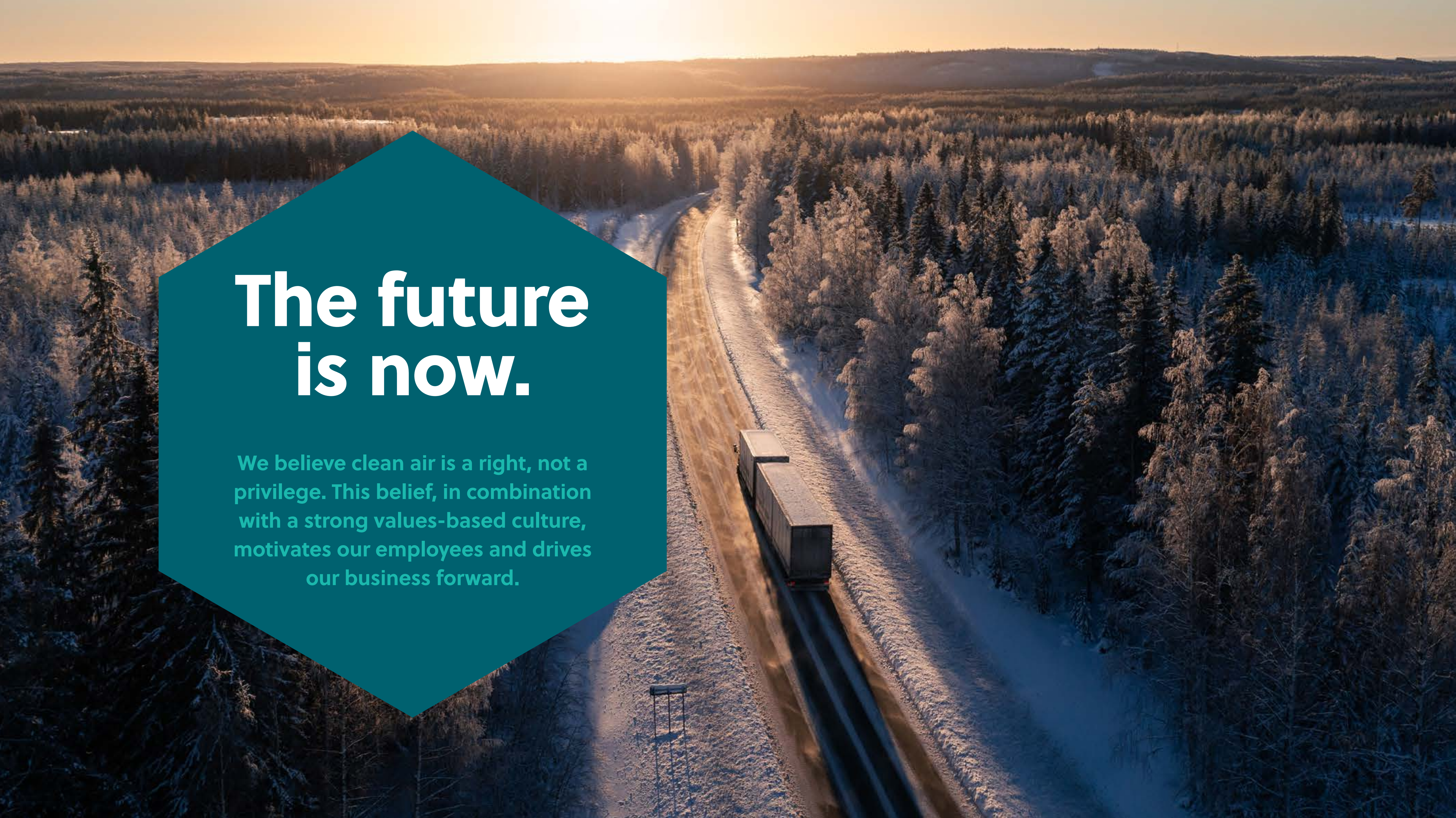
Annual report

2022

HEXAGON
PURUS



The future is now.

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

Hexagon Purus at a glance

OUR RESULTS

Revenue

964 MNOK

YoY revenue growth

90%

Equity ratio[1]

64%

OUR ORGANISATION

Workforce[2]

542

Global footprint

8 locations across 3 continents

OUR CONTRIBUTION

Hydrogen cylinder technology

+6 decades of composite pressure vessel manufacturing experience

Battery systems technology

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

Innovation efforts[3]

20% of employees are dedicated to engineering and R&D activities

[1] As per 31 December 2022

[2] Headcount excluding contractors (total headcount including contractors: 583)

[3] Based on average FTE in 2022 of 527

HEXAGON PURUS' COMPLEMENTARY OFFERING

Hexagon Purus' complementary technology solutions drives decarbonization by enabling zero-emission mobility

OUR CORE PRODUCTS AND SOLUTIONS TECHNOLOGY OFFERING

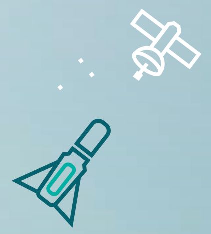
- Hydrogen storage cylinders
- Hydrogen fuel storage systems
- Hydrogen storage systems
- Battery systems
- Vehicle integration

Hexagon Purus' core hydrogen and battery electric storage technologies are relevant for a wide range of customer applications across hydrogen infrastructure and zero-emission mobility.

INFRASTRUCTURE APPLICATIONS

Hydrogen distibution modules, stationary storage and mobile refueling stations

MOBILITY APPLICATIONS



Hydrogen and battery energy storage and full vehicle integration

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OUR GLOBAL REACH

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

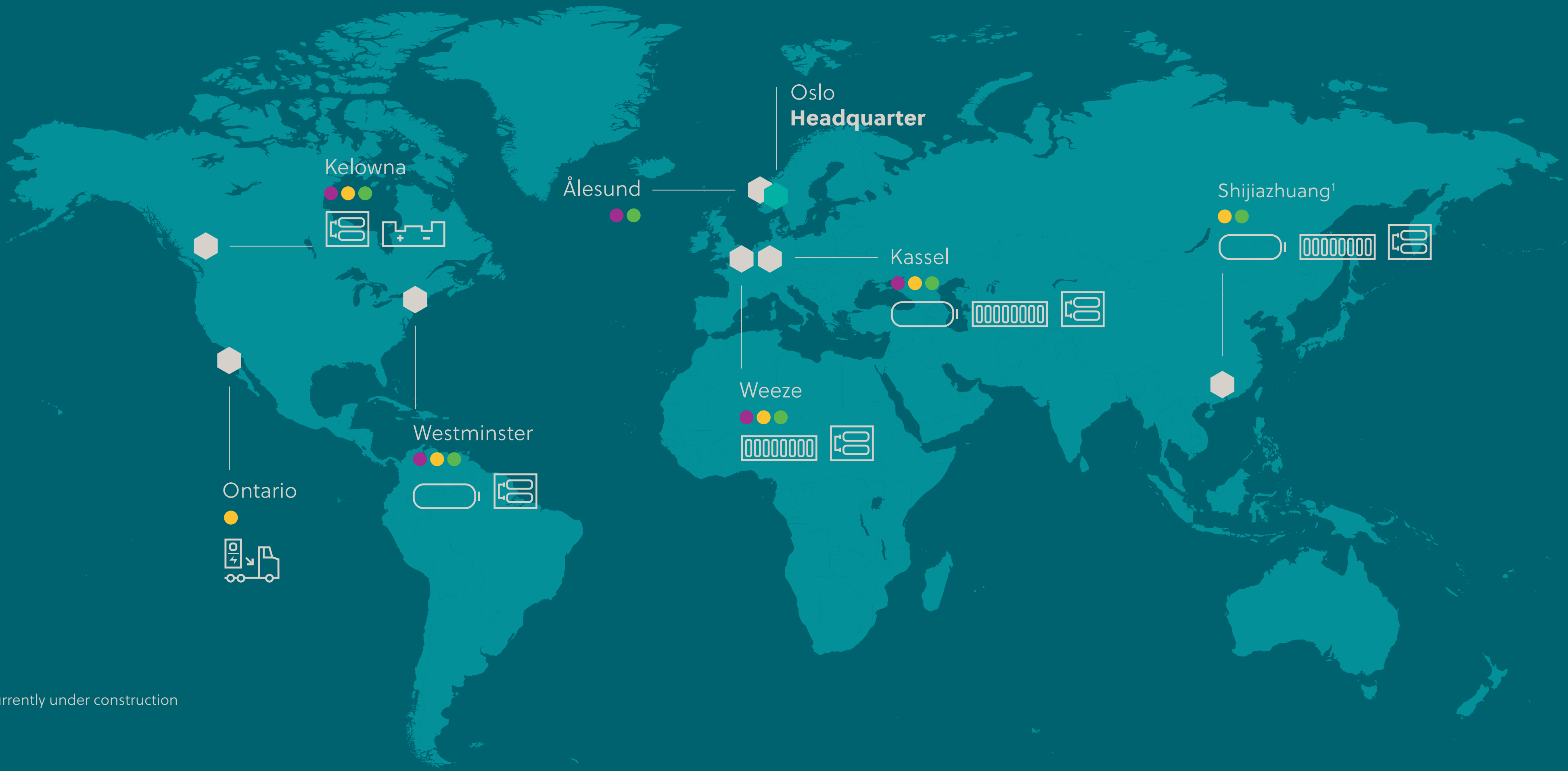
Hydrogen storage cylinders

Hydrogen fuel storage systems

Hydrogen storage systems

Battery systems

Vehicle integration



- Engineering centre
- Production/assembly site
- Sales office/representative

[1] Currently under construction

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

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

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

VISION

Clean Air Everywhere

PURPOSE

Driving Energy Transformation

VALUES

Integrity and Drive

People and Culture at Hexagon Purus

People are our greatest asset. We are committed to creating a safe environment, both physically and psychologically, that allows our people to thrive and be at their best. We strive to attract, develop, and retain outstanding and diverse talent through an inclusive, respectful, and engaging workplace and culture.

Our Culture

Being in the heart of the energy transformation, we lead with purpose, and our goal setting is aligned with our people and our shared mission to drive the transition to zero-emission mobility. We are passionate about a sustainable future and thrive in our supportive and collaborative environment, allowing us to grow and innovate. Driving innovation forward means supporting our teams and working for each other's success.

Health & Safety is always our top priority and is ingrained in our operations, and we continue to improve on programs and processes.

We have tremendous ambitions for 2023, the best is yet to come.

Examples of People & Culture initiatives we launched in 2022

- Technical, Functional and/or Leadership training completed at all locations
- Developed a new framework for Performance Management to enable competence development, growth and well-being, new program to be launched in 2023
- Prepared for global system implementations scheduled for 2023. For example, we piloted a learning management system (LMS) to better help our employees on their learning & development journey
- We conducted senior leadership training with focus on well-working, health, and leadership
- We expanded our People & Culture team with key positions to support our continued growth

In 2022, we enhanced our "Great Place to Work" program – with surveys and action plans. We are proud to be "Great Place to Work" certified, and with our top scores on "Justice" and "Personal Job":

- Justice (91%): The extent to which employees perceive that management promotes inclusive behavior, avoids discrimination and is committed to ensuring fair appeals
- Personal Job (81%): How employees view their individual contributions to the organization

Next year we will be able to include our new locations and will continue to actively work with the feedback to maintain a positive work environment globally and regionally.

Diversity, Equity & Inclusion

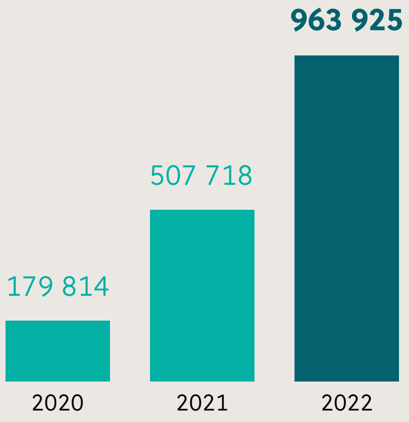
Diversity, Equity, and Inclusion is key to our ongoing and future success, and we are devoted to increasing representation and strengthening a culture of inclusion. We are committed to fostering an environment where our people can be their authentic selves, guided by our values of integrity and drive. In 2022, we launched initiatives to strengthen minority groups in our company, such as the "Next Level" group in Kelowna, Canada, focused on supporting women's careers and professional development.

Our global team of 542 people is growing rapidly. In 2022 we increased our workforce by 30%

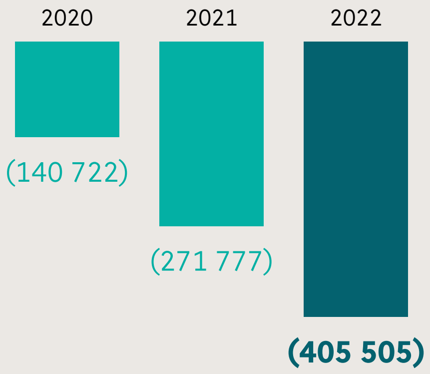
GO BACK

FINANCIAL HIGHLIGHTS 2022

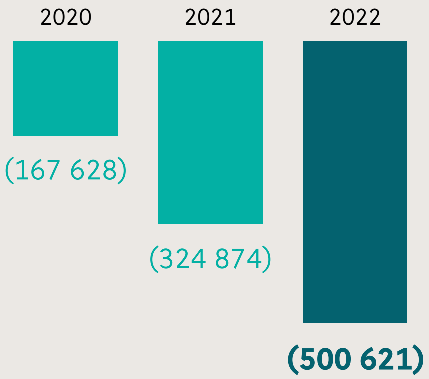
REVENUE
NOK 1 000



EBITDA
NOK 1 000



EBIT
NOK 1 000



+90% total revenue growth from 2021–2022

All figures in NOK 1 000

Revenues and profit	2022	2021	2020
Revenue	**963 925**	507 718	179 814
Operating profit before depreciation (EBITDA)	**(404 505)**	(271 777)	(140 722)
Operating profit (EBIT)	**(500 594)**	(324 874)	(167 628)
Profit before tax[1]	**(440 898)**	(347 273)	(273 373)
Profit after tax[1]	**(431 518)**	(345 152)	(308 026)

Capital 31 December			
Total assets	**2 654 903**	2 101 745	2 094 625
Equity	**1 687 621**	1 415 398	1 629 021
Equity ratio[2]	**64%**	67%	78%

Definition of key figures

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

Highlights 2022

Received orders worth approximately EUR 67 million for hydrogen infrastructure applications such as hydrogen distribution systems and mobile hydrogen refueling from various customers.

Successfully completed an equity private placement resulting in NOK 600 million of gross proceeds.

Signed a long-term binding letter of intent (BLOI) with Hino Motors Manufacturing U.S. to provide battery packs for multiple Hino truck platforms with serial production planned from 2024. The signed BLOI was replaced by an exclusive distribution agreement on 15 March 2023, where Hexagon Purus will produce complete battery electric heavy-duty trucks for the U.S. market, distributed exclusively through select qualifying dealers in Hino's network. The potential total value over the course of this agreement could reach approximately USD 2.0 billion.

Picture credit: New Flyer

Selected as partner for the second year in a row by New Flyer, North America's largest mass mobility solutions provider. Hexagon Purus will supply high-pressure hydrogen storage cylinders for New Flyer's zero emission Xcelsior CHARGE H2 ™ hydrogen fuel cell electric transit buses in 2022.

Successfully closed the acquisition of 40% of Cryoshelter's liquid hydrogen storage business. The transaction is in conjunction with Hexagon Composites' acquisition of a 40% stake in Cryoshelter's liquid natural gas (LNG) storage business. Cryoshelter's liquid hydrogen tank technology is in the early stage of development and builds on superior and differentiated LNG technology that provides more fuel capacity and longer hold times (a critical requirement for cryogenic storage) than competing offerings. The transaction brings early stage expertise in liquid hydrogen tank technology for zero emission mobility applications and could potentially result in a future complementary offering to Hexagon Purus's market leading compressed hydrogen cylinder technology.

Selected by CaetanoBus as preferred supplier of high-pressure hydrogen fuel systems for serially produced fuel cell transit buses. The estimated potential value over the lifetime of the frame agreement is approximately EUR 35 million.

Picture credit: CaetanoBus

Entered into commercial cooperation with Lhyfe, a leading producer of green and renewable hydrogen, for distribution of green and renewable hydrogen in Europe.

Picture credit: Lhyfe

Hexagon Purus Maritime, a wholly owned subsidiary of Hexagon Purus, received a purchase order for a hydrogen fuel storage system from Moen Marin, the world's largest supplier of working boats to the aquaculture industry. Hexagon Purus Maritime's hydrogen fuel storage system with type 4 hydrogen cylinders will be used for fuel storage onboard a zero-emission working boat for the aquaculture industry in Norway. Already a development partner in Moen Marin's "Pilot-E" zero-emission working boat program, Hexagon Purus Maritime will continue working on the development and testing, with final system delivery scheduled by the end of 2023.

Picture credit: NTE & H2 Marine

Objectives for 2023

2023 will be an important year for Hexagon Purus. Focus will be on delivering upon customer commitments as well as winning new contracts and completing the ongoing capacity expansion program. This will enable Purus to continue to deliver on its short- and medium-term targets, and will help position the company for long-term profitable growth.

Grow revenue by at least 50 percent

Execute existing customer contracts and win additional customer contracts

Complete ongoing capacity expansion program

Continue building organizational backbone to prepare for serial volume production

GO BACK

A WORD FROM THE CEO

Dear shareholders, clients, partners and colleagues,

We have just reported another record year in terms of revenue for Hexagon Purus – a year that has been both exciting and transformative for the Group. As a company operating in a very dynamic environment, I am proud to see that we continue to execute well and track to the ambitious plan we set for ourselves back in 2020.

We provide technologies and solutions to help combat climate change, one of the largest challenges facing humanity. Our zero emission technologies help drive decarbonization across infrastructure and mobility applications. The shift away from fossil-based energy sources and towards renewable energy is not only driven by the desire for a more sustainable relationship with the world we live in but also by the need for energy security and independence. On the back of the tragic war in Ukraine, and the resulting disruption in global energy markets, we saw a greater push from governments around the world to accelerate the energy transition. With our innovative and leading technology offerings, we are perfectly positioned to enable and support this transition on a global scale.

We were very successful on the business development front in 2022, collecting several milestone agreements that help drive revenue visibility and customer diversification. This is especially true in hydrogen infrastructure, where we have seen strong acceleration of demand and where our capacity is already sold out for 2023. With a strong order backlog, I am confident that we will continue our growth journey in 2023.

Despite a challenging operating environment in 2022, we raised the bar for the company both with respect to specific short-term targets and the long-term strategy to grow the company and drive the zero-emission transition. I am pleased to see that we successfully executed on our customer commitments and delivered on our short-term targets in parallel with initiating an ambitious expansion plan to construct five new manufacturing facilities across three continents. This step-change in production capacity will be sufficient to deliver on our revenue targets for 2025.

Our success is driven by the quality of our people. It is an honor and a great pleasure to lead a company with so much competence, talent, passion and determination. The exceptional quality of the entire Hexagon Purus global team – and their willingness and ability to go the extra mile to deliver on our targets – make me confident that Hexagon Purus has a bright future.

Best regards,

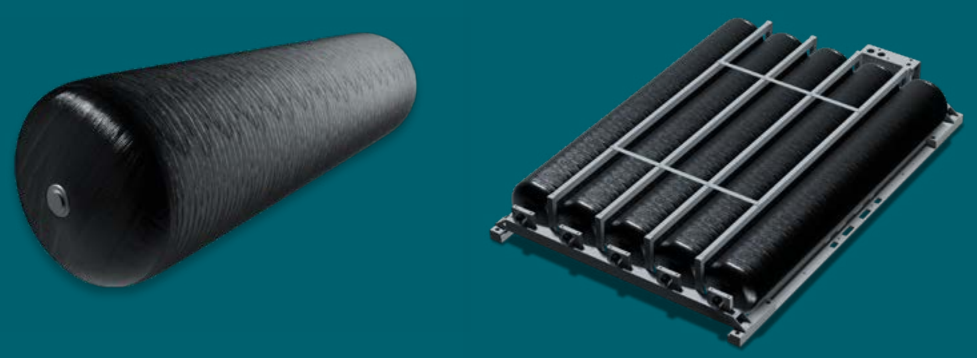
Morten Holum
President & CEO

OUR BUSINESS | HYDROGEN AND BATTERY STORAGE OFFERING

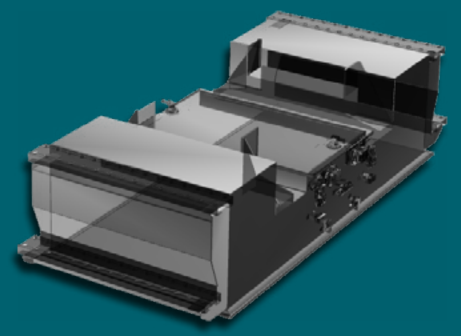
Core component and systems technology offering

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

Hexagon Purus' Type 4 hydrogen cylinders and systems



Hexagon Purus' proprietary battery systems for heavy-duty trucks



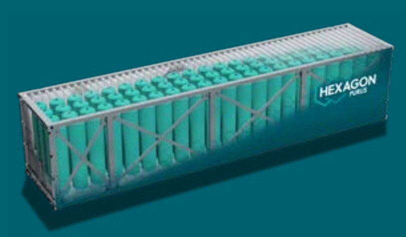
OUR BUSINESS | HYDROGEN AND BATTERY STORAGE OFFERING

Driving the transition to zero-emission mobility

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

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

Highlighted Infrastructure applications



Hydrogen distribution

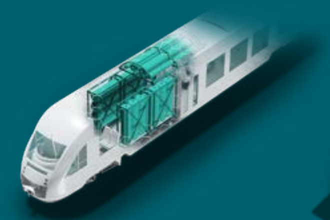
Mobile refueling

Highlighted Mobility applications

Hydrogen electric heavy-duty trucking

Battery electric heavy-duty trucking

Transit bus



Rail

Maritime

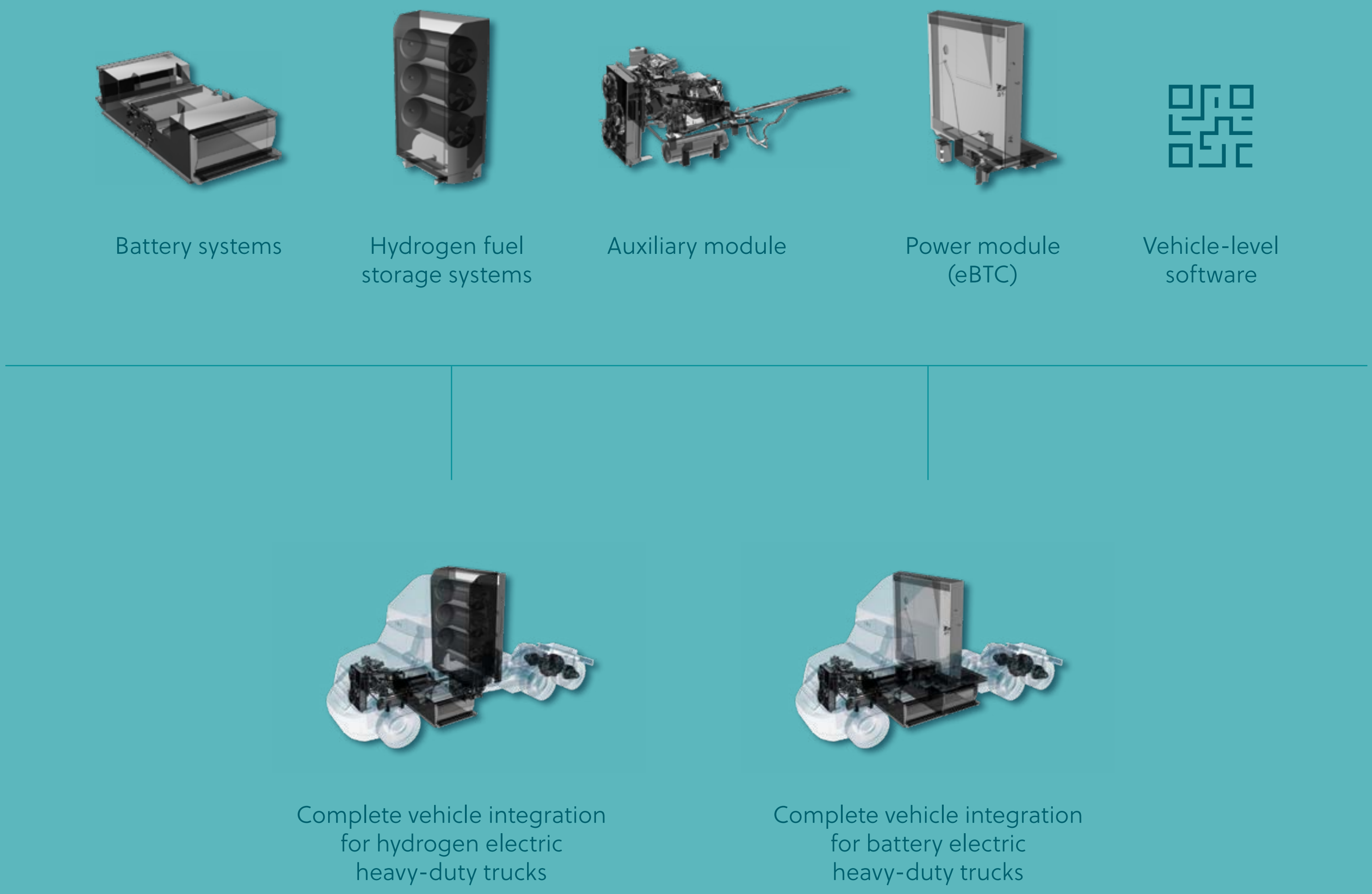
Vehicle integration offering

OUR BUSINESS | VEHICLE INTEGRATION OFFERING

Complete vehicle integration capabilities in North America

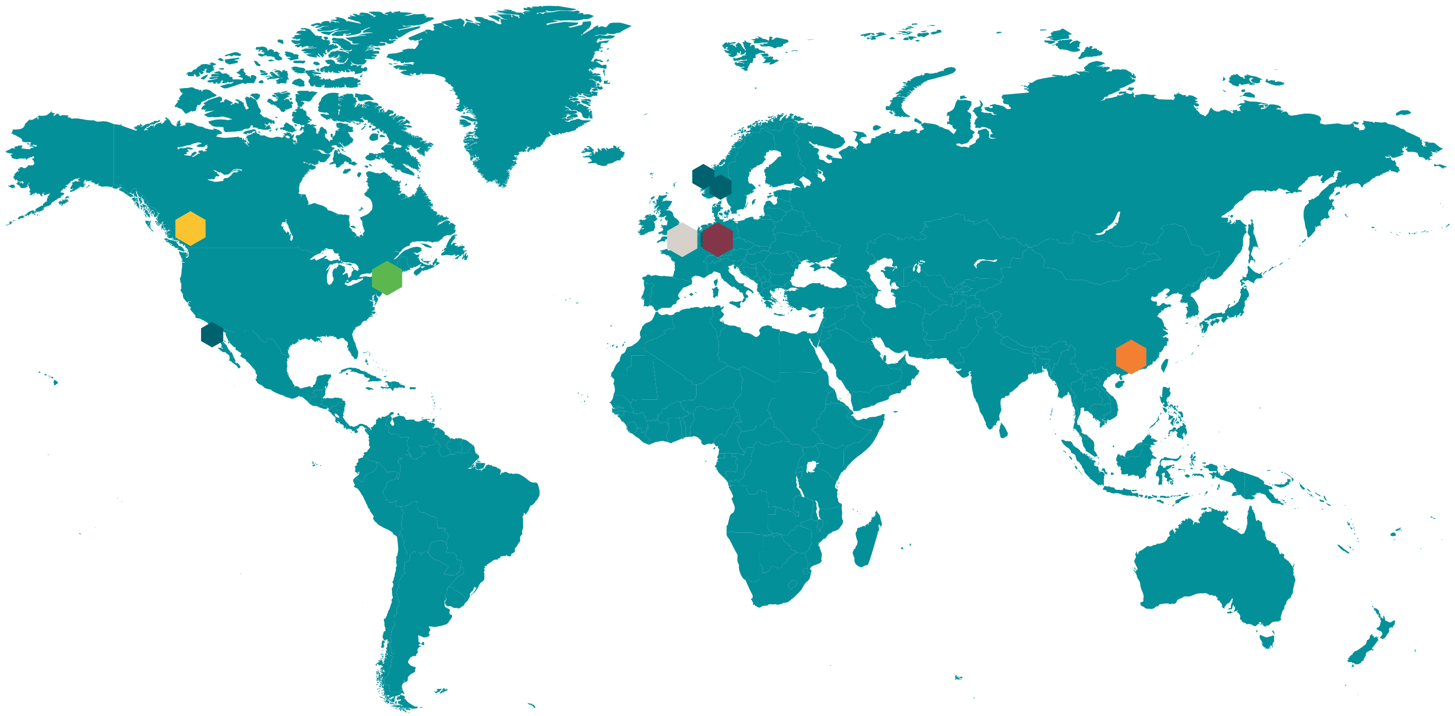
Our unique vehicle integration capabilities coupled with our proprietary product portfolio of key components and technologies required for electrification of heavy-duty trucking, make us an attractive partner for truck OEMs.

Overview of Hexagon Purus' proprietary portfolio technology



Capacity expansion

In order to meet the expected demand for zero-emission storage technology and maintain Hexagon Purus' leading market position, the company is currently investing in expanding manufacturing capacity across multiple locations globally.



Kelowna Canada

Construction completed

Westminster USA

Construction completed

Kassel Germany

Under construction

Weeze Germany

Under construction

Shijiazhuang China

Under construction

INFRASTRUCTURE APPLICATIONS

Hydrogen distribution

Hexagon Purus is experiencing strong customer demand for its hydrogen distribution systems on the back of increased use of hydrogen as feedstock in industry processes but also increasingly for zero-emission mobility.

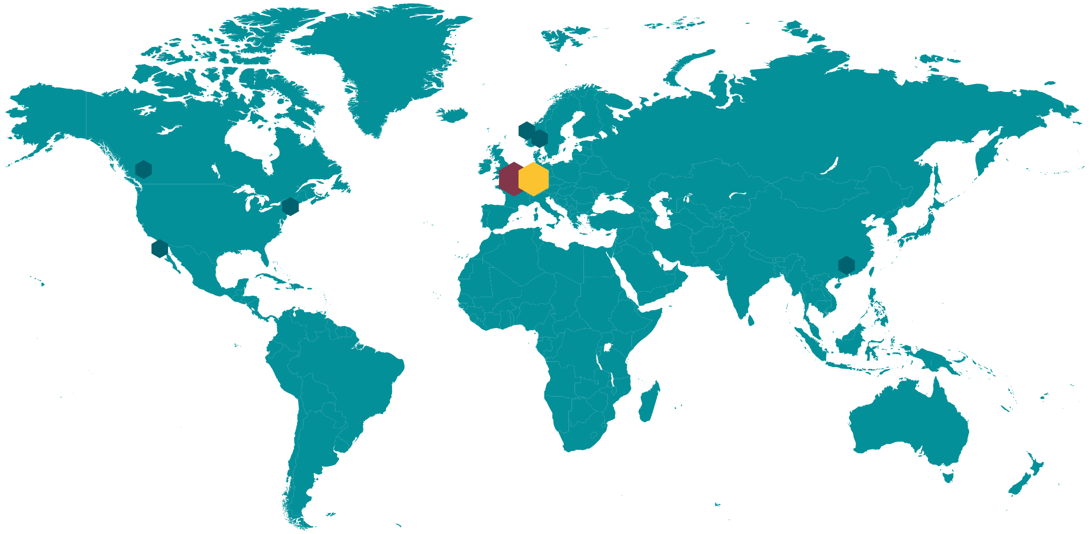
Our hydrogen distribution systems based on Type 4 high-pressure cylinders offers the optimal combination of weight and payload resulting in leading total cost of ownership compared to other current technologies for transportation of hydrogen between points of production and consumption.

Weeze Germany

Hydrogen systems engineering and assembly hub for hydrogen infrastructure and mobility applications. Hexagon Purus is investing in an additional assembly facility to increase hydrogen storage systems capacity, and the expansion is expected to be completed by end of 2023.

Kassel Germany

Greenfield hydrogen cylinder engineering and production hub replacing current co-located facility with Hexagon Composites. Construction completion expected in Q3 2023.



COMMERCIAL HIGHLIGHTS 2022

Undisclosed customers	Significant recurring business with two major industrial gas companies in Europe for hydrogen distribution systems
Lhyfe	Commercial cooperation with Lhyfe for distribution of green hydrogen in Europe.
ZePak	Hydrogen distribution systems for transportation of green hydrogen in Poland.

INFRASTRUCTURE APPLICATIONS

Mobile hydrogen refueling

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

Weeze Germany

Hydrogen systems engineering and assembly hub for hydrogen infrastructure and mobility applications. Hexagon Purus is investing in an additional assembly facility to increase hydrogen storage systems capacity, and the expansion is expected to be completed by end of 2023.

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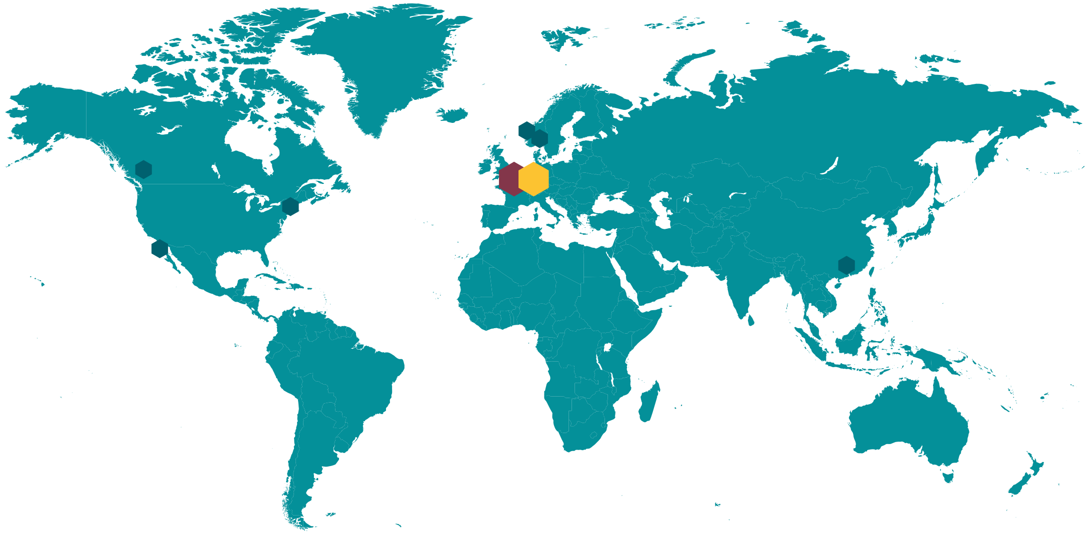


COMMERCIAL HIGHLIGHTS 2022

ZePak	Mobile hydrogen refueling stations for green hydrogen mobility infrastructure in Poland
Deutsche Bahn	A mobile hydrogen refueling station for train refueling in Germany
Van Kessel	A mobile hydrogen refueling trailer for construction machines and off-road vehicles in the Netherlands

MOBILITY APPLICATIONS

Heavy-duty trucking

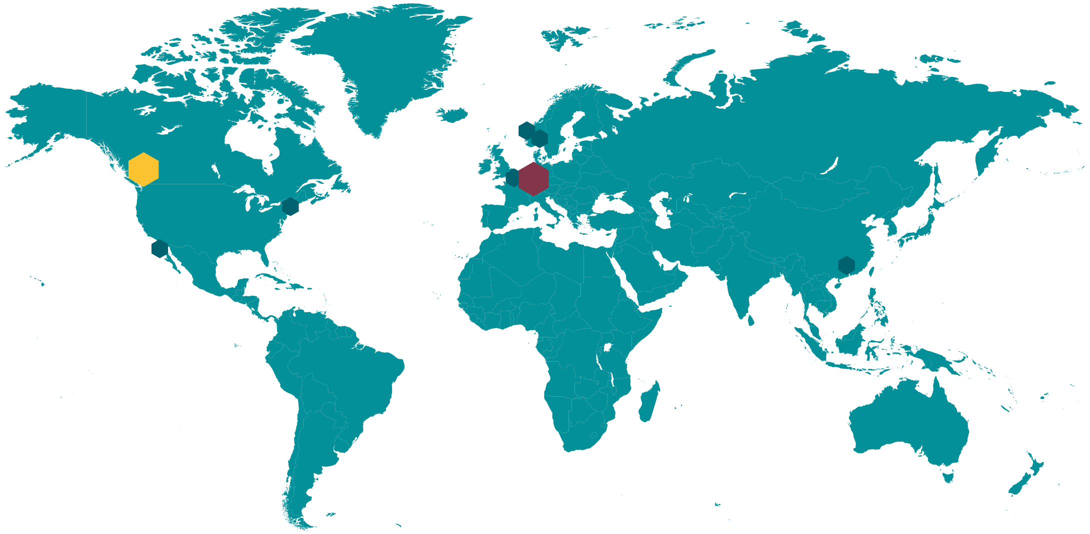
Hexagon Purus delivers hydrogen and battery storage systems together with complete vehicle integration for medium- and heavy-duty trucks in North America. The demand for zero-emission trucks in North America is developing at a rapid pace with manufacturers preparing for the Advanced Clean Truck regulation that will hit the market in 2024 in the state of California as well as other states. The regulation will require all truck manufactures to have an incrementally higher zero-emission content when selling trucks from 2024 onwards.

Kelowna Canada

Greenfield facility for automated manufacturing of battery systems and assembly of hydrogen storage systems for heavy-duty vehicles.

Kassel Germany

Greenfield hydrogen cylinder engineering and production hub replacing current co-located facility with Hexagon Composites. Construction completion expected in Q3 2023.



COMMERCIAL HIGHLIGHTS 2022

Hino	Binding letter of intent with Hino Motors to supply battery systems for serial production of zero-emission heavy-duty vehicles. Replaced by an exclusive distribution agreement on 15 March 2023, where Hexagon Purus will produce complete battery electric heavy-duty trucks for the U.S. market
Nikola	Received inaugural purchase orders under the long-term supply agreement

Picture credit: Nikola

MOBILITY APPLICATIONS

Transit bus

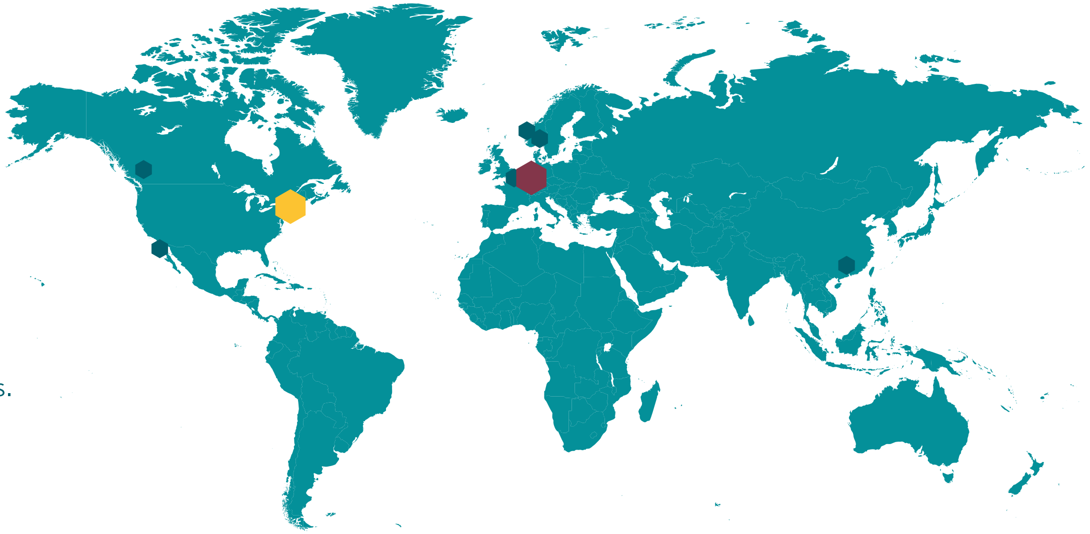
Hexagon Purus delivers hydrogen cylinders and storage systems to transit bus manufacturers globally. The demand for hydrogen storage for transit bus has increased on the back of cities around the world announcing strategies and policies to decarbonize public transportation such as intercity bus transportation.

Westminster US

Hydrogen cylinder engineering and production facility completed in January 2023. This facility will supply North American mobility and aerospace customers.

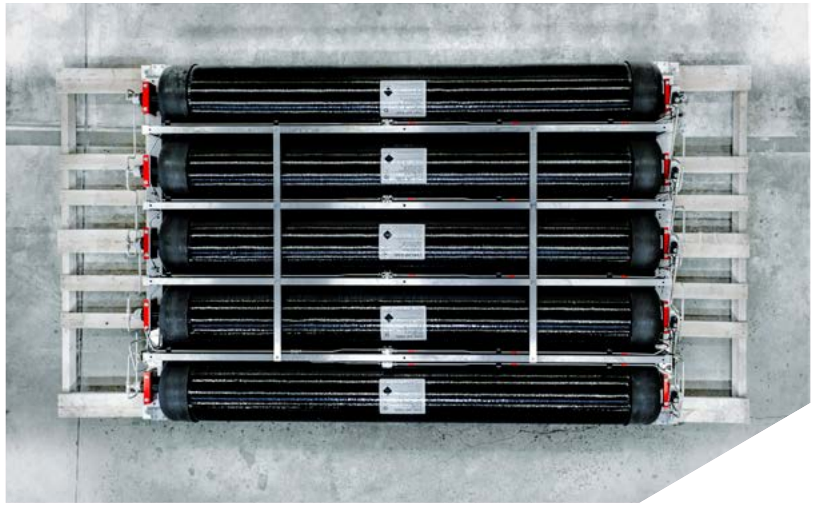
Kassel Germany

Greenfield hydrogen cylinder engineering and production hub replacing current co-located facility with Hexagon Composites. Construction completion expected in Q3 2023.



COMMERCIAL HIGHLIGHTS 2022

CaetanoBus	Multi-year agreement as preferred supplier of hydrogen storage systems for serial production of hydrogen transit buses in Europe.
New Flyer	Supplier of hydrogen cylinders for serial production of New Flyer's Xcelsior Charge H2 transit bus during 2022 in North America.



MOBILITY APPLICATIONS

Rail

Hexagon Purus is at the forefront of developing Type 4 hydrogen fuel storage system for the rail industry. The company is already involved in several ongoing hydrogen rail development projects in both Europe and North Amercia.

Weeze Germany

Hydrogen systems engineering and assembly hub for hydrogen infrastructure and mobility applications. Hexagon Purus is investing in an additional assembly facility to increase hydrogen storage systems capacity, and the expansion is expected to be completed by end of 2023.

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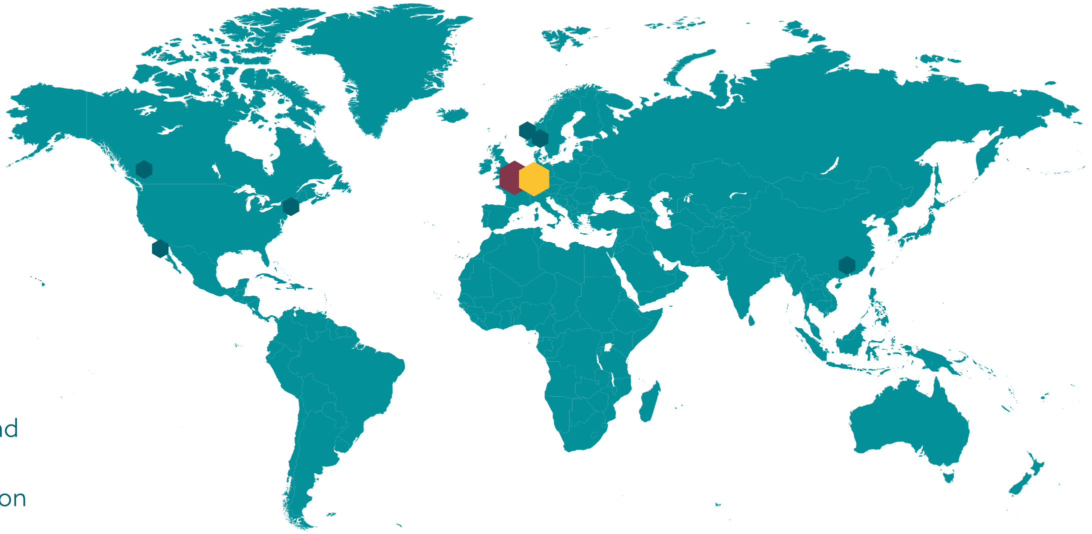


COMMERCIAL HIGHLIGHTS 2022

Alstom	Assembled and delivered hydrogen fuel storage systems for Coradia iLint trains.
Stadler	Development of hydrogen fuel storage system for passenger train for start of operation in 2024 for the U.S. market.
Lisinger	Development of hydrogen fuel storage system for rail milling train for start of operation in 2023.

MOBILITY APPLICATIONS

Maritime

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

Ålesund Norway

Sales and engineering hub for Hexagon Purus Maritime.

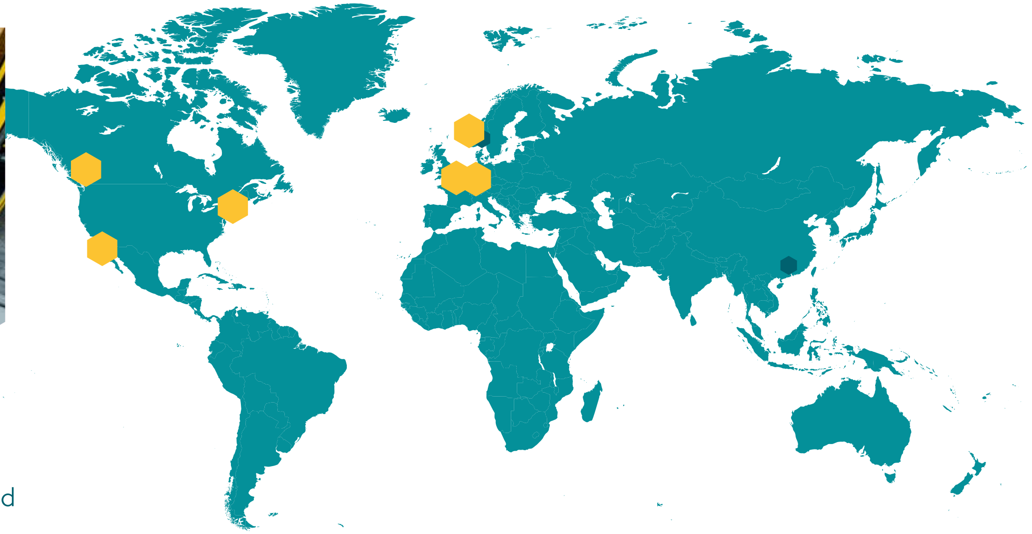
COMMERCIAL HIGHLIGHTS 2022

Moen Marin	Hydrogen storage system for use onboard a hydrogen working boat for the aquaculture industry in Norway.
Undisclosed customer	Inaugural order for Hexagon Purus Maritime to deliver hydrogen storage cylinders for use onboard a maritime vessel in Europe

Research and development

In order to maintain a market leading position, Hexagon Purus invests in product, technological and process development. Several R&D projects are carried out partly with major customers.

Hexagon Purus has several engineering hubs globally, working on further developing the Group's zero-emission technologies.



Engineering hubs

Global engineering capabilities strategically located close to key end-markets for Hexagon Purus.

EXAMPLE OF ONGOING R&D INITIATIVES

Hydrogen storage	Development project together with BMW, Bosch and Testnet to develop flat hydrogen storage for underfloor energy modules
Hydrogen transport	Smart hydrogen container for intermodal logistics of green hydrogen focusing mainly on rail transport
Cylinder health monitoring	Sensor-based structural monitoring of hydrogen composite pressure vessels
Cryogenic storage	Ownership of 40% in Cryoshelter LH2 GmbH, a company specializing in cryogenic storage of gases on board heavy-duty vehicles. Liquid hydrogen tank currently under development.
Fuel cell electric vehicle integration projects	Development and integration of hydrogen electric powertrain for Class-8 drayage and Class-8 yardhaul applications.

Executive management

				
	Morten Holum	**Salman Alam**	**Anne Lise Hjelseth**	**Michael Kleschinski**
Position	President & CEO	CFO	EVP, People & Culture	EVP, Light Duty, Distribution & Cylinders
Experience	Morten Holum was appointed President of Hexagon Purus in March 2020. He joined Hexagon Composites in 2019 as Executive Vice President and Chief Operating Officer. Morten has extensive international business expertise from different industries and prior to joining Hexagon, he was CEO of Saferoad Group, a leading European supplier of road safety and road infrastructure solutions. He has also held key management positions in Norske Skog, Norsk Hydro and American Airlines.	Salman Alam joined Hexagon Purus in 2020 and was appointed CFO in March 2023. Prior to that, he served as SVP, Corporate Development of the Company. Before joining Hexagon Purus, he was Director of Finance at Hexagon Composites. Salman has broad international experience within financial services, including from investment banking and M&A at Goldman Sachs in London and equity research at Carnegie Investment Bank in Oslo. Salman holds a BSc in Business and Economics from BI Norwegian Business School and an MSc in Finance from London Business School.	Anne Lise Hjelseth joined Hexagon Purus in January 2022 as Executive Vice President, People & Culture. Prior to joining Hexagon Purus, she held leading HR positions for Eli Lilly, Cambi, Kitron and Wallenius Wilhelmsen. Anne Lise holds a Master of Science degree in organic chemistry from the Norwegian University of Science and Technology (NTNU).	Michael Kleschinski was appointed Executive Vice President in March 2020. From 2016, Michael was President of Hexagon Purus and has previously held different management positions within production and engineering. He has extensive experience with design and manufacturing of composites.
Number of shares	115 708[1]	8 247	41 237	71 065

[1] Includes shares owned by related parties

Executive management cont.

Todd Sloan

Position: EVP, Systems

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

Number of shares: 45 787

Dilip Warrier

Position: EVP, Strategic Projects

Experience: Dilip Warrier was appointed Executive Vice President, Strategic Projects in Hexagon Purus in March 2023. He holds an MBA from Stern School of Business, New York University, and a Bachelor of Engineering from Mumbai University. Dilip has extensive experience in the clean mobility industry. Prior to his current role, he served as CFO of the Company, and before that he was VP Finance at Agility Fuel Solutions. Dilip has also been an equity research analyst at CIBC World Markets and Stifel Nicolaus covering clean transportation and energy storage.

Heiko Chudzick

Position: EVP, Operations

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

Number of shares: 20 619

Frank Haeberli

Position: EVP, Asia

Experience: Frank Haeberli was appointed Executive Vice President, Asia in April 2023. He joined Hexagon Group 15 years ago and most recently held the position as Senior Vice President, Asia. Frank has held several key management positions in Hexagon and has extensive experience and a strong track-record from international business development projects.

Number of shares: 60 664

BOARD OF DIRECTORS' REPORT

Board of Directors' report

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

Key developments of 2022

- Grew revenue by 90% from NOK 508 million to NOK 964 million.

- Received orders worth approximately EUR 67 million for infrastructure applications such as hydrogen distribution systems and mobile hydrogen refueling from various customers.

- Signed a long-term binding letter of intent (BLOI) with Hino Motors Manufacturing U.S. to provide battery packs for multiple Hino truck platforms with serial production planned from 2024. The BLOI was replaced by an exclusive distribution agreement on 15 March 2023, where Hexagon Purus will produce complete battery electric heavy-duty trucks for the U.S. market.

- Selected by CaetanoBus as preferred supplier of high-pressure hydrogen fuel systems for serially produced fuel cell transit buses. The estimated potential value over the lifetime of the frame agreement is approximately EUR 35 million.

- Entered into commercial cooperation with Lhyfe, a leading producer of green and renewable hydrogen, for hydrogen distribution modules in Europe.

- Signed investment agreements together with CIMC Enric to establish a joint production facility in Shijiazhuang, Hebei and the CIMC-Hexagon New Energy Technologies management office and engineering hub in Beijing Daxing District International Hydrogen Development Zone. In addition, the Shijiazhuang and Beijing Daxing governments have made a strong commitment to support the development of the CIMC-HEXAGON business in their regions through 2030.

- Selected to work together with BMW, Robert Bosch and TesTneT Engineering to develop an innovative hydrogen storage system solution for future fuel cell passenger vehicles.

- Selected as partner for the second year in a row by New Flyer, North America's largest mass transit solutions provider. Hexagon Purus will supply high-pressure hydrogen storage cylinders for New Flyer's zero emission Xcelsior CHARGE H2 ™ hydrogen fuel cell electric transit buses in 2022. Total contract value is approximately USD 2 million.

- Received inaugural order for high-pressure hydrogen fuel systems from a Polish bus OEM for serial production of fuel cell transit buses.

- Signed a 15-year lease for a new hydrogen cylinder production and office facility in Kassel, Germany, expected to be ready for move in the second half of 2023.

- Signed a 10-year lease for a new 60 000 square foot facility in Westminister, USA for cylinder manufacturing and engineering. The facility was opened in January 2023.

- Successfully closed the acquisition of 40% of Cryoshelter's liquid hydrogen storage business. The transaction is in conjunction with Hexagon Composites' acquisition of a 40% stake in Cryoshelter's liquid natural gas (LNG) storage business. Cryoshelter's liquid hydrogen tank technology is in the early stage of development and builds on superior and differentiated LNG technology that provides more fuel capacity and longer hold times (a critical requirement for cryogenic storage) than competing offerings. The transaction brings early stage expertise in liquid hydrogen tank technology for zero emission mobility applications and could potentially result in a future complementary offering to Hexagon Purus's market leading compressed hydrogen cylinder technology.

- Hexagon Purus Maritime received its first purchase orders including for cylinders to be used in onboard storage of hydrogen in maritime vessels and for a hydrogen fuel storage system from Moen Marin, the world's largest supplier of service boats to the aquaculture industry.

- CIMC-HEXAGON signed a Memorandum of Understanding with Bravo Transport Services to develop hydrogen storage cylinder systems for hydrogen fuel-cell double decker buses in Hong Kong. The initial scope of the MoU is for CIMC-HEXAGON to provide a Type 4 hydrogen storage cylinder system for the first fuel cell double decker bus in Hong Kong with scheduled delivery in July 2022.

- Successfully completed a private placement resulting in NOK 600 million of gross proceeds.

Financial results

Revenue/EBITDA

Hexagon Purus' revenue for the year 2022 increased by 90% to NOK 964 million compared with NOK 508 million in 2021 and reported EBITDA was NOK -406 (-272) million. The growth in revenue was driven primarily by the full year revenue contribution impact of Wystrach (NOK 430 million YOY) which delivered strong revenue in hydrogen distribution, rail and industrial gas bundle applications, as well as continued growth in heavy-duty truck and transit bus. Continued investments in personnel and infrastructure to support and accelerate Hexagon Purus' development continued to drive negative profitability. Additionally the Group has been subject to inflationary pressure in the cost of its key inputs which is being addressed through offsetting pricing actions as well as cost reduction efforts.

Profit/loss

Hexagon Purus recorded a net loss after tax (before profit from discontinued operations) for the full year 2022 of NOK -432 (-345) million. Net financial items were NOK 60 (-22) million primarily driven by the reclassification of the shares of Norwegian Hydrogen AS from an associated company to an equity instrument at fair value (see note 12 for more details), foreign exchange fluctuations and a reduction in intercompany debt positions.

Financial position

At year-end, the balance sheet amounted to NOK 2 655 (2 102) million and the Group's equity ratio was 64%. Property, plant and equipment were NOK 495 (268) million and intangible assets were NOK 803 (752) million. The ongoing investments in expanding the Group's production capacity during 2022 contributes substantially to the increase in property, plant and equipment. IFRS 16 Leases were implemented on 1 January 2019; as of year-end 2022 the right of use assets balance was NOK 152 (52) million. Inventory was NOK 332 (261) million. Outstanding receivables were NOK 229 (220) million. Interest bearing debt decreased to NOK 44 (56) million in 2022. Equity increased to NOK 1 688 (1 415) million primarily driven by the private placement completed in the first quarter of 2022 resulting in gross proceeds of NOK 600 million, offset by net losses for the period.

Cash flow and liquidity

Total cash amounted to 382 (453) million at the end of 2022. The Company subsequently raised

NOK 1 300 million in gross proceeds on March 1, 2023 through a combination of a NOK 800 million convertible bond and NOK 500 million equity private placement of 18 518 519 new shares. Following the raise, the company expects that cash will be sufficient to cover planned capital expenditures, operational requirments and financing activities in 2023.

Net cash flow from operating activities was NOK -325 (-457) million. Depreciation and amortization totaled NOK 95 (53) million.

Net cash flow from investing activities was NOK -338 (-298) million, largely driven by increased capital expenditure related to expansion of production capacity and the acquisition of 40% of Cryoshelter's liquid hydrogen business. Net cash flow from financing activities was NOK 581 (-39) million primarily driven by the private placement in first quarter of 2022 resulting in gross proceeds of NOK 600 million. Net currency differences presented separately totaled NOK 11 (0.5) million.

Borrowings

Hexagon Purus had external debt of NOK 44 million (56) as of 2022 year-end andhas an outstanding deferred payment of NOK 43 million to be settled in cash by March 31, 2023, to the selling shareholders of Wystrach.

Share price development and dividends

At the end of 2022 the total number of shares in Hexagon Purus ASA was 258 278 937 (par value NOK 0.10). The share price moved between NOK 15.0 and NOK 41.5 ending the year at NOK 20.7 and representing a market value of approximately NOK 5.3 billion. Given Hexagon Purus' relatively early stage of development and significant growth opportunities, the Board of Directors does not recommend a dividend for the year 2022.

Risk management

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

Financial risk

The Group has a centralized finance function with overall responsibility for accounting, cash management, capital management, financing arrangements and management of the Group's financial risk factors. The Group also fulfills certain financial functions through services provided by Hexagon Composites. In addition, the operating subsidiaries have financial controllers that perform similar tasks at the subsidiary level.

The Group is exposed to credit risk related to counterparty default on contractual agreements and trade, and other current receivables. The Company has policies and procedures to ensure that sales are made to customers with appropriate credit profiles within defined limits. No material losses on outstanding receivables were recorded in 2022 or 2021. Continuing business trade receivables at the end of the year amounted to NOK 229 million.

Liquidity risk is the risk of the Group not being able to fulfil its financial liabilities when they fall due. The Group's strategy for managing liquidity risk is to set a level of available liquidity to enable it to discharge its financial liabilities when they fall due, both under normal and unexpected circumstances, without risking unacceptable losses or damaging the group's reputation.

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

As the Group has production and sales in different countries with different functional currencies, it is exposed to currency risk associated with movements of the Norwegian krone (its presentation currency) against other currencies. The Group's profit after tax is also affected by currency movements, as the results of foreign companies are translated to Norwegian kroner using the weighted average exchange rate for the period. The most important foreign currencies to the Company are the US Dollar and Euro. The Group currently does not use financial instruments to manage foreign exchange risk.

Please see note 20 to the consolidated financial statements for further information related to financial risk factors and mitigating actions.

Operational risk

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

Operational and technological risk

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

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

Raw materials and components risk

The Group is exposed to developments in the price of its raw materials and components, in particular the cost of carbon fiber and lithium-ion battery cells. The price of these raw materials is linked to various factors including developments in the price of oil, precursor commodities and energy and the prevailing market balance where supply is dependent on a limited number of suppliers. Increased prices or global shortages of raw materials and components could have a negative effect on the Group's operating expenses, which in turn could have a material adverse effect on the Group's results from operations, cash flow, financial condition, growth opportunities and/or prospects.

To mitigate the risk, the Group will from time to time enter into long term supply agreements, locking in price and quantity. Even though the contracts are intended to mitigate supply risk, it would also potentially add risk, as they commit the Group on material and components, where actual demand can turn out to be lower than forecasted, market prices can fall, or the development could make the committed volumes technologically less relevant.

Macroeconomic risk

The Group is exposed to changes in the general global macroeconomic situation and development in its customer markets. Volatility and weakness in general economic conditions and global or regional financial markets due to, inter alia, implementation of sanctions and international trade barriers and restrictions following the Russian invasion in Ukraine, or a global economic downturn as a result of the war or sustained downturn in international trade, or lower demand for the Group's products and technologies or increased short-term focus on fossil fuel energy as a result of the war, may negatively affect the adoption of hydrogen or battery electric technologies. Limitations on the availability of capital or higher costs of capital for financing expenditures, or the desire to preserve liquidity, may cause potential customers to make reductions in future capital budgets and outlays and could result in project modifications, delays and/or cancellations. Such adjustments could reduce demand for the Group's products, which could have a material adverse effect on the Group's results from operations, cash flow, financial condition, growth opportunities and/or prospects.

Climate risk

Climate change is among the most important megatrends affecting business across all sectors today. The urgent need for a transition to a resource-efficient, low-carbon economy opens new business opportunities for Hexagon Purus, as a solutions provider in this space. We strive to maximize the positive climate impact of Hexagon Purus' technologies by enabling the avoidance of greenhouse gas emissions from both material production and waste management in the application of those technologies.

Climate change also represents some level of physical risk to Hexagon Purus in terms of severe climate events that could damage business facilities or disrupt supply chains. The general level of risk and potential impact from physical climate change for Hexagon Purus is, however, considered relatively low – the Group does not have facilities on low-lying shorelines or flood-plains, nor does it have a history of forest fires around its facilities.

The most critical factors in Hexagon Purus' own greenhouse gas emissions are the production processes which, throughout the value chain, must be reduced to further strengthen Hexagon Purus' business model. In addition, the transition to a low-carbon economy will entail extensive policy, legal, technology, and market changes, with a potential to have significant impact on Hexagon Purus' revenues. More information on climate and environmental risks and how these are managed can be found in the 2022 Sustainability Report for Hexagon Composites ASA.

Corporate governance

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

Hexagon Purus ASA is a part of Hexagon Composites ASA´s Corporate Governance report 2022.

Corporate social responsibility

Hexagon Purus strives to conduct its business in an economically, socially and environmentally responsible manner. The Company's principles and practices are referred to in Hexagon Composites ASA's 2022 Sustainability Report.

Transparency act

On 1 July 2022, the Norwegian Transparency Act entered into force and requires Hexagon Purus to carry out due diligence assessments related to fundamental human rights and decent working conditions in its own businesses and supply chains. The Board is pleased that no human rights concerns were raised in the assessments made during 2022. For further details, please refer to the Hexagon Composites ASA´s Transparency Act Statement on the Hexagon Composites Group´s website under the Sustainability section.

Reporting of EU taxonomy related information

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

Directors and officers insurance

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

The working environment and the employees

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

Absence due to illness was measured to 4.3% (6.0% in 2021) and 0.8% in Germany and North America, respectively. Due to rules in California, the Group does not keep a separate log for sick time. The Group has succeeded to keep the absence from illness at an acceptable level for the year. The Group will continue its efforts to reduce the number of sick days and has ongoing initiatives such as offering gym memberships and physical therapy as well as plans to rotate tasks between employees. No incidents or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year.

The working environment is considered healthy, and efforts for continued improvements are made on an ongoing basis. The Group's various working environment committees held regular meetings in 2022. Several issues have been discussed in the committees, which have resulted in recommendations of improvements to the related departments. The cooperation with employee trade unions has been constructive and contributed positively to operations.

Equal opportunities and discrimination

In an increasingly complex and demanding business environment, teams with complementary skill sets, backgrounds and perspectives are vital for success. As a global organization, Hexagon Purus employs people of many different nationalities. Hexagon Purus believes that people with different approaches and experience drive innovation and ensure a dynamic work environment. The Group has continued to build a diverse internal talent pool. This is achieved both through the Group's selection processes and the work environment it promotes and supports. Preferential treatment or discrimination in working conditions due to gender, religion or ethnic background is strictly prohibited. The Group has prioritized the recruitment of female, despite the challenges of a traditionally male-dominated, industrial operating environment. The lowest proportion of women employees is in production, while the proportion of women in other areas such accounting and finance, human resources and administration is more balanced. Further details about organization, diversity and inclusion can be found in the Hexagon Composites Group's Sustainability Report for 2022 included in Hexagon Composites ASA's annual report.

Environmental report

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

The Group participates in Hexagon Composites Group's program for environmental improvements. To address the challenges associated with recycling composite waste, Hexagon Purus and Hexagon Composites are engaged in initiatives locally and in the EU to develop circular value streams for ground composite materials. The Group cooperates with research partners such as SINTEF and the Norwegian University of Science and Technology (NTNU), as well as other manufacturers, to explore potential reuses of composite materials. Most of the manufacturing sites have recycling programs ensuring landfill diversion. Carbon fiber not used in production is sent for recycling. The raw materials and pallets used for packaging have been reduced . More information on climate and environmental risks and how these are managed can be found in the Hexagon Composites Group's Sustainability Report for 2022 included in Hexagon Composites ASA's annual report.

Research & development

To maintain a leading position within its markets, Hexagon Purus invests in technological and product development. Several research & development (R&D) projects are carried out in cooperation with major customers. The Group expensed R&D costs amounting to NOK 77 (47) million in 2022. The Group has received government contributions of NOK 2(2) million towards research and development activities for 2022. The total net carrying amount of capitalized technology and development amounted to NOK 206 (141) million as of 31 December 2022, while amortization of capitalized technology & development amounted to NOK 15 (6) million. The Group has 105 (78) full-time equivalents for engineering and R&D activities who are mostly directly expensed.

After balance sheet date

- Opened a new hydrogen cylinder manufacturing facility in Westminster, Maryland (U.S.). The 60 000 square foot facility will support the annual production of up to 10 000 cylinders for heavy duty vehicle applications and will employ up to 150 skilled workers. The new facility expands cylinder production capabilities and capacity and allows for further expansion.

- Received an order for mobile hydrogen refueling stations and stationary storage from Deutsche Bahn, a leading provider of mobility and logistics services worldwide and the number one railway operator in Europe. The value of the order is approximately EUR 2.5 million (approximately NOK 25 million).

- Selected by New Flyer for the third consecutive year, to provide Type 4 hydrogen storage cylinders for the serially produced Xcelior CHARGE H2 ™ fuel cell electric bus. The total value of the contract is estimated to be approximately USD 2.5 million (approximately NOK 25 million).

- On 1 March 2023 the Company successfully raised total gross proceeds of approximately NOK 1 300 million. The Offering comprised of an Equity Private Placement raising gross proceeds of approximately NOK 500 million through the issuance of 18 518 519 new shares (the "New Shares") at a price of NOK 27.00 and a Convertible Bond Private Placement, raising gross proceeds of approximately NOK 800 million (the "Convertible Bonds").

- In the Offering, Mitsui & Co., Ltd. ("Mitsui") subscribed for, and was allocated, NOK 500 million in the Convertible Bond Private Placement. In addition, Mitsui has entered into a deeper strategic alliance with the Company and has signed a Memorandum of Understanding (the "MoU") whereby Mitsui intends to participate as an anchor investor in future capital raises for the years to come and become a long-term significant minority shareholder in the Company. The non-binding MoU expresses the parties' joint intentions and has a total monetary scope of up to NOK 2 000 million, including the NOK 500 million subscription in the Convertible Bond Private Placement. Future investments from Mitsui will be subject to, among other things, the Company's fulfilment of commercial and operational milestones agreed between the parties in good faith.

- Signed an exclusive distribution agreement with Hino Trucks, where Hexagon Purus will produce complete battery electric heavy-duty trucks for the U.S. market, distributed exclusively through select qualifying dealers in Hino's network. The potential total value over the course of this agreement could reach approximately USD 2.0 billion. The distribution agreement replaces the binding letter of intent (BLOI) from Hino announced on 11 February 2022.

- On 30 March 2023 the Company successfully transferred from Euronext Growth Oslo to the main list of the Oslo Stock Exchange.

- Hexagon Purus Systems USA LLC, a subsidiary of Hexagon Purus ASA, signed a multi-year agreement for the supply of lithium-ion battery cells with Panasonic Energy. Panasonic will supply battery cells for Hexagon Purus' proprietary battery systems for heavy-duty vehicles in North America. The supply of battery cells will commence in early 2026. As part of the supply agreement, Hexagon Purus will prepay approximately USD 43 million (approximately NOK 450 million) through 2025, subject to the achievement of certain milestones. This prepayment will secure battery cell capacity for Hexagon Purus out of Panasonic's production facility in Kansas.

- Opened a new engineering and manufacturing facility for battery and hydrogen storage systems in Kelowna, Canada. The 60.000 square foot manufacturing facility will support the annual production of more than 1.000 battery systems for heavy-duty vehicle applications and will employ up to 150 engineers and assembly technicians. This is Hexagon Purus' second opening of a new manufacturing facility in 2023, following the successful opening of its new hydrogen cylinder production facility in Westminster, Maryland, USA in January.

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

Regarding the situation in Ukraine and Russia

Hexagon Purus is closely following the tragic events unfolding in Ukraine and the resulting humanitarian crisis. Given the Group's limited investments and market activities in Russia and Ukraine and their surrounding areas, management does not assess the Russian invasion of Ukraine to have a significant direct effect on the reported figures as of 31 December 2022. In the meantime, Hexagon Purus has stopped all product shipments to Russia.

Outlook

Hexagon Purus' revenue growth in the near-term continues to be mainly driven by infrastructure applications such as hydrogen distribution and refueling systems as evidenced by therevenue trends and order intake in 2022. The acquisition of Wystrach in 2021 has been transformational for the Group through the addition of capabilities to serve the rapidly growing market for hydrogen infrastructure solutions, an expanded product portfolio, a recurring base business, and vertical integration into systems design and manufacturing.

Hexagon Purus has recently entered a long-term distribution agreement with Hino Trucks to supply complete battery electric heavy-duty trucks through 2030. The potential total sales value of this contract could reach approximately USD 2 billion. This expanded agreement replaces the previously announced cooperation between Hexagon Purus and Hino to supply battery systems for multiple Hino truck platforms, and serial production is expected to commence in the end of 2024. Hexagon Purus continues to execute on the scale up required to support heavy-duty truck customers including Hino and Nikola, while pursuing other opportunities in this space. Sales cycles in the automotive space can be long and highly engineering intensive. As such, while revenue contribution from heavy-duty vehicle applications has been relatively low in recent quarters, development work and project activity in this key application remain high. It is expected that revenue contribution from this application will grow in the coming years as battery and fuel cell electric vehicle platforms transition to commercial start of production.

Regulatory support favoring the Group's capabilities and product portfolio continues to grow. The REPowerEU plan presented by the European Commission in March, aims to secure Europe's energy independence by 2030. The Plan will rapidly reduce dependence on Russian fossil fuels by fast-forwarding the clean energy transition and adapting industry and infrastructure to different energy sources and suppliers. According to the European Commission, additional investments of EUR 210 billion are needed between now and 2027, including EUR 27 billion for hydrogen infrastructure. To meet the ambition of REPower EU, Hexagon Purus expects that there will be a significant need for investments in hydrogen gas storage and transportation infrastructure with several opportunities for the Company's leading hydrogen storage solutions portfolio.

The European Commission has further announced a EUR 3 billion initiative to create the European Hydrogen Bank that will guarantee the purchase of hydrogen and act as a market maker for hydrogen, bridging the gap between investments and future supply/demand.

In the U.S., the Inflation Reduction Act passed in August, aims to bring down costs and boost energy supply, cutting inflation and substantially reducing greenhouse gas emissions. Of the total USD 739 billion package, USD 369 billion is earmarked for "Energy Security and Climate Change" which would put the U.S. on a path to roughly 40% emissions reduction by 2030. Tens of billions of dollars will go toward supporting renewable energy development, such as tax credits and grants for clean fuels, including hydrogen, and clean commercial vehicles to reduce emissions from all parts of the transportation sector.

The U.S. also launched in September 2022 a USD 7 billion Regional Clean Hydrogen Hubs program (H2Hubs) to establish regional clean hydrogen hubs across the country. The program is expected to create networks of hydrogen producers, consumers and infrastructure.

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

Global supply chains remain constrained and lead times for certain components such as high-pressure flow components, wire harness assemblies and battery cells remain extended while material costs have increased. It is not possible to predict when supply chains will normalize, but the Company continues to employ counter measures to mitigate such effects through proactive supplier management and long-term agreements, pre-purchasing of inventory and price increases.

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

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

Going concern

In March 2023, the Company raised NOK 1 300 million in gross proceeds through a combination of a NOK 800 million convertible bond and an equity private placement of NOK 500 million. In accordance with the Norwegian Accounting Act Section 3-3a, we confirm that the conditions for continued operations are present and that the annual report has been prepared under the assumption of going concern. This assumption is based on profit forecasts for 2023 as well as the Company's long-term strategic forecasts. At the date of this report the Company has a solid financial position with sufficient liquidity and a robust equity ratio. The Company is predicting strong growth in the years to come. This growth will require further financing and the Board is of the opinion that such financing will be available, through equity and/or debt, given the outlook for the Company and the industries it is operating in.

The parent company

The Parent Company Hexagon Purus ASA incurred a loss for the year after tax of NOK 8.7 million in 2022. The Board of Directors of Hexagon Purus ASA propose the loss for the year is allocated as follows

(NOK 1 000)	2022
Share premium	(8.7)
Total allocation	(8.7)

Statement from the Board of Directors and Chief Executive Officer

We confirm to the best of our knowledge that:

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

Oslo, Norway, 22 April 2023
The Board of Directors of Hexagon Purus ASA

Jon Erik Engeset Chairman of the Board	Espen Gundersen Board Member	Martha Kold Bakkevig Board Member
Rick Rashilla Board Member	Karen Romer Board Member	Morten Holum President & CEO

Board of Directors

			
	Jon Erik Engeset	**Espen Gundersen**	**Martha Kold Bakkevig**
Board position	Chairman of the Board	Board member	Board member
Experience	Jon Erik Engeset has been CEO & President of Hexagon Composites since 2013. Prior to joining Hexagon, Jon Erik was the CEO of Saferoad Group, a leading European supplier of road safety solutions. He also has extensive experience from executive positions at Rolls Royce and Norsk Hydro.	Espen Gundersen holds extensive experience from various executive positions. Until February 2022 he was the CFO and Deputy CEO of Tomra Systems. Espen started his career at Arthur Andersen as an auditor before moving to Selmer as VP of Corporate Development. He has held various positions at Tomra since 1999. He currently also sits on the board of Scatec ASA, Kitron ASA and Kid ASA.	Martha Kold Bakkevig has extensive board experience from various industries, including Kongsberg and BW Group. She was the CEO of Deepwell from 2007–2017.
Education	Jon Erik holds an MSc and MBA from NHH – Norwegian School of Economics.	Espen is a professional accountant and earned his MBA from BI Norwegian Business School.	Martha holds two PhD's, one of them specializing in Strategies for Commercialization of New Technology from BI.
Number of shares	60 518 [1]	20 619	4 124 [1]

Board of Directors cont.

		
	Rick Rashilla	**Karen Romer**
Board position	Board member	Board member
Experience	Rick Rashilla is SVP Sustainability at Hexagon Composites ASA. Prior to this, he was SVP Research & Development at Hexagon Composites and has held several key management positions in the Group, amongst other as VP Hydrogen Automotive at Hexagon Purus' location in Germany. He has 35+ years' experience in managerial and R&D positions related to filament wound pressure vessels and other composites technology from General Dynamics, Brunswick Defence and Lincoln Composites.	Karen Romer was appointed SVP Communications in Hexagon Composites in April 2020. Prior to joining Hexagon, Karen was Senior Director at Hill & Knowlton Norway (H+K) where she led the corporate communications practice. Karen has extensive experience from senior communications positions at Lindorff, Couche-Tard/Statoil Fuel & Retail and Aker Solutions.
Education	Rick holds a Bachelor of Science in Industrial Management from the University of Cincinnati, USA.	Karen holds a Bachelor of Arts degree in English Literature from Fordham University.
Number of shares	54 587	2 334

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Income statement Group

1 JANUARY – 31 DECEMBER

(NOK 1 000)	Note	2022	2021
CONTINUING OPERATIONS (PURUS E-MOBILITY)			
Revenue from contracts with customers	6, 7	958 636	505 797
Rental income	7	1 255	799
Other operating revenue	6, 7	4 034	1 122
Total revenue		**963 925**	**507 718**
Cost of materials	14	588 525	324 566
Payroll and social security expenses	8, 22, 24, 29	443 496	209 602
Other operating expenses	4, 11, 15, 21	337 408	245 327
Total operating expenses before depreciation		**1 369 430**	**779 495**
Operating profit before depreciation (EBITDA)	6	**(405 505)**	**(271 777)**
Depreciation, amortization and impairment	9, 10, 11	95 089	53 098
Operating profit (EBIT)		**(500 594)**	**(324 875)**
Profit/loss from investments in associates	12	51 888	(2 957)
Finance income	18, 19	37 356	14 250
Finance costs	18, 26	29 548	33 691
Profit/loss before tax from continuing operations		**(440 898)**	**(347 273)**
Tax	30	(9 380)	(2 120)
Profit/loss after tax from continuing operations		**(431 518)**	**(345 152)**

(NOK 1 000)	Note	2022	2021
DISCONTINUED OPERATIONS (CNG LDV)			
Profit/loss after tax for the period from discontinued operations	5	-	(8 552)
Profit/loss after tax		**(431 518)**	**(353 704)**
Attributable to:			
Equity holders of the parent	23, 25	(432 328)	(353 704)
Non-Controlling interests		810	-
Earnings per share			
Ordinary (NOK)	25	(1.67)	(1.48)
Diluted (NOK)	25	(1.67)	(1.48)
Earnings per share from continuing operations			
Ordinary (NOK)	25	(1.67)	(1.49)
Diluted (NOK)	25	(1.67)	(1.49)

Statement of comprehensive income

(NOK 1 000)	Note	2022	2021
Profit/loss after tax		(431 518)	(353 704)
OTHER COMPREHENSIVE INCOME:			
Items that will be reclassified through profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		59 164	(11 553)
Net total of items that will be reclassified through profit and loss in subsequent periods		**59 164**	**(11 553)**
Total comprehensive income, net of tax		**(372 354)**	**(365 258)**
Attributable to:			
Equity holders of the parent		(373 150)	(365 258)
Non-controlling interests		796	-

Financial position of the Group

(NOK 1 000)	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Property, plant and equipment	9	494 990	267 705
Right-of-use assets	11	152 300	52 219
Intangible assets	10	802 654	752 294
Investment in associates	12	33 029	7 024
Non-current financial assets	13, 19	80 531	-
Non current assets	13	2 499	2 476
Total non-current assets		**1 566 003**	**1 081 718**
Current assets			
Inventories	14	332 218	261 235
Trade receivables	15, 19	228 930	220 286
Contract assets	7, 15, 19	9 488	4 165
Other current assets	16, 19	136 560	80 943
Cash and short-term deposits	17, 19	381 705	453 398
Total current assets continuing operation		**1 088 901**	**1 020 027**
Total assets		**2 654 903**	**2 101 745**

(NOK 1 000)	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Issued capital and share premium	23	1 568 708	1 407 170
Other equity		83 182	8 228
Equity attributable to holders of the parent		**1 651 890**	**1 415 398**
Non-controlling interests		35 731	-
Total equity		**1 687 621**	**1 415 398**

(NOK 1 000)	Note	31 Dec 2022	31 Dec 2021
Non-current liabilities			
Interest-bearing loans and borrowings	19, 20, 26	39 358	42 126
Lease liabilities	11, 26	132 479	31 794
Non -current provisions		-	7 235
Other non-current financial liabilities	4, 19	39 789	109 106
Net employee defined benefit liabilities	22	1 439	1 892
Deferred tax liabilities	30	45 543	52 231
Total non-current liabilities		**258 609**	**244 384**
Current liabilities			
Trade and other payables	19	255 712	191 409
Contract liabilities	7	212 792	121 827
Interest-bearing loans and borrowings	11, 19, 20, 26, 27	4 673	13 635
Lease liabilities, short term	11, 26, 27	22 230	21 285
Income tax payable	30	3 290	8 178
Other current financial liabilities	4, 19	75 052	-
Other current liabilities	28	96 699	72 747
Provisions	21	38 227	12 882
Total current liabilities		**708 673**	**441 964**
Total liabilities		**967 282**	**686 347**
Total equity and liabilities		**2 654 903**	**2 101 745**

Oslo, Norway, 22 April 2023
The Board of Directors of Hexagon Purus ASA

Jon Erik Engeset
Chairman of the Board

Espen Gundersen
Board Member

Martha Kold Bakkevig
Board Member

Rick Rashilla
Board Member

Karen Romer
Board Member

Morten Holum
President & CEO

Cash flow statement Group

(NOK 1 000)	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		(440 898)	(347 273)
Profit/loss before tax from discontinued operations		-	(8 414)
Profit before tax		**(440 898)**	**(355 687)**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	9	33 779	17 129
Depreciation and impairment of right-of-use assets	11	24 404	18 116
Amortization and impairment of intangible assets	10	36 906	17 853
Share-based payment expense	24	15 776	7 691
Share of net profit of associates	12	(51 888)	2 957
Movements in pensions	22	(453)	(743)
Working capital adjustments			
Change in trade receivables and contract assets	15	(13 967)	(147 288)
Change in inventories	14	(70 983)	(29 089)
Change in trade and other payables, contract liabilities	28	155 268	33 607
Change in other accrual accounting entries	13, 27	(13 123)	(28 822)
Other adjustments to reconcile to operating cash flow			
Interest received	18	(8 111)	(1 625)
Interest paid	18	12 612	9 506
Income tax paid (-refunded) for the period	30	(4 634)	(908)
Net cash flow from operating activities		**(325 313)**	**(457 304)**

(NOK 1 000)	Note	2022	2021
CASH FLOW FROM INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment	9	(240 030)	(107 711)
Purchase and development of intangible assets	10	(52 625)	(37 735)
Cash related to acquisition of subsidiary net of cash acquired	4	-	(146 189)
Investments in associated companies	12	(41 481)	(8 580)
Proceeds from sale of shares in associated companies	12	-	665
Interest received	18	8 111	1 625
Loans to associated companies		(11 989)	-
Net cash flow used in investing activities		**(338 014)**	**(297 923)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from loans	26	-	10 657
Repayment of loans	26	(11 731)	(21 755)
Interest payments	18	(10 141)	(8 593)
Repayment of principal portion of lease liabilities	11, 26	(23 656)	(17 606)
Interest on lease liabilities	11, 26	(2 471)	(913)
Proceeds from new equity	23	600 000	-
Transaction costs of issue of shares	23	(6 134)	-
Proceeds from share capital increase in subsidiary		34 935	-
Net cash flow (used in)/from financing activities		**580 802**	**(38 210)**
Net decrease/increase in cash and cash equivalents		**(82 525)**	**(793 437)**
Net foreign exchange difference		10 832	483
Cash and cash equivalents at 1 January	17	453 398	1 246 351
Cash & cash equivalents outgoing balance		**381 705**	**453 398**

Statement of changes in equity

(NOK 1 000)	Issued capital	Share premium	Other paid-in capital	Foreign currency translation reserve	Equity attributable to holders of the parent	Non-controlling interest	Total equity
As of 1 January 2022	**23 354**	**1 383 817**	**8 063**	**165**	**1 415 398**	**-**	**1 415 398**
Profit for the period		(432 328)			(432 328)	810	(431 518)
Other comprehensive income				59 179	59 179	(14)	59 164
Total comprehensive income	**-**	**(432 328)**	**-**	**59 179**	**(373 150)**	**796**	**(372 354)**
Share-based payments			15 776		15 776		15 776
Share capital increase	2 474	597 526			600 000		600 000
Share capital increase in subsidiary					-	34 935	34 935
Transaction cost	-	(6 134)			(6 134)		(6 134)
As of 31 December 2022	**25 828**	**1 542 880**	**23 839**	**59 344**	**1 651 890**	**35 731**	**1 687 621**
As of 1 January 2021	**22 909**	**1 594 022**	**372**	**11 717**	**1 629 021**	**-**	**1 629 021**
Profit for the period		(353 704)			(353 704)	-	(353 704)
Other comprehensive income		-		(11 553)	(11 553)		(11 553)
Total comprehensive income	**-**	**(353 704)**	**-**	**(11 553)**	**(365 258)**	**-**	**(365 258)**
Share-based payments			7 691		7 691		7 691
Changes in paid-in capital	444	143 628			144 072		144 072
Other changes		(129)			(129)		(129)
As of 31 December 2021	**23 354**	**1 383 817**	**8 063**	**165**	**1 415 398**	**-**	**1 415 398**

Notes

Note 1 Corporate information

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

The Board of Directors authorized the annual report for publication on 25 April 2023.

Hexagon Purus enables zero emission mobility for a cleaner energy future. The company is a world leading provider of hydrogen Type 4 high-pressure cylinders and systems, battery systems and vehicle integration solutions for fuel cell electric and battery electric vehicles. Hexagon Purus' products are used in a variety of applications including light, medium, and heavy-duty vehicles, buses, maritime, rail and aerospace as well as hydrogen distribution, mobile refueling and ground storage.

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

Company	Home country	Registered office	Ownership	Votes
Hexagon Technology H2 AS	Norway	Aalesund	100%	100%
Hexagon Purus HK Holding AS	Norway	Aalesund	100%	100%
Hexagon Purus Maritime AS	Norway	Aalesund	100%	100%
Hexagon Purus Germany Holding GmbH	Germany	Herford	100%	100%
Hexagon Purus GmbH	Germany	Kassel	100%	100%
Hexagon Purus Real Estate GmbH	Germany	Kassel	100%	100%
Wystrach GmbH	Germany	Weeze	100%	100%
Wyrent GmbH	Germany	Weeze	100%	100%
xperion E&E US Holding Inc.	USA	Heath, OH	100%	100%
xperion E&E USA LLC	USA	Heath, OH	100%	100%
Hexagon Purus North America Holdings Inc.	USA	Lincoln, NE	100%	100%
Hexagon Purus LLC	USA	Lincoln, NE	100%	100%
Hexagon MasterWorks Inc.	USA	Lincoln, NE	100%	100%
Hexagon Purus Systems USA, LLC	USA	Costa Mesa, CA	100%	100%
Hexagon Purus Systems Canada Ltd	Canada	Kelowna	100%	100%
CIMC- Hexagon Hydrogen Energy Technologies Limited	China	Hong Kong	51%	51%
CIMC- Hexagon Hydrogen Energy Technologies (Beijing) Co,, Ltd	China	Beijing	100%	100%
CIMC- Hexagon Hydrogen Energy Technologies (Heibei) Co,, Ltd	China	Heibei	100%	100%
Hexagon Purus (Beijing) Ltd.	China	Beijing	100%	100%
Associates				
CIMC- Hexagon Hydrogen Energy Systems Limited	China	Hong Kong	49%	49%
Cryoshelter LH2 GmbH	Austria	Dobl-Zwaring	40%	40%

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

In Hong Kong there are two entities established, CIMC - Hexagon Hydrogen Energy Technologies Limited and CIMC - Hexagon Hydrogen Energy Systems Limited, where Hexagon Purus Group holds a 51 per cent and 49 per cent ownership respectively.

Hexagon Purus exited its direct ownership position in Hyon AS but remains indirectly invested in the company through its shareholding in Norwegian Hydrogen AS. In December 2021, Norwegian Hydrogen conducted a capital raise in which Hexagon Purus' ownership was diluted from 21.0 per cent to 17.7 per cent. During 2022 Norwegian Hydrogen AS raised approximately NOK 93 million in private placements, and thus reducing Hexagon Purus' ownership from 17.7 per cent to 14.2 per cent. The Company has consequently from this date reclassified the investment to a financial asset (equity instrument) measured at fair value.

In August 2022 Hexagon Purus acquired a 40 per cent stake of the shares in Cryoshelter LH2 GmbH.

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

Note 2 Basis of preparation and other significant accounting policies

2.1 Basis of preparation of annual financial statements

The consolidated annual financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) which have been adopted by the EU and are mandatory for financial years beginning on or after 1 January 2022, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31.12.2022.

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

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

2.2 Functional currency and presentation currency

The functional currency is determined in each entity in the Group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rate are recognized continuously in the accounting period.

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

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

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

2.3 Basis of consolidation

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

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

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

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

The assessments are done for each individual investment. The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Business combinations

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

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

When the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value. The resulting gain or loss, if any, is recognized in profit and loss net after transaction cost.

Common control transactions

For the purpose of preparing consolidated financial statements of Hexagon Purus Group, the transfer of entities or business into Hexagon Purus Group is accounted under the pooling method of accounting (predecessor accounting) using values reflected in the consolidated financial statements of Hexagon Group (which can be different from transaction value in each entity). To present historical financial information that is representative for the business going forward, comparative financial information of Hexagon Purus Group is restated to reflect historical financial information of transferred entities and businesses. Comparatives are those of the existing businesses owned by Hexagon Purus Group as of 31 December 2022, subject to when the underlying entities became part of the Hexagon Group. For entities or businesses transferred out of Hexagon Purus Group and into Hexagon Group (under common control), are to be consolidated until disposal in accordance with the requirements of IFRS 10.

Acquired goodwill

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

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

Transaction related issues

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Change in ownership without loss of control

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

Loss of control

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

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

Non-current assets held for sale and discontinued operations

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

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

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

2.4 Investments in associates and joint ventures

Associates are entities where the Group has significant influence, but not control or joint control, over financial and operating management (normally a holding of between 20% and 50%).

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

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

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

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

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

If the Group's share of the loss equals or exceeds the carrying amount of the associate or joint venture, the carrying amount is set to zero and further loss is not recognized unless the Group has incurred a legal or constructive obligation on behalf of the associate or joint venture.

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

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

2.5 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. Bank overdrafts are reported under short-term loans in the balance sheet. Received interest income is classified as investment activities and interest payments is classified as financing activities in the cash flow statement.

2.7 Inventories

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

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

2.8 Property, Plant & Equipment

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

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

The cost of a non-current asset is depreciated to the residual value over the asset's useful life.

Depreciation is calculated on a straight-line basis. The following depreciation periods apply:
- Buildings 10-20 years
- Plant, machinery and equipment 3-15 years
- Fixtures & fittings, motor vehicles 3-10 years

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

The depreciation period and method are assessed annually. A residual value is estimated at each year-end, and changes to the estimated residual value is recognized as a change in an estimate. When the carrying amount of property, plant and equipment exceeds the estimated recoverable amount, the value is written down to the recoverable amount. Depreciation of an asset ceases at the date the asset is derecognized and classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5.

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

2.9 Leases

The Group has applied IFRS 16. At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group as a lessee

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

At the lease commencement date, the Group recognizes a lease liability and corresponding

right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:
- Short-term leases (defined as 12 months or less)
- Low value assets

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

The following depreciation periods apply:
- Buildings 2-10 years
- Plant, machinery and equipment 3-5 years
- Fixtures & fittings, motor vehicles 3-5 years

Lease liabilities

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

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

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

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

The Group presents its lease liabilities as separate line items in the statement of financial position.

Right-of-use assets

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

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

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

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

2.10 Borrowing costs

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

2.11 Financial instruments

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

Financial assets

The Group's financial assets are trade receivables, cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group classified its financial assets as financial assets at amortized cost.

Financial assets at amortized cost

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

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

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

either

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

Financial liabilities

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

Loans, borrowings and payables

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

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

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

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

Derecognition of financial liabilities

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

Impairment of financial assets

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Further information on any impairment of financial assets is provided in notes 15 and 20.1.

2.12 Intangible assets

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

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

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

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

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

Patents and Licenses

Amounts paid for patents and licenses are recognized in the balance sheet and are amortized on a straight-line basis over their useful life. The expected useful life of patents and licenses varies between 6 and 17 years.

Research and development cost

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

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

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

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

Customer relationships

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

2.13 Impairment of non-financial assets

Recognized goodwill is assessed annually for impairment, in fourth quarter. Recoverable amounts from cash-generating units are calculated based on their value in use. When the recoverable amount exceeds the carrying amount, capitalized goodwill is maintained. When the recoverable amount is lower than the carrying amount, capitalized goodwill is written down to its recoverable amount. The carrying amount consists of the units' total assets less interest-free current liabilities and interest-free non-current liabilities. The recoverable amount is based on expected future cash flows for the relevant unit based on the management's approved budget and strategy figures for the next four years. These are estimated based on current sales and margins and the expected market development. For subsequent periods it is assumed that there will be an increase in the cash flows equivalent to expected general growth within the various business areas. There is uncertainty associated with the assumptions used as a basis in the preparation of budgets for the calculation of value in use. These calculations require the use of estimates and assumptions about future income and expense trends. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate. See note 3 and 10 for further information related to goodwill.

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

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

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

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).

Inassessing 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.

2.14 Provisions

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

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

Estimates related to product warranty provisions

Management estimates the warranty provision using information on historical warranty costs and other relevant information relevant to future warranty claims. Factors that can influence estimated liabilities include the results of productivity and quality initiatives, as well as prices of , but not yet effective, are considered not relevant and not to have an impact on the consolidated financial statements of the Group.

2.15 Equity

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

Own shares

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

Costs arising from equity transactions

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

2.16 Revenue from contracts with customers

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

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

Sale of goods (cylinders, products, system etc)

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. There are several payment terms, including upfront payment and secured payment, but the normal credit term is 30 to 60 days upon delivery.

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

(i) Variable Consideration

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

(ii) Significant financing component

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

(iii) Warranty provision

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

Sale of services

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

Funded development contracts

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

Contract balances

(i) Contract assets

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

(ii) Trade receivable

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

(iii) Contract liability

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

Cost to obtain a contract

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

2.17 Employee benefits

Defined benefit pension plans

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

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

Defined contribution pension plans

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

Share based payments

The Group has a share-based program for the senior and key executives. The share-based program for the senior and key executives is settled in shares. The fair value of the issued instruments is expensed over the vesting period which is over the agreed-upon future service period and, where applicable, the performance conditions are fulfilled. The fair value of the performance share units (PSUs) and restricted share units (RSUs) is measured at grant date and calculated using the Black & Scholes model or alternative generally accepted models where relevant.

The cost of the employee share-based transaction is expensed over the average vesting period. The value of the issued PSUs and RSUs of the transactions that are settled with equity instruments (settled with the company's own shares) is recognized as salary and personnel cost in profit and loss with a corresponding increase in other paid-in capital.

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

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

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

2.18 Governmental grants

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

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

Investment grants are capitalized and recognized systematically over the asset's useful life. Investment grants are recognized as deferred income. The Group currently has grants with the United States Department of Energy which is recognized as grant income.

2.19 Income taxes

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities, with the exception of

- temporary differences linked to goodwill that are not tax deductible
- temporary differences related to investments in subsidiaries, associates or joint ventures when the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

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

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen. Deferred tax assets and liabilities are recognized at nominal value and are classified as non-current assets and non-current liabilities in the balance sheet. Deferred tax is presented as a gross amount for the geographical countries in which the Group operates.

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

2.20 Events after the balance sheet date

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

2.21 New accounting standards, interpretations and amendments adopted by the group

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

Note 3 Basis for consolidation and business combinations

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

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

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

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

Fair value of assets and liabilities at the time of acquisition

Fair value of assets and liabilities at the time of acquisition The Group are required to allocate the purchase price of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values. For the acquisitions of Wystrach GmbH and Wyrent GmbH in 2021 the Group engaged a third-party appraisal firm to assist the Group in determining the fair values of the assets acquired and liabilities assumed. Such valuations require management to make significant judgments in selecting valuation methods, estimates and assumptions. The significant purchased intangible assets recorded by Hexagon Composites included customer relationships, trade name and technology. Critical estimates in the evaluations for such intangible assets include, but are not limited to, estimated average customer relationship based on customer attrition, applying a relief from royalty model using an appropriate royalty rate and expected developments in technology and markets. Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Management's fair value estimates are based on reasonable, but not entirely certain, assumptions. See also note 4.

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

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

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

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

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

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

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

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

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

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

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

Note 4 Changes in the Group structure

Acquisition of Wystrach GmbH in 2021

On 10 November 2021 Hexagon Purus acquired 100 per cent of the shares of Wystrach GmbH and Wyrent GmbH (""Wystrach""). Wystrach and Wyrent GmbH was reported as a part of the Purus segment in the Hexagon Purus Group from November 2021.

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

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

(NOK 1 000)	Fair value recognized on acquisition 01.11.2021
ASSETS	
Non-current assets	
Intangible assets	
Customer relationships	78 654
Technology	64 941
Software and licenses	1 533
Tangible assets	
Land and land rights	22 260
Buildings	66 780
Technical equipment and machines	6 640
Other equipment, factory and office equipment	17 340
Right-of-use Assets	7 683
Current assets	-
Inventories	170 560
Trade receivable	49 691
Other assets	59 536
Cash	1 277
Total assets	546 895

(NOK 1 000)	Fair value recognized on acquisition 01.11.2021
LIABILITIES	
Liabilities to banks	48 458
Lease liabilities	7 683
Accruals for pensions and similar obligations	980
Deferred tax liabilities	44 837
Provisions	481
Trade payables	105 542
Payments received on account of orders	58 031
Income tax liabilities	7 436
Other liabilities	60 880
Total liabilities	334 328
Net identifiable assets and liabilities at fair value	212 571
Goodwill	187 369
Purchase consideration	399 936

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

At the end of the reporting period 31.12.2022, there have been no changes to the fair value asessment.

Wystrach's contribution to the Group's revenue and EBITDA in 2021 was NOK 140 million and NOK 18 million respectively. If the acquisition had taken place on 1 January 2021, the Group total revenue and profit after tax would have amounted to NOK 662 million and NOK -356 million in 2021. Wystrach is included in the full year 2022.

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

Note 5 Discontinued operation

CNG LDV as discontinued operation

On 1 October 2021 the Compressed Natural Gas Light Duty Vehicle (CNG LDV) activities were transferred to Hexagon Composites Group. This transfer established Hexagon Purus as a pure e-mobility business.

Condensed income statement (NOK 1 000)	**As per 30.09.2021**
Revenue	199 651
Expenses	212 323
Operating profit before depreciation (EBITDA)	**(12 672)**
Depreciation and impairment	17 524
Operating profit (EBIT)	**(30 196)**
Net finance	1 423
Profit before tax from discontinuing operations	(31 619)
Tax	138
Post-tax profit/(loss) from discontinued operations	(31 757)
Gain on disposal of discontinued operations before tax	23 205
Tax on disposal of discontinued operations	-
Profit/(loss) after tax for the period from discontinued operations	**(8 552)**

Note 6 Operating segments

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

After the transfer of the CNG LDV operation (ref note 5), the Hexagon Purus Group consists of only one operating segment.

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

(NOK 1 000)	2022	2021
Purus		
Revenues from contracts with customers	958 636	505 797
Rental income	1 255	799
Other operating revenue	4 034	1 122
Total revenue	**963 925**	**507 718**
Segment operating profit before depreciation (EBITDA)	(405 505)	(271 777)
Segment operating profit (EBIT)	(500 594)	(324 875)
Segment assets	2 654 903	2 101 745
Segment liabilities	967 282	686 347
CNG LDV[1]		
Revenues from contracts with customers	-	196 850
Other operating revenue	-	2 801
Total revenue	**-**	**199 651**
Segment operating profit before depreciation (EBITDA)	-	(12 672)
Segment operating profit (EBIT)	-	(30 196)

[1] CNG LDV is reported as discontinued operation up to 1 October 2021. Ref note 5.

Revenue by region

(NOK 1 000)	2022	2021
Geographical regions		
Norway	-	382
Europe	754 677	344 012
North America	172 955	155 399
Latin America & the Caribbeans	836	-
Asia	34 872	7 651
Australia/Oceania	585	274
Total	**963 925**	**507 718**

Non-current assets by region

(NOK 1 000)	2022	2021
Geographical regions		
Norway	135 540	82 844
Europe	1 050 578	939 445
North America	250 309	49 691
Asia	13 517	238
Total external	**1 449 944**	**1 072 218**

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

Investments by region

	2022		2021	
(NOK 1 000)	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets
Geographical regions				
Norway	-	47 665	1 683	32 973
Europe	148 359	1 187	84 390	4 761
North America	81 200	727	21 371	-
Asia	10 471	3 046	267	-
Total	**240 030**	**52 625**	**107 711**	**37 734**

Note 7 Revenue from contracts with customers

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

The Group's customer base is relatively fragmented in terms of size and concentration such that the Group is not dependent on any single customer.

Revenue recognition

(NOK 1 000)	2022	2021
Sale of cylinders and systems	768 008	440 431
Sale of services and funded development	141 706	54 498
Other revenues	4 034	1 054
Contracts with customers at a point in time	**913 748**	**495 983**
Sale of cylinders and systems	4 882	3 441
Sale of services and funded development	-	-
Other revenues	-	-
Contracts with customers over time	**4 882**	**3 441**
Revenue from contracts with customers	**918 630**	**499 424**
Sale of cylinders and systems	42 351	2 736
Sale of services and funded development	1 689	4 691
Other revenues	-	68
Rental income	1 255	799
Contracts with related parties	**45 295**	**8 294**
Total revenue	**963 925**	**507 718**
Type of goods or service		
Sale of cylinders and systems	815 241	446 608
Sale of services and funded development	143 395	59 189
Other revenues	4 034	1 122
Rental income	1 255	799
Total revenue from contracts with customers	**963 925**	**507 718**

(NOK 1 000)	2022	2021
Timing of revenue recognition		
Goods transferred at a point in time	913 748	495 983
Services transferred over time	4 882	3 441
Transactions with related parties	44 040	7 495
Rental income	1 255	799
Total revenue from contracts with customers	**963 925**	**507 718**

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

Contract balances (note 15)

(NOK 1 000)	2022	2021
Trade receivable	228 930	220 286
Contracts assets (accrued revenue)	9 488	4165
Contract liabilities	212 792	121 827

All contracts are for periods of one year or less, or are build based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. The entire contract liabilities was recognized in the subsequent period.

Note 8 Payroll costs and number of employees

(NOK 1 000)	Note	2022	2021
Salaries/fees		344 648	166 070
Contractors/hired personnel		37 516	14 832
Board remuneration		2 658	2 625
Share-based payments		15 776	7 691
Bonuses and incentive programs	24	25 807	14 639
Pension expense, defined-benefit plans	22	(686)	374
Pension expense, defined-contribution plans	22	6 798	3 100
Other personnel related expenses		11 201	3 085
Other social security costs		18 941	12 042
Capitalized personnel costs (development projects)		(19 164)	(14 856)
Payroll costs from continued operations		**443 496**	**209 602**
Payroll costs related to discontinued operation		-	57 465
Number of full-time equivalents:		**527**	**415**
Hexagon Purus			
Canada		69	49
China		11	-
Norway		18	7
Germany		372	304
USA		57	55
Total number of full-time equivalents		**527**	**415**

Capitalized payroll costs related to technology development projects amounted to MNOK 19.2 in 2022 and MNOK 14.9 in 2021.

Capitalized expenses presented as part of other personnel related expenses.

Note 9 Property, plant and equipment

Property, plant and equipment in Hexagon Purus Group

(NOK 1 000)	Buildings and real estate properties	Machinery and equipment	Assets under construction	2022 total
Fixed assets				
Opening balance at cost price	138 110	212 849	81 604	432 563
Opening balance accumulated deprecations	(38 253)	(126 605)	-	(164 858)
Opening balance book value	99 857	86 245	81 604	267 705
Additions this year at cost price	1 033	65 813	173 185	240 030
Transfers from assets under construction	-	25 226	(25 226)	-
Deprecations this year	(7 610)	(26 020)	-	(33 630)
Impairments this year	-	(149)	-	(149)
Translation differences	5 353	8 765	9 721	23 839
Disposals	-	(2 806)	-	(2 806)
Closing balance 31 December 2022	**98 633**	**157 073**	**239 284**	**494 990**
Closing balance at cost price	144 496	309 847	239 284	693 627
Closing balance accumulated depreciations	(45 863)	(152 774)	-	(198 637)
Useful life	10-20 years	3-15 years		
Depreciation method	Straight-line	Straight-line		

(NOK 1 000)	Buildings and real estate properties	Machinery and equipment	Assets under construction	2021 total
Fixed assets				
Opening balance at cost price	15 658	138 097	15 512	169 267
Opening balance accumulated deprecations	(6 255)	(86 377)	-	(92 632)
Opening balance book value	9 403	51 720	15 512	76 635
Additions this year at cost price	974	38 344	68 392	107 711
Additions at cost price from purchase of companies	118 455	49 661	-	168 116
Additions accumulated depreciation from purchase of companies	(29 415)	(25 681)	-	(55 097)
Transfers from assets under construction		878	(878)	-
Deprecations this year	(2 583)	(14 546)	-	(17 129)
Translation differences	3 023	(1 259)	(1 422)	342
Disposals	-	(12 873)	-	(12 873)
Closing balance 31 December 2021	**99 857**	**86 245**	**81 604**	**267 705**
Closing balance at cost price	138 110	212 849	81 604	432 563
Closing balance accumulated depreciations	(38 253)	(126 605)	-	(164 858)
Useful life	10-20 years	3-15 years		
Depreciation method	Straight-line	Straight-line		

Note 10 Intangible assets

Intangible assets in Hexagon Purus Group

(NOK 1 000)	Technology and development	Patents and licenses	Customer relation-ships	Goodwill	2022 total
Intangible assets					
Opening balance at cost price	152 180	12 318	173 313	497 587	835 398
Opening balance accumulated amortizations	(10 951)	(4 546)	(67 606)	-	(83 104)
Opening balance book value	141 228	7 772	105 707	497 587	752 294
Net additions this year at cost price	51 331	1 294	-	-	52 625
Amortizations this year	(14 820)	(2 923)	(19 163)	-	(36 906)
Translation differences	3 276	437	4 773	26 154	34 640
Closing balance 31 December 2022	**181 015**	**6 581**	**91 316**	**523 741**	**802 654**
Closing balance at cost price	206 787	14 050	178 086	523 741	922 664
Closing balance accumulated amortizations	(25 772)	(7 469)	(86 770)	-	(120 010)
Useful life	5-20 years	6-17 years	7-9 years	Indefinite	
Amortization method	Straight-line	Straight-line	Straight-line	None	

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

Research & development costs totalling NOK 77 million (47) were expensed in 2022. The Group has received government grants of NOK 2 million (2) in 2022, which has been offset against research and development costs.

Impairment testing of goodwill

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

(NOK 1 000)	2022	2021
Purus	523 741	497 587
Total goodwill	**523 741**	**497 587**

The most important assumptions for calculating value in use are related to estimates for operating revenues, EBITDA margins, discount rates and growth rates beyond the forecast period of 5 years. A weighted average cost of capital before tax of 11.9 per cent has been used.

Hexagon Purus group initial business plan projections imply significant growth: NOK 4 to 5 billion in revenues by 2025 and double-digit EBITDA margins in the longer-term.

In this regard the following assumptions are used specifically in relation to the business activities for which the historical goodwill attributable to Hexagon Purus arose, being hydrogen cylinders, distribution, ground storage, marine, rail and other cylinder applications at target revenue growth and attaining target EBITDA margin.

Sensitivity analysis for the goodwill

In connection with the impairment testing of goodwill as of 31 December 2022, the Group carried out sensitivity analyses. The present value of the cash flow in the calculations made is, among other things, sensitive to changes in the discount rate. The sensitivity analysis uses the economic assumptions referred to above as its starting point. Calculations have been made based on one of the estimated economic assumptions being changed and in which the other economic assumptions remain unchanged.

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

The market value of the groups equity measured by the share price on the Euronext Growth as of 31.12.2022 gives a headroom of approximately NOK 3 700 million. The value in use is estimated to give an even higher headroom.

Note 11 Leases

Right-of-use assets

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

(NOK 1 000)	Land and buildings	Machinery and equipment	Fixtures, fittings, vehicles	2022 total
2021				
Opening balance at cost price	52 579	-	2 413	54 992
Opening balance accumulated deprecations	(22 922)	-	(1 613)	(24 535)
Opening balance 1 January	**29 657**	**-**	**801**	**30 457**
Additions this year at cost price	19 961	12 072	312	32 345
Additions from purchase of companies	-	7 101	798	7 899
Deprecations this year	(16 383)	(906)	(827)	(18 116)
Translation differences	(272)	(39)	(56)	(367)
Closing balance 31 Decemer	**32 963**	**18 228**	**1 028**	**52 219**
Useful life	3- 10 years	2 - 7 years	2 - 5 years	
Depreciation method	Linear	Linear	Linear	Linear

Lease liabilities

(NOK 1 000)	2022	2021
Summary of lease liabilities		
Opening balance 1 January	**53 079**	**31 039**
New lease liabilities recognized in the year	122 472	32 345
New lease liabilities from purchase of companies	-	7 899
Derecognition	(2 547)	-
Cash payments for the principal portion of the lease liability	(23 656)	(17 606)
Cash payments for the interest portion of the lease liability	(2 471)	(913)
Interest expense on lease liabilities	2 471	913
Currency exchange differences	5 362	(598)
Lease liabilities 31 December	**154 710**	**53 079**
hereof:		
Current lease liabilitiies	22 230	21 285
Non-current lease liabilities	132 479	31 794
Total lease liabilities 31 December	**154 710**	**53 079**

(NOK 1 000)	2022	2021
Lease liability cash flow (excl interests)		
Less than a month	1 851	1 867
1-3 months	3 715	3 528
3-12 months	16 665	15 890
Less than 1 year	22 230	21 285
1-5 years	85 087	31794
More than 5 years	47 392	-
Total discounted lease liabilities 31 December	**154 710**	**53 079**

(NOK 1 000)	2022	2021
Lease interest expense cash flow		
Less than a month	1 021	90
1-3 months	2 015	170
3-12 months	8 684	201
Less than 1 year	11 720	461
1-5 years	33 111	1 152
More than 5 years	13 448	-
Total lease interests following periods	**58 280**	**1 612**

(NOK 1 000)	2022	2021
Undiscounted cash outflow		
Less than 1 year	2 871	1 957
1-2 years	5 730	3 698
2-3 years	25 348	16 091
3-4 years	33 950	21 746
4-5 years	118 199	32 946
More than 5 years	60 841	-
Total undiscounted lease liabilities 31 December	**212 989**	**54 692**

(NOK 1 1000)	2022	2021
Summary of cash outflows leases		
Cash payment for leases	26 127	18 519
Variable payments	8 508	1 936
Cash payments related to short term leases and leases of low value	259	210
Total cash outflow for leases	34 894	20 664

Some of the leases have options to extend the contract beyond the period used in the calculations. For most cases the probability of utilizing such options are not high enough to include options in the calculation of the leases. The leases do not contain any termination options that are considered significant for the calculations.

The leases do not contain any restrictions on the Group's dividend policy or financing, and there are no requirements to financial performance or ratios. The Group does not have significant residual value guarantees related to its leases to disclose. No operational risks related to leases are identified.

As of 31 December 2022, there was one significant lease agreement which has not yet commenced and thus not yet reflected in the balance sheet. This relates to a production facility currently under construction in Kassel, Germany, which is expected to commence in the second half of 2023. The construction cost of the building is estimated to approximately NOK 400 million and the Group is committed to enter into a 15 year lease with an option to buy after 10 years.

Note 12 Investments in associates

	Country	Business segment	Ownership share 31.12.2021	Ownership share 31.12.2022	Accounting method
Companies					
Norwegian Hydrogen AS[1]	Norway	Hexagon Purus	17.7%	14.2%	Equity method[1]
Cryoshelter LH2 GmbH[2]	Austria	Hexagon Purus	-	40.0%	Equity method
CIMC Hexagon Hydrogen Energy Systems Ltd.[3]	Hong Kong	Hexagon Purus	-	49.0%	Equity method
Hyon AS[4]	Norway	Hexagon Purus	-	-	Equity method

[1] Classified as an associated company and accounted for using the equity method in the period 01.01 - 31.08.22. As of 01.09, the investment is classified as an equity instrument at fair value through profit or loss.
[2] Acquired on 01.08.2022 and classified as associated companies effective from the same date
[3] Entity legally established in July 2022 and classified as an associated company effective from the same date
[4] On 28.06.2021, Hexagon Purus ASA sold all shares in Hyon AS

Reconciliation of associated companies in the P&L

	Norwegian Hydrogen AS		Cryoshelter LH2 GmbH		CIMC Hexagon Hydrogen Energy Systems		Hyon AS		Total	
(NOK 1000)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Share of profit after tax	(2 845)	(2 922)	(2 439)	-	(5 988)	-	-	(35)	(11 272)	(2 957)
PPA amortizations associated companies	-	-	-	-	-	-	-		-	-
Gain on loss of significant influence	63 159	-	-	-	-	-	-	-	63 159	-
Total profit/loss from investments in associated companies as per 31.12	**60 314**	**(2 922)**	**(2 439)**	**-**	**(5 988)**	**-**	**-**	**(35)**	**51 887**	**(2 957)**

Reconciliation of associated companies in the balance sheet

	Norwegian Hydrogen AS		Cryoshelter LH2 GmbH		CIMC Hexagon Hydrogen Energy Systems		Hyon AS		Total	
(NOK 1000)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Companies										
Carrying value as at 01.01	7 024	2 066	-	-	-	-	-	-	7 024	2 066
Purchase of shares	-	-	33 738	-	-	-	-	-	33 738	-
Share capital contribution	-	7 880	-	-	7 743	-	-	700	7 743	8 580
Share of profit after tax incl. PPA amortizations	(2 845)	(2 922)	(2 439)	-	(5 988)	-	-	(35)	(11 272)	(2 957)
Dividends		-	-	-	-	-	-	-	-	-
Sale of shares	-	-	-	-	-	-	-	(665)	-	(665)
Derecognition - loss of significant influence	(4 179)	-	-	-	-	-	-	-	(4 179)	-
Currency translation effects	-	-	(41)	-	16	-	-	-	(25)	-
Carrying value as per 31.12	-	7 024	31 258	-	1 771	-	-	-	33 029	7 024

Norwegian Hydrogen AS

Hexagon Purus ASA has been a shareholder of Norwegian Hydrogen AS since its inception in 2020. In December 2021, Norwegian Hydrogen conducted a capital raise in which Hexagon Purus' ownership was diluted from 21.0 per cent to 17.7 per cent. Despite having an ownership less than 20 per cent, the Company has in the period from 01.01.22 to 31.08.2022 retained its classification of Norwegian Hydrogen as an associated company due to an assessment of still having significant influence in the entity. Important factors for this assessment have been Board of Directors representation and being the 2nd largest shareholder of the entity in the same period.

On 27.08.2022, Norwegian Hydrogen AS announced that Mitsui & Co. Ltd invests NOK 70 million in a private placement, and thus reducing Hexagon Purus' ownership from 17.7 per cent to 15.0 per cent. Following this private placement, the Company assessed that significant influence is no longer present, as the Company is now the 3rd largest shareholder and the fact that the new shareholder has received two additional seats in the Board of Directors, resulting in diluted decisional and strategical influence. The Company has consequently from this date reclassified the investment to a financial asset (equity instrument) measured at fair value. The fair value of Hexagon Purus' ownership Norwegian Hydrogen, derived from the said capital raise, is NOK 67.3 million, resulting in an accounting gain of NOK 63.1 million, recognized in profit/loss from investments in associates in the income statement. At 31.12.2022, Hexagon Purus ownership share in Norwegian Hydrogen AS was 14 per cent, as a result of a second private placement in the company in October 2022.

Cryoshelter LH2 GmbH

In April 2022, Hexagon announced an agreement to acquire a 40 per cent stake in Cryoshelter GmbH, an Austria based company specialized in the development of cryogenic tank technology for liquid natural gas (LNG) and liquid hydrogen (LH2). Upon closing, Cryoshelter GmbH were to be demerged into two separate legal entities, Cryoshelter BioLNG GmbH and Cryoshelter LH2 GmbH, in which Hexagon Purus were to acquire the LH2-business.

On 01.08.2022, Hexagon Purus made a EUR 3.4 (NOK 34) million investment and acquired 40 per cent of the shares in Cryoshelter LH2 GmbH, with options to acquire the remaining shares over the next 5-10 years. As of 01.08.2022, the said options do not give rise to any de-facto control and the investment is consequently accounted for by using the equity method effective from 01.08.2022. The table below shows the initial assessment of the purchase price allocation of the entity per 01.08.2022.The table below shows the purchase price allocation per 01.08.2022.

Purchase price allocation

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

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

CIMC Hexagon Hydrogen Energy Systems Ltd.

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

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

Note 13 Non-current financial assets and other non-current assets

(NOK 1 000)	2022	2021
Loans (as lender) [1]	13 193	-
Other shares [2]	67 339	-
Other non-current assets	2 499	2 476
Total other non-current assets	**83 030**	**2 476**

[1] Loans consists largely of 12.5 MNOK loans to the associated company Cryoshelter LH2 GmbH.
[2] Other shares represent the fair value of Hexagon Purus´s shares in Norwegian Hydrogen AS. See note 12 for further information.

Note 14 Inventories

(NOK 1 000)	2022	2021
Raw materials and consumables	195 047	182 866
Work in progress	107 224	67 453
Finished goods	29 947	10 916
Total inventories	**332 218**	**261 235**
Provision for obsolete inventory in balance sheet	16 711	6 795
Carrying amount of holdings used as pledged assets	-	-

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

Note 15 Trade receivables

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

(NOK 1 000)	2022	2021
Trade receivables	230 895	222 022
Provisions for loss	(1 965)	(1 736)
Trade receivables after provision for losses	228 930	220 286
Carrying amount of trade receivables used as pledged assets	-	-

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

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

	Trade receivables						
	Contract assets	Not due	<30 days past due	30-60 days past due	60-90 days past due	>90days past due	Total
2022							
Expected credit loss rate	0.0%	0.4%	0.0%	7.3%	0.0%	8.3%	
Carrying amount at default	9 488	180 357	33 531	7 595	1 494	7 916	230 895
Expected credit loss		(751)		(557)		(657)	(1 965)
Net carrying amount	9 488	179 607	33 531	7 038	1 494	7 260	228 930
2021							
Expected credit loss rate	0.0%	0.0%	0.0%	0.7%	0.0%	21.7%	
Carrying amount at default	4165	100 952	68 507	40167	5672	6 724	222 022
Expected credit loss				(280)		(1456)	(1 736)
Net carrying amount	4 165	100 952	68 507	39 887	5 672	5 267	220 286

Changes in the provision for losses are as follows

(NOK 1 000)	2022	2021
Opening balance 1 January	1 736	935
Additions from purchase of companies	-	535
Provision for losses for the year	652	830
Actual losses during the year	(442)	(537)
Translation differences	20	(27)
Closing balance 31 December	**1 965**	**1 736**

Credit risk and currency risk regarding trade receivables are described in more detail in note 20.

Note 16 Other current assets

(NOK 1 000)	2022	2021
Other debtors	17 634	14 956
Prepaid expenses	50 712	44 231
Prepayment to suppliers	61 188	-
Entitlement to VAT sand sales tax	480	18 924
Entitlement to income tax refund	1 816	39
Other	4 730	2793
Total other current assets	**136 560**	**80 943**

Note 17 Bank deposits, cash and cash equivalents

(NOK 1 000)	2022	2021
Cash at bank and in hand	381 705	453 398
Undrawn Group overdraft facility	15 771	13 837
Restricted funds included in cash & cash equivalents [1]	1 482	1182

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

Note 18 Net financial items

(NOK 1 000)	2022	2021
Interest income	8 111	1 625
Foreign exchange items	29 245	12 624
Total finance income continued operations	**37 356**	**14 249**
Loss on exchange items	16 634	24 185
Cost of interest on loans etc.	10 141	8 593
Cost of interest on lease liabilities	2 471	913
Other finance expense	303	-
Total finance expense continued operations	**29 548**	**33 691**
Net financial items continued operations	**7 808**	**(19 442)**
Finance income from discontinued operations	-	667
Finance expense from discontinued operations	-	2 090

Note 19 Financial assets and financial liabilities

Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 31 December 2022 and 31 December 2021.

Financial assets

(NOK 1 000)	2022	2021
Financial assets at amortized costs		
Trade receivables	228 930	220 286
Other non-current financial assets	13 193	2 476
Other current financial assets	24 660	36 712
Financial assets at fair value		
Other non-current financial assets	67 339	-
Total	266 783	259 474
Total current	253 590	256 998
Total non-current	13 193	2 476

Financial liabilities

Set out below is an overview of financial liabilities held by the Group as at 31 December 2022 and 31 December 2021.

Financial liabilities

(NOK 1 000)	2022	2021
Financial liabilities at amortized cost		
Trade and other payables	255 712	191 409
Non-current interest bearing loans and borrowings	39 358	42 126
Other non-current financial liabilities	-	43 490
Other current financial liabilities	45 777	-
Current interest bearing loans and borrowings	4 673	13 635
Financial liabilities at fair value		
Other non-current financial liabilities (Contingent liabilities)	39 789	65 616
Other current financial liabilities	29 275	-
Total	**414 584**	**356 276**
Total current	335 437	205 044
Total non-current	79 147	151 232

Measurement of fair value

Fair value hierarchy

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

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

Level 2: Level 2 relates to currency- and interest rate swaps shown in note 13 and 4, 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.

Level 3: Level 3 relates to contingent liabilities arising from acquisitions as shown in note 4 and unlisted equity investments at fair value as shown in note 12 and 13. The fair value of contingent liabilities is estimated based on expected achievement of earn-out targets and corresponding payments of acquired companies. The fair value of unlisted equity investments is estimated by using commonly used valuation techniques or by implicit valuations derived from private placements undertaken in the companies.

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

Carrying amount and fair value of financial assets and financial liabilities

		2022		2021	
(NOK 1 000)	Level	Book value	Fair value	Book value	Fair value
Financial assets					
Other non-current financial assets	3	67 339	67 339	-	-
Other non current assets	2	13 193	13 193	2 476	2 476
Other current financial assets	2	24 660	24 660	36 712	36 712
Total financial assets		**105 191**	**105 191**	**39 188**	**39 188**
Total current		24 660	24 660	36 712	36 712
Total non-current		80 531	80 531	2 476	2 476
Financial liabilities					
Loan from financial institutions	2	44 030	39 028	55 761	55 761
Other non-current financial liabilities	3	39 789	39 789	109 106	109 106
Other current financial liabilities	3	75 051	75 051	-	-
Total financial liabilities		**158 870**	**153 868**	**164 867**	**164 867**
Total current		79 723	74 721	205 044	205 044
Total non-current		79 147	79 147	151 232	151 232

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

Note 20 Financial risk management

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

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

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

Credit risk

The Group is mainly exposed to credit risk associated with trade receivables and contract assets. The Group minimizes its exposure to credit risk by ensuring that all parties requiring credit (primarily trade receivables) are approved and undergo a credit check.

Trade receivables amounted to NOK 229 million (NOK 220 million). The subsidiary Hexagon Purus GmbH applies credit insurance to covers parts of the companies' receivables. Except for parts in Hexagon Purus GmbH, trade receivables do not have credit insurance. However, these are partly covered through Letter of Credits and prepayments from customers.

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and that outstanding amounts do not exceed the defined credit limits. Credit information is also used in the group's regular appraisal of new and existing customers.

The Group has not issued guarantees for third party obligations.

The carrying amount of the financial assets, in the balance sheet represents the maximum risk exposure. The Group considers its maximum risk exposure to be the carrying amount of its trade receivables, contract assets and other current assets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for grouping of various customer segments with similar loss patterns (i.e. geographical region, product type, customer type and rating, coverage by letter of credit or prepayments or other forms of credit insurance). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

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

Interest rate risk

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

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

The average effective interest rate on financial liabilites was as follows

	2022	2021
Loan from related party	-	5.2%
Loan from financial institutions	1.56% - 7.50%	1.56 - 5.50%
Leases	2.50% - 10.50%	1.50% - 4.88%

The following table shows the group's sensitivity to potential changes in interest rates for loans from financial institutions (loan from related party excluded). The calculations take into account all interest-bearing instruments and associated interest rate derivatives (if any) as of 31.12.

	Change in interest rates in base points	Effect on profit/loss before tax (NOK 1 000)	Gains or losses on interest rate derivatives in comprehensive income before tax (NOK 1 000)
2022	+100	(440)	-
	(100)	440	-
2021	+100	(434)	-
	(100)	434	-

As of 31.12.2022 all of the outstanding interest-bearing loans have fixed interest, see note 26.

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

Liquidity risk

Liquidity risk is the risk of the group not being in a position to fulfil its financial liabilities when they fall due. The group's strategy for managing liquidity risk is to set a level of available liquidity to enable it to discharge its financial liabilities when they fall due, both under normal and unexpected circumstances, without risking unacceptable losses or damaging the group's reputation.

The majority of excess liquidity is invested in bank deposits.

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

31 December 2022 Remaining period

(NOK 1 000)	Less than 1 month	1–3 months	3–12 months	1–5 years	More than 5 years	Total
Repayment of bank loans	389	1 168	3 115	14 202	25 156	44 030
Interest on bank loans	75	226	604	3 304	3 953	8 162
Leases	1851	3 715	16 665	85 087	47 392	154 710
Interest on leases	1021	2015	8684	33 111	13 448	58 280
Other non-current financial liabilities				39 789		39 789
Other current financial liabilities			75 052			75 052
Trade payables	200 380	46 008	6 676	2 366	283	255 712
Total	**203 716**	**53 133**	**110 794**	**177 860**	**90 232**	**635 735**

31 December 2021 Remaining period

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

Foreign exchange risk

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

As the Group has production and sales in different countries with different functional currencies, it is exposed to currency risk associated with movements of the Norwegian krone against other currencies, while the Group's presentation currency is NOK. The Group's profit after tax is also affected by currency movements, as the results of foreign companies are translated to the Norwegian currency using the weighted average exchange rate for the period.

Currency risk is calculated for each currency and takes into consideration assets and liabilities, off-balance sheet obligations and highly probable purchases and sales in the relevant currency.

The Group can use forward contracts to reduce its currency risk from cash flows denominated in foreign currencies. For the time being, the Group has no such contracts.

(NOK 1000)	Movement of NOK against USD	Effect on profit/ loss before tax	Effect on OCI pre tax
2022	+10%	(19 246)	-
	(10%)	19 246	-
2021	+10%	(9 470)	-
	(10%)	9 470	-

(NOK 1000)	Movement of NOK against EUR	Effect on profit/ loss before tax	Effect on OCI pre tax
2022	+10%	(27 123)	-
	(10%)	27 123	-
2021	+10%	(16 980)	-
	(10%)	16 980	-

The table explains the effect on the Group's profit/loss from +/- 10% change in EUR or USD.

Capital structure and equity

The main goal of the Hexagon Purus Group's capital structure management is to ensure it maintains a level of equity which is reasonable in relation to the Group's operations and an acceptable credit rating. Hexagon Purus Group is a growth company where large investments in business development will be necessary to achieve future growth and profitability. Hence, the major financing element in the near future is expected to be equity or equity-linked financing.

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

The Group manages and makes necessary changes to its capital structure by regularly assessing prevailing economic conditions and prospects of short and medium-term growth. The Board of Directors as per 31 December 2022 was granted the power to increase the share capital by maximum NOK 9.050 million in face value. No other changes to guidelines or capital structure is planned at the time of authorization of this report.

Note 21 Short term provisions

(NOK 1 000)	2022	2021
Balance 1 January	12 882	17 162
Translation differences		
Additions from purchase of companies	-	431
Provisions for the year	28 480	1 753
Provisions used (and reversed) during the year	(5 954)	(4 693)
Provision held for sale		
Warranty provision, other changes	2 819	(1 771)
Balance 31 December	**38 227**	**12 882**

The Group seeks to minimize the level of warranty or other claims from third parties through a diligent focus on product 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 hydrogen cylinders or on delivered hydrogen- or battery 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 22 Pensions

Pension plans in Hexagon Purus Group

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

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

In Germany most employees are not covered by a pension plan. There is a historical defined benefit plan with a very limited participation. The obligation for the defined benefit pension plans is calculated on a straight-line basis. Unrealized gains and losses resulting from changes in actuarial assumptions are recognized in other comprehensive income. There are seven active and three retired in the pension plan. The pension liability is calculated by an actuary. The net pension liability is presented below. Based on the limited participation and liability, the plan is considered of low significance.

Summary of pension cost in the Group

(NOK 1 000)	2022	2021
Defined contribution pension plan	6 566	3 100
Defined benefit pension plan	(453)	374
Total	6 113	3 474

Pension related assets and liabilities

(NOK 1 000)	2022	2021
Pension liabilities	1 439	1 892

Note 23 Share capital and share premium

Share capital and shareholders

	2022	2021
Ordinary shares of NOK 0.10 (2022/2021)	258 278 937	233 536 669
Total number of shares	**258 278 937**	**233 536 669**

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

Changes in share capital and share premium

	Number of shares		Share capital (NOK 1 000)		Share premium (NOK 1 000)	
	2022	2021	2022	2021	2022	2021
Ordinary shares						
Issued and paid 1 January	233 536 669	229 092 239	23 354	22 909	1 383 817	1 594 022
Issued new share capital	24 742 268	4 444 430	2 474	444	597 526	143 628
Transaction cost					(6 134)	
Other changes						(129)
Issued and paid, end of period	**258 278 937**	**233 536 669**	**25 828**	**23 354**	**1 975 208**	**1 737 521**
Transferred to share premium					(432 328)	(353 704)
Net total					**1 542 880**	**1 383 817**

The company does not hold any treasury shares.

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

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

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

20 Largest shareholders as of 31 December 2022

	Number of shares	Shareholding
HEXAGON COMPOSITES ASA	189 300 496	73.3%
CLEARSTREAM BANKING S.A.	20 123 019	7.8%
MITSUI & CO LTD	5 204 029	2.0%
Deutsche Bank Aktiengesellschaft	4 525 609	1.8%
FLAKK COMPOSITES AS	3 027 799	1.2%
Citibank Europe plc	2 508 592	1.0%
MP PENSJON PK	2 405 698	0.9%
Nordnet Bank AB	1 636 317	0.6%
The Bank of New York Mellon SA/NV	1 568 704	0.6%
UBS Switzerland AG	1 462 050	0.6%
BRØDR. BØCKMANN AS	1 363 120	0.5%
The Bank of New York Mellon SA/NV	1 230 208	0.5%
The Bank of New York Mellon SA/NV	984 120	0.4%
State Street Bank and Trust Comp	831 287	0.3%
KTF FINANS AS	756 950	0.3%
Skandinaviska Enskilda Banken AB	700 444	0.3%
Carnegie Investment Bank AB	566 788	0.2%
SIX SAF AG	545 022	0.2%
Saxo Bank A/S	545 021	0.2%
State Street Bank and Trust Comp	504 563	0.2%
Total 20 largest shareholders	**239 789 836**	**92.8%**
Remainder	18 489 101	7.2%
Total	**258 278 937**	**100.0%**

Note 24 Share-based payment

Programs

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

On 14 December 2020, the Company announced that key members of Hexagon Purus' executive management team exercised their right to purchase the maximum number of shares allowable in the management investment program, equal to a total number of 210 621 shares. As part of this management investment program, the Company awarded up to 421 242 related PSUs and 210 621 Restricted Stock Units ("RSUs") to the executives.

The instruments are non-transferable and will vest in 2024 when the Board of Directors approve the annual accounts for 2023, subject to satisfaction of the applicable vesting conditions. Each vested instrument will give the holder the right to receive one share in the Company.

The second share-based long term incentive plan is an employee RSU program, where 536 000 RSUs are currently issued to key personnel and management employees of the Group. Subject to satisfaction of the applicable vesting conditions, each RSU entitles eligible employees to receive such number of Hexagon Purus shares as corresponds to the number of RSUs vested at the date on which the Company's Board of Directors approves the Company's annual accounts for the financial year of 2023.

The third share-based long term incentive plan is an employee PSU program, where 988 686 PSUs are currently issued to key personnel and management employees of the Group. Subject to satisfaction of the applicable vesting conditions and share price development, each PSU entitles eligible employees to receive up to twice the number of Hexagon Purus shares as corresponds to the number of PSUs vested on 3 March 2025.

The fourth share-based long term incentive plan is an employee RSU program, where 85 260 RSUs are currently issued to key personnel of the Group. Subject to satisfaction of the applicable vesting conditions, each RSU entitles eligible employees to receive such number of Hexagon Purus shares as corresponds to the number of RSUs on 3 March 2025.

The fair value of the RSUs and PSUs are calculated on the grant date, using the Black-Scholes model and Monte Carlo simulation, and the cost is recognized over the service period. Cost of the RSU and PSU schemes, was NOK 15.8 million as of 31 December 2022 (NOK 7.7 million). The unamortized fair value of all outstanding RSUs and PSUs as of 31 December 2022 is estimated to be NOK 38.0 million (NOK 18.8 million).

There are no cash settlement obligations.

Instruments 2022	RSU key personnel (from 2020)	PSU executive management	RSU executive management	PSU Management (from 2022)	RSU Key personnel (from 2022)
Opening balance 2022, number of instruments	561 000	421 242	210 621	-	-
Grants	5 000	-	-	988 686	91 350
Lapsed/cancelled	(30 000)	-	-	-	(6 090)
Closing balance 31.12.2022, number of instruments	**536 000**	**421 242**	**210 621**	**988 686**	**85 260**
Contractual life (remaining)	1.50	1.50	1.50	5.17	5.17
Contractual life [1]	3.54	3.54	3.54	5.78	5.72
Strike price [1]	-	-	-	0.10	0.10
Share price [1]	27.30	27.30	27.30	32.14	27.76
Expected lifetime [1]	3.54	3.54	3.54	2.99	-
Volatility [1]	30.00%	30.00% - 49.31%	30.00%	62.25%	-
Interest rate [1]	0.390%	0.390%	0.390%	2.616%	-
Dividend [1]	-	-	-	-	-
FV per instrument [1]	27.30	20.83	27.30	33.67	27.76

Instruments 2021	RSU key personnel	PSU executive management	RSU executive management
Opening balance 2021, number of instruments	485 000	421 242	210 621
Grants	91 000	-	-
Lapsed/cancelled	(15 000)	-	-
Closing balance 31.12.2021, number of instruments	**561 000**	**421 242**	**210 621**
Contractual life [1]	2.50	2.50	2.50
Strike price [1]	-	-	-
Share price [1]	27.30	27.30	27.30
Expected lifetime [1]	3.54	3.54	3.54
Volatility [1]	30.00%	30.32%	30.00%
Interest rate [1]	0.390%	0.390%	0.390%
Dividend [1]	-	-	-
FV per instrument [1]	27.30	20.83	27.30

[1] Weighted average parameters at grant of instrument.

Note 25 Earnings per share

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

To calculate diluted earnings per share, the profit and weighted average number of shares outstanding is adjusted to accommodate all dilution effects associated with share options. All share options are taken into consideration in the "denominator", and adjustments are made for recognized option expenses in the numerator. In the calculations, share options are considered to have been converted at the grant date. Redeemed options are included from the date of issue.

(NOK 1 000)	Note	2022	2021
Profit/loss from continuing operations for the year flowing to holders of ordinary shares			
Profit/loss for the year		(431 518)	(345 152)
Weighted average number of shares outstanding 31 December			
Ordinary shares issued 1 January	23	233 536 669	229 092 239
Own shares		-	-
Issued new shares		24 742 268	4 444 430
Outstanding number of shares 31 December		**258 278 937**	**233 536 669**
Weighted average number of shares outstanding 31 December[1]		**258 278 937**	**233 536 669**
Profit/loss per share (continuing operation)		(1.67)	(1.49)
Diluted number of shares outstanding 31 December			
Ordinary shares issued 1 January	23	233 536 669	229 092 239
Own shares		-	-
Issued new shares		24 742 268	4 444 430
Effect of employee options issued		-	-
Outstanding shares 31 December adjusted for dilution effects		**258 278 937**	**233 536 669**
Weighted average number of shares outstanding 31 December adjusted for dilution effects		**258 278 937**	**233 536 669**
Diluted profit/loss per share (continuing operation)		(1.67)	(1.49)

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

There are 2 241 809 instruments (including contingently issuable shares), consisting of 831 881 RSUs and 1 409 928 PSUs, that could potentially dilute basic earnings per share in the future. These are not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

Note 26 Interest-bearing liabilities

(NOK 1 000)	2022	2021
Opening balance (loan from related party)	55 761	161 016
Settlement of loan with related party without cash effect	-	(142 615)
Repayment of loans	(11 731)	(21 755)
Additions of loans from acquired companies	-	48 458
Proceeds from new loans	-	10 657
Closing balance 31 December	**44 030**	**55 761**

As of 2022, the only interest-bearing loans are external secured loans related to Wystrach GmbH. Set out below is an overview of external non-current liabilities as of 31.12.2022.

Carrying amount

(NOK 1 000)	Interest rate conditions	Currency	Maturity	2022	2021
Secured loans					
Volksbank an der Niers eG	1.55%	EUR	30.09.2036	6 575	7 169
Deutsche Bank AG	1.96%	EUR	30.03.2037	12 983	14 154
Deutsche Bank AG	2.88%	EUR	30.06.2033	15 090	16 403
Deutsche Bank AG	1.79%	EUR	30.11.2025	4 710	4 401
Total non-current liabilities, not including 1st year's instalments				**39 358**	**42 126**

As of 31 December 2021

(NOK 1 000)	2023	2024	2025	2026	2027	Thereafter
Repayments structure for non-current liabilities (1st year as current)	4 672	4 672	3 324	3 103	3 103	25 156

Reconciliation for liabilities arising from financing activities

(NOK 1 000)	Financial liabilities	Lease liabilities	Total
Liabilities 1 January 2021	**161 016**	**31 039**	**192 055**
Financing activities with cash settlement			
Repayment of loans and liabilities	(21 755)	-	(21 755)
Repayment of lease liabilities	-	(17 606)	(17 606)
Proceeds from loans and liabilities	10 657	-	10 657
Financing activities without cash settlement			
Additions from purchase of companies	48 458	7 899	56 357
Deferred payment and contingent liabilities	109 106	-	109 106
Transfer of CNG / LDV segment	(142 615)		(142 615)
New lease liabilities		32 345	32 345
Exchange differences	-	(598)	(598)
Balance 31 December 2021	**164 867**	**53 079**	**217 946**
Liabilities 1 January 2022	**164 867**	**53 079**	**217 946**
Financing activities with cash settlement			
Repayment of loans and liabilities	(11 731)	-	(11 731)
Repayment of lease liabilities	-	(23 656)	(23 656)
Proceeds from loans and liabilities	-	-	-
Financing activities without cash settlement			
Additions from purchase of companies	-	-	-
Deferred payment and contingent liabilities	-	-	-
Transfer of CNG / LDV segment	-	-	-
New lease liabilities	-	122 472	122 472
Exchange differences	5 735	5 362	11 096
Other transactions without cash settlement		(2 547)	(2 547)
Balance 31 December 2022	**158 871**	**154 710**	**313 581**

Note 27 Short-term interest-bearing loans

(NOK 1 000)	2022	2021
Short term loan	-	585
Secured current interest-bearing liabilities		
Overdraft facility	-	8637
1st year's instalments, non-current interest-bearing liabilities	4 673	4413
Total	**4 673**	**13 635**
1st year's instalments, lease liabilities	22 230	21 285

The Group has overdraft facilities in two different banks in total EUR 1.5 million at disposal for the subsidiary Wystrach GmbH. The term for the overdraft facility is 3M EURIBOR + margin.

Note 28 Other current liabilities

(NOK 1 000)	2022	2021
Public duties payable	679	5 910
Accrued expenses and other current liabilities	70 976	49 271
Other current liabilities	25 043	17 566
Total	**96 699**	**72 747**

Note 29 Related parties disclosure

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

Hexagon Composites ASA and Hexagon Purus ASA have historically had a close relationship. Hexagon Purus ASA is at the time of these prepared financials statements as of 31 December 2022 owned 73 per cent of Hexagon Composites ASA. The cooperation has included and still includes sharing of manufacturing resources, contract manufacturing and exchange of capacity within all areas of business, process, product and system development. In addition, there has been a tradition to share management and administrative resources for the benefit of all parties having more and better solutions then otherwise would have been possible. All the transactions are carried out as part of normal business and at arm's length prices and terms.

The Group transferred its CNG LDV operations to Hexagon Composites Group's Agility segment with financial effect 1. October 2021. See note 5 for further information about the transaction.

The following table provides the total amount of transactions that have been entered into with related parties during the year, as well as balances with related parties as at 31 December 2022 and 31 December 2021.

There are no sales to, purchases from, loans to, receivables or liabilities/payables to associated companies of the Group, except for the investment in and loan to an associated company (see other note). The loan to Cryoshelter LH2 GmbH amounts to NOK 12 541 thousand at 31.12.2022.

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

There are no sales to, purchases from, loans to, receivables or liabilities/payables to key management personnel of the Group, except for any short-term postings related to salary payout and remuneration of out-of-the pocket expenses.

The Income statement includes the following amounts resulting from transactions with Hexagon Composites ASA Group

(NOK 1 000)	2022	2021
Sales revenue	42 610	10 538
Cost of materials	215 048	181 159
Other operating expenses	65 608	37 577
Interest expenses from related parties	118	7 617

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

(NOK 1 000)	2022	2021
Trade receivables	42 760	46 631
Trade payables	83 607	50 150

Remuneration of the board and management

2022

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

2021

NOK 1 000	Salaries and fees	Bonuses[1]	Benefits in kind	Paid pension premium	Value of vested instruments	Total remuneration 2022
Executive management	11 510	5 252	311	715	2 047	19 836
Board of directors	2 403					2 403
Total remuneration	**13 913**	**5 252**	**311**	**715**	**2 047**	**22 239**

[1] Bonuses earned in the financial year, related to the year 2020.

The Executive Team is extended from 2022 implying the numbers are not directly comparable. Jannicke Hilland resigned as a board member 18.07.2022.

The Chairman of the Board has no agreement relating to termination benefits. In his employment agreement, the Group President has a period of notice of 6 months. He has an agreement for up to 12 months' severance pay. The management of the Group have a target-based bonus agreement. For further details, see Remuneration Report for Hexagon Purus ASA.

Group management participates in the Company's general pension arrangements, which are described in note 22 Pensions. The Group President participate in the Group's defined contribution plan.

Group management participate in the Company's share-based incentive scheme, which are described in note 24, Share-based Payment. As of 31.12.2022 the Group President holds 115 (74) thousand shares, has 234 (147) thousand provisional performance share units (PSUs) outstanding, and 73 (73) thousand restricted share units (RSUs) outstanding. In addition, the Group President holds 34 (34) thousand provisional performance share units in Hexagon Composites ASA. The Group CFO holds 60 (60) thousand restricted share units (RSUs) as per 31.12.2022. and 65 (0) thousand performance share units (PSUs). In addition, the Group CFO holds 7 (7) thousand restricted share units in Hexagon Composites ASA.

No loans have been made, or security provided for loans, to any member of Group management, the Board or other elected standing committees or any of their related parties.

Shares owned by board members or related parties

	2022	2021
Jon Erik Engeset (Chairman)	60 518	39 899
Espen Gundersen (Board member)	20 619	-
Rick Rashilla (Board member)	54 587	33 968
Knut Flakk (Board member)	4 781 061	4 698 587
Karen Romer (Board member)	2 334	272
Martha Kold Bakkevig	4 124	-
Jannicke Hilland	10 309	-

Shares held by key management personnel

	2022	2021
Morten Holum - President and CEO	115 708	74 471
Salman Alam - CFO	8 247	-
Dilip Warrier - EVP Strategic Projects	-	-
Michael Kleschinski - EVP Light duty, Distribution & Cylinders	71 065	50 446
Todd Sloan - EVP Systems	45 787	45 787
Anne Lise Hjelseth - EVP People & Culture	41 237	-
Heiko Chudzik - EVP Operations	20 619	-
Frank Häberli - SVP Asia	60 664	50 355

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

(NOK 1 000)	2022	2021
Statutory audit and auditing-related services	3 854	2 408
Other attestation services	-	132
Tax advice	1 543	738
Other non-auditing services	17	172
Total	**5 414**	**3 450**

Note 30 Income tax

Tax expense

(NOK 1 000)	2022	2021
Income tax payable in the income statement	122	1 433
Change in deferred tax in income statement	(6 688)	(4 097)
Foreign exchange translation effects on tax expense	(2 815)	543
Tax expense	**(9 380)**	**(2 120)**
Income tax payable in the balance sheet	3 290	8 178
Prepaid tax abroad in the balance sheet	8	836
Settled tax not paid	(3 173)	-
Tax payable from acquired companies at acquisition date	-	(7 603)
FX translation effects	(3)	23
Total income tax payable in the income statement	**122**	**1 433**
Nominal tax rates in Norway	**22%**	**22%**

(NOK 1 000)	2022	2021
Profit before tax	(440 898)	(347 273)
Tax based on nominal tax rate in Norway	(96 998)	(76 400)
Varying foreign tax rates vs. Norwegian tax rate	(19 839)	(11 357)
Other non-taxable income and non-taxable expenses	4 633	9 808
Not capitalized due to uncertainty	114 341	78 403
Other differences relating to foreign subsidiaries	(305)	719
Reversal of capitalized tax asset	-	-
Share of profit/loss from associates	(11 213)	651
Tax expense from prior periods	-	(3 944)
Tax expense in income statement from continuing operations	**(9 380)**	**(2 120)**
Tax related to discontinued operations	-	138
Tax expense from continuing and discontinued operations	**(9 380)**	**(1 982)**

Deferred tax assets and deferred tax liabilities

	Balance sheet		Change in deferred tax in income statement	
(NOK 1 000)	2022	2021	2022	2021
Deferred tax asset				
Loss carried forward	(216 049)	(143 049)	(73 000)	(51 579)
Property, plant & equipment	-	-	-	4 232
Intangible assets	-	-	-	3 717
Inventories	(8 246)	(515)	(7 731)	(358)
Trade receivables	-	-	-	-
Provisions for liabilities/other current liabilities	(7 419)	(3 282)	(4 137)	2 244
Other	(5 085)	(3 963)	(1 122)	(339)
Deferred tax asset– gross	**(236 799)**	**(150 809)**	**(85 990)**	**(42 083)**
Reduction of tax assets due to uncertainty	232 208	148 620	83 588	56 844
Deferred tax assets - net carrying amount	**(4 591)**	**(2 189)**	**(2 403)**	**14 761**
Deferred tax liabilities				
Property, plant & equipment	4 039	1 906	2 133	(3 543)
Intangible assets	44 090	50 485	(6 395)	39 257
Trade receivables	737	739	(2)	101
Pensions (overfunded)	-	18	(18)	(643)
Provisions for liabilities/other current liabilities	1 268	1 272	(4)	(8 724)
Deferred tax liabilities – gross	**50 134**	**54 419**	**(4 285)**	**26 447**
Net recognized deferred tax liabilities/assets (-)	**45 543**	**52 230**	**(6 688)**	**41 208**
Change in deferred tax from purchase of companies / OCI			-	45 305
Net change in deferred tax in income statement			**(6 688)**	**(4 097)**
Carrying amounts				
Deferred tax asset	-	-	-	-
Deferred tax liabilities	45 543	52 230	-	-
Net recognized deferred tax assets/ deferred tax liabilities	**45 543**	**52 230**	-	-

The Group has a total loss carry forward of MNOK 1 171 (MNOK 737) as of December 31 2022, of which MNOK 592 (MNOK 376) are related to foreign activities. The loss carry forward are indefinitely.

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

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

(NOK 1 000)	2022	2021
Actuarial gains/losses, pensions	-	-
Derivatives	-	-
Total	-	-

Note 31 Government grants

(NOK 1 000)	2022	2021
Governmental grants related to income		
Governmental grants booked as deferred revenue	-	-
Governmental grants reducing booked value of asset	-	76
Total governmental grants related to income	-	76
Governmental grants related to income		
Governmental grants presented as income	1 602	303
Governmental grants reducing R&D personnel cost	336	768
Governmental grants reducing R&D other costs	-	872
Governmental grants presented as general cost reduction	493	-
Total governmental grants related to income	2 431	1 943
Grant total governmental grants received	2 431	2 019

Note 32 Purchasing commitments

The Group has the following commitments resulting from purchasing materials

(NOK 1 000)	2022	2021
First year	-	-
Second year	-	-
Thereafter	-	-
Total	-	-

The Group has the following commitments resulting from facility construction

(NOK 1 000)	2022	2021
First year	93 342	127 064
Second year	-	-
Thereafter	415	-
Total	93 757	127 064

The Group has the following commitments resulting from leases

(NOK 1 000)	2022	2021
First year	33 950	21 276
Second year	40 746	25 535
Thereafter	138 293	7 411
Total	212 989	54 222

Note 33 Climate risk assessment

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 Purus Group, as a solution 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 Purus Group's revenues. The Group has experienced an increasing demand for its zero emission energy solutions in the last couple of years due to an increased global focus on climate change and -mitigation. Hexagon Purus Group expects this focus to continue and expects strong sustainability-driven demand in all its businesses in the years ahead. This climate-related opportunity has impacted the Company's goodwill impairment tests by being an important driver for future revenue- and activity growth in the financial planning in these tests. In addition, the climate-related opportunities also positively impact the Company's assessment of future economic benefits expected to materialize from capitalized development projects.

Climate change also represents some level of physical risk to the Group in terms of severe climate events that could damage business facilities or disrupt supply chains. The general level of risk and potential impact from physical climate change for Hexagon Purus Group is, however, considered relatively low – the Group does not have facilities on low-lying shorelines or floodplains or has a history of forest fires around its facilities. Hexagon Purus Group has not identified material assets expected to have a significantly shorter life due to climate-related risks.

Hexagon Purus Group strives to maximize the positive climate impact of its technologies by enabling the avoidance of greenhouse gas emissions from both material production and waste management in the application of those technologies. The most critical factors in Hexagon Purus Group's own greenhouse gas emissions are the production processes which, throughout the value chain, can be reduced to further strengthen Hexagon's business model. More information on climate and environmental risks and how these are managed can be found in the ESG Report for Hexagon Composites ASA Group.

Note 34 Exchange rates

	Exchange rate 1 Jan 2022	Average exchange rate 2022	Exchange rate 31 Dec 2022
USD	8.8078	9.6245	9.8573
CAD	6.9357	7.3847	7.2810
EUR	10.0013	10.1040	10.5138
HKD	1.1296	1.229	1.2681
CNY	1.3884	1.4278	1.4289

Note 35 Events after the balance sheet date

- Opened a new hydrogen cylinder manufacturing facility in Westminster, Maryland (U.S.). The 60 000 square foot facility will support the annual production of up to 10 000 cylinders for heavy duty vehicle applications and will employ up to 150 skilled workers. The new facility expands cylinder production capabilities and capacity and allows for further expansion.

- Received an order for mobile hydrogen refueling stations and stationary storage from Deutsche Bahn, a leading provider of mobility and logistics services worldwide and the number one railway operator in Europe. The value of the order is approximately EUR 2.5 million (approximately NOK 25 million).

- Selected by New Flyer for the third consecutive year, to provide Type 4 hydrogen storage cylinders for the serially produced Xcelior CHARGE H2 ™ fuel cell electric bus. The total value of the contract is estimated to be approximately USD 2.5 million (approximately NOK 25 million).

- On 1 March 2023 the Company successfully raised total gross proceeds of approximately NOK 1 300 million. The Offering comprised of an Equity Private Placement raising gross proceeds of approximately NOK 500 million through the issuance of 18 518 519 new shares (the "New Shares") at a price of NOK 27.00 and a Convertible Bond Private Placement, raising gross proceeds of approximately NOK 800 million (the "Convertible Bonds").

- In the Offering, Mitsui & Co., Ltd. ("Mitsui") subscribed for, and was allocated, NOK 500 million in the Convertible Bond Private Placement. In addition, Mitsui has entered into a deeper strategic alliance with the Company and has signed a Memorandum of Understanding (the "MoU") whereby Mitsui intends to participate as an anchor investor in future capital raises for the years to come and become a long-term significant minority shareholder in the Company. The non-binding MoU expresses the parties' joint intentions and has a total monetary scope of up to NOK 2 000 million, including the NOK 500 million subscription in the Convertible Bond Private Placement. Future investments from Mitsui will be subject to, among other things, the Company's fulfilment of commercial and operational milestones agreed between the parties in good faith.

- Signed an exclusive distribution agreement with Hino Trucks, where Hexagon Purus will produce complete battery electric heavy-duty trucks for the U.S. market, distributed exclusively through select qualifying dealers in Hino's network. The potential total value over the course of this agreement could reach approximately USD 2.0 billion. The distribution agreement replaces the binding letter of intent (BLOI) from Hino announced on 11 February 2022.

- On 30 March 2023 the Company successfully transferred from Euronext Growth Oslo to the main list of the Oslo Stock Exchange.

- Hexagon Purus Systems USA LLC, a subsidiary of Hexagon Purus ASA, signed a multi-year agreement for the supply of lithium-ion battery cells with Panasonic Energy. Panasonic will supply battery cells for Hexagon Purus' proprietary battery systems for heavy-duty vehicles in North America. The supply of battery cells will commence in early 2026. As part of the supply agreement, Hexagon Purus will prepay approximately USD 43 million (approximately NOK 450 million) through 2025, subject to the achievement of certain milestones. This prepayment will secure battery cell capacity for Hexagon Purus out of Panasonic's production facility in Kansas.

- Opened a new engineering and manufacturing facility for battery and hydrogen storage systems in Kelowna, Canada. The 60.000 square foot manufacturing facility will support the annual production of more than 1.000 battery systems for heavy-duty vehicle applications and will employ up to 150 engineers and assembly technicians. This is Hexagon Purus' second opening of a new manufacturing facility in 2023, following the successful opening of its new hydrogen cylinder production facility in Westminster, Maryland, USA in January.

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

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

Income statement – Parent Company

HEXAGON PURUS ASA

(NOK 1 000)	Note	2022	2021
Internal transactions	2	158 606	88 773
Other revenue		1 844	640
Total operating income		**160 450**	**89 413**
Payroll & social security expenses	3, 4, 5	92 577	45 225
Depreciation		513	224
Other operating expenses	4	102 810	91 202
Total operating expenses		**195 899**	**136 652**
Operating profit (EBIT)		**(35 450)**	**(47 238)**
Finance income	6	54 105	84 263
Finance expense	6	27 375	88 931
Profit/loss on ordinary activities before tax		**(8 719)**	**(51 906)**
Tax	7	-	-
Profit/loss on ordinary activities		**(8 719)**	**(51 906)**
Profit/loss for the year		**(8 719)**	**(51 906)**
Share premium		(8 719)	(51 906)
Total transferred		**(8 719)**	**(51 906)**

Balance sheet – Parent Company

HEXAGON PURUS ASA

(NOK 1 000)	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Financial assets			
Property, plant & equipment		1 312	1 726
Investments in subsidiaries	8	2 087 651	1 522 369
Investments in shares	8	44 618	10 880
Loans to group companies	9	230 540	192 005
Loans to associated companies		12 541	-
Other non-current assets		2 348	2 342
Total non-current assets		**2 379 010**	**1 729 322**
Current assets receivables			
Trade receivables	2	33	169
Other receivables group	2	16 975	8 099
Other receivables	2	490	1 760
Bank deposits, cash and cash equivalents	10	333 483	372 387
Total current assets		**350 981**	**382 416**
		-	-
Total assets		2 729 992	2 111 738

(NOK 1 000)	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES EQUITY			
Paid-in capital			
Share capital		25 828	23 354
Share premium	11	2 649 302	2 066 629
Other paid-in capital		23 839	8 063
Total paid-in capital		**2 698 968**	**2 098 046**
Total equity		2 698 968	2 098 046

(NOK 1 000)	Note	31 Dec 2022	31 Dec 2021
CURRENT LIABILITIES			
Trade payables		3 620	3 861
Trade payables to group companies	2	7 366	1 736
Public duties payable		3 651	-
Other current liabilities		16 387	8 096
Total liabilities		31 023	13 692
Total equity and liabilities		2 729 992	2 111 738

Oslo, Norway, 22 April 2023
The Board of Directors of Hexagon Purus ASA

Jon Erik Engeset
Chairman of the Board

Espen Gundersen
Board Member

Martha Kold Bakkevig
Board Member

Rick Rashilla
Board Member

Karen Romer
Board Member

Morten Holum
President & CEO

Cash flow statement – Parent Company

HEXAGON PURUS ASA

(NOK 1 000)	Note	2022	2021
Cash flow from operating activities			
Profit before tax		(8 719)	(51 906)
Tax paid for the period		-	-
Depreciation		513	224
Share-based payment expense	4	15 776	7691
Change in receivables		(8 740)	2 276
Changes in payables		5 389	(38 457)
Changes in other current items		13 206	4 454
Net cash flow from operating activities		**17 424**	**(75 718)**
Cash flow from investment activities			
Purchase of property, plant & equipment and intangible assets		(98)	(1 951)
Investments in subsidiaries	8	(565 282)	(1 456 524)
Investments in associated companies	8	(33 738)	-
Loans to subsidiaries	2	(38 535)	745 820
Loans to associates		(12 541)	-
Net cash flow from investing activities		**(650 194)**	**(712 655)**

(NOK 1 000)	Note	2022	2021
Cash flow from financing activities			
Changes in long term loans	2	-	(21 755)
Proceeds from issues of shares		600 000	-
Transaction costs		(6 134)	-
Net change in bank overdraft		-	-
Net cash flow from financing activities		**593 866**	**(21 755)**
Net change in cash & cash equivalents	10	(38 904)	(811 863)
Cash & cash equivalents at beginning of period		372 387	1 184 250
Cash & cash equivalents at end of period		**333 483**	**372 387**

Equity statement – Parent Company

HEXAGON PURUS ASA

(NOK 1 000)	Issued capital	Share premium	Other paid-in capital	Total equity
Equity as of 1 January 2022	23 353	2 066 629	8 063	2 098 046
Profit/loss for the year		(8 719)		(8 719)
Share-based payments			15 776	15 776
Share capital increase	2 474	597 526		600 000
Transaction costs		(6 134)		(6 134)
As of 31 December 2022	25 827	2 649 302	23 839	2 698 969
Equity as of 1 January 2021	22 909	1 974 971	372	1 998 253
Profit/loss for the year		(51 906)		(51 906)
Share-based payments			7 691	7 691
Share capital increase	444	143 628		144 072
Transaction costs		(63)		(63)
Equity at 31 December 2021	23 353	2 066 630	8 063	2 098 046

On 23 November 2021 related to the closing of the Wystrach acquisition, the company issued 4 444 430 consideration shares to the previous shareholders of Wystrach GmbH. The issued shares amounted to NOK 144 million.

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

On 1 March 2023, the Company issued 18 518 519 new shares in a private placement at the price of 27.00 per share.

The Company raised approximately NOK 500 million in gross proceeds.

Notes – Parent Company

HEXAGON PURUS ASA

Note 1 Accounting principles

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

Sales revenue
Revenue from services is recognized as services are rendered.

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

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

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

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

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

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

Financial instruments
In addition to traditional financial instruments such as trade receivables, trade payables and interest-bearing liabilities, the Company also uses forward exchange contracts and interest rate swaps to limit the Company's currency and interest rate exposure. The effects of these instruments are recognized as they arise, together with the hedged objects. The interest rate instruments are not measured at the fair value on the balance sheet date because the Company uses hedge accounting. The currency instruments are valued at fair value and converted to the exchange rate specified on the balance sheet date.

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

Share-based payment
Share based payment are accounted for in accordance with NRS 15A, applying IFRS 2 under Norwegian Legislation. The fair value of share options and PSUs are measured at the grant date and the cost is recognized, together with a corresponding increase in other paid-in capital, over the period in which the performance and/or service conditions are fulfilled. The fair value is calculated using the Black & Scholes model. The employer's contribution is accrued over the period in which the service conditions are fulfilled, based on the intrinsic value.

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

Tax
Tax expense in the income statement includes income tax payable for the period and changes in deferred tax. Deferred tax is calculated at 22 per cent based on the temporary differences between accounting and fiscal values and loss carryforwards at the end of the financial year.

Interest-bearing loans and borrowing costs
Loans are recognized at the initial amount received less directly related transaction costs. In subsequent periods, interest- bearing loans are measured at amortized cost using the effective interest method. Profit and loss are entered in the income statement when liabilities are deducted from the balance and via amortization. Borrowing costs are expensed as they arise.

Cash flow statement
The cash flow statement has been prepared using the indirect method. Cash & cash equivalents include cash and bank deposits.

Use of estimates
Preparation of the annual financial statements in accordance with good accounting practice requires the use of estimates and assumptions by management which influence the income statement and the valuation of assets and liabilities, and disclosures on uncertain assets and obligations at the balance sheet date.

Contingent losses which are probable and quantifiable, are expensed as incurred.

Note 2 Intra-group transactions and balances

(NOK 1 000)	2022	2021
Income		
Administrative services to subsidiaries	158 606	88 554
Total	**158 606**	**88 554**
Receivables and loans	-	-
Loans to group companies	230 540	192 005
Trade receivables	16 975	8 099
Total	**247 515**	**200 104**
Liabilities		
Liabilities to group companies - current	7 366	1 736
Total	**7 366**	**1 736**

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

Payroll costs

(NOK 1 000)	2022	2021
Wages/salaries and fees	16 827	8 719
Share-pased payments/bonuses	28 292	15 489
Employer's contribution	5 091	2915
Contracted personnel	37 723	14 377
Board remuneration	2 533	2 590
Pension expense	1 716	934
Other contributions	395	200
Total	92 577	45 225

There were 12 (5 in 2021) employees in the Company during the financial year. Some key personnel are contracted from subsidiaries in the Group and presented here as contracted personnel.

(NOK 1 000)	Salaries and fees	Paid bonus	Natural combtribu-tions	Paid pension premium	Value of vested instruments	Total remu-neration
2022						
Executive management	18 775	9 802	338	1 363	8 513	38 791
Board of Directors	2 478					2 478
Total remuneration	**21 253**	**9 802**	**338**	**1 363**	**8 513**	**41 269**
2021						
Executive management	11 510	5 252	311	715	2 047	19 836
Board of Directors	2 403					2 403
Total remuneration	**13 913**	**5 252**	**311**	**715**	**2 047**	**22 239**

The Chairman of the Board has no agreement relating to termination benefits. In his employment agree-ment, the Group President has a period of notice of 6 months. He has an agreement for up to 12 months' severance pay. The management of the Group have a target-based bonus agreement. For further details, see Remuneration Report for Hexagon Purus ASA.

Group management participate in the Company's general pension arrangements, which are described in note 5.

No loans have been made, or security provided for loans, to any member of Group management, the Board or other elected standing committees.

Group management participate in the Company's share based incentive scheme, which are described in note 4, Share- based Payment. As of 31.12.2022 the Group President holds 115 thousand shares, 234 thousand perfor-mance share units (PSUs) and 73 thousand restricted share units (RSUs).

Shares owned by board members or related parties

	2022	2021
Jon Erik Engeset, (Chairman)	60 518	39 899
Espen Gundersen (Board Member)	20 619	-
Rich Rashilla (Board Member)	54 587	33 968
Knut Flakk (Board member)	4 781 061	4 698 587
Karen Romer (Board Member)	2 334	272
Martha Kold Bakkevig (Board Member)	4 124	-
Jannicke Hilland (Board member)	10 309	-

Shares held by key management personnel

	2022	2021
Morten Holum - President and CEO	115 708	74 471
Salman Alam - CFO	8 247	-
Dilip Warrier - EVP Strategic Projects	-	-
Michael Kleschinski - EVP Light duty, Distribution & Cylinders	71 065	50 446
Todd Sloan - EVP Systems	45 787	45 787
Anne Lise Hjelseth - EVP People & Culture	41 237	-
Heiko Chudzik - EVP Operations	20 619	-
Frank Häberli - SVP Asia	60 664	50 355

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

(NOK 1 000)	2022	2021
Statutory audit and auditing-related services	1 626	1 114
Other attestation services	-	130
Tax advice	-	618
Other non-auditing services	1 501	139
Total	3 127	2 002

Note 4 Share-based payment

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

On 14 December 2020, the Company announced that key members of Hexagon Purus' executive management team exercised their right to purchase the maximum number of shares allowable in the management investment program, equal to a total number of 210 621 shares. As part of this management investment program, the Company awarded up to 421 242 related PSUs and 210 621 Restricted Stock Units ("RSUs") to the executives. The instruments are non-transferable and will vest in 2024 when the Board of Directors approve the annual accounts for 2023, subject to satisfaction of the applicable vesting conditions. Each vested instrument will give the holder the right to receive one share in the Company.

The second share-based long term incentive plan is an employee RSU program, where 536 000 RSUs are currently issued to key personnel and management employees of the Group. Subject to satisfaction of the applicable vesting conditions, each RSU entitles eligible employees to receive such number of Hexagon Purus shares as corresponds to the number of RSUs vested at the date on which the Company's Board of Directors approves the Company's annual accounts for the financial year of 2023.

The third share-based long term incentive plan is an employee PSU program, where 988 686 PSUs are currently issued to key personnel and management employees of the Group. Subject to satisfaction of the applicable vesting conditions and share price development, each PSU entitles eligible employees to receive up to twice the number of Hexagon Purus shares as corresponds to the number of PSUs vested on March 3, 2025.

The fourth share-based long term incentive plan is an employee RSU program, where 85 260 RSUs are currently issued to key personnel of the Group. Subject to satisfaction of the applicable vesting conditions, each RSU entitles eligible employees to receive such number of Hexagon Purus shares as corresponds to the number of RSUs on March 3, 2025.

The fair value of the RSUs and PSUs are calculated on the grant date, using the Black-Scholes model and Monte Carlo simulation, and the cost is recognized over the service period. Cost of the RSU and PSU schemes, was NOK 15.8 million as of 31 December 2022 (NOK 7.7 million). The unamortized fair value of all outstanding RSUs and PSUs as of 31 December 2022 is estimated to be NOK 38.0 million (NOK 18.8 million).

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

Instruments 2022	RSU key personnel	PSU executive management	RSU executive management		
Opening balance 2022, number of instruments	561 000	421 242	210 621	-	-
Grants	5 000	-	-	988 686	91 350
Lapsed/cancelled	(30 000)	-	-	-	(6 090)
Closing balance 31 December 2022, number of instruments	**536 000**	**421 242**	**210 621**	**988 686**	**85 260**
Contractual life (remaining)	1.50	1.50	1.50	5.17	5.17
Strike price[1]	-	-	-	0.10	0.10
Share price[1]	27.30	27.30	27.30	33.99	27.76
Expected lifetime[1]	3.54	3.54	3.54	5.79	5.72
Volatility[1]	30.00%	30.00% - 49.31%	30.00%	-	-
Interest rate[1]	0.390%	0.390%	0.390%	-	-
Dividend[1]	-	-	-	-	-
FV per instrument[1]	27.30	20.83	27.30	33.99	27.76

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

[1] Weighted average parameters at grant of instrument.

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 12 (8) employees.

The defined contribution pension plan's contribution rates is 7 per cent for salaries in the range of up to 7.1 times the national insurance base rate (G) and 25.1 per cent for salaries in the range 7.1 to 12 G. Contributions for the year were expensed at NOK 1 716 thousand (NOK 934.69 thousand) , excluding employer's contributions.

Note 6 Net financial items

Finance income

(NOK 1 000)	2022	2021
Interest income from group companies	15 153	19 923
Other interest income	7 660	1 194
Other finance income (currency gains)	31 293	63 146
Total finance income	**54 105**	**84 263**

Finance expense

(NOK 1 000)	2022	2021
Interest expenses to group companies	-	7 617
Other interest expenses	4 155	-
Currency losses	22 214	80 602
Other finance expense	1 006	712
Total finance expense	**27 375**	**88 931**

Note 7 Tax

Tax expense for the year consists of

(NOK 1 000)	2022	2021
Income tax payable	-	-
Change in deferred tax	-	-
Total tax expense	-	-

Calculation of tax base for the year

(NOK 1 000)	2022	2021
Profit before tax	(8 719)	(51 906)
Permanent differences	36 308	21 136
Change in temporary differences	1 449	1471
Use of loss carryforwards	(29 037)	-
Tax base for the year	-	(29 300)

Overview of temporary differences

(NOK 1 000)	2022	2021
Receivables	-	-
Non-current assets	(15)	(166)
Provisions	(3 205)	(1756)
Pensions		
Loss carryforwards	(104 516)	(135 956)
Reduction of tax asset due to uncertainty	107 736	137 878
Total	-	-
Deferred tax 22%	-	-

Note 8 Shares in subsidiaries and associates

Subsidiaries

(NOK 1 000)	Registered office	Ownership share	Voting share	Carrying amount
Hexagon Technology H2 AS	Ålesund, Norway	100%	100%	138 030
Hexagon Purus HK AS	Ålesund, Norway	100%	100%	30
Hexagon Purus Maritime AS	Ålesund, Norway	100%	100%	8 500
Hexagon Composites Germany GmbH	Herford, Germany	100%	100%	1 335 630
Hexagon Purus NA Holding Inc.	USA	100%	100%	605 461
				2 087 651

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

(NOK 1 000)	Hexagon Technology H2 AS	Hexagon Purus HK AS	Hexagon Purus Maritime AS	Hexagon Composites Germany GmbH	Hexagon Purus NA Holding Inc.
Cost of acquisition	138 030	30	8 500	1 335 630	605 461
Equity at 31 December 2022	82 405	(848)	(1 222)	1 190 946	646 269
Profit 2022	(19 861)	(813)	(8 818)	1 398	-

Joint ventures and associates

(NOK 1 000)	Registered office	Ownership share	Voting share	Carrying amount
Norwegian Hydrogen AS	Norway	14.2%	14.2%	10 880
Cryoshelter LH2 GmbH	Dobl-Zwaring, Austria	40%	40%	33 738

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

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

NOK 1 000)	Cryoshelter LH2 GmbH	Norwegian Hydrogen AS
Cost of acquisition	33 738	10 880
Equity at 31 December 2022	(7 845)	101 259
Profit 2022	(6 200)	(2 845)

Note 9 Non-current loans

(NOK 1 000)	2022	2021
Due for payment after 1 year	-	-
Loans to group companies	230 540	192 005
Loans to associated companies [1]	12 541	-
Total	**243 081**	**192 005**

[1] Loan to Cryoshelter LH2 GmbH

Note 10 Bank deposits

(NOK 1 000)	2022	2021
Restricted tax withholdings	1 244	742

Note 11 Share capital and shareholder information

Share capital consists of

(Amounts in NOK)	Number	Nominal	Carrying amount
A shares	258 278 937	0.10	25 827 893

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

20 Largest shareholders as of 31 December 2022	Number of shares	Shareholding
HEXAGON COMPOSITES ASA	189 300 496	73.3%
CLEARSTREAM BANKING S.A.	20 123 019	7.8%
MITSUI & CO LTD	5 204 029	2.0%
Deutsche Bank Aktiengesellschaft	4 525 609	1.8%
FLAKK COMPOSITES AS	3 027 799	1.2%
Citibank Europe plc	2 508 592	1.0%
MP PENSJON PK	2 405 698	0.9%
Nordnet Bank AB	1 636 317	0.6%
The Bank of New York Mellon SA/NV	1 568 704	0.6%
UBS Switzerland AG	1 462 050	0.6%
BRØDR. BØCKMANN AS	1 363 120	0.5%
The Bank of New York Mellon SA/NV	1 230 208	0.5%
The Bank of New York Mellon SA/NV	984 120	0.4%
State Street Bank and Trust Comp	831 287	0.3%
KTF FINANS AS	756 950	0.3%
Skandinaviska Enskilda Banken AB	700 444	0.3%
Carnegie Investment Bank AB	566 788	0.2%
SIX SAF AG	545 022	0.2%
Saxo Bank A/S	545 021	0.2%
State Street Bank and Trust Comp	504 563	0.2%
Total 20 largest shareholders	**239 789 836**	**92.8%**
Remainder	18 489 101	7.2%
Total	**258 278 937**	**100.0%**

The total number of shareholders as of 31.12.2022 was 4 248 of whom 292 were foreign shareholders.
The number of shares held by foreign shareholders was 53 734 386 or 20.8%.

The Board proposes to the general assembly that there will be no dividend to be paid for the fiscal year 2022.

Note 12 Financial market risk

The Company's international activities expose it to currency risk and interest risk.

Interest rate risk
Interest rate risk arises in the short and medium term from the Company's floating rate liabilities.

Currency risk
Fluctuations in exchange rates represent a financial risk to the Company, both directly and indirectly.

Note 13 Events after the balance sheet date

On the 1st of march 2023 the Company successfully completed and raised total gross proceeds of approximately NOK 1 300 million. The Offering comprised of the Equity Private Placement raising gross proceeds of approximately NOK 500 million through the issuance of 18 518 519 new shares (the "New Shares") at a price of NOK 27.00 and a Convertible Bond Private Placement, raising gross proceeds of approximately NOK 800 million (the "Convertible Bonds").

In the Offering, Mitsui & Co., Ltd. ("Mitsui") subscribed for, and was allocated, NOK 500 million in the Convertible Bond Private Placement. In addition, Mitsui has entered into a deeper strategic alliance with the Company and has signed a Memorandum of Understanding (the "MoU") whereby Mitsui intends to participate as an anchor investor in future capital raises for the years to come and become a long-term significant minority shareholder in the Company. The non-binding MoU expresses the parties' joint intentions and has a total monetary scope of up to NOK 2 000 million, including the NOK 500 million subscription in the Convertible Bond Private Placement. Future investments from Mitsui will be subject to, among other things, the Company's fulfilment of commercial and operational milestones agreed between the parties in good faith.

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Hexagon Purus ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hexagon Purus ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2022 and the income statement, cash flow statement and equity statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the financial position of the Group as at 31 December 2022, the income statement, statement of comprehensive income, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for*

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Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders in 2018 for the accounting year 2018.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Goodwill - Impairment assessment

Basis for the key audit matter
As at 31 December 2022, Hexagon Purus ASA Group reported goodwill of NOK 524 million. The goodwill relates to only one cash flow generating unit. Goodwill is subject to annual impairment testing and estimating the recoverable amount of the related cash generating unit requires management judgement of future revenues, gross margins, operating costs, terminal value growth rates, capital expenditures and discount rate. No impairment was recognized. The impairment test involves significant estimation uncertainty and management judgment and is therefore a key audit matter.

Our audit response
We assessed the internal controls related to the impairment assessment. We involved valuation specialists in our team to support testing of the assumptions and methods used by management. We compared future cash flows against board approved plan for the years 2023-2027 and considered underlying assumptions for expected growth rates and the related cash flows. We assessed the historical accuracy of managements estimates and compared the assessment used for the acquisition. Furthermore, we tested the input of the discount rate against comparable market data. We also tested the mathematically accuracy of the impairment model and performed sensitivity analysis of the assumptions used. We also assessed the disclosures in note 10 Intangible assets in the financial statements.

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Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the President & CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

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.

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Report on other legal and regulatory requirement

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

Opinion

As part of the audit of the financial statements of Hexagon Purus ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name **Hexagonpurusasa-2022-12-31-en.zip**, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

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

Management's responsibilities

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

Auditor's responsibilities

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

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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.

Aalesund, 25 April 2023
ERNST & YOUNG AS

Ivar-André Norvik
State Authorised Public Accountant (Norway)

Glossary

ASA	Public Limited company in Norway
BAR	Unit of pressure. 1 millibar = 100 N/m²
BEV	Battery Electric Vehicle
CHG	Compressed Hydrogen Gas
CO_2	Carbon Dioxide
EBIT	Earnings before interests and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
EV	Electric Vehicle
FCEV	Fuel Cell Electric Vehicle
GHG	Greenhouse Gas
HDV	Heavy-Duty Vehicle
HSE	Health, Safety & Environment. Collective term for activities relating to health protection, environmental protection, working environment and employee safety.
HYDROGEN	Light, colourless gas (Symbol H), produced on an industrial scale
ISO	International Organization for Standardization – publishes standards in a large number of areas
JOINT VENTURE	Legally signed contractual agreement whereby two or more parties undertake an economic activity
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
LDV	Light-Duty Vehicle
OEM	Original Equipment Manufacturer
OSE	Oslo Stock Exchange (Oslo Børs)
X-STORE®	High-pressure composite cylinder for bulk transportation and storage of CNG
RESIN	Chemical adhesives for strengthening glass and/or carbon fiber
SCM3	Standard cubic meters. Unit for volumetric measurement of oil, natural gas and natural gas condensate at standard conditions defined in the ISO standard ISO 13443
SINTEF	Stifelsen for industriell og teknisk forskning / Foundation for Industrial and Technical Research
TYPE 1	Steel cylinder
TYPE 2	Steel cylinder, composite-reinforced
TYPE 3	Composite cylinder with metal liner
TYPE 4	Composite cylinder with polymer liner

Financial calendar 2023

Annual General Meeting
25 May 2023

1st quarter 2023
9 May 2023

2nd quarter and half year report 2023
15 August 2023

3rd quarter 2023
7 November 2023

4th quarter 2023
13 February 2024

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

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

Two weeks before the presentation of the interim report Hexagon Purus practice a quiet period where contact with analysts, investors and media are limited. This is done to minimize the risk of information leakage and potential different information in the market.

Contact us

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