and consist of share options, performance share units (PSUs) and restricted share units (RSUs). In addition, certain key executives have share based programs settled in cash. The fair value of the share-based programs is expensed over the vesting period which is over the agreed-upon future service period and, where applicable, the performance conditions are fulfilled. The fair value of the share options, PSUs and RSUs is measured at grant date and calculated using the Black-Scholes model.

The cost of the employee share-based transaction is expensed over the vesting period. The value of the issued options, PSUs and RSUs of the transactions that are settled with equity instruments (settled with the company’s own shares) is recognized as salary and personnel cost in profit and loss with a corresponding increase in other paid-in capital. The cash settlement options are recognized with a corresponding change in provisions. Social security tax is recorded as a liability and is recognized over the estimated vesting period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the 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 or early terminated 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 Income taxes

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities, with the exception of:

- temporary differences linked to goodwill that are not tax deductible
- temporary differences related to investments in subsidiaries, associates or joint ventures when the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

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

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen. Deferred tax assets and liabilities are recognized at their nominal

value and classified as non-current assets and non-current liabilities in the balance sheet.

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

2.18 Segments

For management reporting purposes, the Group is organized into different business areas according to product/service range. The Group’s segment reporting format is business areas and corresponds to the management structure and the internal reporting to the Group Executive Team and the Board of Directors. Financial information relating to segments and geographical areas is presented in [note 4](#).

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 at 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

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of the categories; operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interests. In addition, there are consequential amendments to several other standards.

IFRS18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

Hexagon is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Early adoption of new standards

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, impairment of goodwill and associates and evaluations related to acquisitions. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience and other factors, including forecast events that are considered probable under current circumstances. 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 testing of associates
- Impairment testing of goodwill
- Fair value recognition of associated companies
- Leases
- Capitalized development cost

Impairment testing of associates

In the event of objective evidence of impairment in an associate, the Group determines the associate’s recoverable amount by carrying out an impairment test which involves several assumptions and estimates related to the future cash flows of the associate, which are inherently uncertain, and similar to the uncertainties pertaining to impairment testing of goodwill described in the section below.

Hexagon has three associated companies, whereof Hexagon Purus and Cryoshelter BioLNG have been subject to an impairment test as of 31.12.2024.

For Hexagon’s investment in Hexagon Purus, the recoverable amount as of 31.12.2024, was considered to be equal to the fair value less cost of disposal. Due to the inherent uncertainty within the hydrogen and battery-electric mobility and infrastructure segment as of the end of 2024 and the adverse share price development after the balance sheet date for Hexagon Purus, Hexagon’s value in use calculation of Hexagon Purus was considered to be

lower than the fair market value. As such, the carrying amount of Hexagon’s investment in Hexagon Purus as of 31.12.2024 does not contain significant judgements and estimation uncertainty.

For Cryoshelter BioLNG, the carrying amount has been set to zero as of 31.12.2024, on the basis of a an uncertain market outlook and regulatory environment (especially in Europe) for Cryoshelter BioLNG’s technology and product offering. Cryoshelter BioLNG is not a listed company, implying that fair value is not directly observable. The Company has not been marketed for sale, and hence - there are little reliable indications and/or estimates from other external parties to determine the fair value of the Company as of 31.12.2024. As of year-end 2024, Cryoshelter BioLNG does not have any order backlog and it is uncertain whether the Company will generate revenues both in the next one to two years and in the longer term. The Company has incurred accumulated losses over the past two years of approximately NOK -150 million and the equity was negative by approximately NOK -190 million as of 31.12.2024. Consequently, to continue as a going concern - the Company is dependent upon additional funding.

Given the financial position of the Company as of 31.12.2024, coupled with the current market situation and the uncertain regulatory development for LNG and Bio-LNG as an alternative clean fuel in Europe, Hexagon has considered the fair value of its

investment in Cryoshelter BioLNG to be equal to zero.

Key estimation uncertainty related to Cryoshelter is considered to be the regulatory development in the EU. Should the regulatory development in the EU (which is currently not supporting LNG and bio-LNG as a clean-fuel due to the focus on tailpipe-emissions only) turn in favor of LNG and Bio-LNG as an alternative clean-fuel, it is considered much more likely that European truck OEMs will invest in the technology at scale, in which case Cryoshelter Bio-LNG’s business could become significantly stronger. Although it is possible that regulatory changes need to occur for the heavy-duty mobility and transportation sector to make the switch away from diesel, Hexagon have chosen to write down the investment in Cryoshelter BioLNG to zero until more positive signs and evidences are seen.

See also [note 26](#) for further information of associates and impairment testing of associates.

Impairment testing of goodwill

Recognized goodwill is assessed at least 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 which is inherently uncertain. The risk of

changes in expected cash flows that affect the financial statements will naturally be higher in markets in an early phase and be more limited in established markets. Furthermore, the risk of changes will be significantly higher in periods with uncertain macroeconomic prognosis. Climate related risks have been considered when preparing projections and growth assumptions applied for impairment testing. Hexagon is only to a limited extent considered to be directly exposed to climate related risks as the Group have limited physical infrastructure severe climate exposed locations but could be affected by changes in customer behaviour and changes in the regulatory environment. Hexagon has however experienced a favorable environmental regulatory environment in recent years which is expected to continue in the years ahead. This trend has implicitly been factored into the future cash flow forecasts used in the impairment testing. For impairment testing purposes, any uncertainty related to the present value of future cash flows is reflected in the cash flow projections, while discount rates have been determined based on appropriate market conditions.

The value in use calculations are sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate. See also [note 11](#) for further information on impairment testing of goodwill.

Fair value recognition of associates
Upon initial recognition of an associate, the Group is required to determine the consideration of the associate to the assets and liabilities assumed based

on their estimated fair values. Although the fair value of the assets and liabilities assumed are not separately recognized in the statement of financial position, but inherently included in the initial recognized value of the associate, any difference between the fair value of the net assets assumed and the associates' net book values are to be separately accounted for.

Following the deconsolidation of Hexagon Purus as a subsidiary, and the Group's reclassification of Hexagon Purus as an associate at fair value on 29 June 2023, the Group engaged a third-party appraisal firm to assist the Group in determining the fair values of the assets acquired and liabilities assumed.

Significant fair values implicitly reflected in the initial recognition of Hexagon Purus as of 29 June 2023 included technology and customer relationships. Critical estimates in the evaluations for these intangible assets include, but are not limited to;

- For Technologies (by use of a relief from royalty method)
 - Estimated future revenues and growth rates for the said technologies.
 - Estimated churn rates/attrition rates for the technologies
 - Estimated appropriate royalty rates
 - Estimated appropriate discount rates / cost of capital
 - Estimated useful lifetime of the said technologies
- For Customer Relationships (by use of a Multi Period Excess Earnings Method)

- Estimated future revenues and growth rates from the said customer relationships
- Estimated customer churn rates / attrition rates
- Estimated profit margins towards the said customer relationships
- Estimated appropriate discount rates / cost of capital
- Estimated useful lifetime of the said customer relationships

Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Management's fair value estimates are based on reasonable, but not entirely certain, assumptions. See also [note 26](#) for the purchase price allocation of Hexagon Purus upon first time recognition as an associated company.

Leases – Significant judgement in determining the lease term of contracts with renewal options and incremental borrowing rate
The group has several offices and other facilities leases with options to extend the lease. Renewal options are 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.

In the event the Group cannot readily determine the interest rate implicit in the lease, the Group uses the incremental borrowing rate (IBR) to measure the lease liability. 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). See also [note 24](#) Leases.

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

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

Note 4 Operating segment and revenue breakdown

Following the deconsolidation of Hexagon Ragasco as of 4 June 2024 (see also [note 5](#)), the Group’s operations are divided into two strategic business areas, which are organized and managed separately. These two business areas are also defined as the group’s reportable operating segments as the different business areas sell different products, have separate management bodies, address different customer groups and have different risk profiles. The consolidated statement of income for 2023 is re-presented to reflect the continuing operating segments.

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

- a. Hexagon Agility - a global provider of clean fuel solutions for commercial vehicles and gas storage- and transportation solutions
- b. Hexagon Digital Wave - global leader in innovative cylinder testing and monitoring technology that reduce down-time and inspection costs while improving inspection accuracy

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

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

The segment reporting is prepared on the same basis as the financial statements.

Other information

In 2024 the Hexagon Agility business segment had one customers group with sales that constituted more than 10% of the Group’s annual total revenue. Sales to the customer totaled NOK 577 million in 2024. Otherwise the Group’s customer base is relatively fragmented in terms of size and concentration such that it is not dependent upon any one single customer. No customer or customer group exceeded 10 per cent of annual sales in the group in 2023.

Geographical segments

The Group’s activities are divided into the following regions: Europe, North America, South-East Asia, Africa, Oceania and Norway.

Intra-segment sales and transactions have been eliminated.

Operating segment data 2024 (NOK 1 000)	Operating segments		Corporate / eliminations			Group		
	Hexagon Agility	Hexagon Digital Wave	Corporate entities and eliminations	Hexagon Purus (equity method)	SES (equity method)	Hexagon Group (continuing operations)	Hexagon Ragasco (discontinued)	Hexagon Group 2024
Revenue from external customers:								
Sale of cylinders and equipment and services (at a point in time)	4 213 741	168 252	-	-	-	4 381 993	-	4 381 993
Sale to group companies and associates	483 192	9 135	(17 347)	-	-	474 980	-	474 980
Other operating income	13 292	1 628	-	-	-	14 920	-	14 920
Total revenue from contract with customers	4 710 225	179 015	(17 347)	-		4 871 893		4 871 893
Rental income	5 315	-	5	-	-	5 320	-	5 320
Total revenue	4 715 540	179 015	(17 343)	-	-	4 877 213	-	4 877 213
Cost of materials	2 470 950	53 934	(30 665)	-	-	2 494 220	-	2 494 220
Payroll and social security expenses	917 257	74 312	132 429	-	-	1 123 997	-	1 123 997
Other operating expenses	664 925	36 710	(79 533)	-	-	622 102	-	622 102
Total operating expenses	4 053 132	164 956	22 231	-	-	4 240 319	-	4 240 319
Operating profit before depreciation and amortization (EBITDA)	662 408	14 059	(39 574)	-	-	636 894	-	636 894
Depreciation, amortization and impairment	237 215	14 475	15 074	-	-	266 765	-	266 765
Operating profit for segment (EBIT)	425 193	(416)	(54 648)	-	-	370 129	-	370 129
Profit/loss from associates	(46 489)	-	-	(451 057)	(23 405)	(520 951)	-	(520 951)
Impairment loss on associated companies	(243 847)	-	-	(312 000)	-	(555 847)	-	(555 847)
Net financial items	(60 644)	(1 243)	(137 582)	-	-	(199 470)	-	(199 470)
Tax expense	91 873	14	(29 371)	-	-	62 516	-	62 516
Profit/loss for the year	(17 660)	(1 673)	(162 859)	(763 057)	(23 405)	(968 655)		(968 655)
Profit after taxes from discontinued operations (Hexagon Ragasco)	-	-	-	-	-	-	689 526	689 526
Profit/loss for the year	(17 660)	(1 673)	(162 859)	(763 057)	(23 405)	(968 655)	689 526	(279 129)

Operating segment data 2024 (NOK 1 000)	Operating segments		Corporate / eliminations			Group		
	Hexagon Agility	Hexagon Digital Wave	Corporate entities and eliminations	Hexagon Purus (equity method)	SES (equity method)	Hexagon Group (continuing operations)	Hexagon Ragasco (discontinued)	Hexagon Group 2024
Segment assets	5 267 822	159 752	1 649 898	-	-	7 077 472	-	7 077 472
Segment liabilities	2 177 720	88 767	1 278 284	-	-	3 544 771	-	3 544 771
Investments in property, plant & equipment for the year	224 528	12 724	178			237 430	21 856	259 286
Depreciation and impairment	115 464	9 763	1 613	-	-	126 840	13 337	140 177
Investments in intangible assets for the year	21 088	718	9 722			31 527	-	31 527
Amortization and impairment	57 478	-	11 967	-	-	69 446	138	69 584
Additions of right-of-use assets for the year	230 617	7 989	367			238 973	3 569	242 542
Depreciation and impairment	64 273	4 712	1 494	-	-	70 479	4 215	74 694

Geographical revenue breakdown 2024 (continuing operations)

(NOK 1 000)	Europe	North America ²⁾	South America	South-East Asia	Africa	Oceania	Norway	Consolidated 2024
Revenue divided among customer locations from external customers	737 959	3 778 589	144 194	186 205	-	-	30 266	4 877 213
Non current assets ¹⁾	213 730	3 077 134					78 638	3 369 502
Investments in property, plant & equipment for the year	36 080	201 172					178	237 430
Investments in intangible assets for the year	2 965	18 840					9 722	31 527

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

²⁾ Revenues for North America include NOK 3 565 million for USA.

Contract balances	2024	2023
Trade receivables	742 861	551 356
Contract liabilities	164 289	332 658

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In 2024, TNOK 4 147 (2023 TNOK 8 454) was recognized as provision for doubtful debtors on trade receivables. Contract assets are initially recognized for revenue earned from installation and project services as receipt of consideration is conditional on successful completion of installation or project. Upon completion and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables. As of 31 December 2024, the Group does not have any contract assets. Contract liabilities include short-term advances received for funded services & development and paid not delivered goods to external customers. The entire contract liabilities were recognized in the subsequent period.

Performance obligations

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

Sale of goods

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

Sale of services

The Group provides services in relation to reinspection and testing of products and non-recurring engineering and design or development. These are normally sold on their own and based on relative stand-alone prices. The Group recognize revenue from services at point in time.

	Operating segments		Corporate / eliminations			Group		
Operating segment data 2023	Hexagon Agility	Hexagon Digital Wave	Corporate entities and eliminations	Hexagon Purus (equity method)	Hexagon Group (continuing operations)	Hexagon Ragasco (discontinued)	Hexagon Purus (discontinued)	Hexagon Group 2023
(NOK 1 000)								
Revenue from external customers:								
Sale of cylinders and equipment and services (at a point in time)	3 885 528	160 893	-	-	4 046 421	-	-	4 046 421
Sale to group companies and associates	428 174	15 485	26 586	-	470 245	-	-	470 245
Other operating income	2 700	2 340	27	-	5 066	-	-	5 066
Total revenue from contract with customers	4 316 402	178 718	26 613	-	4 521 732	-	-	4 521 732
Rental income	4 102	-	281	-	4 383	-	-	4 383
Total revenue	4 320 503	178 718	26 894	-	4 526 115	-	-	4 526 115
Cost of materials	2 432 852	65 780	(10 064)	-	2 488 568	-	-	2 488 568
Payroll and social security expenses	924 855	64 631	133 018	-	1 122 504	-	-	1 122 504
Other operating expenses	581 894	40 493	(72 869)	-	549 518	-	-	549 518
Total operating expenses	3 939 601	170 904	50 085	-	4 160 590	-	-	4 160 590
Operating profit before depreciation and amortization (EBITDA)	380 903	7 813	(23 191)	-	365 525	-	-	365 525
Depreciation, amortization and impairment	199 317	6 769	13 857	-	219 943	-	-	219 943
Operating profit for segment (EBIT)	181 586	1 044	(37 047)	-	145 583	-	-	145 583
Profit/loss from associates	(20 606)	-	-	(155 968)	(176 574)	-	-	(176 574)
Impairment loss on associated companies	-	-	-	(702 000)	(702 000)	-	-	(702 000)
Net financial items	(58 005)	(1 171)	(223 592)	-	(282 768)	-	-	(282 768)
Tax expense	21 066	77	(22 634)	-	(1 491)	-	-	(1 491)
Profit/loss for the year	81 908	(204)	(238 004)	(857 968)	(1 014 268)	-	-	(1 014 268)
Profit after taxes from discontinued operations	-	-	-	-	-	73 085	2 049 703	2 122 788
Profit/loss for the year	81 908	(204)	(238 004)	(857 968)	(1 014 268)	73 085	2 049 703	1 108 520

Operating segment data 2023 (NOK 1 000)	Operating segments		Corporate / eliminations			Group		
	Hexagon Agility	Hexagon Digital Wave	Corporate entities and eliminations	Hexagon Purus (equity method)	Hexagon Group (continuing operations)	Hexagon Ragasco (discontinued)	Hexagon Purus (discontinued)	Hexagon Group 2023
Segment assets	4 166 566	122 689	1 569 912	-	5 859 168	568 928	-	6 428 096
Segment liabilities	1 596 489	57 427	1 241 716	-	2 895 632	318 431	-	3 214 063
Investments in property, plant & equipment for the year	160 085	13 975	698	-	174 757	53 778	195 510	424 045
Depreciation and impairment	92 629	2 979	1 065	-	96 673	29 418	21 103	147 194
Investments in intangible assets for the year	29 511	-	(7 435)	-	22 076	2 316	18 803	43 195
Amortization and impairment	52 130	-	10 988	-	63 118	55	23 772	86 945
Additions of right-of-use assets for the year	81 407	-	9 993	-	91 400	13 530	9 270	114 200
Depreciation and impairment	54 558	3 790	1 803	-	60 152	9 160	13 881	83 192

Geographical revenue breakdown 2023 (continuing operations)

(NOK 1 000)	Europe	North America ²⁾	South America	South-East Asia	Africa	Oceania	Norway	Consolidated 2023
Revenue divided among customer locations from external customers	887 840	3 513 507	1 588	51 388	-	33 731	38 063	4 526 115
Non current assets ¹	202 366	2 498 086					111 864	2 812 316
Investments in property, plant & equipment for the year	21 256	152 320					1 181	174 757
Investments in intangible assets for the year	1 625	27 886					(7 435)	22 076

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

2) Revenues for North America include NOK 2 995 million for USA.

Note 5 Discontinued operations and changes in the Group’s structure

During the past two years, there has been two significant structural changes to the Group’s structure, being the sale of Hexagon Ragasco in 2024 and the deconsolidation of Hexagon Purus in 2023.

1) Sale of Hexagon Ragasco in 2024

On 3 June 2024, Hexagon concluded its strategic review process of its LPG manufacturing business, Hexagon Ragasco, and announced the sale of 100% of the shares in Hexagon Ragasco AS to Worthington Enterprises Inc. The sale represented a loss of control event of the operating segment, Hexagon Ragasco. Consequently, Hexagon derecognized all assets and liabilities associated with the segment, Hexagon Ragasco, as of 3 June 2024. The transaction yielded an accounting gain (excluding transaction costs) of NOK 715 million, as detailed out in the table below.

Gain from sale of Hexagon Ragasco
(NOK 1 000)

Fair value of consideration paid in cash at closing	944 200
Fair value of estimated contingent consideration (earn-out) at closing	50 000
Fair value of subsequent consideration post closing	(7 685)
a) Total consideration for the shares in Hexagon Ragasco	986 515
b) Derecognition book value of net assets in Hexagon Ragasco	260 475
c) Reclassification of translation differences from OCI	(10 693)
a-b+c) Gain from sale of Hexagon Ragasco	715 347
Transaction costs directly related to the sale ¹	(40 107)

1) Transaction costs include fees to financial and legal advisors of NOK 24.1 million as well as cash settlements of share- based payment instruments and bonuses and earn-out considerations to management and employees of Hexagon Ragasco of NOK 15.7 million.

2) Deconsolidation of Hexagon Purus in 2023

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 per cent of the total outstanding shares in Hexagon Purus and effectively reduced Hexagon’s ownership in Hexagon Purus from 68.4 per cent to 43.4 per cent. 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 per cent of the total outstanding shares in Hexagon Purus, or 13.8 million shares. Since 29 June, Hexagon has held 38.4 per cent of the voting rights (106.3 million shares) in Hexagon Purus and a total return swap of 5 per cent (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 2023. 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>) As a result of the loss of control in Hexagon Purus, Hexagon derecognized all assets and liabilities, including non-controlling interests, associated with Hexagon Purus as of 29 June. The deconsolidation yielded an accounting gain (excluding transaction costs) of NOK 2 353 million as detailed out in the table below.

Gain from deconsolidation of Hexagon Purus
(NOK 1 000)

Fair value of dividend in kind (69 164 402 shares x NOK 19.80 per share)	1 369 455
Fair value of retained shares (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 in Hexagon Purus	2 348 204
Derecognition book value of non-controlling interests in Hexagon Purus	(834 841)
b) Total book values of Hexagon Composites' share in Hexagon Purus derecognized	1 513 363
c) Reclassification of translation differences from OCI	118 307
a-b+c) Gain from deconsolidation of Hexagon Purus	2 353 094
Transaction costs directly related to the deconsolidation	(1 792)

As both Hexagon Ragasco and Hexagon Purus represented separate major lines of business and separate segments within the Hexagon Group prior to the divestments, both components represent discontinued operations and have thus been classified and presented as such. The table below shows the underlying income statement for each component, including the gains from the transactions.

Profit/loss after taxes from discontinued operations (NOK 1 000)	2024			2023		
	Hexagon Ragasco	Hexagon Purus	Total discontinued operations	Hexagon Ragasco	Hexagon Purus	Total discontinued operations
Revenue from contracts with customers	262 710	-	262 710	678 483	573 800	1 252 283
Other operating income	401	-	401	220	(925)	(705)
Rental income	-	-	-	-	669	669
Total revenue	263 111	-	263 111	678 703	573 544	1 252 247
Cost of materials	98 433	-	98 433	268 229	334 830	603 059
Payroll and social security expenses	72 007	-	72 007	158 513	295 899	454 412
Other operating expenses	55 672	-	55 672	137 752	143 846	281 598
Total operating expenses before depreciation	226 112	-	226 112	564 494	774 575	1 339 069
Operating profit before depreciation (EBITDA)	36 999	-	36 999	114 209	(201 031)	(86 822)
Depreciation, amortization and impairment	17 690	-	17 690	38 632	58 756	97 388
Operating profit (EBIT)	19 309	-	19 309	75 577	(259 787)	(184 210)
Share of profit/loss of investments in associated companies	-	-	-	-	(4 402)	(4 402)
Other financial items (net)	(1 096)	-	(1 096)	7 206	(40 395)	(33 189)
Profit/loss before taxes	18 213	-	18 213	82 783	(304 584)	(221 801)
Income tax expenses	3 927	-	3 927	9 697	(2 984)	6 713
Profit/loss after taxes from discontinued operations	14 286	-	14 286	73 086	(301 600)	(228 514)
Gain from sale/deconsolidation before taxes	715 347	-	715 347	-	2 353 094	2 353 094
Transaction costs directly related to the sale/deconsolidation	(40 107)	-	(40 107)	-	(1 792)	(1 792)
Profit/loss after taxes from discontinued operations according to income statement	689 526	-	689 526	73 086	2 049 702	2 122 788

Note 6 Net financial items

(NOK 1 000)	2024	2023
Interest income	56 904	25 055
Change in fair value of contingent considerations ¹	71 000	-
Unrealized gains from forward exchange contracts	6 632	8 567
Foreign exchange items	13 583	60 950
Other finance income	-	-
Total finance income	148 119	94 572
Loss on exchange items	17 442	26 074
Unrealized loss on forward exchange contracts and interest rate swaps	69 089	47 068
Unrealized loss on total return swap (TRS)	75 163	124 609
Interest expenses	149 521	157 546
Interest expenses on lease liabilities	35 095	20 443
Other finance expense	1 279	1 599
Total finance expense	347 589	377 340
Net financial items	(199 470)	(282 768)

1) Change in fair value of contingent considerations of NOK 71 million relates to net fair value changes in earn-outs related to the sale of Hexagon Ragasco, whereof NOK 75 million represents an additional estimated earn-out payable from Worthington Enterprises, offset by NOK 4 million in additional estimated earn-out payable to Hexagon Ragasco management. As these earn-out considerations will be transactionally netted, they are also presented net. The earn-out considerations are at the date of signing these financial statements formally agreed and settled among Hexagon and Worthington and represents thus no estimation uncertainty.

Adding the fair value change of the contingent earn-out considerations of 71 million recognized as a financial income with the estimated contingent earn-out considerations recognized as a part of the gain calculation following the sale of Hexagon Ragasco (ref [note 5](#)), the total earn-out consideration to be received in 2025 related to the sale of Hexagon Ragasco totals NOK 120 million.

Note 7 Tax

Tax expense

(NOK 1 000)	Note	2024	2023
Income tax payable in the income statement		49 336	52 476
Change in deferred tax in income statement		13 180	(53 968)
Effect of changes in tax rate		-	-
Tax expense continuing operations		62 516	(1 491)

Reconciliation of tax payable in the balance sheet to income tax payable in the income statement

(NOK 1 000)	Note	2024	2023
Income tax payable in the balance sheet		6 146	65 835
Income tax receivable in the balance sheet	15	(22 137)	(30 343)
Net income tax payable (+) / receivable (-) in the balance sheet		(15 991)	35 492
- excluding discontinued operations			(7 222)
Net income tax payable (+) / receivable (-) in the balance sheet		(15 991)	28 270
Prepaid taxes		81 217	27 921
Settled taxes not paid		(260)	(252)
Effect on tax payable of group contributions in Norway		-	-
FX translation effects		(15 630)	(3 462)
Total income tax payable in the income statement		49 336	52 476

The relationship between tax expense and the accounting profit (loss) before taxes

(NOK 1 000)	Note	2024	2023
Profit before tax continuing operations		(906 139)	(1 015 759)
Tax based on nominal tax rate in Norway (22%)		(199 351)	(223 467)
Adjusted for tax effects of:			-
Varying foreign tax rates vs. Norwegian tax rate		(2 044)	1 740
Current period unrecognized deferred tax assets		369	1 277
Re-assessment of previously unrecognized DTA		(3 430)	(6 107)
Share of profit/loss from associates		114 609	38 890
Impairment loss associates and other non-deductible losses		147 979	154 440
Non-taxable gains		(19 239)	-
Other permanent differences		7 822	38 249
Other differences relating to foreign subsidiaries		14 746	(6 916)
FX translation effects		1 054	403
Tax expense continuing operations		62 516	(1 491)

Profit/loss before taxes were negatively impacted by share of losses from associated companies and impairment losses of the investment in Hexagon Purus and Cryoshelter BioLNG. See also [note 26](#) Investments in associated companies for further information.

Tax effect of other permanent differences include share-based payment expenses, tax-free dividends and other non-deductible operating expenses.

Deferred tax assets (DTA) and deferred tax liabilities (DTL)

(NOK 1 000)	Balance sheet		Change in deferred tax in income statement	
	2024	2023	2024	2023
Deferred tax positions continuing operations				
Loss carryforwards	(28 736)	(42 635)	13 899	(2 207)
Interest deduction limitation reserve	(71 035)	(38 790)	(32 245)	(10 753)
Pension	(99)	(330)	231	(320)
Property, plant & equipment	137 045	70 369	66 677	(2 802)
Intangible assets	48 652	58 702	(10 050)	(4 790)
Inventories and trade receivables	(14 492)	(14 979)	487	9 278
Derivatives	(93 485)	(51 068)	(42 417)	(8 630)
Provisions for liabilities/other current liabilities	(50 560)	(28 998)	(21 562)	(963)
Other	177 676	118 830	58 846	(28 043)
DTA (-) / DTL (+) net	104 967	71 101	33 866	(49 229)
Reduction of tax assets due to uncertainty	25 617	40 904	(15 286)	407
DTA (-) / DTL (+) net carrying amount	130 585	112 005	18 580	(48 822)
Change in deferred tax from purchase of companies			-	-
Change in deferred tax from discontinued operations			4 052	1 704
Change in deferred tax from group contributions in			-	-
Change in deferred tax due to OCI			-	(404)
Change in deferred tax on FX translation			1 349	3 846
Net change in deferred tax in income statement			13 180	(53 968)

Carrying amounts of deferred taxes

(NOK 1 000)	2024	2023
Deferred tax asset - continuing operations	(33 198)	(14 961)
Deferred tax liabilities - continuing operations	163 782	131 018
Net recognized DTA (-) / DTL (+) cont. operations	130 585	116 056
Deferred tax asset - discontinued operations		(4 052)
Deferred tax liabilities - discontinued operations		-
Net recognized DTA (-) / DTL (+)	130 585	112 005

Deferred tax recognized in the statement of comprehensive income is as follows:

(NOK 1 000)	2024	2023
Deferred tax asset	-	-
Deferred tax liabilities	-	404
Total	-	404

Overview of tax losses carried forward

(NOK 1 000)	2024	2023
Norway	5 724	92
North America	-	-
Europe	146 478	149 475
Total tax losses carried forward - continuing operations	152 203	149 566
Tax losses carried forward discontinued operations		69 356
Total tax losses carried forward	152 203	218 923

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

Note 8 Earnings per share

Earnings per share is calculated by dividing profit for the year by the weighted average number of shares outstanding. To calculate diluted earnings per share, the profit and weighted average number of shares outstanding is adjusted to accommodate all dilution effects associated with share options. All share options are taken into consideration in the "denominator". There are 10 539 969 (9 000 964) instruments that could potentially dilute basic earnings per share in the future. These are not included in the calculation of the diluted earnings per share because they are antidilutive for the periods presented. See [note 27](#) for further specification type of instruments.

(NOK 1 000)	Note	2024	2023
Profit/loss for the year flowing to holders of ordinary shares			
Profit/loss for the year		(968 655)	(1 014 268)
Profit/loss for discontinued operations		689 526	2 122 788
Profit/loss for the year		(279 129)	1 108 520
Weighted average number of shares outstanding 31 December			
Ordinary shares issued 1 January	17	201 619 712	201 619 712
Treasury shares		-396 610	-1 379 854
Issued new shares		8 450 704	0
Outstanding number of shares 31 December		209 673 806	200 239 858
Weighted average number of shares outstanding 31 December			
		204 956 832	200 604 576
Profit/loss per share for continuing operations			
		(4.73)	(5.06)
Profit/loss per share for discontinuing operations			
		3.36	10.58
Profit/loss per share			
		(1.36)	5.53

(NOK 1 000)	Note	2024	2023
Diluted number of shares outstanding 31 December			
	17		
Ordinary shares issued 1 January		201 619 712	201 619 712
Treasury shares		-396 610	-1 379 854
Issued new shares		8 450 704	0
Effect of employee options issued		10 539 969	9 000 964
Outstanding shares 31 December adjusted for dilution effects		220 213 775	209 240 822
Weighted average number of shares outstanding 31 December			
		214 727 299	207 786 740
Diluted profit/loss per share continuing operations			
		(4.73)	(5.06)
Diluted profit/loss per share discontinuing operations			
		3.21	10.22
Diluted profit/loss per share			
		(1.36)	5.33

Note 9 Payroll expenses and number of employees

The Group - payroll costs

(NOK 1 000)	Note	2024	2023
Salaries/fees ¹⁾		919 445	916 001
Bonuses and share-based payments		119 113	114 987
Pension expense, defined-benefit plans	18	59	51
Pension expense, defined-contribution plans	18	35 556	33 448
Other social security expenses		49 824	58 165
Payroll and social security expenses		1 123 997	1 122 652

¹⁾ Capitalized payroll expenses related to technology development projects amounted to MNOK 4.6 in 2024 and MNOK 5.8 in 2023.

	2024	2023
Average number of full-time equivalents:	1 028	1 028
Corporate management and support		
Norway	17	15
North America	10	14
Hexagon Agility		
North America	766	727
Norway	4	24
Germany	178	176
Hexagon Digital Wave		
North America	58	66
Total number of employees 31 December	1 033	1 022

Note 10 Property, plant & equipment

(NOK 1 000)	Land and buildings	Plant and equipment	Fixtures & fittings, vehicles	Assets under construction	2024 Total
Cost of acquisition					
Cost of acquisition 1 January	123 851	1 206 816	221 681	342 173	1 894 521
Additions continuing operations	3 478	9 705	24 713	199 534	237 430
Additions discontinuing operations	-	-	1 128	20 728	21 856
Transfer from assets under construction	48 996	390 348	34 708	(474 052)	-
Disposals/scrap continuing operations	(5 341)	(7 313)	(31 726)	-	(44 380)
Reclassifications	(255)	(3 694)	(45 981)	-	(49 930)
Additions from purchase of companies	-	-	1 562	-	1 562
Derecognition from deconsolidation of subsidiary	(68 300)	(507 095)	(42 109)	(43 258)	(660 762)
Translation differences	7 903	97 937	14 676	20 352	140 868
Cost of acquisition 31 December	110 331	1 186 705	178 651	65 477	1 541 165
Accumulated depreciation and impairment					
Accumulated depreciation 1 January	48 965	765 006	132 612	-	946 584
Depreciation for the year from continuing operations	11 930	83 929	27 929	-	123 787
Depreciation for the year from discontinuing operations	2 097	10 005	1 236	-	13 337
Impairment	-	-	3 053	-	3 053
Disposals/scrap continuing operations	(3 456)	(2 850)	(25 930)	-	(32 237)
Reclassifications	-	(983)	(41 422)	-	(42 405)
Derecognition from deconsolidation of subsidiary	(39 291)	(403 410)	(24 098)	-	(466 800)
Translation differences	1 269	45 691	8 011	-	54 971
Accumulated depreciation and impairment 31 December	21 513	497 388	81 390	-	600 290
Net carrying amount as of 31 December	88 819	689 317	97 261	65 477	940 874
Of which pledged					-
Useful life	10-20 years	3-15 years	3-10 years		
Depreciation method	Straight-line	Straight-line	Straight-line		

Discontinued operations

Discontinued operations relate to Hexagon Ragasco, which was sold to Worthington Enterprises Inc. on 3 June 2024 and Hexagon Purus which was effectively deconsolidated from the Hexagon group on 29 June 2023. Due to this, Hexagon Purus' figures up to and including 29 June 2023, and Hexagon Ragasco's figures up to and including 3 June 2024 have been presented separately as discontinued operations. See also [note 5](#).

(NOK 1 000)	Land and buildings	Plant and equipment	Fixtures & fittings, vehicles	Assets under construction	2023 Total
Cost of acquisition					
Cost of acquisition 1 January	214 445	1 334 359	261 045	488 683	2 298 532
Additions continuing operations	6 669	12 980	8 052	147 057	174 757
Additions discontinuing operations	13 143	10 924	22 924	202 297	249 288
Transfer from assets under construction	68 021	46 863	13 234	(128 118)	-
Disposals/scrap continuing operations	(624)	(5 375)	(1 925)	(13 756)	(21 680)
Disposals/scrap discontinuing operations	(7 506)	(32 126)	(16 604)	-	(56 236)
Derecognition from deconsolidation of subsidiary	(184 598)	(196 483)	(84 165)	(383 846)	(849 092)
Translation differences	14 302	35 674	19 121	29 855	98 952
Cost of acquisition 31 December	123 851	1 206 816	221 681	342 173	1 894 521
Accumulated depreciation and impairment					
Accumulated depreciation 1 January	60 738	774 968	126 520	-	962 226
Depreciation for the year from continuing operations	5 797	74 586	16 290	-	96 673
Depreciation for the year from discontinuing operations	7 992	33 422	9 107	-	50 521
Impairment for the year from continuing operations	-	-	-	-	-
Disposals/scrap continuing operations	(624)	(3 773)	(1 615)	-	(6 012)
Disposals/scrap discontinuing operations	(7 506)	(32 126)	(15 933)	-	(55 564)
Derecognition from deconsolidation of subsidiary	(19 112)	(93 913)	(10 289)	-	(123 314)
Translation differences	1 681	11 842	8 531	-	22 054
Accumulated depreciation and impairment 31 December	48 965	765 006	132 612	-	946 584
Net carrying amount as of 31 December	74 886	441 810	89 069	342 172	947 938
Of which pledged					-
Useful life	10-20 years	3-15 years	3-10 years		
Depreciation method	Straight-line	Straight-line	Straight-line		

Note 11 Intangible assets and goodwill

(NOK 1 000)	Goodwill	Patents and licenses	Technology-development	Customer relationships	2024 Total
Cost price					
Opening balance 1 January	1 232 880	278 161	235 009	413 301	2 159 351
Additions continuing operations	-	11 744	19 784	-	31 527
Disposals continuing operations	-	(1 480)	(632)	-	(2 112)
Reclassifications	-	49 930	-	-	49 930
Additions from purchase of companies	8 104	8 170	-	-	16 274
Derecognition from deconsolidation of subsidiary	(32 350)	(2 316)	-	-	(34 666)
Translation differences	134 196	30 945	10 133	45 002	220 276
Cost of acquisition 31 December	1 342 830	375 154	264 293	458 303	2 440 580
Accumulated amortization and impairment					
Opening balance 1 January	-	80 193	132 698	160 853	373 744
Amortization for the year from continuing operation	-	18 935	18 233	26 712	63 881
Amortization for the year from discontinuing operation	-	138	-	-	138
Impairment	4 673	892	-	-	5 565
Disposals continuing operations	-	(1 445)	(607)	-	(2 051)
Reclassifications	-	42 405	-	-	42 405
Derecognition from deconsolidation of subsidiary	-	(193)	-	-	(193)
Translation differences	-	10 382	2 978	17 318	30 678
Accumulated amortization and impairment 31 December	4 673	151 308	153 303	204 883	514 167
Net carrying amount 31 December	1 338 158	223 845	110 991	253 420	1 926 414
Useful life	Indefinite	3-17 years	5-20 years	7-15 years	
Amortization method	None	Straight-line	Straight-line	Straight-line	

Discontinued operations

Discontinued operations relate to Hexagon Ragasco, which was sold to Worthington Enterprises Inc. on 3 June 2024 and Hexagon Purus which was effectively deconsolidated from the Hexagon group on 29 June 2023. Due to this, Hexagon Purus' figures up to and including 29 June 2023, and Hexagon Ragasco's figures up to and including 3 June 2024 have been presented separately as discontinued operations. See also [note 5](#).

(NOK 1 000)	Goodwill	Patents and licenses	Technology-development	Customer relationships	2023 Total
Cost price					
Opening balance 1 January	1 717 097	276 081	428 180	558 874	2 980 232
Additions continuing operations	-	7 616	14 460	-	22 076
Additions discontinued operations	-	2 650	18 469	-	21 119
Disposals continuing operations	-	(1 015)	(1 603)	-	(2 617)
Disposals discontinuing operations	-	(1 917)	-	-	(1 917)
Translation differences	98 814	8 563	8 976	32 405	148 757
Cost of acquisition 31 December	1 232 880	278 161	235 009	413 301	2 159 351
Accumulated amortization and impairment					
Opening balance 1 January	-	70 757	143 672	194 950	409 379
Amortization for the year from continuing operation	-	16 744	16 221	30 152	63 118
Amortization for the year from discontinuing operation	-	2 671	10 419	10 737	23 827
Impairment	-	-	-	-	-
Disposals continuing operations	-	(965)	(1 603)	-	(2 568)
Disposals discontinuing operations	-	(1 614)	-	-	(1 614)
Translation differences	-	1 506	1 412	12 440	15 358
Accumulated amortization and impairment 31 December	-	80 193	132 698	160 853	373 744
Net carrying amount 31 December	1 232 880	197 968	102 311	252 447	1 785 606
Useful life	Indefinite	3-17 years	5-20 years	7-15 years	
Amortization method	None	Straight-line	Straight-line	Straight-line	

Research and development costs

Research & development costs totalling MNOK 19 (MNOK 9) were expensed in 2024. The Group has not received any government grants.

Goodwill

The Group has recognized goodwill as a result of several acquisitions of business enterprises. Each goodwill item is linked to a cash generating unit (CGU). When the acquired business enterprise is maintained as an independent business enterprise it is, as a starting point, the CGU. Entities that have considerable synergies and for which the type of activity is the same, are considered to be a unified CGU. This applies when acquired business enterprises are integrated with an existing Hexagon Composites company or the acquired business enterprise is, in operative terms, closely linked together with existing Hexagon Composites businesses. In these instances, it is the linking enterprise that is the level of the CGU where goodwill is measured and followed up. As of the end of 2024, the Group has two CGU's where capitalized goodwill has been allocated to, which are similar to the operating segments disclosed and presented in [note 4](#). Last year, the Group had three CGU's and three operating segments, including Hexagon Ragasco - which was sold and presented as discontinued operations on 3 June 2024.

Goodwill impairment testing

Goodwill is not depreciated but is subject to impairment testing in the fourth quarter each year. If there are particular indications of possible impairment, the impairment test is carried out on a quarterly basis. The impairment test is carried out by the calculated recoverable amount being compared with book value of the unit in question. When the recoverable amount exceeds the book value of the unit in question, capitalized goodwill is maintained. When the recoverable amount is lower than the book value of the unit in question, capitalized goodwill is

written down to its recoverable amount. The book value of the unit in question 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.

The expected future investment requirements for the units are reflected in the calculations. These are in accordance with the management's approved budget and strategy. For the period beyond the next 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 derived by the weighted average of the company's cost of equity and cost of debt, taking into account the 10-year risk-free interest rates in the market, beta factor, market risk premium, the company's interest rate, and equity ratio.

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

Key assumptions used in value in use calculations

The most important assumptions for calculating value in use are related to estimates for operating revenues, EBITDA margins, discount rates and growth rates beyond the forecast period of 5 years. Discount rates used have been matched and reflective of the currency of the cash flows being tested. The table below shows WACC rates used.

WACC rates used in impairment testing

Currency	2024		2023	
	Post-tax	Pre-tax	Post-tax	Pre-tax
USD	10.9%	13.8%	10.1%	12.9%
NOK	10.3%	13.2%	9.6%	12.3%

The main reasons for the higher WACC-rates in 2024 compared to 2023 are somewhat higher risk-free interest rates and a somewhat higher beta factor. The market risk premium have remained unchanged at 5.5%.

All operating revenues and EBITDA margins are based on the stated forecast periods, past performance and management expectations of market development for the future. Growth rates are consistent with industry and market forecasts except where conservatively applied outside the primary forecast periods.

Hexagon's primary forecast horizon is 5 years from 2025 to 2029 and from which projections are made, on a rolling 5 year basis, using prudently conservative growth rates which collectively approximate to 15 per cent. Hexagon collectively employs targets of:

- At least 15 per cent annual operating revenue growth
- Attaining 15 per cent EBITDA margin

The differing CGUs within Hexagon may have differing revenue growth and EBITDA margins at differing periods of time, but collectively are expected to attain the Hexagon targets within the primary forecast horizon. Hexagon Digital Wave is in the middle of a transformational business plan, through digitalization, incorporating opex investments over the next couple of years which weigh on positive margins short-term and increase growth in revenues and margins longer-term. The assumptions used per CGU in relation to the Hexagon proforma targets are as follows:

- Hexagon Agility attaining > target revenue growth and > target EBITDA margin
- Hexagon Digital Wave > target revenue growth and < target EBITDA margin

Growth beyond the forecast horizon are determined based on general economic growth rates in the geographical markets Hexagon's businesses operate in. For 2024, the terminal value growth rate has been set to 2.5% for both CGUs, similar to last year.

The goodwill items of the following cash generating units have been subject to impairment testing

	2024	2023
Hexagon Agility	1 295 950	1 162 713
Hexagon Digital Wave	42 208	37 817
Hexagon Ragasco	-	32 350
Total goodwill	1 338 158	1 232 880

The assumptions that were used as a basis for the calculations made at the end of 2024 resulted in comfortable headroom for all of the above. Following the sale of Hexagon Ragasco on 3 June 2024, the goodwill associated with Hexagon Ragasco was effectively derecognized on the same date, and has thus not been subject to goodwill impairment testing in 2024.

Other assumptions for the impairment testing of goodwill

The recoverable amount is calculated based on the general assumptions referred to above. The calculations do not assume major changes in the nature of business activities compared with 2024. In the prognosis period, an increase in the operating profit equal to the general growth in the economy is, at a minimum, expected. The impairment testing is performed in the functional geographic currency of the CGU being USD for both Hexagon Agility and Hexagon Digital Wave.

Sensitivity analyses for the goodwill

In connection with the impairment testing of goodwill, the Group has carried out sensitivity analyses. These sensitivity analyses are carried out for each cash-generating unit. The present value of the cash flow in the calculations made is, among other things, sensitive to changes in the discount rate. The sensitivity analysis uses the economic assumptions referred to above as its starting point. Calculations have been made based on one or two of the estimated economic assumptions being changed while the other economic assumptions remain unchanged.

The sensitivity analyses for the CGU demonstrate that recoverable amounts of Hexagon Agility exceed the recognized value with a significant margin, and a reasonable change in key assumptions (+ 1.0% for WACC and -2.0% on EBITDA margin) would still yield a significant margin. For Hexagon Digital Wave, the recoverable amount exceed the recognized value by a comfortable margin, however the CGU is more sensitive to changes in reasonable change in key assumption. A change of + 1.0% for WACC and -2.0% on EBITDA margin) could result in an impairment up to NOK 30 million.

Note 12 Other non-current financial assets

(NOK 1 000)	2024	2023
Other non-current financial assets	10 331	2 269
Interest swaps ¹	26 806	20 174
Loans to associated companies ²	-	100 102
Other investments in shares	5 981	5 391
Convertible bond at fair value ³	177 128	-
Total other non-current financial assets	220 246	127 936

¹ On 16 May 2022, Hexagon Composites ASA entered into three float-to-fix interest rate swaps, a USD 10 million swap with a 10 year maturity, a USD 10 million swap with a 7 year maturity, and a USD 33 million swap with a 5 year maturity. The swaps principal value represents approximately 40% of the Company's term loan (NOK 1 100 million).

² Loans to associated companies relates to loans granted to Cryoshelter Bio-LNG, where the Group holds a 40% minority interest. As of 31.12.2024 the loan has been written down to NOK 0.

³ ³ On 1 February 2024, Hexagon Composites ASA participated in a convertible bond capital raise in Hexagon Purus ASA with NOK 200.0 million. The fair value of the convertible bond as of 31.12.2024 was NOK 177.1 million.

Note 13 Inventories

(NOK 1 000)	2024	2023
Raw materials and consumables	928 760	857 887
Work in progress	161 249	136 014
Finished goods	101 945	116 504
Total inventories	1 191 954	1 110 406
Provision for obsolete inventory in balance sheet	(82 264)	(59 456)
Carrying amount of holdings used as pledged assets	-	-

Note 14 Trade receivables

(NOK 1 000)	2024	2023
Trade receivables	747 008	559 809
Provisions for expected credit loss	(4 147)	(8 454)
Trade receivables after provision for losses	742 861	551 356
Carrying amount of trade receivables used as pledged assets	-	-

Losses on trade receivables are classified as other operating expenses in the income statement. 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 aging of trade receivables.

	Contract assets	Total	Not due	<30 days	30-60 days	60-90 days	>90days
Expected credit loss rate 2024		0.5%	-%	1.1%	0.9%	0.9%	6.2%
Estimated total gross carrying amount at default 2024	-	747 008	520 417	135 346	44 548	11 649	35 048
Expected credit loss 2024	-	4 147	11	1 461	405	102	2 167
Expected credit loss rate 2023		1.5%	0.2%	0.8%	1.3%	1.7%	40.2%
Estimated total gross carrying amount at default 2023	-	559 809	425 056	106 069	7 769	4 867	16 048
Expected credit loss 2023	-	8 454	1 000	822	103	81	6 448

Changes in the provision for losses are as follows

	2024	2023
Opening balance 1 January	8 454	13 165
Provision for losses for the year	(1 358)	(2 409)
Actual losses during the year	(1 768)	(777)
Derecognition from deconsolidation of subsidiary	(1 565)	(2 174)
Translation differences	383	649
Closing balance 31 December	4 147	8 454

Credit risk and currency risk regarding trade receivables are described in more detail in [note 25](#).

Note 15 Other current financial assets and other current assets

(NOK 1 000)	2024	2023
Contingent consideration (earn-out receivable) from Ragasco sale	120 000	-
Total other current financial assets	120 000	-
Prepaid expenses	34 964	27 991
Prepayment to suppliers	-	-
VAT refund	26	7 504
Prepaid tax overseas	22 137	30 343
Other receivables to associates	-	29 123
Other	31 211	45 799
Total other current assets	88 339	140 760
Total other current financial assets and other current assets	208 339	140 760

Note 16 Cash and cash equivalents

(NOK 1 000)	2024	2023
Cash at bank and in hand	302 297	154 350
Bank deposits, cash and cash equivalents	302 297	154 350
Cash & cash equivalents in the cash flow analysis	302 297	154 350
Restricted funds included in cash & cash equivalents ¹	2 156	9 802
Undrawn Group overdraft facility	48 502	238 745
Undrawn loan facilities	850 000	350 000

¹ Restricted tax withholdings.

Note 17 Share capital, shareholder information and dividend

(NOK 1 000)	2024	2023
Ordinary shares of NOK 0.10 each	210 070 416	201 619 712
Total number of shares	210 070 416	201 619 712

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

Changes in share capital and share premium

	Number of shares		Share capital (NOK 1 000)		Share premium (NOK 1 000)	
	2024	2023	2024	2023	2024	2023
Ordinary shares						
Issued and paid 1 January	201 619 712	201 619 712	20 162	20 162	706 544	2 075 999
Issued new share capital	8 450 704	-	845	-	299 155	-
Transaction cost					(9 469)	-
Dividend in kind						(1 369 455)
Issued and paid	210 070 416	201 619 712	21 007	20 162	996 230	706 544
Treasury shares						
1 January	1 379 853	650 418	138	65		
Change during period	(983 243)	729 435	(98)	73		
31 December	396 610	1 379 853	40	138		

As of 31 December 2024 the Company had 396 610 treasury shares (1 379 853). The cost of acquisition of NOK 14 474 thousand (NOK 50 358 thousand) is entered as a reduction in equity. The shares are held as “treasury shares”, and the Company is entitled to sell them in the future.

20 Largest shareholders as of 31 December 2024	Number of shares	Shareholding
MITSUI & CO LTD	45 833 321	21.82 %
FLAKK COMPOSITES AS ¹	15 213 217	7.24 %
CLEARSTREAM BANKING S.A.	13 832 248	6.58 %
MP PENSJON PK	11 731 894	5.58 %
KTF FINANS AS ¹	5 000 000	2.38 %
RBC INVESTOR SERVICES TRUST	4 076 600	1.94 %
BNP PARIBAS	4 020 662	1.91 %
STATE STREET BANK AND TRUST COMPANY	3 358 019	1.60 %
BROWN BROTHERS HARRIMAN & CO	3 356 232	1.60 %
THE BANK OF NEW YORK MELLON SA/NV (Nominee)	3 291 800	1.57 %
BRØDR. BØCKMANN AS	3 140 893	1.50 %
SKANDINAVISKA ENSKILDA BANKEN AB	3 101 434	1.48 %
JPMORGAN CHASE BANK, N.A., LONDON	2 916 615	1.39 %
J.P. MORGAN SE	2 664 799	1.27 %
UBS SWITZERLAND AG	2 179 389	1.04 %
NØDINGEN AS	2 059 849	0.98 %
NORDNET BANK AB	2 051 501	0.98 %
THE BANK OF NEW YORK MELLON SA/NV (Nominee)	1 924 400	0.92 %
THE BANK OF NEW YORK MELLON SA/NV (Nominee)	1 912 133	0.91 %
VERDIPAPIRFONDET STOREBRAND NORGE	1 886 404	0.90 %
Total 20 largest shareholders	133 551 410	63.57 %
Remainder	76 519 006	36.43 %
Total	210 070 416	100.00 %

¹ These shareholdings are controlled by the Chairman of the Board, Knut Flakk.

Ownership structure

The total number of shareholders as of 31 December 2024 was 5 908 of whom 426 were foreign shareholders. The number of shares held by foreign shareholders was 131 194 434 or 62.5 per cent.

The Board proposes to the general assembly that there will be no ordinary dividend to be paid for the fiscal year 2024.

Dividends are included as allocations to the owners in the period in which they are paid.

The Board has a mandate to increase share capital by up to NOK 3 187 324 by issuing up to 31 873 236 shares (par value NOK 0.10). This authorization is valid until the next ordinary general assembly and requires an unanimous Board resolution.

Note 18 Pension and other non-current employee benefits

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. Plans in other jurisdictions follows local requirements and agreements. Below is a summary table of the pension cost in the Group for the various pension plans. Further details on the various plans are provided below:

(NOK 1 000)	2024	2023
Defined contribution pension plan	35 556	33 448
Defined benefit pension plan	59	51
Multi-employer pension plan in Norway (new AFP)	-	-
Total	35 615	33 500

Defined contribution plans in the Group:

The defined contribution pension plans in the Norwegian companies have contribution rates from 7 per cent for salaries in the range of 0 to 7.1 times the national insurance base rate (G) and from 8 per cent for salaries in the range from 7.1 G to 12 G. As of 31 December 2024 the Norwegian defined contribution pension plans had 21 (39) members.

Our subsidiaries in the US and Canada offer defined contribution plans subject to US and Canadian 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. As of 31 December 2024, 795 (807) members were covered by the plan. There are no defined contribution pension plan in Germany.

The table below provides a split of expenses in the defined contribution plans:

(NOK 1 000)	2024	2023
Defined contribution pension plans - Norway	4 466	2 846
Defined contribution pension plans - USA / Canada	31 091	30 602
Total	35 556	33 448

Defined benefit plans in the Group:

There are historical defined benefit plans in Norway and Germany with a very limited participation. The obligation for the defined benefit pension plans is calculated on a straight-line basis. Unrealized gains and losses resulting from changes in actuarial assumptions are recognized in other comprehensive income. There are 6 active and 3 retired in the pension plans. The pension liabilities and assets are calculated by actuaries and presented below. Based on the limited participation, assets and liabilities, the plans are considered of low materiality and significance.

(NOK 1 000)	2024	2023
Pension assets	-	-
Pension liabilities	422	1 591

Note 19Provisions

Non-current provisions

(NOK 1 000)	2024	2023
Other non-current provisions	(19 297)	(8 594)
Total non-current provisions	(19 297)	(8 594)

Warranty provisions (current)

(NOK 1 000)	2024	2023
Balance 1 January	68 011	102 557
Derecognition from deconsolidation of subsidiary	(10 133)	(49 447)
Provisions for year	74 184	54 793
Translation differences	8 092	5 903
Provisions used during year	(42 114)	(45 795)
Balance 31 December	98 038	68 011

The Group seeks to minimize the level of warranty or other claims from third parties through a diligent focus on quality. The Group also seeks to consistently recognize any potential impact of unanticipated events. Provisions are made for both general and, if required, specific warranty claims on low-pressure and high-pressure cylinders or on delivered systems. Such provisions are typically based on i) historical warranty costs levels for equivalent products and services, ii) our assessment of any ongoing third-party legal disputes or quality related matters in the ordinary course of business. In such cases, including products liability cases, the Group prepares estimates based on experience, professional judgment of legal counsel, and other assumptions it believes to be reasonable. The Group also recognizes an asset if insurance covers all or part of any recorded liability. As additional information becomes available, potential liability related to pending litigation is reassessed and related estimates are updated., and iii) a forward view based on the changing levels and complexity of our business activities within cylinder and systems business areas respectively.

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

Note 20 Interest-bearing liabilities

(NOK 1 000)	Interest rate conditions	Currency	Maturity	2024		2023	
				Facility size	Carrying amount	Facility size	Carrying amount
Secured							
Term loan DNB and Danske Bank (bullet)	Nibor 3 month + margin	NOK	30 Apr 2027	1 100 000	1 100 000	1 100 000	1 100 000
Revolving credit facility DNB and Danske Bank (bullet)	Nibor 3 month + margin	NOK	30 Apr 2027	850 000	-	350 000	-
Overdraft facility DNB and Danske Bank	Nibor 3 month + margin	NOK	30 Apr 2027	250 000	201 498	250 000	11 255
Total interest-bearing liabilities				2 200 000	1 301 498	1 301 498	1 111 255
Amortized transaction costs					(8 227)		(2 787)
Total interest-bearing liabilities					1 293 271		1 108 468
hereof current:							
Overdraft facility					201 498		11 255
Current interest bearing liabilities					-		1 097 213
Total current interest-bearing liabilities					201 498		1 108 468
Total non-current interest bearing liabilities					1 091 773		-

Estimated repayment structure of interest-bearing liabilities

(NOK 1 000)	2024	2025	2026	2027	2028	2029	Thereafter
As of 31 December 2024	-	-	-	1 301 498	-	-	-
As of 31 December 2023	1 111 255	-	-	-	-	-	-

Covenants
As of 31 December 2024, financial covenants, related to equity ratio of minimum 30% and leverage (net interest-bearing debt/EBITDA of maximum 3.5x were in compliance with comfortable headroom. The covenants are measured at each quarter end and relate to the term loan and the revolving credit facility.

Hexagon's debt facilities with its banking partners, DNB and Danske Bank, were due to its less-than-12-month maturity, classified and presented as current as of 31 December 2023. On 30 April 2024, Hexagon entered into a new debt facility agreement with its bank partners, and the bank loans have thus been reclassified and presented as non-current since then. The principal loan financing facility in Hexagon Composites ASA is a Senior Secured bilateral facility with DNB Bank and Danske Bank. Following the new debt facility agreement, the overall size of the committed facility increased by NOK 500 million, to NOK 2 200 million, comprising a term loan of NOK 1 100 million, an overdraft facility of NOK 250 million, and a multi-currency revolving credit facility (RCF) of NOK 850 million. The main tenor is for 3 years with extension of 1 +1 years available in relation to the term loan and RCF. As of year-end, total drawings amounted to NOK 1 100 million excluding amortized transaction costs of 8.2 million. Unused credit facilities were NOK 899 million.

Reconciliation for liabilities arising from financing activities

(NOK 1 000)	Non-current interest bearing liabilities	Non-current convertible bond loan	Current interest-bearing liabilities	Lease liabilities	Total
Liabilities as of 1 January 2023	1 482 140	-	234 674	551 592	2 268 406
Financing activities with cash settlement					
Repayment of non-current liabilities	(365 398)	-	-	-	(365 398)
New interest bearing liabilities ¹	-	800 000	-	-	800 000
Transaction costs	-	(23 091)	-	-	(23 091)
Repayment of lease liabilities	-	-	-	(71 375)	(71 375)
Repayment of current liabilities	-	-	(222 437)	-	(222 437)
Financing activities without cash settlement					
New lease liabilities	-	-	-	108 189	108 189
Reclassifications non-current to current	(1 097 213)	-	1 097 213	-	-
Exchange differences	5 421	-	-	24 528	29 949
Equity component of convertible bond less transaction costs	-	(270 318)	-	-	(270 318)
Other transactions without cash settlement	5 604	21 024	-	-	26 628
Derecognition from deconsolidation of subsidiary	(30 554)	(527 615)	(982)	(163 807)	(722 959)
Liabilities as of 31 December 2023	-	-	1 108 468	449 127	1 557 595

¹ The NOK 800 million convertible bond issuance in 2023 relates to Hexagon Purus ASA, which was derecognized as a subsidiary on 29 June 2023. A total of NOK 723 million of interest bearing financial liabilities were derecognized from Hexagon's group accounts following the deconsolidation of Hexagon Purus.

(NOK 1 000)	Non-current interest bearing liabilities	Non-current convertible bond loan	Current interest-bearing liabilities	Lease liabilities	Total
Liabilities as of 1 January 2024	-	-	1 108 468	449 127	1 557 595
Financing activities with cash settlement					
Repayment of non-current liabilities	-	-	-	-	-
New interest bearing liabilities	-	-	810 178	-	810 178
Transaction costs	-	-	(9 750)	-	(9 750)
Repayment of lease liabilities	-	-	-	(61 768)	(61 768)
Repayment of current liabilities	-	-	(621 276)	-	(621 276)
Financing activities without cash settlement					
Additions from acquisition of companies	-	-	1 341	-	1 341
New lease liabilities	-	-	-	236 634	236 634
Reclassifications current to non-current	1 088 735	-	(1 088 735)	-	-
Exchange differences	-	-	-	47 953	47 953
Equity component of convertible bond less transaction costs	-	-	-	-	-
Other transactions without cash settlement	3 039	-	1 272	-	4 311
Derecognition from deconsolidation of subsidiary	-	-	-	(70 366)	(70 366)
Liabilities as of 31 December 2024	1 091 773	-	201 498	601 581	1 894 852

Note 21 Financial liabilities

(NOK 1 000)	2024	2023
Cross-currency swap (fair value) ¹	451 737	-
Total non-current financial liabilities	451 737	-
Cross-currency swap (fair value) ¹	-	252 299
Other current financial liabilities (total return swap) ²	62 758	124 609
Total current financial liabilities	62 758	376 909

¹ In 2019 the company entered into a cross-currency swap of USD 120.3 to effectively convert its NOK 1 100 million term loan from NOK to USD. During 2021 the swap was settled and re-issued with an USD denominated balance of 132.7 million. In relation with the refinancing of the Group in April 2024 the maturity of the swap was extended concurrent with the initial maturity of the term loan. The value of the swap as of 31 December 2024 was NOK -451.7 million and has been presented as non-current due its concurrent maturity with the term loan on 30 April 2027.

² On 29 June 2023, Hexagon Composites entered into a total return swap (TRS) with financial exposure to 13 839 872 shares (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. Hexagon has no right or obligation to acquire the underlying shares at maturity. Due to the structure and the relevant facts pertaining to the agreement, the TRS has been classified as a financial derivative with changes in fair value through profit or loss (FVTPL). As of 31 December 2024, the fair value of the TRS was NOK -199.8 million net of margin payments of NOK 137.0 million. The TRS agreement matures on 31 March 2025.

Note 22 Current interest-bearing liabilities

(NOK 1 000)	2024	2023
Current interest-bearing liabilities - overdraft facility	201 498	11 255
Current interest-bearing liabilities - term loan	-	1 097 213
1st year's instalments on non-current interest-bearing liabilities	-	-
Total current interest-bearing liabilities	201 498	1 108 468
1 st year's instalments, lease liabilities	60 523	61 867
Total	262 021	1 170 335

Current interest-bearing debt is subject to the same financial terms as the secured non-current interest-bearing debt disclosed in [note 20](#). The overdraft facilities within the Group are generally priced on base rate + margin, in addition to periodic charges related to the provision of the facilities.

Note 23 Other current liabilities

(NOK 1 000)	2024	2023
Public duties payable	25 514	27 561
Unpaid salaries, bonuses, holiday pay	136 921	132 634
Accrued expenses and other current liabilities	131 715	127 645
Total	294 150	287 840

Note 24 Leases

Right of use assets (NOK 1 000)	Land and buildings	Plant and equipment	Fixtures & fittings, vehicles	2024 Total
At cost				
Cost of acquisition 1 January	497 858	66 873	9 159	573 890
Additions continuing operations	229 667	-	9 306	238 973
Additions discontinued operations	1 075	-	2 495	3 569
Expirations at maturity continuing operations	(4 759)	(69 160)	-	(73 919)
Expirations at maturity discontinued operations	-	-	-	-
Derecognition from deconsolidation of subsidiary	(98 554)	-	(3 503)	(102 057)
Translation differences	51 533	2 287	1 055	54 875
Cost of acquisition 31 December	676 819	-	18 512	695 331
Accumulated depreciation				
Accumulated depreciation 1 January	151 119	55 145	2 002	208 266
Depreciations continuing operations	60 026	7 523	2 930	70 479
Depreciations discontinued operations	3 926	-	289	4 215
Expirations at maturity continuing operations	(4 759)	(64 550)	-	(69 309)
Expirations at maturity discontinued operations	-	-	-	-
Derecognition from deconsolidation of subsidiary	(35 544)	-	(338)	(35 883)
Translation differences	13 187	1 882	280	15 349
Accumulated deprecation 31 December	187 954	-	5 163	193 117
Carrying amount 31 December	488 864	-	13 349	502 214
Useful life	3-17 years	3-7 years	2-5 years	
Depreciation method	Straight-line	Straight-line	Straight-line	

Right of use assets (NOK 1 000)	Land and buildings	Plant and equipment	Fixtures & fittings, vehicles	2023 Total
At cost				
Cost of acquisition 1 January	592 722	83 951	9 102	685 775
Additions continuing operations	85 530	-	5 869	91 400
Additions discontinued operations	18 906	1 497	2 397	22 800
Expirations at maturity continuing operations	(12 603)	-	-	(12 603)
Expirations at maturity discontinued operations	(35 296)	(304)	(1 740)	(37 340)
Derecognition from deconsolidation of subsidiary	(175 106)	(24 447)	(6 956)	(206 508)
Translation differences	23 704	6 176	486	30 366
Cost of acquisition 31 December	497 858	66 873	9 159	573 890
Accumulated depreciation				
Accumulated depreciation 1 January	158 230	49 208	5 105	212 542
Depreciations continuing operations	49 987	8 880	1 284	60 152
Depreciations discontinued operations	19 805	2 464	772	23 041
Expirations at maturity continuing operations	(8 522)	-	-	(8 522)
Expirations at maturity discontinued operations	(35 296)	(304)	(1 740)	(37 340)
Derecognition from deconsolidation of subsidiary	(35 029)	(8 472)	(3 715)	(47 216)
Translation differences	1 944	3 370	296	5 610
Accumulated depreciation 31 December	151 119	55 145	2 002	208 266
Carrying amount 31 December	346 739	11 728	7 157	365 624
Useful life	3-17 years	3-7 years	2-5 years	
Depreciation method	Straight-line	Straight-line	Straight-line	

Lease liabilities

(NOK 1 000)	2024 Total	2023 Total
Total lease liabilities 1 January	449 127	551 592
Additions from continuing operations	233 064	85 389
Additions from discontinued operations	3 569	22 800
Cash payments for the principal portion of the lease liability continuing operations	(57 833)	(49 060)
Cash payments for the principal portion of the lease liability discontinued	(3 935)	(22 315)
Cash payments for the interest portion of the lease liability continuing operations	(35 095)	(20 443)
Cash payments for the interest portion of the lease liability discontinued operations	(1 052)	(9 235)
Interest expense on lease liabilities continuing operations	35 095	20 443
Interest expense on lease liabilities discontinued operations	1 052	9 235
Derecognition from deconsolidation of subsidiary	(70 366)	(163 807)
Currency exchange differences	47 953	24 528
Total lease liabilities 31 December	601 581	449 127
Current lease liabilities	60 523	61 867
Non-current lease liabilities	541 058	387 260

Undiscounted lease liabilities

(NOK 1 000)	2024 Total	2023 Total
Undiscounted lease liabilities and maturity of cash outflows		
Less than 1 year	97 759	85 525
1-2 years	86 133	70 894
2-3 years	80 892	61 947
3-4 years	67 703	54 503
4-5 years	68 404	42 449
More than 5 years	454 722	289 485
Total undiscounted lease liabilities 31 December	855 612	604 802

Summary of cash outflows leases

(NOK 1 000)	2024 Total	2023 Total
Cash payments for leases continuing operations	92 927	69 503
Variable payments continuing operations	21 992	12 671
Cash payments related to short-term leases and leases of low value continuing operations	1 572	1 477
Total cash outflows for leases continuing operations	116 492	83 651
Cash payments for leases discontinued operations	4 987	31 624
Variable payments discontinued operations	563	13 359
Cash payments related to short-term leases and leases of low value discontinued operations	29	380
Total cash outflows for leases discontinued operations	5 579	45 363

Some of the leases have options to extend the contract beyond the period used in the calculations. For most cases the probability of utilizing such options are not sufficiently high to include options in the calculation of the leases. The leases do not contain any termination options that are considered significant for the calculations.

The leases do not contain any restrictions on the Group's dividend policy or financing, and there are no requirements to financial performance or ratios. The Group does not have significant residual value guarantees related to its leases to disclose. No operational risks related to leases are identified.

Discontinued operations

Discontinued operations relate to Hexagon Ragasco, which was sold to Worthington Enterprises Inc. on 3 June 2024 and Hexagon Purus which was effectively deconsolidated from the Hexagon group on 29 June 2023. Due to this, Hexagon Purus' figures up to and including 29 June 2023, and Hexagon Ragasco's figures up to and including 3 June 2024 have been presented separately as discontinued operations. See also [note 5](#).

The Group as a lessor

The Group does not have any significant lease agreements where Hexagon Composites is the lessor.

Note 25

Market risk

Financial risk

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

The Group use some financial derivatives for hedging purposes. The Group is exposed to interest rate risk, liquidity risk, currency risk and credit risk. The Group’s 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 to hedge risks associated with interest rate and foreign currency fluctuations.

The Group uses derivative financial instruments to minimize these risks under its strategy for interest and currency exposure. The accounting treatment of financial derivatives is described in [note 2](#).

The Group has the following financial assets and liabilities divided into different categories for accounting treatment and reconciled against the balance sheet items 31 December 2024

(NOK 1 000)	Derivatives designated as hedging instruments through profit or loss	Equity instruments designated at fair value through OCI	Financial instruments at fair value through P&L	Financial instruments at amortized cost	Total
Assets					
Other non-current financial assets	26 806		193 440	-	220 246
Trade receivables				742 861	742 861
Other current financial assets			120 000		120 000
Bank deposits, cash and cash equivalents				302 297	302 297
Total financial assets	26 806	-	313 440	1 045 158	1 385 404
Liabilities					
Non-current interest-bearing liabilities				1 091 773	1 091 773
Other non-current financial liabilities	451 737				451 737
Non-current lease liabilities				541 058	541 058
Current lease liabilities				60 523	60 523
Current interest-bearing liabilities			-	201 498	201 498
Other current financial liabilities	62 758			-	62 758
Trade payables				389 300	389 300
Total financial liabilities	514 495	-	-	2 284 152	2 798 646

The Group has the following financial assets and liabilities divided into different categories for accounting treatment and reconciled against the balance sheet items 31 December 2023

(NOK 1 000)	Derivatives designated as hedging instruments through profit or loss	Equity instruments designated at fair value through OCI	Financial instruments at fair value through P&L	Financial instruments at amortized cost	Total
Assets					
Other non-current financial assets	20 174		5 391	102 371	127 936
Trade receivables				551 356	551 356
Bank deposits, cash and cash equivalents				154 350	154 350
Total financial assets	20 174	-	5 391	808 077	833 642
Liabilities					
Non-current lease liabilities				387 260	387 260
Current lease liabilities				61 867	61 867
Current interest-bearing liabilities				1 108 468	1 108 468
Other current financial liabilities	376 909		-	-	376 909
Trade payables				384 015	384 015
Total financial liabilities	376 909	-	-	1 941 610	2 318 518

(I) Credit risk

The Group is mainly exposed to credit risk associated with trade receivables and contract assets. The Group minimizes its exposure to credit risk by ensuring that all parties requiring defined levels of credit (primarily trade receivables) are approved and undergo a credit check.

The Group has a small number of large customers or counterparties who could be considered to be a Group due to similarities in credit risk. The risk associated with these counterparties is regularly reviewed and is minimized by measures such as use of credit insurance. The subsidiary Hexagon Agility GmbH applies credit insurance to cover parts of the companies' receivables.

Trade receivables amounted to NOK 747 million (NOK 560 million). Except of parts in Hexagon Agility GmbH these do not have credit insurance. However, these are partly covered through Letter of Credits and prepayments from customers.

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and that outstanding amounts do not exceed the defined credit limits. Credit information is also used in the group's regular appraisal of new and existing customers.

The Group has not issued guarantees for third party obligations.

The carrying amount of the financial assets, including derivatives, in the balance sheet represents the maximum risk exposure. As counterparties in derivative transactions are normally banks, the credit risk associated with derivatives is considered to be negligible. The Group considers its maximum risk exposure to be the carrying amount of its trade receivables (see [note 14](#)).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. geographical region, product type, customer type and rating, coverage by letter of credit or prepayments or other forms of credit insurance). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. [Note 14](#) disclose the aging of trade receivables.

(II) Interest rate risk

The Group is exposed to interest rate risk from its financing activities (see [notes 20, 22](#) and [24](#)). The majority of the Group's interest-bearing liabilities have variable interest rates, which means it is affected by changes in interest rates.

The aim of the Group's interest rate risk management is to reduce 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 Composites liabilities based on a total assessment of interest expectations and risk profile. The total fixed-interest term must not exceed 10 years. The Group may use derivatives to adjust its effective interest rate exposure. The principal bank loan facility in the parent company has been drawn in Euro, NOK and USD, with EURIBOR/NIBOR/SOFR base rates. As part of the NOK 1.1 billion financing of the acquisition of Hexagon Agility in 2019, a cross-currency hedge was established where the Group receives a variable rate equal to NIBOR + margin and pays a variable rate equal to SOFR + margin. In addition to the cross currency swap, Hexagon Composites ASA entered into three float-to-fix interest rate swaps in May 2022 with a maturity of 5, 7 and 10 years for a total principal amount of USD 33 million, USD 10 million and USD 10 million respectively. These interest rate swaps effectively hedges approximately 40 per cent of the Group's 1.1 billion term loan at base rates (excluding margins) of 2.90 per cent, 2.93 per cent and 3.00 per cent for the 5, 7, and 10 year swaps respectively.

The following table shows the group’s sensitivity to potential changes in interest rates. The calculations take into account all interest-bearing instruments and associated interest rate derivatives (if any) as of 31 December.

	Change in interest rates in base points	Effect on profit/loss before tax (NOK 1 000)	Gains or losses on interest rate derivatives in other comprehensive income before tax (NOK 1 000)
2024	+100	(6 998)	-
	(100)	6 998	-
2023	+100	(5 721)	-
	(100)	5 721	-

Based on the interest bearing liabilities which existed as of 31 December 2024, an interest rate increase of 1% would reduce profit after tax by NOK 5 458 thousand (4 462 thousand).

The average effective interest rate on financial liabilities was as follows:

	2024	2023
Bank overdrafts	2,6 - 5,9%	3,8 - 6,7%
Bank loan	6,6 - 7,4%	6,1 - 8,2%
Lease liabilities	1.5 - 8,1%	1.5 - 8,1%

(iii) Liquidity risk

Liquidity risk is the risk of the group not being in a position to fulfil its financial liabilities when they fall due. The group’s strategy for managing liquidity risk is to set a level of available liquidity to enable it to discharge its financial liabilities when they fall due, both under normal and unexpected circumstances, without risking unacceptable losses or damaging the group’s reputation. Undrawn credit facilities are disclosed in [note 16](#).

The majority of excess liquidity is invested in bank deposits

The following table provides an overview of the maturity structure of the group’s financial obligations based on undiscounted contractual payments. In cases where the counterparty is entitled to ask for early settlement, the amount is included in the earliest period in which the payment may be demanded. If the counterparty is entitled to ask for on-demand settlement, the amount is included in the first column (under 1 month):

31 December 2024 Remaining period

(NOK 1 000)	Less than 1 month	1-3 Months	3-12 Months	1-5 Years	More than 5 years	Total
Repayment of interest-bearing liabilities	-	-	-	1 301 498	-	1 301 498
Interest on interest-bearing liabilities and cross currency swap	10 227	20 454	92 045	163 635	-	286 362
Other non-current financial liabilities	-	-	-	451 737	-	451 737
Other current financial liabilities	-	-	-	62 758	-	62 758
Repayment of leases	5 063	10 156	45 304	190 338	350 720	601 581
Interest on leases	3 149	6 227	26 838	114 481	103 336	254 031
Trade payables	350 370	38 930				389 300
Total	368 809	75 768	164 187	2 284 446	454 055	3 347 266

Hexagon’s debt facilities with its banking partners, DNB and Danske Bank, were due to its less-than-12-month maturity, classified and presented as current as of 31 December 2023. On 30 April 2024, Hexagon renewed its debt facilities, and the bank loans have thus been reclassified and presented as non-current since then. See also [note 20](#).

Non-current financial liabilities consist of a negative fair value on the group cross currency swap of NOK 452 million. Current financial liabilities consist of a negative fair value of a total return swap with Hexagon Purus shares as underlying of NOK 200 million, net of margin payments NOK 137 million. The TRS matures in June 2025 while the cross currency swap matures in April 2027 concurrent with the maturity of the debt facility. The liquidity risk of these swaps are however fluctuating by nature and is dependent upon the fair value of the swaps on maturity.

31 December 2023 Remaining period

(NOK 1 000)	Less than 1 month	1-3 Months	3-12 Months	1-5 Years	More than 5 years	Total
Bank overdrafts				-		-
Repayment of interest-bearing liabilities	-	-	1 111 255	-	-	1 111 255
Interest on interest-bearing liabilities and cross currency swap	7 549	15 209	67 612	-	-	90 371
Current financial liabilities	-	-	376 909	-	-	376 909
Repayment of leases	5 218	10 491	46 158	160 556	226 704	449 127
Interest on leases	2 072	4 089	17 495	69 252	62 769	155 675
Trade payables	345 613	38 401				384 015
Total	360 452	68 190	1 619 429	229 807	289 473	2 567 352

(iv) Foreign exchange risk

As the Group has production and sales in different countries with different functional currencies, the Group may from time to time use forward contracts to reduce its currency risk from cash flows denominated in foreign currencies. Currency risk is calculated for each currency and takes into consideration assets and liabilities, off-balance sheet obligations and highly probable purchases and sales in the relevant currency. The Group also has a cross currency interest rate swap which effectively converts its NOK 1.1 billion term loan to a USD 132.7 million USD loan (see also [note 21](#)). This financial instrument gives rise to foreign exchange effect in the profit/loss of the parent company, Hexagon Composites ASA. However, the parent company also has significant interest bearing loan receivable not designated as net investment hedges towards its US subsidiary Hexagon USA Holdings Inc. denominated in USD. The said portion of the receivable is subject to currency re-evaluations through the profit/loss which largely neutralizes the foreign exchange risk related to the mentioned cross currency swap.

The following table shows the group’s sensitivity to potential changes in the Norwegian krone, with all other conditions remaining constant. The calculation is based on the same movement of the krone against the relevant currencies. The effect on the profit/loss is caused by currency effects from USD-denominated loan receivables not designated as net investment hedge through OCI, and currency effects of the cross currency swap.

The OCI effect is caused by currency effects of USD-denominated loan receivables designated as net investments in foreign operations. In Hexagon Composites ASA, an intercompany interest-bearing loan amount of USD 5.2

million (MNOK 58.9) at 31 December 2024 (USD 5.2 million (MNOK 52.8) at 31 December 2023) has been designated as net investments in the US-based subsidiary, Hexagon USA Holdings Inc. The balance USD 5.2 million is being used to reduce the exposure to the USD foreign exchange risk on this investment. Gains or losses on the retranslation of this borrowing are transferred to OCI to offset any gains or losses in the Group on translation of this loan in the Group.

	Movement of NOK against USD	Effect on profit/loss before tax (NOK 1 000)	Effect on other comprehensive income and expenses before tax (NOK 1 000)
2024	+10 %	(14 988)	(5 894)
	(10)%	14 988	5 894
2023	+10 %	(23 262)	(5 280)
	(10)%	23 262	5 280

The fair values of derivatives classified as hedging instruments are reported under other current assets/liabilities or other non-current assets/liabilities depending on the recovery or settlement date for the associated hedged item.

As of 31 December 2024 and 31 December 2023, the Group does not have any forward contracts.

The group does not apply hedge accounting for any of its derivatives.

(v) Measurement of fair value

The fair value of forward exchange contracts is calculated by comparing the agreed forward rate and the estimated equivalent forward rate prevailing on the balance sheet date with the same maturity multiplied by the fixed volume specified in the contract. Contingent considerations arising from business combinations are measured as a best estimate of target achievement at each reporting date. For the derivatives, the fair value is confirmed by the financial institution with which the Company has entered into the contract.

The following of the Group’s financial instruments are not measured at fair value: Cash & cash equivalents, trade receivable, other current receivables and payables and bank overdrafts. These items are recognized at nominal value in the balance sheet as of 31 December, without taking into account the discount rate which relates to future inflows and outflows. Loans to employees and non-current interest bearing liabilities are recognized in accordance with amortized cost.

The carrying amount of cash and cash equivalents is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and other current receivables and payables is approximately equal to fair value since they are short term and entered into on “normal” terms and conditions. The carrying amount of bank overdrafts are assessed to be approximately equal to fair value because the floating interest rate are adjusted to reflect current conditions.

Fair value hierarchy

- The Group uses the following hierarchy for determining and disclosing the fair value of financial 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.

Carrying amount and fair value of financial assets and financial liabilities

(NOK 1 000)	Level	2024		2023	
		Book value	Fair value	Book value	Fair value
Financial assets					
Interest rate swaps	2	26 806	26 806	20 174	20 174
Investments in shares	3	5 981	5 981	5 391	5 391
Convertible bond at fair value	3	177 128	177 128	-	-
Other non-current financial assets	3	10 331	10 331	2 269	2 269
Contingent considerations receivable	3	120 000	120 000	-	-
Loans to associated companies	3	-	-	100 102	100 102
Financial liabilities					
Non-current interest-bearing liabilities	3	1 091 773	1 100 000	-	-
Non-current cross-currency swap	2	451 737	451 737	-	-
Current interest-bearing liabilities	3	201 498	201 498	1 108 468	1 111 255
Current cross-currency swap	2	-	-	252 299	252 299
Total return swap	2	62 758	62 758	124 609	124 609

The fair values of the Group’s interest-bearing bank loans are determined by using the DCF method using discount rate that reflects the issuer’s borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2024 and 31 December 2023 was assessed to be insignificant.

The Group enters into foreign exchange contracts with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models using present value calculations.

Financial instruments appraised at fair value with gains and losses in the income statement

(NOK 1 000)	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Level 1: Based on prices in an active market		-	-	-
Level 2: Observable market data ¹⁾	26 806	514 495	20 174	376 909
Level 3: Other than observable market data ²⁾	313 440	-	7 661	-
Total financial instruments at fair value	340 246	514 495	27 834	376 909

¹⁾ Level 2 relates to interest rate swaps shown in [note 12](#) and a cross currency swap and total return swap shown in [note 21](#). Level 2 is estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of the balance sheet date.

²⁾ Level 3 instruments in 2024 and 2023 relates largely to minor unlisted equity investments measured at fair value.

Other information relating to financial instruments

During the reporting period there were no financial assets or liabilities which were reclassified by changing the measurement method from amortized cost to fair value or vice versa, and there were no changes in the fair value measurement which caused transfers between level 1 and level 2, and no transfers to or from level 3.

(vi) Capital structure and equity

The main goal of the Group’s capital structure management is to ensure it maintains a strong credit rating (and therefore reasonable borrowing terms from lenders) and a level of equity which is reasonable in relation to the Group’s operations.

By achieving a good debt/equity ratio, the Group will be able to support its operations and in doing so maximize the value of its shares. The Group’s shareholders shall receive a competitive return on their shares, mainly through price increases in the Group’s shares, but also in the form of dividends based on financial performance/ investment needs.

The Group manages and makes necessary changes to its capital structure by regularly assessing prevailing economic conditions and prospects of short and medium-term growth.

Capital structure management is largely dealt with by means of new share issues. No changes to guidelines in this area were made in 2023 or 2024.

Note 26 Investments in associates

Companies	Country	Business segment	Acquisition / recognition date	Ownership 31 December 2023	Ownership 31 December 2024	Accounting method
Hexagon Purus ASA ¹	Norway	Other	29.06.2023	38 %	38 %	Equity method
Worthington Cylinders Austria GmbH ("SES") ²	Austria	Other	29.05.2024		49 %	Equity method
Cryoshelter BioLNG GmbH ³	Austria	Hexagon Agility	01.08.2022	40 %	40 %	Equity method

¹ Hexagon Purus ASA classified as an associated company as of 29.06.23 following loss of control and deconsolidation effective on the same date.

² Acquired on 29.05.2024 and classified as an associate effective from the same date.

³ Acquired on 01.08.2022 and classified as an associated companies effective from the same date

Income statement reconciliation	Hexagon Purus ASA		Sustainable Energy Solutions (SES)		Cryoshelter BioLNG GmbH		Total	
(NOK 1 000)	2024	2023	2024	2023	2024	2023	2024	2023
Share of profit after tax	(426 161)	(143 520)	(23 405)	-	(43 785)	(17 949)	(493 351)	(161 469)
PPA amortizations associated companies	(24 896)	(12 448)	-	-	(2 704)	(2 657)	(27 600)	(15 105)
Impairment	(312 000)	(702 000)	-	-	(243 847)	-	(555 847)	(702 000)
Total profit/loss from investments in associates per 31 December	(763 057)	(857 968)	(23 405)	-	(290 336)	(20 606)	(1 076 798)	(878 574)

Balance sheet reconciliation	Hexagon Purus ASA		Sustainable Energy Solutions (SES)		Cryoshelter BioLNG GmbH		Other associates ¹⁾		Total	
(NOK 1000)	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Carrying value 1 January	1 225 107	-	-	-	-	20 243	-	33 029	1 225 107	53 272
Share of profit after tax incl. PPA amortizations	(451 057)	(155 968)	(23 405)	-	(46 489)	(20 606)	-	-	(520 951)	(176 574)
Share of other comprehensive income	46 979	(21 590)	-	-	-	-	-	-	46 979	(21 590)
Share of profit after tax incl. PPA amortizations	-	-	-	-	-	-	-	(4 402)	-	(4 402)
Purchase of shares	-	-	125 037	-	-	-	-	-	125 037	-
Share capital contribution	398 542	-	-	-	-	-	-	29 305	398 542	29 305
Initial recognition at fair value	-	2 378 695	-	-	-	-	-	-	-	2 378 695
Reclassification of loans classified as net investment in the associate					100 102		-		100 102	-
Loans classified as net investment in the associate provided in the period					190 234		-		190 234	-
Sale of shares	-	(274 029)	-	-	-	-	-	-	-	(274 029)
Derecognition of associates from disc. operations	-	-	-	-	-	-	-	(57 804)	-	(57 804)
Impairment	(312 000)	(702 000)	-	-	(243 847)	-	-	-	(555 847)	(702 000)
Currency translation effects	-	-	(128)	-	-	363	-	(128)	(128)	235
Carrying value 31 December	907 571	1 225 107	101 505	-	-	-	-	-	1 009 075	1 225 107

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.

The following table sets forth summarized financial information for the Group's material associate, Hexagon Purus.

Companies (NOK 1 000)	Hexagon Purus ASA	
	2024	2023 (from 29.06.2023)
Interest held as per 31 December	38 %	38 %
Income statement and statement of comprehensive income of the associate		
Revenues	1 875 525	746 070
EBITDA	(348 361)	(244 442)
EBIT	(910 575)	(335 471)
Profit/loss before taxes	(1 211 669)	(386 726)
Profit/loss after taxes	(1 202 392)	(381 918)
- hereof attributable to equity holders of the parent	(1 109 795)	(373 750)
Other comprehensive income	141 786	(61 936)
- hereof attributable to equity holders of the parent	122 341	(56 224)
Total comprehensive income	(1 060 606)	(443 854)
- hereof attributable to equity holders of the parent	(987 454)	(429 974)
Hexagon's share of profit/loss of the associate	(426 161)	(143 520)
Hexagon's share of other comprehensive income of the associate	46 979	(21 590)
Hexagon's share of total comprehensive income of the associate	(379 182)	(165 110)

Hexagon Purus ASA - 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 per cent. The initial recognition and measurement of Hexagon Purus under the equity method amounted to NOK 2 379 million, representing 43.4 per cent of the fair market value of Hexagon Purus on 29 June. Furthermore, on 29 June 2023, Hexagon Composites sold 13.8 million Hexagon Purus shares and simultaneously entered into a total return swap (TRS) representing 5 per cent of the total outstanding shares in Hexagon Purus. The transaction was closed at NOK 19.80 per share for a total

Companies (NOK 1 000)	Hexagon Purus ASA	
	2024	2023
Other effects related to the associate		
PPA amortizations relates to implicit intangible assets of the associate	(24 896)	(12 448)
Impairment loss on the associate	(312 000)	(702 000)
Total effect in Hexagon's comprehensive income related to the associate	(716 078)	(879 558)
Balance sheet of the associate per 31 December		
Non-current assets	2 709 993	2 467 210
Current assets	2 223 787	1 305 797
Non-current liabilities	(2 144 920)	(1 154 847)
Current liabilities	(667 064)	(699 032)
Non-controlling interests	(106 301)	(121 459)
Net assets / equity attributable to equity holders of the parent	2 015 495	1 797 669
Hexagon's share of net assets	773 950	690 305
Goodwill and intangibles	1 147 621	1 236 802
Impairments	(1 014 000)	(702 000)
Carrying value 31 December	907 571	1 225 107
Fair value (if there is a quoted market) per 31 December	921 637	1 184 171

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. Since 29 June 2023, Hexagon Composites has accounted for 38.4 per cent of the profits/losses in Hexagon Purus via the equity method in addition to amortizations of fair value/PPA-adjustments. See also [note 5](#) for further information related to the deconsolidation of Hexagon Purus. The table below shows the purchase price allocation of Hexagon Purus as of 29 June 2023.

Purchase price allocation Hexagon Purus as of 29 June 2023 (NOK 1000)	Hexagon Purus 100% basis	Hexagon Composites share
Ownership share		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 June 2024	5 480 590	2 104 665
Book values as of recognition date / acquisition date		
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 June 2024	2 348 204	901 761
Fair value / PPA adjustments	3 132 386	1 202 904
- hereof intangible assets	778 206	298 848
- hereof goodwill	2 354 180	904 056

Hexagon Purus ASA - impairment testing

During the last one and a half years, Hexagon Purus has experienced a significant decline in its market value. As of 31 December 2024, the Hexagon Purus share price closed at NOK 5.60 per share, translating to a fair value of Hexagon’s share in Hexagon Purus of NOK 922 million. Compared to the share price as of the date of Hexagon’s initial fair value recognition of Hexagon Purus as an associated company (29 June 2023) of NOK 19.8/share, this represents more than 70 per cent decline. Comparable peer companies within the hydrogen and battery sector have experienced similar share price developments in the same period.

In the fourth quarter of 2023, Hexagon performed an impairment test of its investment in Hexagon Purus which, based on a value-in-use-calculation, resulted in an impairment of NOK 702 million and an adjusted carrying value of NOK 1 225 million (equating to NOK 11.5 per share) as of 31 December 2023. Considering Hexagon’s equity method accounting of Hexagon Purus during 2024, and Hexagon’s pro-rata participation in Hexagon Purus equity raise in November 2024, the carrying value of the investment as of 31 December 2024 ended at NOK 1 220 million pre-impairment. Due to the adverse share price development in Hexagon Purus particularly in the

fourth quarter of 2024, and into 2025, Hexagon performed an impairment test of its investment as of 31 December 2024 which resulted in a recoverable amount of NOK 908 million (approximately NOK 5.60 per share), based on the market value of Hexagon Purus as of 31 December 2024, and an impairment charge of NOK 312 million.

Cryoshelter BioLNG GmbH

In addition to its equity investment in Cryoshelter BioLNG of NOK 24 million made in August 2022, Hexagon has provided the company with loans and convertible loans, which as of 31 December 2024 amounted to NOK 290.3 (100.1) million including accumulated interests. These loans have, due to an amendment to the loan agreement made in 2024 with effect from 1 January 2024, been considered in substance a part of Hexagon’s net investment in the associate. Consequently, the loan balance as of 1 January 2024 of NOK 100.1 million was reclassified from being classified as a separate financial asset to being classified and accounted for as a net investment in the associate, while loans provided in 2024 have been recognized as increased net investments in the associate. Hexagon’s share of losses in Cryoshelter BioLNG amounted to NOK 46.5 million in 2024 with a pre-impairment carrying amount of the net investment in Cryoshelter BioLNG of NOK 243.8 million.

Cryoshelter BioLNG is not a listed company, implying that fair value is not directly observable. The Company has not been marketed for sale, and hence - there are little reliable indications and/or estimates from other external parties to determine the fair value of the Company as of 31.12.2024. As of year-end 2024, Cryoshelter BioLNG does not have any order backlog and it is uncertain whether the Company will generate revenues both in the next one to two years and in the longer term. The Company has incurred accumulated losses over the past two years of approximately NOK -150 million and the equity was negative by approximately NOK -190 million as of 31.12.2024. Consequently, to continue as a going concern - the Company is dependent upon additional funding.

Given the financial position of the Company as of 31.12.2024, coupled with the prevailing uncertainty related to the market outlook and the regulatory environment (especially in Europe) for Cryoshelter’s technology and product offering, Hexagon has concluded to impair its investment in Cryoshelter to zero as of 31 December 2024.

Key estimation uncertainty related to Cryoshelter is considered to be the regulatory development in the EU. Should the regulatory development in the EU (which is currently not supporting LNG and bio-LNG as a clean-fuel due to the focus on tailpipe-emissions only) turn in favor of LNG and Bio-LNG as an alternative clean-fuel, it is considered much more likely that European truck OEMs will invest in the technology at scale, in which case Cryoshelter Bio-LNG’s business could become significantly stronger. Although it is possible that regulatory changes need to occur for the heavy-duty mobility and transportation sector to make the switch away from diesel, Hexagon have chosen to write down the investment in Cryoshelter BioLNG to zero until more positive signs and evidences are seen.

Sustainable Energy Solutions (SES)

On 29 May 2024, Hexagon acquired 49% of the shares in Worthington Cylinders Austria GmbH (parent company of the SES business), a leading European supplier of high-pressure cylinders and systems for storage and distribution of compressed natural gas, hydrogen and industrial gases, with production facilities in Austria, Poland and Germany. Following the transaction, Worthington Enterprises as seller retained 49% of the shares while senior executives of SES hold the remaining 2%. Based on the substance of the share-purchase agreement and the shareholders' agreement entered into as a part of the transaction, no single shareholder will have control over the company, nor will the shareholders have joint control over the company. Consequently, Hexagon has concluded it has significant influence over the company and has accounted for the investment as an associate by use of the equity method.

The acquisition of SES was concluded based on an enterprise value of SES of EUR 18.4 million on a 100% basis, which, after adjusting for net debt and net working capital items, translated to an equity value of EUR 20.8 million. HEX' investment amounted to EUR 10.2 million for 49% of the shares, equating to NOK 116.9 million excluding transaction costs. Transaction costs directly associated with the acquisition of the shares amounted to NOK 8.1 million. These transaction costs have been capitalized and added to the carrying amount of the investment.

In accounting for the acquisition of SES, Hexagon performed a "notional" purchase price allocation (PPA) whereby assets and liabilities of the associate were identified and valued. The PPA showed that Hexagon's share in the fair value of identifiable net assets exceeded the cost of the investment, i.e., a bargain purchase gain. As the carrying amount of the investment would be stated at an amount greater than its cost after the recognition of the bargain purchase gain, the investment was immediately tested for impairment. Hexagon concluded that its purchase price represented the recoverable amount of the investment and consequently adjusted the carrying amount at the time of initial recognition to the purchase price. As these impacts offset each other, the net impact on the consolidated statement of income is nil.

Note 27 Share-based payment

Share-based payment in Hexagon Composites ASA

The Company has a performance share units program (PSUs) and a restricted share units program (RSUs) covering certain employees in senior positions in the Group. As at 31 December 2024, total 45 employees were included in the PSUs programs and 47 employees in the RSUs programs.

Performance share units programs (PSUs)

All PSUs are non-transferable and will vest subject to satisfaction of the applicable vesting conditions. The vesting conditions under the active programs are based on the following metrics:

- 2022 PSU program: Group revenue and EBIT targets
- 2023 PSU program: Group revenue, EBIT and total shareholder return (TSR) targets
- 2024 PSU program: Group revenue, EBIT and total shareholder return (TSR) 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.

Reference is also made to the remuneration report for 2024, available on the Company’s website, for more details on the Group’s PSU programs.

Restricted share units 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.

Overview of share units with equity settlement

	RSUs	PSUs	RSUs	PSUs
	2024	2024	2023	2023
Outstanding options 1 January	524 527	8 476 437	334 500	5 028 864
Options granted	157 000	5 480 154	149 000	3 293 502
Adjustment due to dividend in kind	0	0	169 291	2 396 086
Options exercised	-91 132	-1 024 375	-85 058	-905 887
Options lapsed/cancelled	-156 841	-2 825 801	-43 206	-1 336 128
Share options outstanding 31 December	433 554	10 106 415	524 527	8 476 437
Exercisable at 31 December	0	0	0	0
Weighted average exercised price (NOK)	39.15	18.46	29.92	33.30

The following table list the input to the model used for the plan for year ended 31 December

	RSUs Awarded	PSUs Awarded	RSUs Awarded	PSUs Awarded
	2024	2024	2023	2023
Weighted average fair values at the measurement date per share (NOK)	31.10	20.44	28.04	35.69
Expected lifetime (years)	3	3	3	3
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

The fair value of the options, PSUs and RSUs was calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost associated with these programs were NOK 49.2 (49.3) million YTD 31 December. The fair value of all outstanding PSUs (10 106 415) and RSUs (433 554) is estimated to NOK 68.9 (79.2) million per 31 December 2024.

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 -4.0 (-5.8) million in 2024 and a remaining unamortized accrual estimated to NOK 0.1 (0.5) million as of 31 December 2024.

Note 28 Transactions with related parties

The Group’s related parties consist of associates, main shareholders, members of the Board and management.

There are no sales to, purchases from, loans to, receivables or liability/payables to members of the Board. There are no sales to, purchases from, loans to, receivables or liability/payables to key management personnel of the Group, except for any short-term postings related to salary payout and remuneration of out-of-the pocket expenses.

All the transactions were carried out as part of normal business and at arm’s length prices.

The income statement includes the following amounts resulting from transactions with related parties

(NOK 1 000)	2024	2023
Sales revenue	467 267	455 132
Cost of materials	59 293	34 791
Other operating expenses	14 049	2 318
Finance expenses	-	51

Of the sales revenue towards related parties, cylinders sales to the associated company, Hexagon Purus, amounted to NOK 407 (390) million.

The balance sheet includes the following amounts resulting from transactions with related parties

(NOK 1 000)	2024	2023
Trade receivables	25 363	64 572
Other current assets	21 023	29 579
Trade payables	11 965	40 741

Remuneration of the Board and Executive management 2024

(NOK 1 000)	Salaries and fees	Bonuses ¹	Benefits in kind	Pension premium	Value of share options ²	Total remuneration 2024
Executive	23 330	17 005	1 906	2 033	14 513	58 787
Board of Directors	2 804	-	-	-	-	2 804
Total remuneration	26 134	17 005	1 906	2 033	14 513	61 591

¹ Bonuses relates to bonuses expensed in the year.

² The value of share options relates to recognized costs for the year. Executives hold other share-based instruments as well (see [note 27](#) Share based payments).

Remuneration of the Board and Executive management 2023

(NOK 1 000)	Salaries and fees	Bonuses ¹	Benefits in kind	Pension premium	Value of share options ²	Total remuneration 2023
Executive management	31 067	19 496	1 041	1 838	16 452	69 893
Board of Directors	2 563	-	-	-	-	2 563
Total remuneration	33 630	19 496	1 041	1 838	16 452	72 456

¹ Bonuses relates to bonuses expensed in the year.

² The value of share options relates to recognized costs for the year. Executives hold other share-based instruments as well (see [note 27](#) Share based payments).

Pursuant to Section 6-16a and b of the Norwegian Public Limited Liabilities Companies Act, the Company will disclose a separate remuneration report regarding the determination of pay and benefits to the CEO and management executives. Reference is made to the separate remuneration report which will be made available on the Company’s website.

The Chairman of the Board has no agreement relating to termination benefits. In his employment agreement, the Group President has a period of notice of 6 months. He has an agreement for up to 12 months’ severance pay. The management of the Group have a target-based bonus agreement.

Group management participates in the Company’s general pension arrangements, which are described in [note 18](#), Pensions. The Group President and CFO participate in the Group’s defined contribution plan.

Group management participate in the Company’s share-based incentive scheme, which are described in [note 27](#), Share-based Payment. As of 31 December 2024 the Group President has 383 thousand (316 thousand) provisional performance share units (PSUs performance adjusted) outstanding. The CFO has 262 thousand (211 thousand) provisional performance share units (PSUs performance adjusted) outstanding.

No loans have been made, or security provided for loans, to any member of Group management, the Board or other elected standing committees or any of their related parties.

Shares owned by Board members

	2024	2023
Knut Flakk, (Chairman) ¹	22 568 314	22 568 314
Kristine Landmark (Deputy chair) ²	10 000	10 000
Takayuki Tsunashima (Board member) ³	45 833 321	45 833 321

¹ Of the shares owned by Knut Flakk, 164 593 are privately owned, 500 000 are owned by his wife and 21 903 721 are owned through limited liability companies

² The shares are owned by Kristine Landmark’s husband.

³ Shares owned by Mitsui & Co., Ltd., represented in the Board by Takayuki Tsunashima.

Shares held by Executive management

	2024	2023
Philipp Schramm, Chief Executive Officer ¹⁾	0	0
Jon Erik Engeset, former Chief Executive Officer ²⁾	259 448	404 861
David Bandele, Chief Financial Officer	100 000	155 654
Hans Peter Havdal, Chief Operating Officer	3 900	3 900
Eric Bippus, Chief Commercial Officer	90 687	51 485
Ashley Remillard, Chief Legal Officer	27 562	17 762
Eirik Løhre, Chief Development Officer	14 000	14 000

¹⁾ On 3 December 2024, Hexagon announced the appointment of Dr. Phillip Schramm as Chief Executive Officer, effective 7 January 2025.

²⁾ The shares owned by Jon Erik Engeset, 259 448 are owned by a related limited liability company.

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

(NOK 1 000)	2024 Continuing operations	2023 Continuing operations	2023 discontinued operations
Statutory audit and auditing-related services	12 921	9 542	442
Other attestation services	1 522	652	210
Tax advice	2 885	4 234	-
Other non-auditing services	-	45	-
Total	17 328	14 473	652

Total expensed auditor fees in 2023 including Hexagon Ragasco Group (deconsolidated 3 June 2024) were NOK 15.1 million.

Note 29 Purchasing commitments

The Group has the following commitments resulting from purchasing materials

(NOK 1 000)	2024	2023
2024	-	450 170
2025	1 109 006	-
2026	896 635	-
2027	896 635	-
2028	896 635	-
2029	896 635	-
Thereafter	-	-
Total	4 695 545	450 170

The increase in purchasing commitments in 2024 compared to 2023 relates to “take-or-pay” contracts with key suppliers of carbon fiber which was entered into in 2024.

The Group has the following commitments resulting from contracts for investments in production facilities/machines

(NOK 1 000)	2024	2023
2024	-	108 131
2025	26 995	-
Thereafter	-	-
Total	26 995	108 131

All contracts relate to investments in production facilities/machines

Note 30 List of subsidiaries and associates

The following companies are included in the consolidated financial statements

Company	Home Country	Registered office	Business segment	Ownership	Votes
Subsidiaries					
Hexagon USA Holdings Inc.	USA	Lincoln, NE	Unallocated	100 %	100 %
Hexagon Digital Wave LLC	USA	Centennial, CO	Digital Wave	100 %	100 %
Hexagon R&D Services LLC	USA	Lincoln, NE	Hexagon Agility	100 %	100 %
Hexagon Agility Inc.	USA	Costa Mesa, CA	Hexagon Agility	100 %	100 %
Agility Fuel Solutions LLC	USA	Costa Mesa, CA	Hexagon Agility	100 %	100 %
Agility Fuel Systems LLC	USA	Costa Mesa, CA	Hexagon Agility	100 %	100 %
Agility California LLC	USA	Costa Mesa, CA	Hexagon Agility	100 %	100 %
Agility Canada UIC	Canada	Kelowna, BC	Hexagon Agility	100 %	100 %
Agility Fuel Solutions UK Ltd	UK	London	Hexagon Agility	100 %	100 %
Agility north Carolina LLC	USA	Salisbury, NC	Hexagon Agility	100 %	100 %
AFS Salisbury LLC	USA	Costa Mesa, CA	Hexagon Agility	100 %	100 %
Agility Cylinders, LLC	USA	Lincoln, NE	Hexagon Agility	100 %	100 %
Agility Powertrain Systems, LLC	USA	Costa Mesa, CA	Hexagon Agility	100 %	100 %
Agility India Private Ltd	India	Bangalore	Hexagon Agility	100 %	100 %
Agility Fuel Solutions Norway AS	Norway	Raufoss	Hexagon Agility	100 %	100 %
Hexagon Lincoln LLC	USA	Lincoln, NE	Hexagon Agility	100 %	100 %
Hexagon Technical Services LLC	USA	Lincoln, NE	Hexagon Agility	100 %	100 %
Hexagon Mobile Pipeline GmbH	Germany	Kassel	Hexagon Agility	100 %	100 %
Hexagon Agility GmbH	Germany	Kassel	Hexagon Agility	100 %	100 %
Hexagon Operations GmbH	Germany	Kassel	Hexagon Agility	100 %	100 %
Hexagon Raufoss AS	Norway	Raufoss	Unallocated	100 %	100 %
Hexagon Technology AS	Norway	Aalesund	Unallocated	100 %	100 %

Company	Home Country	Registered office	Business segment	Ownership	Votes
Hexagon Cylinders India Pvt. Ltd.	India		Unallocated	100 %	100 %
Hexagon Composites India Pvt. Ltd.	India	Bangalore	Unallocated	100 %	100 %
Hexagon Composites Russia LLC	Russia	Nizhny	Unallocated	100 %	100 %
Associates owned by Hexagon Composites ASA					
Hexagon Purus ASA	Norway	Aalesund	Hexagon Purus	38 %	38 %
Cryoshelter BioLNG GmbH	Austria	Graz	Hexagon Agility	40 %	40 %
Worthington Cylinders Austria GmbH	Austria	Kienberg	Unallocated	49 %	49 %

Note 31 Exchange rates

	Exchange rate	Average exchange rate	Exchange rate
	1 Jan 24	2024	31 Dec 24
USD	10.1724	10.7454	11.3534
CAD	7.6769	7.8444	7.8907
EUR	11.2405	11.6249	11.7950
GBP	12.9342	13.7351	14.2249
RUB	11.4000	11.5564	10.0100
SEK	101.3000	101.7133	102.9300
HKD	1.3023	1.3772	1.4618
CNY	143.1700	149.3158	155.5400

Note 32 Climate risk

Climate change is among the most important megatrends affecting businesses across all sectors today. The urgent need for a transition to a resource-efficient, low-carbon economy opens new business opportunities for Hexagon, as a solutions provider in this space. The transition to a low-carbon economy will continue to entail extensive policy, legal, technology, and market changes, with a potential to have significant impact on Hexagon’s revenues. The Group has experienced an increasing demand for its near-zero- and zero emission energy solutions in the last couple of years due to an increased global focus on climate change and -mitigation. Hexagon expects this focus to continue and expects strong sustainability-driven demand in all its businesses in the years ahead. This climate-related opportunity has impacted the Company’s goodwill impairment tests by being an important driver for future revenue- and activity growth in the financial planning in these tests. In addition, the climate-related opportunities also positively impact the Company’s assessment of future economic benefits expected to materialize from capitalized development projects.

Climate change also represents some level of physical risk to the Group in terms of severe climate events that could damage business facilities or disrupt supply chains. As a part of the Group’s work with the EU Taxonomy, a physical climate risk and vulnerability assessment has been performed for all operational sites. Based on the assessment, Hexagon has identified extreme wind and tornados in the US as events that may cause significant damage or disruptions. More specifically, Hexagon Agility’s cylinder production facilities in Lincoln, Nebraska is one of the most tornado- prone areas in the US, and a direct hit from a major tornado could be a catastrophic event. Although tornados are common in Nebraska, any particular square km of the state will be hit by a tornado less than once every 1 000 years. As such, the likelihood of a direct hit is considered rare. Extreme wind, particularly from tropical typhones in the Eastern US is also a regularly occurring natural hazard. Hexagon Agility’s facilities in Salisbury, North Carolina, is located in this area and could potentially be exposed to extreme wind or hurricanes with potentially severe physical damages to the facilities and thus production capacity.

Despite the fact that the above-mentioned natural hazards could potentially represent significant financial effects for the Group, Hexagon has not identified material assets expected to have a significantly shorter life due to these climate-related risks. It is also noted that Hexagon has insurance coverage for both physical damages as well as for business interruptions.

Hexagon strives to maximize the positive climate impact of its technologies by enabling the avoidance of greenhouse gas emissions from both material production and waste management in the application of those technologies. The most significant contributors to Hexagon’s own greenhouse gas emissions are the production processes which, throughout the value chain, can be reduced to further strengthen Hexagon’s business model. More information on climate and environmental risks and how these are managed can be found in the Sustainability statement.

Note 33 Events after the balance sheet date

Hexagon Purus share price development

Hexagon Purus has in the period since year-end 2024 and until signing of these financial statements experienced a significant negative share price development. As described in [note 26](#), the Group has recorded an impairment of NOK -312 million in the statement of income in 2024 related to the associate based on a recoverable amount being the fair market value less cost of disposal. The impairment represented an adjusted carrying amount of the associate of NOK 908 million as of 31 December 2024, equating to an adjusted carrying amount per share of NOK 5.50 in Hexagon Purus. The share price development after the balance sheet date is a non-adjusting event, however the share price is at the date of signing these financial statements trading below the adjusted carrying amount per share as of 31 December 2024.

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

Statement of income - Parent Company

HEXAGON COMPOSITES ASA

(NOK 1 000)	Note	2024	2023
Other revenue	2	101 576	120 560
Total operating income		101 576	120 560
Payroll & social security expenses	3 , 4 , 5	109 842	93 409
Depreciation and impairment	9	443	437
Other operating expenses	2 , 6	71 197	79 133
Operating profit		(79 906)	(52 420)
Income from investment in subsidiaries	10	3 481	6 958
Finance income	2 , 7 , 12 , 17 , 18	1 144 459	1 221 276
Finance expense	7 , 12 , 17 , 18	1 027 478	351 903
Profit before tax		40 556	823 912
Tax on profit	8	(14 923)	10 943
Profit/loss for the year		55 479	812 969
Transferred equity	14	55 479	812 969
Total transferred		55 479	812 969

Statement of financial position - Parent Company

HEXAGON COMPOSITES ASA

(NOK 1 000)	Note	2024	2023
ASSETS			
Non-current assets			
Intangible assets			
Licences and other rights	9	1 597	-
Deferred tax assets	8	32 622	17 176
Total intangible assets		34 219	17 176
Property, plant and equipment			
Land, buildings and other real estate	9	6 181	6 326
Fixtures/fittings, equipment and tools	9	769	889
Total property, plant & equipment		6 950	7 216
Financial assets			
Shares in subsidiaries	10	1 274 159	1 348 312
Shares in associates	11	1 033 365	916 684
Loans to subsidiaries	2, 12	1 693 216	1 416 725
Loans to associates	2, 11	-	100 102
Non-current financial assets	12, 18	209 311	20 336
Investments in other shares		5 880	5 301
Total financial assets		4 215 931	3 807 460

(NOK 1 000)	Note	2024	2023
Total non-current assets		4 257 100	3 831 852
Current assets			
Receivables			
Trade receivables		144	-
Other receivables	2	225 093	23 009
Total receivables		225 237	23 009
Bank deposits, cash and cash equivalents	13	3 373	1 989
Total current assets		228 610	24 998
Total assets		4 485 710	3 856 850

(NOK 1 000)	Note	2024	2023
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	14, 15	21 007	20 162
Treasury shares	14	(40)	(138)
Share premium	14	996 230	706 544
Other capital reserves	14	226 672	180 674
Total paid-in capital		1 243 870	907 242
Other equity	14	1 276 265	1 217 343
Total other equity		1 276 265	1 217 343
Total equity		2 520 135	2 124 585
Liabilities			
Other non-current liabilities			
Non-current interest-bearing liabilities	16	1 091 773	-
Non-current financial liabilities	17, 18	451 737	-
Deferred tax liabilities	8	-	-
Total other non-current liabilities		1 543 510	-
Current liabilities			
Current interest-bearing liabilities	16	307 505	1 264 914
Trade payables		4 308	12 063
Income tax payable	8	-	39 668
Public duties payable		10 475	8 395
Current financial liabilities	17, 18	62 758	376 909
Other current liabilities	2	37 020	30 316
Total current liabilities		422 066	1 732 265
Total liabilities		1 965 576	1 732 265
Total equity and liabilities		4 485 710	3 856 850

Omaha (USA), 26 March 2025

The Board of Directors of Hexagon Composites ASA

Knut Flakk
Chair

Kristine Landmark
Deputy chair

Takayuki Tsunashima
Board member

Liv Astri Hovem
Board member

Eva Sagemo
Board member

Sam Gabbita
Board member

Joachim Magnusson
Board member

Philipp Schramm
Chief Executive Officer

Cash flow statement - Parent Company

HEXAGON COMPOSITES ASA

(NOK 1 000)	Note	2024	2023
Cash flow from operating activities			
Profit before tax		40 556	823 912
Tax paid for the period	8	(40 190)	(23 151)
Depreciation and impairment	9	443	437
Gain on sale and divestment of shares in subsidiaries		(881 503)	(944 537)
Gain on contingent considerations related to sale of subsidiary		(71 000)	-
Share-based payment expenses	4, 14	45 998	48 328
Impairment on shares in associates and subsidiaries		416 147	-
Write-down loans to associates		290 336	-
Changes in trade payables		(7 755)	10 449
Changes in unrealized derivatives		267 968	171 677
Changes in other accrual accounting entries		(284 379)	133 235
Net cash flow from operating activities		(223 378)	220 351
Cash flow from investment activities			
Purchase of property, plant and equipment	9	(178)	(98)
Purchase of intangible assets	9	(1 597)	-
Sale of shares in associates	11	-	274 029
Proceeds from sale of share in subsidiary		942 703	-
Other proceeds from sale of subsidiary (repayment of debt)		128 973	-

(NOK 1 000)	Note	2024	2023
Investment in subsidiaries and associates	10	(505 497)	-
Total return swap cash collateral payments		(137 015)	-
Investment convertible bond		(200 000)	-
Other investments		(8 371)	(5 000)
Net payments on loans to/from subsidiaries and associates	10, 11	(424 591)	58 295
Net cash flow from investing activities		(205 573)	327 226
Cash flow from financing activities			
New non-current liabilities	16	616 063	-
Repayment of non-current liabilities	16	(616 063)	(350 000)
New current liabilities	16	139 804	-
Repayment of current liabilities	16	-	(133 242)
Net proceeds from share capital increase		290 531	-
Purchase of treasury shares	14	-	(63 722)
Net cash flow from financing activities		430 335	(546 964)
Net change in cash & cash equivalents		1 384	613
Cash & cash equivalents at beginning of period		1 989	1 376
Cash & cash equivalents at end of period	13	3 373	1 989
Undrawn group overdraft facility	16	48 502	82 299
Undrawn credit facility	16	850 000	350 000

Notes - Parent Company

HEXAGON COMPOSITES ASA

Note 1 Accounting principles

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

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 currency swaps and interest rate swaps to limit the Company's currency and interest rate exposure. The effects of these instruments are recognized as they arise, together with the hedged objects. The financial instruments are valued at fair value and converted to the exchange rate specified on the balance sheet date. Convertible bond investments are valued at the lowest of cost or fair value.

In the event that underlying shares sold in a total return swap agreement (TRS agreement) qualifies as

a true sale. The TRS is valued as fair value through profit and loss.

Shares

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

Share-based payment

The Company has a share-based program for the senior and key executives in the Group. The share-based program for the senior and key executives is settled in stocks, and consist of share options, performance share units (PSUs) and restricted share units (RSUs). In addition, certain key executives have share based programs settled in cash. The fair value of the share-based programs is expensed over the vesting period which is over the agreed-upon future service period and, where applicable, the performance conditions are fulfilled. The fair value of the share options, PSUs and RSUs is measured at grant date and calculated using the Black-Scholes model.

The cost of the employee share-based transaction is expensed over the vesting period. The value of the issued options, PSUs and RSUs of the transactions that are settled with equity instruments (settled with the company's own shares) is recognized as salary and personnel cost in profit and loss with a corresponding increase in other paid-in capital. The cash settlement options are recognized with a corresponding change in provisions. Social security tax is recorded as a liability and is recognized over the estimated vesting period.

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

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

Pension expenses

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

Tax

Tax expense in the income statement includes income tax payable for the period and changes in deferred tax. Deferred tax is calculated at 22 per cent based on the temporary differences between accounting and fiscal values and loss carryforwards at the end of the financial year.

Tax-increasing and tax-reducing temporary differences which reverse or may reverse in the same period are offset. Net deferred tax asset is recognized to the extent that it is probable that it can be utilized.

Interest-bearing loans and borrowing costs

Loans are recognized at the initial amount received less directly related transaction costs. In subsequent periods, interest-bearing loans are measured at amortized cost using the effective interest method. Profit and loss are entered in the income statement when liabilities are deducted from the balance and via amortization. Borrowing costs are expensed as they arise.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash & cash equivalents include cash and bank deposits.

Use of estimates

Preparation of the annual financial statements in accordance with good accounting practice requires the use of estimates and assumptions by management which influence the income statement and the valuation of assets and liabilities, and disclosures on uncertain assets and obligations at the balance sheet date.

Contingent losses which are probable and quantifiable, are expensed as incurred.

Note 2 Intra-group transactions and balances

(NOK 1 000)	2024	2023
Revenue		
Management and administrative services to subsidiaries	97 221	116 018
Management and administrative services to associates	4 350	4 234
Total	101 571	120 252
Expenses		
Management and administrative services from subsidiaries	24 383	22 576
Management and administrative services from associates	1 006	960
Total	25 389	23 536
Finance income		
Interest income from subsidiaries	108 099	178 430
Interest income from associates and convertible bond investment	33 018	3 861
Dividends from group companies	3 481	6 958
Total	144 598	189 250
Receivables		
Non-current loans to subsidiaries	1 693 216	1 416 725
Non-current loans to associates	-	100 102
Other current receivables to subsidiaries	102 153	16 370
Total	1 795 369	1 533 197
Liabilities		
Current liabilities to subsidiaries and associates	1 835	1 864
Total	1 835	1 864

Management and administrative services to subsidiaries and associates

Hexagon Composites ASA has centralized provision of certain management services across the Group in order to exploit benefits of scale, save costs and provide for consistency across the services offered. Provision of management services, include functions like group management work, accounting, finance, HR, Communications and IT. The provision also include proportion of centralized share-based payment costs.

Note 3 Salaries and social security expenses, number of employees and remuneration

Payroll and social security expenses

(NOK 1 000)	2024	2023
Wages/salaries and fees	48 272	38 528
Employer's contribution	12 240	8 920
Pension expense	2 941	2 101
Other contributions	46 389	43 860
Total payroll and social security expenses	109 842	93 409

There were 17 (15) employees in the Company during the financial year.

Remuneration of the Board and Executive management 2024

(NOK 1 000)	Salaries and fees	Bonuses ¹	Benefits in kind	Pension premium	Value of share options ²	Total remunerati on
Executive management	13 879	9 704	1 238	1 540	9 299	35 660
Board of Directors	2 804	-	-	-	-	2 804
Total remuneration	16 683	9 704	1 238	1 540	9 299	38 464

¹ Bonuses relates to bonuses expensed in the year.

² The value of share options relates to recognized costs for the year. Executives hold other share-based instruments as well (see [note 4](#) Share based payments).

Pursuant to Section 6-16a and b of the Norwegian Public Limited Liabilities Companies Act, the Company will disclose a separate remuneration report regarding the determination of pay and benefits to the CEO and management executives. Reference is made to the separate remuneration report which will be made available on the Company's website.

The Chairman of the Board has no agreement relating to termination benefits. In his employment agreement, the Group President has a period of notice of 6 months. He has an agreement for up to 12 months' severance pay. The management of the Group have a target-based bonus agreement.

Group management participate in the Company's general pension arrangements, which are described in [note 5](#), Pensions.

No loans have been made, or security provided for loans, to any member of Group management, the Board or other elected standing committees.

Group management participate in the Company's share-based incentive scheme, which are described in [note 4](#), Share-based Payment. As of 31 December 2024 the Group President has 383 thousand (316 thousand) provisional performance share units (PSUs performance adjusted) outstanding. The CFO has 262 thousand (211 thousand) provisional performance share units (PSUs performance adjusted) outstanding.

Shares owned by Board Members

	2024	2023
Knut Flakk, (Chair) ¹	22 568 314	22 568 314
Kristine Landmark (Deputy chair) ²	10 000	10 000
Takayuki Tsunashima (Board member) ³	45 833 321	45 833 321

¹ Of the shares owned by Knut Flakk, 164 593 are privately owned, 500 000 are owned by his wife and 21 903 721 are owned through limited liability companies.

² The shares are owned by Kristine Landmarks husband.

³ Shares owned by Mitsui & Co., Ltd., represented in the Board by Takayuki Tsunashima.

Shares held by Executive management

	2024	2023
Philipp Schramm, Chief Executive Officer ¹⁾	0	0
Jon Erik Engeset, former Chief Executive Officer ²⁾	259 448	404 861
David Bandele, Chief Financial Officer	100 000	155 654
Hans Peter Havdal, Chief Operating Officer	3 900	3 900
Eirik Løhre, Chief Development Officer	14 000	14 000

¹⁾ On 3 December 2024, Hexagon announced the appointment of Dr. Phillip Schramm as Chief Executive Officer, effective 7 January 2025.

²⁾ The shares owned by Jon Erik Engeset, 259 448 are owned by a related limited liability company.

Expensed auditor’s fees and comprised of the following services (not including VAT)

(NOK 1 000)	2024	2023
Statutory audit and auditing-related services	2 609	1 849
Other attestation services	1 389	614
Tax advice	841	776
Total	4 839	3 239

Note 4 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 in the Group. As at 31 December 2024, total 45 employees were included in the PSUs programs and 47 employees in the RSUs programs.

Performance share units programs (PSUs)

All PSUs are non-transferable and will vest subject to satisfaction of the applicable vesting conditions. The vesting conditions under the active programs are based on the following metrics:

- 2022 PSU program: Group revenue and EBIT targets
- 2023 PSU program: Group revenue, EBIT and total shareholder return (TSR) targets
- 2024 PSU program: Group revenue, EBIT and total shareholder return (TSR) 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.

Reference is also made to the remuneration report for 2024 for more details on the Group’s PSU programs.

Restricted share units 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.

Overview of share units with equity settlement

	RSUs	PSUs	RSUs	PSUs
	2024	2024	2023	2023
Outstanding 1 January	524 527	8 476 437	334 500	5 028 864
Granted	157 000	5 480 154	149 000	3 293 502
Adjustment due to dividend in kind	-	-	169 291	2 396 086
Exercised	(91 132)	(1 024 375)	(85 058)	(905 887)
lapsed/Cancelled	(156 841)	(2 825 801)	(43 206)	(1 336 128)
Share options outstanding 31 December	433 554	10 106 415	524 527	8 476 437
Exercisable at 31. December	-	-	-	-
Weighted average exercised price (NOK)	39.15	18.46	29.92	33.30

The following table list the input to the model used for the plan for year ended 31 December

	RSUs Awarded	PSUs Awarded	RSUs Awarded	PSUs Awarded
	2024	2024	2023	2023
Weighted average fair values at the measurement date per share (NOK)	31.10	20.44	28.04	35.69
Expected life of share options (years)	3	3	3	3
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

The fair value of the options, PSUs and RSUs was calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost associated with these programs were NOK 49.2 (49.3) million YTD 31 December. The fair value of all outstanding PSUs (10 106 415) and RSUs (433 554) is estimated to NOK 68.9 (79.2) million per 31 December 2024.

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 -4.0 (-5.8) million in 2024 and a remaining unamortized accrual estimated to NOK 0.1 (0.5) million as of 31 December 2024.

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 18 people in total - 16 employed and 2 retired. Pension arrangements are dealt with according to the Norwegian Accounting Standard NRS 6A for pension costs.

The defined contribution pension plan's contribution rates are 7 per cent for salaries in the range of up to 7.1 times the national insurance base rate (G) and 25.1 per cent for salaries in the range 7.1 to 12 G.

Contributions for the year were expensed at NOK 2 641 thousand (2 101), excluding employer's contributions.

In 2024 the company entered into a self-financed top-hat pension arrangement (available and offered for all employees in the Company) with an annual contribution of NOK 300 thousand (0) in addition to the defined contribution pension scheme. The additional top-hat pension contribution was financed through a 1:1 reduction in base salary, hence – the top-hat pension arrangement did not represent an increased remuneration.

Note 6

Leases

Ordinary lease payments for 2024 were NOK 5 426 thousand (4 836).

Future minimum lease payments relating to fixed term leases fall due as follows:

Not later than 1 year	5 368
1 to 5 years	7 375
Later than 5 years	3 580
Total	16 323

Note 7 Net financial items

Financial income

(NOK 1 000)	2024	2023
Interest income from group companies	108 099	178 430
Interest income from associates	14 349	3 861
Interest income convertible bond investment	18 750	-
Other interest income	16 089	5 487
Foreign exchange items	19 405	88 961
Gain on contingent consideration related to sale of subsidiaries	71 000	-
Other derivative gains	15 264	-
Gain on divestment of shares in subsidiaries ¹	881 503	944 537
Total finance income	1 144 459	1 221 277

1) For further information related to the gain on divestment of Hexagon Ragasco AS NOK 882 million in 2024, see note 10. For further information related to the gain on divestment of Hexagon Purus ASA NOK 945 million in 2023, see note 11.

Finance expense

(NOK 1 000)	2024	2023
Interest expenses	138 527	146 658
Arrangement fees and other commissions	9 925	8 744
Loss on exchange items	11 747	23 653
Unrealized loss on cross currency interest swap and interest rate swap	42 731	47 068
Unrealized loss on total return swap (TRS)	75 163	124 609
Unrealized losses on convertible loan	41 622	-
Write-down loans to associate (Cryoshelter BioLNG)	290 336	-
Write-down of shares in subsidiary	9 249	-
Write-down of shares in Hexagon Purus ASA	383 000	-
Write-down of shares in Cryoshelter GmbH	23 898	-
Other finance expense	1 279	1 169
Total finance expense	1 027 478	351 903

Note 8 Tax

Tax expense for the year consists of

(NOK 1 000)	2024	2023
Income tax payable	-	39 668
Withholding tax	522	939
Change in deferred tax	(15 445)	(29 664)
Total tax expense	(14 923)	10 943
Income tax payable in the balance sheet	-	39 668
Effect on tax payable of group contributions	-	-
Total income tax payable in the income statement	-	39 668

Calculation of tax base for the year

(NOK 1 000)	2024	2023
Profit before tax	40 556	823 912
Permanent differences	(110 762)	(778 437)
Change in temporary differences	64 737	134 834
Tax base for the year	(5 468)	180 309

Overview of temporary differences

(NOK 1 000)	2024	2023
Financial assets and instruments	290 585	163 343
Non-current assets	209	182
Provisions	(433 606)	(241 600)
Loss carryforwards	(5 468)	-
Total	(148 281)	(78 075)
Deferred tax 22%	(32 622)	(17 177)

Why tax expense for the year does not amount to 22% of profit before tax

(NOK 1 000)	2024	2023
22% of profit before tax	8 922	181 261
Permanent differences 22%	(24 368)	(171 256)
Withholding tax	522	939
Calculated tax expense	(14 923)	10 944
Effective tax rate ¹	— %	1.3 %

¹Tax expense in relation to profit before tax

The tax rate on general income in Norway is 22 per cent both in the financial year 2024 and 2023. Deferred tax assets and liability were calculated using a tax rate of 22 per cent.

Note 9 Property, plant & equipment and intangible assets

Property, plant & equipment (NOK 1 000)	Land/buildings and other property	Fixtures/fittings, equipment and similar	Total
Cost of acquisition as of 1 January 2024	9 034	4 790	13 824
Additions of property, plant & equipment		178	178
Cost of acquisition 31 December 2024	9 034	4 967	14 002
Accumulated depreciation and impairment 1 January 2024	2 708	3 900	6 608
Depreciation for the year	145	298	443
Accumulated depreciation and impairment 31 December	2 853	4 198	7 051
Carrying amount at 31 December 2024	6 181	769	6 950
Useful life	20 years – perpetual	4–10 years – perpetual	

Licences and other rights (NOK 1 000)	Licences	Total
Cost of acquisition as of 1 January 2024	1 597	1 597
Additions of property, plant & equipment		-
Cost of acquisition 31 December 2024	1 597	1 597
Accumulated amortization and impairment 1 January 2024	-	-
Amortization and impairment for the year	-	-
Accumulated amortization and impairment 31 December	-	-
Carrying amount at 31 December 2024	1 597	1 597
Useful life	3 years	

Note 10 Investment in subsidiaries

Subsidiaries	(NOK 1 000)	Registered office	Ownership share	Voting share	Carrying amount 2024	Carrying amount 2023
Hexagon Ragasco AS ¹		Raufoss, Norway	NA	NA	-	64 905
Hexagon Raufoss AS		Raufoss, Norway	100 %	100 %	9 450	9 450
Hexagon Technology AS		Ålesund, Norway	100 %	100 %	14 174	14 174
Hexagon Purus ASA ²		Oslo, Norway	NA	NA	-	-
Hexagon USA Holdings Inc.		Delaware, USA	100 %	100 %	1 036 509	1 036 508
Hexagon Mobile Pipeline GmbH		Kassel, Germany	100 %	100 %	77 934	77 934
Hexagon Agility GmbH		Kassel, Germany	100 %	100 %	127 846	127 846
Hexagon Operations GmbH		Kassel, Germany	100 %	100 %	8 245	8 245
Hexagon Composites Russia LLC		Nizhny Novgorod, Russia	100 %	100 %	1	1
Hexagon Cylinders India Pvt Ltd		India	100 %	100 %	-	9 249
Total investment in subsidiaries					1 274 159	1 348 312

¹ **Sale of Hexagon Ragasco in 2024**
On 3 June 2024, Hexagon concluded its strategic review process of its LPG manufacturing business, Hexagon Ragasco, and announced the sale of 100% of the shares in Hexagon Ragasco AS to Worthington Enterprises Inc. The sale represented a loss of control.. The transaction yielded a net accounting gain of NOK 881.5 million, as detailed out in the table below.

² **Loss of control**
On 29 June 2023, the Board of Hexagon Composites ASA decided to distribute 69,2 million shares in Hexagon Purus ASA as divided in kind to its shareholders. Following the mention events, the investment in Hexagon Purus ASA is classified as investment in associates. See [note 7](#) and [II](#) for further information.

Gain from sale of Hexagon Ragasco AS

(NOK 1 000)	
Fair value of consideration paid in cash at closing	944 200
Fair value of estimated contingent consideration (earn-out) at closing	50 000
Fair value of subsequent consideration post closing	(7 685)
Total consideration for the shares in Hexagon Ragasco AS	986 515

(NOK 1 000)	
Book value of shares in Hexagon Ragasco AS	64 905
Gain from sale of Hexagon Ragasco AS (gross)	921 610
Transaction costs directly related to the sale	(40 107)
Gain from sale of Hexagon Ragasco AS (net of transaction costs)	881 503

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

(NOK 1 000)	Hexagon Raufoss AS	Hexagon Technology AS	Hexagon USA Holdings Inc.	Hexagon Mobile Pipeline GmbH	Hexagon Agility GmbH	Hexagon Operations GmbH
Carrying amount	9 450	14 174	1 036 508	77 934	127 846	8 245
Equity at 31 Dec 2024	10 327	118 262	1 738 485	70 617	50 655	5 551
Profit 2024	211	18 343	(53 066)	3 117	8 339	(1 223)

(NOK 1 000)		Hexagon Composites Russia LLC	Hexagon Cylinders India Pvt Ltd
Carrying amount		1	-
Equity at 31 Dec 2024		3 959	-
Profit 2024		(3 020)	-

Note 11 Investment in associates

Associates (NOK 1 000)	Registered office	Ownership share	Voting share	Carrying amount 2024	Carrying amount 2023
Hexagon Purus ASA	Oslo, Norway	38 %	38 %	908 328	892 786
Cryoshelter BioLNG GmbH	Graz, Austria	40 %	40 %	-	23 898
Worthington Cylinders Austria	Kienberg, Austria	49 %	49 %	125 037	-
Total investment in associates				1 033 365	916 684

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

(NOK 1 000)	Hexagon Purus Group	Cryoshelter Bio LNG GmbH	Worthington Cylinders Austria
Carrying amount	908 328	-	125 037
Equity at 31 Dec 2024	1 919 127	(72 442)	639 888
Profit 2024	(683 517)	(39 893)	(23 405)

Investment in Worthington Cylinders Austria GmbH (parent company of the SES business)

On 29 May 2024, Hexagon acquired 49% of the shares in Worthington Cylinders Austria GmbH (parent company of the SES business), a leading European supplier of high-pressure cylinders and systems for storage and distribution of compressed natural gas, hydrogen and industrial gases, with production facilities in Austria, Poland and Germany. Following the transaction, Worthington Enterprises as seller retained 49% of the shares while senior executives of SES hold the remaining 2%. Based on the substance of the share-purchase agreement and the shareholders’ agreement entered into as a part of the transaction, no single shareholder will have control over the company, nor will the shareholders have joint control over the company.

Hexagon Purus ASA

Considering Hexagon’s pro-rata participation in Hexagon Purus equity raise in November 2024, the carrying value of the investment as of 31 December 2024 ended at NOK 1 276 million pre-impairment. Due to the adverse share price development in Hexagon Purus particularly in the fourth quarter of 2024, and into 2025, Hexagon performed an impairment test of its investment as of 31 December 2024 which resulted in a recoverable amount of NOK 908 million (approximately NOK 5.60 per share), based on the market value of Hexagon Purus as of 31 December 2024. Consequently the share investment is written down with NOK 383 million at year end.

Cryoshelter BioLNG GmbH

Due to the prevailing uncertainty related to the market outlook and the regulatory environment (especially in Europe) for Cryoshelter’s technology and product offering, Hexagon has concluded to impair its investment in Cryoshelter to zero as of 31 December 2024. Consequently the share investment is written down with NOK 23.9 million at year end.I Hexagon has also provided the company with loans and convertible loans, which as of 31 December 2024 amounted to NOK 290.3 (100.1) million including accumulated interests. These loans has also been written down at year end, see note 7.

Loss of control of Hexagon Purus ASA on 29 June 2023

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 per cent of the total outstanding shares in Hexagon Purus and effectively reduced Hexagon’s ownership in Hexagon Purus from 68.4 per cent to 43.4 per cent. 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 per cent of the total outstanding shares in Hexagon Purus, or 13.8 million shares. Since 29 June, Hexagon has held 38.4 per cent of the voting rights in Hexagon Purus and a total return swap of 5 per cent.

Following the above-mentioned events, Hexagon management concluded that control was lost as of 29 June 2023.

After the loss of control the investment in Hexagon Purus ASA was classified as investment in associates.

The distribution and sale of shares is recognized at fair value as of 29 June 2023. The table below shows the one-off accounting gain resulting from the 25 per cent dividend in kind and 5 per cent total return swap of the shares (TRS) in Hexagon Purus ASA on 29 June 2023.

Total gain on divestment of Hexagon Purus ASA recognized in 2023

(NOK 1 000)	
Gain on 25% dividend in kind of Hexagon Purus ASA shares	788 541
Gain on 5% total return swap agreement of Hexagon Purus ASA shares	157 788
Transaction cost	(1 792)
Gain on divestment of shares in Hexagon Purus ASA	944 537

Note 12 Non-current and current financial assets

Other non-current financial assets

(NOK 1 000)	2024	2023
Interst swaps ¹	26 806	20 174
Investment convertible bond ²	177 128	-
Loans to subsidiaries	1 693 216	1 416 725
Loans to associates ³	-	100 102
Other loans	5 377	163
Total	1 902 527	1 537 163

¹ On 16 May 2022, Hexagon Composites ASA entered into three float-to-fix interest rate swaps, a USD 10 million swap with a 10 year maturity, a USD 10 million swap with a 7 year maturity, and a USD 33 million swap with a 5 year maturity. The swaps principal value represents approximately 40% of the Company's term loan (NOK 1 100 million). The fair value on the Swap as of 31.12.2024 was 26.8 million.

² On 1 February 2024, Hexagon Composites ASA participated in a convertible bond capital raise in Hexagon Purus ASA with NOK 200.0 million. The fair value of the convertible bond as of 31.12.2024 was NOK 177.1 million.

³ Loans to associated companies relates to loans granted to Cryoshelter Bio-LNG, where the Group holds a 40% minority interest. As of 31.12.2024 the loan has been written down to NOK 0.

Note 13 Bank Deposits

(NOK 1 000)	2024	2023
Restricted tax withholdings	1 925	1 701

The Group’s liquidity is organised in a Group overdraft facility. This means that the subsidiaries’ cash in hand is formally considered a receivable from the Parent Company and that the companies are jointly responsible for withdrawals made by the Group under this arrangement.

Note 14 Equity

	Share capital	Treasury shares	Share premium	Other capital reserves	Other equity	Total equity
Equity as of 1 January 2024	20 162	(138)	706 544	180 674	1 217 343	2 124 585
Profit/loss for the year			-		55 479	55 479
Share-based payment			-	45 998	-	45 998
Issued new share capital	845		299 155			300 000
Transaction cost			(9 469)			(9 469)
Movement in treasury shares		98			3 442	3 540
Equity at 31 December 2024	21 007	(40)	996 230	226 672	1 276 265	2 520 135

Note 15 Share capital and shareholder information

Share capital consists of (NOK 1 000)	Number	Nominal	Carrying amount
A shares	210 070 416	0.10	21 007 042

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

20 Largest shareholders as of 31 December 2024	Number of shares	Shareholding
MITSUI & CO LTD	45 833 321	21.82 %
FLAKK COMPOSITES A ¹	15 213 217	7.24 %
CLEARSTREAM BANKING S.A.	13 832 248	6.58 %
MP PENSJON PK	11 731 894	5.58 %
KTF FINANS AS ¹	5 000 000	2.38 %
RBC INVESTOR SERVICES TRUST	4 076 600	1.94 %
BNP PARIBAS	4 020 662	1.91 %
STATE STREET BANK AND TRUST COMPANY	3 358 019	1.60 %
BROWN BROTHERS HARRIMAN & CO	3 356 232	1.60 %
THE BANK OF NEW YORK MELLON SA/NV (Nominee)	3 291 800	1.57 %
BRØDR. BØCKMANN AS	3 140 893	1.50 %
SKANDINAVISKA ENSKILDA BANKEN AB	3 101 434	1.48 %
JPMORGAN CHASE BANK, N.A., LONDON	2 916 615	1.39 %
J.P. MORGAN SE	2 664 799	1.27 %
UBS SWITZERLAND AG	2 179 389	1.04 %
NØDINGEN AS	2 059 849	0.98 %
NORDNET BANK AB	2 051 501	0.98 %
THE BANK OF NEW YORK MELLON SA/NV (Nominee)	1 924 400	0.92 %
THE BANK OF NEW YORK MELLON SA/NV (Nominee)	1 912 133	0.91 %
VERDIPAPIRFONDET STOREBRAND NORGE	1 886 404	0.90 %
Total 20 largest shareholders	133 551 410	63.57 %
Remainder	76 519 006	36.43 %
Total	210 070 416	100.00 %

¹ These shareholdings are controlled by the Chairman of the Board. Knut Flakk.

As of 31 December 2024 the Company had 396 610 treasury shares (1 379 853). The cost of acquisition of NOK 14.5 million (NOK 50.4 million) is entered as a deduction in equity. The shares are held as “treasury shares”, and the Company is entitled to sell them in the future.

Ownership structure

The total number of shareholders as of 31 December 2024 was 5 908 of whom 426 were foreign shareholders. The number of shares held by foreign shareholders was 131 194 434 or 62.5 per cent.

The Board proposes to the general assembly that there will be no ordinary dividend to be paid for the fiscal year 2024.

The Board (unanimous) has a mandate to increase share capital by up to NOK 3 187 324 by issuing up to 31 873 236 shares (par value NOK 0.10). This authorization is valid until the next ordinary General Assembly.

Note 16 Interest-bearing liabilities

Long-term financing

	Interest rate conditions	Currency	Maturity	Facility size 2024	Carrying amount 2024	Facility size 2023	Carrying amount 2023
Secured							
Term loan DnB and Danske Bank (bullet)	Nibor 3 month + margin	NOK	30 Apr 2027	1 100 000	1 100 000	1 100 000	1 100 000
Revolving credit facility DnB and Danske Bank (bullet)	Nibor 3 month + margin	NOK	30 Apr 2027	850 000	-	350 000	-
Overdraft facility DnB and Danske Bank	Nibor 3 month + margin	NOK	30 Apr 2027	250 000	307 505	250 000	167 701
Total secured interest-bearing liabilities¹				2 200 000	1 407 505	1 700 000	1 267 701
Amortized transaction costs loans ²					(8 227)		(2 787)
Total interest-bearing liabilities					1 399 279		1 264 914
hereof current:							
Overdraft facility					307 505		167 701
Current interest bearing liabilities					-		1 097 213
Total current interest-bearing liabilities					307 505		1 264 914
Total non-current interest bearing liabilities					1 091 773		-

¹ Hexagon’s debt facilities with its banking partners, DNB and Danske Bank, were due to its less-than-12-month maturity, classified and presented as current as of 31 December 2023. On 30 April 2024, Hexagon entered into a new debt facility agreement with its banking partners, and the bank loans have thus been reclassified and presented as non-current since then.

The principal loan financing facility in Hexagon Composites ASA is a Senior Secured bilateral facility with DNB Bank and Danske Bank. Following the new debt facility agreement, the overall size of the committed facility increased by NOK 500 million, to NOK 2 200 million, comprising a term loan of NOK 1 100 million, an overdraft facility of NOK 250 million, and a multi-currency revolving credit facility (RCF) of NOK 850 million. The main tenor is for 3 years with extension of 1 +1 years available in relation to the term loan and RCF.

² Costs associated with the loans are amortized over the duration of the loans using the effective interest method.

As of 31 December 2024, financial covenants, related to equity ratio of minimum 30% and leverage (net interest-bearing debt/EBITDA of maximum 3.5x were in compliance with comfortable headroom. The covenants are measured at each quarter end and relate to the term loan and the revolving credit facility.

Note 17 Financial liabilities

Other non-current financial liabilities

(NOK 1 000)	2024	2023
Cross-currency swap (fair value) ¹	451 737	-
Total non-current financial liabilities	451 737	-
Cross-currency swap (fair value) ¹	-	252 299
Other current financial liabilities (total return swap) ²	62 758	124 609
Total current financial liabilities	62 758	376 909

¹ In 2019 the company entered into a cross-currency swap of USD 120.3 to effectively convert its NOK 1 100 million term loan from NOK to USD. During 2021 the swap was settled and re-issued with an USD denominated balance of 132.7 million. In relation with the refinancing of the Group in April 2024 the maturity of the swap was extended concurrent with the initial maturity of the term loan. The value of the swap as of 31 December 2024 was NOK -451.7 million and has been presented as non-current due its concurrent maturity with the term loan on 30 April 2027.

² On 29 June 2023, Hexagon Composites entered into a total return swap (TRS) with financial exposure to 13 839 872 shares (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. Hexagon has no right or obligation to acquire the underlying shares at maturity. Due to the structure and the relevant facts pertaining to the agreement, the TRS has been classified as a financial derivative with changes in fair value through profit or loss (FVTPL). As of 31 December 2024, the fair value of the TRS was NOK -199.8 million net of margin payments of NOK 137.0 million. The TRS agreement matures on 31 March 2025.

Note 18 Financial market risk

The Company’s international activities expose it to currency risk and interest risk. Derivative financial instruments are used to minimize these risks under the Group’s strategy for interest and currency exposure.

Interest rate risk

Interest rate risk arises in the short and medium term from the Company’s floating rate liabilities. The Company uses interest rate swaps to minimize the risk.

Currency risk

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

Note 19

Events after the balance sheet date

Hexagon Purus share price development

Hexagon Purus has in the period since year-end 2024 and until signing of these financial statements experienced a significant negative share price development. As described in [note 7](#), Hexagon Composites ASA has recorded an impairment of NOK -383 million in the statement of income in 2024 related to the associate based on a recoverable amount being the fair market value less cost of disposal. The impairment represented an adjusted carrying amount of the associate of NOK 908 million as of 31 December 2024, equating to an adjusted carrying amount per share of NOK 5.50 in Hexagon Purus. The share price development after the balance sheet date is a non-adjusting event, however the share price is at the date of signing these financial statements trading below the adjusted carrying amount per share as of 31 December 2024.

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



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Medlemmer av Den norske Revisorforening

To the General Meeting of Hexagon Composites ASA

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hexagon Composites ASA (the Company) which comprise:

- The financial statements of the Company, which comprise statement of financial position as at 31 December 2024, statement of income and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the Group, which comprise consolidated statement of financial position as at 31 December 2024, consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated 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 statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 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, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the 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 25 years from the election by the general meeting of the shareholders in 2000 for the accounting year 2000.

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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 2024. 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.

Investment in Cryoshelter BioLNG - Impairment assessment

Basis for the key audit matter

Hexagon Composites ASA recognized a share of losses in the associate amounted to NOK 46 million and an impairment of NOK 244 million in 2024. The carrying amount of the investment in the associate was NOK 0 million as of 31 December 2024.

Given the historical accumulated losses, the negative financial position and negative market outlook, the management performed an impairment assessment of the associate as of 31 December 2024. Key estimation uncertainty related to Cryoshelter BioLNG was considered to be future regulatory development in the EU.

Due to the materiality of the impairment and the judgments used evaluating the financial position, market outlook and the regulatory development in the EU, this was a key audit matter.

Our audit response

We have reviewed management's documentation for the impairment assessment made in the financial year 2024.

We have compared the assumptions, such as historical losses together with the position of equity and the need for liquidity going forward, with the financial reporting for the financial year 2024 of Cryoshelter BioLNG.

Furthermore, we have evaluated the market outlook and the regulatory development in the EU, and compared that with management's evaluation.

We refer to the disclosures in note 26 Investments in associates in the financial statements.

Goodwill – Impairment assessment

Basis for the key audit matter

As at 31 December 2024, Hexagon Composites ASA Group reported goodwill of NOK 1 338 million. The goodwill is mainly allocated to the cash flow generating unit Hexagon Agility of (NOK 1 296 million).

Goodwill is subject to annual impairment testing, and estimating the recoverable amount of the related cash generating unit requires management judgement of future revenues, gross margins, operating costs, terminal value growth rates, capital expenditures and discount rate. No impairment was recognized.

The impairment test involves significant estimation uncertainty and management judgment and is therefore a key audit matter

Our audit response

We involved an internal valuation specialist to assess the methodology and technical functionality of the impairment model used by Hexagon Composites ASA in its test, together with an assessment of assumptions and calculation for applied WACC.

We compared future cash flows against board approved budget 2025 and management long term plan for the years 2026 - 2029 and considered underlying assumptions for expected growth rates and the related cash flows. We also assessed historical accuracy of previous years estimates.

Furthermore, we tested the input of the discount rate against observable market data. We also tested the mathematical accuracy of the impairment model and the performed sensitivity analyses of the assumptions used.

We refer to the disclosures in note 11 Intangible assets and goodwill in the financial statements.



Other Information

The Board of Directors and Chief Executive Officer (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information comprises information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our statement that the Board of Directors' report contains the information required by applicable law does not cover the sustainability report, for which a separate assurance report is issued.

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.

Independent auditor's report – Hexagon Composites ASA 2024

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- 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT

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

Opinion

As part of the audit of the financial statements of Hexagon Composites ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name hexagoncompositeasa-2024-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (the 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.

Independent auditor's report – Hexagon Composites ASA 2024

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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.

Ålesund, 27 March 2025

ERNST & YOUNG AS

The auditor's report is signed electronically

Ivar-André Norvik

State Authorised Public Accountant (Norway)

Glossary

ASA	Public Limited company in Norway
A&S	Audit & Sustainability, Committee
BAR	Unit of pressure 1 millibar = 100 N/m2
BIOGAS	Produced from raw materials such as agricultural waste, manure, municipal waste, plant material, sewage, green waste or food waste. Also referred to as biomethane or renewable natural gas
BioLNG	BioLNG is a biofuel made by processing organic waste flows, such as organic household and industrial waste, manure, and sewage sludge. The liquid form of biomethane, RNG or biogas.
BIOMETHANE	Produced from raw materials such as agricultural waste, manure, municipal waste, plant material, sewage, green waste or food waste. Also referred to as biogas or renewable natural gas
BEV	Battery Electric Vehicle
CLASS 8	A category of North American heavy-duty truck
CNG	Compressed Natural Gas
CO ₂	Carbon Dioxide
COMPOSITE	Combination of glass/carbon fibre and thermosetting plastic, exploiting the malleability of the plastic and the stiffness and strength of the glass/carbon fibre
CODE OF CONDUCT	An outline of the norms, rules, and responsibilities or proper practices of an individual party or an organization
CSRD	Corporate Sustainability Reporting Directive
DMA	Double Materiality Assessment
EBIT	Earnings before interests and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization

ESG	Environment, Social, Governance
ESRS	European Sustainability Reporting Standards
ET	Executive Team
EV	Enterprise Value
FCEV	Fuel Cell Electric Vehicle
FleetCare	Hexagon Agility's aftermarket service business, specialized in alternative fuel vehicles.
FLEET, FLEETS, FLEET OWNER	Company that owns and operates groups of motor vehicles owned or leased by a business, government agency or other organization
FUEL SYSTEM	In a vehicle, is the combination of parts needed to carry fuel into and out of the engine.
GHG	Greenhouse Gas
HDT	Heavy-Duty Truck
HDV	Heavy-Duty Vehicle
HR	Human Resources
HYDROGEN	Light, colourless gas (Symbol H), produced on an industrial scale
IA	Inclusive Workplace
IRO	Impacts, Risks, and Opportunities
ISO	International Organization for Standardization – publishes standards in a large number of areas
JOINT VENTURE (JV)	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)
LTA	Long-Term Agreement
MAE TECHNOLOGY	Modal Acoustic Emission Technology. Testing method used by placing transducers on the surface of a structure under test, applying stress to the structure and recording any ultrasonic stress waves caused by material fracture
MDT	Medium-Duty Truck
MOBILE PIPELINE®	Gas distribution products
MODULES	A detachable self-contained unit of a vehicle, typically referenced as a Mobile Pipeline unit.
NO _x	Nitrogen oxides (NO _x). A generic term for toxic gas molecules that are chemical compounds between nitrogen and oxygen, a significant component of air pollution
NGO	Non-Governmental Organization
OEM	Original Equipment Manufacturer
OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES	Recommendations from the Organisation for Economic Co-operation and Development (OECD) on responsible business conduct addressed by governments to multinational enterprises
PARTICULATE MATTER	Generic term to classify air pollutants comprising of suspended particles in air, varying in composition and size
X-STORE®	High-pressure composite cylinder for bulk transportation and storage of CNG
RESIN	Chemical adhesives for strengthening glass and/or carbon fiber
RNG	Renewable Natural Gas - Pipeline compatible gaseous fuel derived from biogenic or other renewable sources that has lower lifecycle carbon dioxide equivalent (CO ₂ - eq) emissions than geological natural gas. Also referred to as biomethane or biogas.
R&D	Research & Development, activities that companies undertake to innovate and introduce new products and services
SCIENCE BASED TARGETS (SBTs)	Net-zero targets set by companies committed to the Science Based Targets Initiative (SBTi) to promote emission reductions in line with climate science and the Paris Agreement

SCIENCE BASED TARGETS INITIATIVE (SBTi)	A corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.
SCOPE 1	Direct emissions calculated from fossil fuel consumption. Direct emissions from purchased services are reported in Scope 3
SCOPE 2	Indirect GHG emissions from purchased energy (electricity and heat). Scope 2 emissions are calculated in two ways. 100 per cent of reported emissions is based on activity data from operational business areas, such as invoices and meter readings
SCOPE 3	Indirect GHG emissions from the purchase of goods and services, including capital goods, upstream emissions from the production of fuels, transportation, operational waste and business travel
SES	Sustainable Energy Solutions, a Joint Venture between Hexagon Composites and Worthington Enterprises.
SVP	Senior Vice President
STYREN	Organic hydrocarbon used in the production of rubber and plastic components
TITAN®	High-pressure composite cylinder for bulk transportation and storage of CNG
TYPE 1	Steel cylinder
TYPE 2	Steel cylinder, composite-reinforced
TYPE 3	Composite cylinder with metal liner
TYPE 4	Composite cylinder with polymer liner
UE	Ultrasonic Equipment testing uses ultrasonic sound waves to identify structural flaws in metallic cylinders.
U.S. DOT	The United States' Department of Transportation
VP	Vice President
WHISTLEBLOWING	Reporting information about an activity within a private or public organization that is deemed illegal, immoral, illicit, unsafe or fraudulent
X15N	A 15 litre natural gas engine launched by Cummins in North America in 2024



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