

Remuneration report

2023



Contents

1. Introduction	3	5. Compliance with the remuneration policy	15
1.1 Background	3		
1.2 Highlights summary	3	6. Derogations and deviations from policy	17
1.3 Overview of the last financial years	4		
2. Total remuneration for Executives	6	7. Comparative information	18
2.1 Introduction	6		
2.2 Elements of Executive remuneration	6	8. Statement by the board of directors	20
2.3 Remuneration of Executives from the Company	8		
2.4 Remuneration of Executives from the Group	9	Auditor's report	21
2.5 Remuneration of the Company's Board of Directors	11		
3. Share based instruments for Executives	12		
4. Any use of the right to reclaim variable remuneration	14		

1. Introduction

1.1 Background

This remuneration report (the "Report") is prepared by the Board of Directors of Hexagon Composites ASA (the "Company") in accordance with the Norwegian Public Limited Liability Companies Act (the "Companies Act") Section 6-16 b with regulations, in addition to the Company's Guidelines for remuneration of executive management as approved by the General Meeting on 28 April 2021. The Report contains information regarding remuneration to previous, present and future leading personnel of the Company ("Executives") for the financial year of 2023 in line with the applicable requirements.

The Company considers the Group CEO, the Group CFO and the other members of the Group executive management as being the defined "Executives" or leading personnel under the Companies Act. This Report is prepared for addressing the Hexagon Group of companies' performance in 2023 ("Hexagon") and how this relates to the remuneration of the Executives of Hexagon ("Hexagon Executives").

For the financial performance, 2019 and 2020 addresses the group structure and remuneration policies before the spin-off and listing of Hexagon Purus in 2020. The basic structure of the remuneration policy in Hexagon in 2023 remained the same as in the Group in the prior years.

Numbers in paranthesis in this document refers to previous fiscal year.

1.2 Highlights summary

The Remuneration Policy balances our short-term and long-term performance, taking into consideration our business strategy, our vision of Clean Air Everywhere, and our aim to deliver value for shareholders. In 2022, we saw the introduction of the biggest climate investment programs the world has ever seen – REPower EU and The US Inflation Reduction Act – aimed at bringing down costs of renewable energy, boosting energy supply, and substantially reducing greenhouse gas emissions. These programs are complemented by the Green Deal Industrial Plan and the U.S. National Blueprint for Transportation Decarbonization, specific initiatives to speed up the deployment of clean energy. Hexagon's technology agnostic approach to solutions for the mobility and infrastructure segments has positioned us to play a role in driving this energy transformation. Demand for our products and services continues to be on the rise, and Hexagon retains its global leadership in the type 4 pressure vessel and related alternative fuel solutions space.

Accordingly, annual incentive payments to the Hexagon Executives, based on Hexagon and Business Area target EBITDA and individual performance objectives including ESG related objectives, were paid. Business fundamentals, growth and results in the three-year period ending 2023 was satisfactory even with significant disruptive impacts on global supply chains, affecting our customers, suppliers and our operational activities. From 2022 and into 2023, the war in Ukraine has added uncertainty to the general business environment. Despite these impacts leading to delays in chassis availability, semiconductors, and volatile input prices, Hexagon and its individual business areas navigated the significant market turbulence.

Hexagon's extensive portfolio of (renewable) natural gas (RNG/CNG), LPG/bioLPG, hydrogen and digital solutions, position the company as a global leading clean technology provider and we see leading OEMs, fleets and other market players adapting to meet ambitious sustainability targets. Renewable Natural Gas (RNG) represents the fuel alternative with the highest CO₂ mitigating potential in the transportation sector in this decade, and it is expected to drive strong growth in Hexagon Agility.

The remuneration outlined in this report complies in full with Hexagon’s approved Remuneration Guidelines. The company has not claimed back any paid remuneration to Executives during the year. In 2023, to further increase our commitment to Environmental, Social and Governance (ESG) objectives, we established and set the weighting of ESG measures in the Performance Objectives within the short-term incentive scheme to at least 20 per cent. Please refer to our Sustainability report for further details on ESG within Hexagon.

Following the deconsolidation of Hexagon Purus effective 29 June 2023 and the subsequent classification of Hexagon Purus as discontinued operations, continuing operations comprise the Hexagon Agility, Hexagon Ragasco and Hexagon Digital Wave segments.

The general situation following the war in Ukraine and thereafter the disturbances in the Middle East adds a level of uncertainty to the any business activity. Thus far, this haven’t had substantial influence on Hexagon’s business operations.

1.3 Overview of the last financial years

(NOK million)

Performance Indicator	2023	2022	2021
Revenue (NOK million)	5 186	4 303	3 277
Revenue growth (%)	21%	31%	7%
EBITDA (NOK million)	480	348	381
EBITDA growth (%)	38%	(9%)	16%
EBITDA Margin (%)	9%	8%	12%
EBIT (NOK million)	221	106	171
EBIT Margin (%)	4%	3%	5%

A strong finish to the year pushed the Group over the NOK 5 billion mark for the full year 2023, a new milestone for the Hexagon Group. Hexagon Agility’s Mobile Pipeline sales momentum was the key profit driver for the Group in 2023, combined with the Group’s successful recovery from last year’s cost inflation impacts and significant improvements in operational efficiency.

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

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

Hexagon Agility

For the full year 2023, Hexagon Agility reported revenues of NOK 4 321 (3 478) million, including favorable FX effects of approximately NOK 370 million. Adjusting for these effects, the underlying growth rate was 14%, principally achieved through

strong demand within the Mobile Pipeline business. The Mobile Pipeline business had a record year generating underlying revenue growth of 52% versus 2022, where increasing demand for transportation of renewable natural gas (RNG) remains the key underlying growth factor. Volumes within the commercial vehicles business were however lower, mainly due to lower heavy-duty truck volumes. The volume shortfall is primarily attributed to a single customer who placed and received delivery of significant orders in 2022 and is using 2023 to optimize its fleet operations.

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

Hexagon Ragasco

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

During 2023, Hexagon Ragasco signed a long-term agreement with its long-standing customer, Gasco – Saudi Arabia’s largest LPG distributor – for

production of custom-made LPG cylinders for the Saudi Arabian domestic market. The sales value of the agreement amounts to approximately EUR 20 million over the next five years. This, together with several introductory orders from new customers, including significant orders from Oceania and Africa-based customers, represent important additions to Hexagon Ragasco’s recurring volume base.

Digital Wave

For the full year 2023, Hexagon Digital Wave reported revenues of NOK 179 (116) million, representing a growth of approximately 54%. The growth is largely related to the strong momentum in the MAE business. Following the healthy recovery in the fourth quarter, Hexagon Digital Wave reported yet another year of positive EBITDA ending at NOK 8 (7) million with an EBITDA margin of 4% (6%). The relatively weak margin development is explained by operational growth investments, together with research and product development, which are expected to yield improved margins for 2024 and beyond.

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

Profit/loss from discontinued operations

On 29 June, the board of directors of Hexagon Composites ASA decided to distribute 69.2 million shares in Hexagon Purus ASA as a dividend-in-kind to its shareholders and effectively reduced its ownership in Hexagon Purus by 25% to 43.4%. The distribution as well as other factors constituted a loss of control event. The deconsolidation of Hexagon Purus generated a one-off accounting gain of NOK 2 351 million. Profit/loss from discontinued operations of NOK 2 050 million includes the said gain as well as Hexagon Purus’ profit/loss up to 29 June 2023 of NOK -302 million. See also [note 5](#) to the Group’s consolidated financial statement for further information related to the deconsolidation of Hexagon Purus and subsequent presentation as discontinued operations.

Performance on track

Hexagon’s businesses are on track to deliver on their long-term growth and profitability ambitions. In 2023, Hexagon’s mobility solutions enabled a wide range of transportation, industrial and consumer applications to convert to cleaner energy – collectively avoiding the release of 1.5 (1.35) million metric tons of CO₂ equivalents¹. In addition, Hexagon Ragasco continued to provide substantial volumes of LPG cylinders to lesser developed countries, bringing cleaner and safer fuel sources to meet vital domestic energy needs in those markets.

In the 2023 performance, Hexagon has incurred several strategic expenses totalling NOK 27 million for the full year. Approximately NOK 3 million of these were adjusted for in the evaluation of actual performance for Executives remuneration achieved in 2023.

¹ Number is subject to full-year review. Source: Calculated based on the Alternative Fuel Life-Cycle Environmental and Economic Transportation (AFLEET) tool from the Greenhouse gases, Regulated Emissions, and Energy use in Technologies (GREET®) model has been used for estimating emission reductions, Greenhouse Gas Equivalencies Calculator | US EPA

2. Total remuneration for Executives

2.1 Introduction

As Executives, we are including any individuals defined to be part of the Group Management or the Board of Directors in the fiscal year 2023, and thereby also have received remuneration from the group during the fiscal year 2023.

2.1.1 Purpose and general principles for executives' remuneration

As a leading international company within its industries, Hexagon and the Group must offer salaries and other compensation that ensure to recruit and retain Executives. The Group has presence in a number of locations on several continents,

and as such competes for relevant senior management talent worldwide. The components and total package of remuneration strive to support Hexagons' competitiveness as an employer in all locations, and especially in the US.

Remuneration for Executives has been adapted to comply with established local practice and mandatory rules in the jurisdiction of their employment, taking into account, to the extent possible, the overall purpose of the remuneration policy.

2.2 Elements of Executive remuneration

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

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

2.2.1 Fixed salary

The fixed salary allows Hexagon to attract and recruit senior executives that are necessary for the long-term profitability and sustainability of Hexagon.

It is Hexagon's policy that base salaries shall reflect the individual Executive's position and degree of responsibility. The size of the fixed cash salary shall be in line with market conditions, be competitive with comparable businesses within the industry at the relevant location and shall take into account

inter alia the scope and responsibility associated with the position, as well as the skills, experience, and performance of each Executive. The fixed cash salaries have no maximum levels.

In 2023, Executives have had changes in their base payment between 5% and 11% (3% and 7%) (excluding effects from currency translation).

2.2.2 Bonuses (variable cash salary)

Variable cash salary for Executives in 2023 was based on a set of predetermined and measurable performance criteria, reflecting the key drivers for pursuing Hexagon's business strategy, long-term interests, and sustainable business practices. The performance criteria consisted of performance indicators both for Hexagon's and business areas' overall and for individuals' performance. In 2023, variable cash salaries were based 50%-70% on financial parameters related to EBITDA, and 30%-50% on operational and ESG-related parameters. See sections 2.3 and 2.4 for more details.

Performance indicators for 2023 are further adjusted for by Executive's Individual Performance

Objectives from 0-100% principally through other non-financial performance parameters, mainly:

- ESG targets
- Strategic objectives
- Functional / Business area goals
- Personnel development and welfare goals

The performance achievement was applied to fixed percentages of base salary which vary from 50 per cent to 75 per cent. The design of the above is to ensure the most capable execution of defined business strategies, short and long-term, while ensuring Hexagon’s going concern. Determination of the extent to which the criteria for variable cash salary are satisfied is determined upon expiry of the relevant measurement period by measuring criteria against actual performance. Bonus payments to the Executives have been endorsed by the remuneration committee.

In 2021, the CEO of Hexagon was awarded a bonus arrangement dependent upon the share price development of Hexagon Purus ASA and is converted to a given number of cash settlement options in Hexagon Purus ASA, for the purposes of calculating quarterly fair values. The performance of Hexagon Purus’ development also has a significant influence on shareholder value for the Hexagon Group. This cash settlement arrangement has a maturity of three years and involved in 2023 a reversal of previously expensed amount of NOK 2.4(1.8 expensed 2022) million due to share price development of Hexagon Purus ASA.

2.2.3 Remuneration related to shares

This section covers, in principle, allotment of shares,

warrants, options and other forms of remuneration related to shares or the development of the share price in the company.

Purchase of shares

Executives may participate in any Hexagon employee share purchase plans or similar plans on substantially on the same terms as all employees.

Share-based incentive programs

Share-based payments, settled in shares or cash, are used as part of the Hexagon’s incentive schemes. In the view of the Board of Directors, attractive share-based long-term incentive programs form an important part of the total compensation for Executives and are necessary to allow Hexagon to retain and hire the talent it needs for further growth.

The Executives have a long-term share-based incentive plan with a retention period of employment of three years. Performance Share Unit (PSU) plans for Executives are issued with differing tiers of target face value ranging from USD 100 000 to USD 300 000. The range of values is reviewed periodically to ensure market competitiveness.

The PSU schemes are based on performance in a defined measurement period. Depending on performance in relation to target figures, the number of instruments each person potentially may receive is calculated. The exact number of instruments is a function of the value award for an individual, translated to NOK, divided by the share price at the allotment date, and multiplied by the performance achievement during the performance period. After

the measurement period there will be a defined service period before shares may be released.

Conditional and performance-based PSUs have been granted to Executives, which entitle these to potentially receive a number of shares after three years. The rights under PSUs granted in April 2020 with performance period in 2020 and 2021 were vested and released in March 2023. The rights under PSUs granted in April 2021 were contingent on achieving specific targets for Group revenue and EBITDA in 2021 and 2022 and will vest in March 2024. The rights under PSUs granted in May 2022 is contingent on achieving specific targets for Group revenue and EBIT in 2022 and 2023 and will vest in March 2025. The rights under PSUs granted in February 2023 is contingent on achieving specific targets for Group revenue, EBIT and total shareholder return in 2025 and will vest in March 2026. The exact number of instruments will continue to be a function of the value award for an individual, divided by the share price at the allotment date, and multiplied by the performance achievement during the performance period. After the measurement period there will be a defined service period before shares may be released.

See section 3 for details on Executive share-based instruments for 2023.

2.2.4 Pension schemes

Executives’ pension arrangements follow the arrangements established for Hexagon’s employees. Pension benefits were based on local practices and applicable law.

2.2.5 Other variable elements of remuneration

Other benefits shall be based on market terms and shall facilitate the duties of Executives and typically include cover of broadband access, phone, financial media and relevant professional subscriptions, modest wellness allowance and membership of company health insurances. Hexagon aims to have sufficiently competitive salary and incentive programs to minimize additional non-financial benefits, and such shall generally be offered only to the extent they are in line with generally accepted customs locally.

Where relevant, severance payment is included in the overview below as extraordinary items.

The table in Section 2.3 Remuneration of Executives from the Company below contains an overview of the total remuneration received by the Executives, only remuneration earned on the basis of the Executives’ role as a leading person is included. Criteria for remuneration that was granted/awarded/due but not yet materialized, during the reported financial year is given in sections 3 and 5 primarily.

The table in Section 2.4 Remuneration of Executives from the Group below contains an overview of the total remuneration, which the Executives have received from other companies within the group of companies to which the Company belongs (the “Group”).

The table in Section 2.5 below contains an overview of the total remuneration received by the members of the Board of Directors in the parent company of the Group.

2.3 Remuneration of Executives from the Company

This section contains information on the remuneration of the Executives being former, existing and future members of the Executive team in Hexagon Composites ASA.

		1. Fixed remuneration			2. Variable remuneration		3. Extra-ordinary items	4. Pension expense	5. Total Remuneration	6. Fixed % of remuneration (%)	7. Variable % of remuneration (%)	8. Remuneration of Directors from undertakings of the same group
(NOK 1 000)		Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable ¹						
Name and position	Year											
Jon Erik Engeset	2023	3 714	-	12	3 170	3 003	-	191	10 089	39%	61%	437
Group President & CEO	2022	3 337	-	10	2 100	3 704	-	192	9 341	38%	62%	620
David Bandele	2023	2 695	-	13	1 534	2 002	-	185	6 428	45%	55%	54
Chief Financial Officer	2022	2 500	-	13	882	1 220	-	182	4 797	56%	44%	40
Karen Romer	2023	1 810	-	10	1 030	1 846	-	187	4 882	41%	59%	142
SVP Communications	2022	1 717	-	13	606	953	-	187	3 476	55%	45%	340
Hans Peter Havdal	2023	2 397	-	9	2.317	333	-	129	5.184	49%	51%	246
Group COO & CEO Hexagon Agility	2022	-	-	-	-	-	-	-	-			311
Eirik Løhre	2023	1 682	-	8	1 477	493	-	183	3 843	49%	51%	-
VP Corporate Development (from March 2023)	2022	1 313	-	8	575	72	-	172	2 141	70%	30%	-

Multi-year variable: more details are disclosed in section 3.

Remuneration of Directors from undertakings of the same group: relates to fee serving as Chairman of Board (Jon Erik Engeset), member of the Board (Karen Romer) and member of the nomination committee (David Bandele) of Hexagon Purus ASA. Hans Peter Havdal received remuneration serving as board member of the parent company up to February 2023.

There are no other previous or future leading personnel of the Company for the financial year of 2023 to be included in the reporting.

2.4 Remuneration of Executives from the Group

This section contains information on the remuneration of the Executives being former, existing and future members of the Executive team of the Group.

(NOK 1 000)	Name and position	Year	1. Fixed remuneration			2. Variable remuneration		3. Extra-ordinary items	4. Pension expense	5. Total Remuneration	6. Fixed % of remuneration (%)	7. Variable % of remuneration (%)	8. Remuneration of Directors from undertakings of the same group
			Base salary	Fees	Fringe benefits	One-year variable	Multi-year variable ¹						
	Jon Erik Engeset	2023	3 714	-	12	3 170	3 003	-	191	10 089	39%	61%	437
	Group President & CEO	2022	3 337	-	10	2 100	3 704	-	192	9 341	38%	62%	620
	David Bandele	2023	2 695	-	13	1 534	2 002	-	185	6 428	45%	55%	54
	Chief Financial Officer	2022	2 500	-	13	882	1 220	-	182	4 797	56%	44%	40
	Hans Peter Havdal	2023	2 397	-	9	2.317	333	-	129	5.184	49%	51%	246
	Group COO & CEO Hexagon Agility	2022	-	-	-	-	-	-	-	-			311
	Seung Baik	2023	663	-	83	-	413	3 644	96	4 899	92%	8%	-
	President Hexagon Agility	2022	3 890	-	-	1 624	1 873	-	197	7 584	54%	46%	-
	Skjalg Stavheim	2023	2 543	-	7	1 389	2 002	-	126	6 067	44%	56%	-
	President Hexagon Ragasco	2022	2 417	-	6	1 131	1 220	-	152	4 926	52%	48%	-
	Melissa Holler	2023	1 524	-	69	-	-	1 568	141	3 302	100%	-	-
	President Hexagon Digital Wave (from May 2022)	2022	1 605	-	42	745	51	1 918	124	4 484	82%	18%	-
	Karen Romer	2023	1 810	-	10	1 030	1 846	-	187	4 882	41%	59%	142
	SVP Communications	2022	1 717	-	13	606	953	-	187	3 476	55%	45%	340
	George Siedlecki	2023	4 004	-	319	2 278	2 002	-	209	8 812	51%	49%	-
	SVP Strategy and M&A (Acting President Digital Wave 2021)	2022	3 050	-	142	1 168	1 110	-	176	5 647	60%	40%	-
	Ashley Remillard	2023	2 745	-	342	1 562	1 329	-	197	6 174	53%	47%	-
	SVP Legal & Government Affairs (from March 2023)	2022	2 000	-	254	990	577	-	176	3 996	61%	39%	-
	Rick Rashilla	2023	3 151	-	283	1 793	1 960	-	182	7 369	49%	51%	300
	SVP Sustainability (prev. SVP Corp R&D)	2022	2 526	-	142	897	1 159	-	159	4 884	58%	42%	303
	Eirik Løhre	2023	1 682	-	8	1 477	493	-	183	3 843	49%	51%	-
	VP Corporate Development (from March 2023	2022	1 313	-	8	575	72	-	172	2 141	70%	30%	-

The USD/NOK exchange rate has increased year-over-year by 9.9% from 2022 average to 2023 average. This affects the US Executives’ remuneration correspondingly.

Multi-year variable: more details are disclosed in section 3.

Remuneration of Directors from undertakings of the same group: relates to fee serving as Chairman of Board (Jon Erik Engeset), members of the Board (Karen Romer and Rick Rashilla) and member of the nomination committee (David Bandele) of Hexagon Purus ASA. Hans Peter Havdal received remuneration serving as board member of the parent company up to February 2023.

Melissa Holler, previous President Digital Wave, left the Group from July 2023. Following, George Siedlecki took on serving as acting President of Digital Wave from July 2023. Seung Baik left the Executive team and the Group from February 2023.

Hans Peter Havdal has joined the Executive team from March 2023 as COO while having left his position as board member from 16 February 2023. Ashley Remillard, previously VP Legal & Government Affairs in Hexagon Agility, was appointed SVP Legal and Government Affairs in Hexagon Group as from 1 March 2023. Eirik Løhre, previously Director of Strategy and M&A was appointed VP Corporate Development in Hexagon Group as from 1 March 2023. The new members of the Group Executive team from 2023 are added to the remuneration report from the 2023 reporting.

Executives having left the Group before 2023 are not part of the 2023 reporting. There are no other previous or future leading personnel of the Company for the financial year of 2023 to be included in the reporting.

2.5 Remuneration of the Company's Board of Directors

This section contains information on the remuneration of former, existing and future members of the Board of Directors of Hexagon Composites ASA.

(NOK 1 000)

Name and position	Year	Board fee	Audit committee fee	Remuneration committee fee	Nomination committee fee	Remuneration from undertakings of the same group	Other (if any)	Total remuneration	6. Fixed % of remuneration (%)	7. Variable % of remuneration (%)
Knut Flakk	2023	654				63		717	100%	0%
Chairman	2022	621		62	41	300	-	1 025	100%	0%
Kristine Landmark	2023	373	49	42				465	100%	0%
Deputy Chair	2022	362	62	41				466	100%	0%
Liv Astri Hovem	2023	320	57					377	100%	0%
Board member	2022	311	41					352	100%	0%
Katsunori Mori	2023							-	100%	0%
Board member	2022							-	100%	0%
Liv Dingsør	2023	320						320	100%	0%
Board member	2022							-	100%	0%
Sam Kiran Gabbita	2023	320		64				384	100%	0%
Board member	2022	-	-	-			-	-	100%	0%
Joachim Magnusson	2023	217						217	100%	0%
Board member (from June 2023)	2022	-						-	100%	0%
Hans Petter Havdal	2023	82						82	100%	0%
Board member (until February 2023)	2022	311						311	100%	0%

Remuneration from undertakings of the same group: relates to fee serving as member of the Board (Knut Flakk) of Hexagon Purus ASA.

Mr. Katsunori Mori has advised the company that he waives any board remuneration for the period he will serve on the board of directors.

Liv Dingsør and Sam Kiran Gabbita joined the Board of Directors from September 2022. The reporting above is based on remuneration paid out in the financial year and payout for their period of service in 2022 will therefore be in 2023.

Hans Peter Havdal has left his position as member of the Board of Directors with immediate effect in February 2023 as he was appointed COO of the Group starting from March 2023.

There are no other previous or future Board of Directors of the Company for the financial year of 2023 to be included in the reporting.

3. Share based instruments for Executives

The table in the section below contains information on the number of shares or instruments granted or offered to the Executives, and the number of share options granted or offered for the reported financial year. In the table, the main conditions for the exercise of the rights including the exercise price and date and any change thereof appear.

In 2023 the program LTIP 2020, originally launched in 2020, has vested and has been released in March 2023 to the participating Executives at a performance level between 28% and 58% of target performance.

The LTIP 2021 program, originally launched in 2021, ended its performance period in 2022. Number of PSUs are fixed in 2023 based on performance achievement between 79% and 95%. The full service period lasts until an expected vesting and release for the participating Executives in March 2024.

A new program, LTIP 2023, has been launched to participating Executives in February 2023 with a three-year cycle, where the last year 2025 is the performance period, and a planned vesting in March 2026.

							Information regarding the reported financial year					
The main condition of the incentive plans							Opening balance	During the year			Closing balance	
(NOK 1 000)	1 Specification on plan	2 Performance period	3 Award date	4 Vesting date	5 End of holding period	7 Strike price of the share	8 Instruments awarded at the beginning of the year	Instruments awarded	Instruments adjusted	10 Instruments vested	11 Instruments subject to a performance condition	12 Instruments awarded and unvested
Name of Director												
Jon Erik Engeset	LTI 2020	01.01.2020 - 31.12.2021	22.04.2020	25.02.2023		-	53 291			(53 291)		-
Jon Erik Engeset	LTI 2021	01.01.2021 - 31.12.2022	30.04.2021	28.02.2024		-	103 350		(29 297)			74 053
Jon Erik Engeset	LTI 2022	01.01.2022 - 31.12.2023	02.05.2022	28.02.2025		-	162 034		(43 729)		118 305	118 305
Jon Erik Engeset	LTI 2023	01.01.2025 - 31.12.2025	17.02.2023	31.03.2026				175 456	(51 770)		123 686	123 686
David Bandele	LTI 2020	01.01.2020 - 31.12.2021	22.04.2020	25.02.2023		-	35 527			(35 527)		-
David Bandele	LTI 2021	01.01.2021 - 31.12.2022	30.04.2021	28.02.2024		-	68 900		(19 531)			49 369
David Bandele	LTI 2022	01.01.2022 - 31.12.2023	02.05.2022	28.02.2025			108 022		(29 152)		78 870	78 870
David Bandele	LTI 2023	01.01.2025 - 31.12.2025	17.02.2023	31.03.2026				116 970	(34 514)		82 456	82 456
Hans Peter Havdal	LTI 2023	01.01.2025 - 31.12.2025	17.02.2023	31.03.2026				146 212	(43 142)		103 070	103 070
Seung Baik	LTI 2020	01.01.2020 - 31.12.2021	22.04.2020	25.02.2023		-	53 291			(53 291)		-
Seung Baik	LTI 2021	01.01.2021 - 31.12.2022	30.04.2021	28.02.2024		-	103 350		(29 297)			74 053
Seung Baik	LTI 2022	01.01.2022 - 31.12.2023	02.05.2022	28.02.2025			162 034		(162 034)		-	-

The main condition of the incentive plans							Information regarding the reported financial year					
							Opening balance	During the year			Closing balance	
							8 Instruments awarded at the beginning of the year	Instruments awarded	Instruments adjusted	10 Instruments vested	11 Instruments subject to a performance condition	12 Instruments awarded and unvested
(NOK 1 000)	1 Specification on plan	2 Performance period	3 Award date	4 Vesting date	5 End of holding period	7 Strike price of the share						
Name of Director												
Skjalg S Stavheim	LTI 2020	01.01.2020 - 31.12.2021	22.04.2020	25.02.2023		-	35 527			(35 527)		-
Skjalg S Stavheim	LTI 2021	01.01.2021 - 31.12.2022	30.04.2021	28.02.2024		-	68 900		(19 531)			49 369
Skjalg S Stavheim	LTI 2022	01.01.2022 - 31.12.2023	02.05.2022	28.02.2025			108 022		(29 152)		78 870	78 870
Skjalg S Stavheim	LTI 2023	01.01.2025 - 31.12.2025	17.02.2023	31.03.2026				116 970	(34 514)		82 456	82 456
Melissa Holler	RSU 2022		14.09.2022	14.09.2025			25 000		(25 000)			-
Karen Romer	LTI 2020	01.01.2020 - 31.12.2021	22.04.2020	25.02.2023		-	26 645			(26 645)		-
Karen Romer	LTI 2021	01.01.2021 - 31.12.2022	30.04.2021	28.02.2024		-	51 674		(14 646)			37 028
Karen Romer	LTI 2022	01.01.2022 - 31.12.2023	02.05.2022	28.02.2025			108 022		(29 152)		78 870	78 870
Karen Romer	LTI 2023	01.01.2025 - 31.12.2025	17.02.2023	31.03.2026				116 970	(34 514)		82 456	82 456
George Siedlecki	LTI 2020	01.01.2020 - 31.12.2021	22.04.2020	25.02.2023		-	35 527			(35 527)		-
George Siedlecki	LTI 2021	01.01.2021 - 31.12.2022	30.04.2021	28.02.2024		-	68 900		(19 531)			49 369
George Siedlecki	LTI 2022	01.01.2022 - 31.12.2023	02.05.2022	28.02.2025			108 022		(29 152)		78 870	78 870
George Siedlecki	LTI 2023	01.01.2025 - 31.12.2025	17.02.2023	31.03.2026				116 970	(34 514)		82 456	82 456
Ashley Remillard	LTI 2020	01.01.2020 - 31.12.2021	22.04.2020	25.02.2023			17 762			(17 762)		-
Ashley Remillard	LTI 2021	01.01.2021 - 31.12.2022	30.04.2021	28.02.2024			34 450		(9 766)			24 684
Ashley Remillard	LTI 2022	01.01.2022 - 31.12.2023	02.05.2022	28.02.2025			54 012		14 630		68 642	68 642
Ashley Remillard	LTI 2023	01.01.2025 - 31.12.2025	17.02.2023	31.03.2026				116 970	(34 514)		82 456	82 456
Rick Rashilla	LTI 2020	01.01.2020 - 31.12.2021	22.04.2020	25.02.2023		-	35 527			(35 527)		-
Rick Rashilla	LTI 2021	01.01.2021 - 31.12.2022	30.04.2021	28.02.2024		-	68 900		(19 531)			49 369
Rick Rashilla	LTI 2022	01.01.2022 - 31.12.2023	02.05.2022	28.02.2025			108 022		(29 152)		78 870	78 870
Rick Rashilla	LTI 2023	01.01.2025 - 31.12.2025	17.02.2023	31.03.2026				116 970	(34 514)		82 456	82 456
Eirik Løhre	RSU 2022		14.09.2022	14.09.2025			10 000		3 502			13 502
Eirik Løhre	LTI 2022	01.01.2022 - 31.12.2023	02.05.2022	28.02.2025			13 504		(3 645)		9 859	9 859
Eirik Løhre	LTI 2023	01.01.2025 - 31.12.2025	17.02.2023	31.03.2026				58 486	(17 260)		41 226	41 226
Total							1 828 215	1 081 974	(842 422)	(293 097)	1 353 874	1 774 670

4. Any use of the right to reclaim variable remuneration

According to the Company's Remuneration Guidelines, the Company may demand variable cash salary refunded to the same extent it may demand fixed cash salary refunded following expiry of the employment, typically in the event of erroneous payments or breach of contractual obligations.

No right to reclaim variable remuneration has been applied in the year 2023.

5. Compliance with the remuneration policy

Hexagon has applied the remuneration guidelines throughout 2023 as approved by the Annual General Meeting in April 2021. No deviations from the policy were made by the Board of directors.

No paid remuneration to executives has been claimed back during the year.

Hexagon’s remuneration principles are designed to ensure responsible and sustainable remuneration decisions that support the Hexagon’s business strategy, long-term interests, and sustainable business practices. Salaries and other employment terms support Hexagon’s efforts to retain, develop and recruit skilled Executives with relevant experience and competence. The remuneration is based on market terms, competitive, and reflect

the performance and responsibilities of individual Executives. Principles for incentives and performance are designed to be aligned with the interests of the Hexagon’s shareholders and ensure the most capable execution of defined business strategies, short and long-term, while ensuring the Hexagon’s going concern.

Hexagon firmly believes that performance-based variable cash salaries for Executives have a motivational effect and that their implementation is beneficial for Hexagon and its shareholders in order to execute on Hexagon’s business strategy, as well as support long-term interests and sustainable business practices.

Performance criteria for the annual cash bonus plan (STIP) is presented in the table below.

Performance criteria for annual cash bonus plan

Name and position	Performance Criteria	Relative weighting of performance	Payout thresholds			Achieved performance payout 2023	Achieved performance payout 2022
			Minimum	Target	Maximum		
Jon Erik Engeset, Group President & CEO	EBITDA	100%	50%	100%	200%	From 109.2% to 113.8%	From 55.5% to 116%
David Bandele, Chief Financial Officer	EBITDA	100%	50%	100%	200%		
Hans Peter Havdal, Group COO & CEO Hexagon Agility	EBITDA	100%	50%	100%	200%		
Skjalg Stavheim, President Hexagon Ragasco	EBITDA	100%	50%	100%	200%		
Karen Romer, SVP Communications	EBITDA	100%	50%	100%	200%		
George Siedlecki, CEO Hexagon Digital Wave & SVP Strategy and M&A	EBITDA	100%	50%	100%	200%		
Ashley Remillard, SVP Legal & Government Affairs	EBITDA	100%	50%	100%	200%		
Rick Rashilla, SVP Sustainability (prev SVP Corp R&D)	EBITDA	100%	50%	100%	200%		
Eirik Løhre, VP Corporate Development	EBITDA	100%	50%	100%	200%		

In addition to the performance criteria and the relative weighting (if more criteria), included in the achieved performance payout for each individual executive are individual objectives which allow a performance score of 0 – 1.0x to be applied to the overall performance criteria. In 2023 these typically included the following non-financial objectives:

- ESG goals
- Strategic goals
- Functional or business area goals
- Personal and personnel development goals

The structure of the annual cash bonus plan for 2023 has been the same as for 2022, but with an increased focus on operational and ESG related items.

6. Derogations and deviations from policy

There were no derogations or deviations from the remuneration policy or from the procedure for its implementation.

7. Comparative information

This section presents comparative information on the changes of remuneration and changes of company performance.

The table below in this section contains information on the annual change of remuneration of each individual Executive, of the performance of the Company and average remuneration on a full-time equivalent basis of employees of the Company other than Executives over the five most recent financial years.

Executives’ remuneration

(NOK 1 000)

Name and position	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	Information regarding the recent financial year (RFY) - NOK '000
Jon Erik Engeset, Group President & CEO	22%	17%	24%	1%	8%	10 089
David Bandele, Chief Financial Officer	26%	18%	4%	(1%)	34%	6 428
Hans Peter Havdal, Group COO & CEO Hexagon Agility	N/A	N/A	N/A	N/A	N/A	5 184
Skjalg Stavheim, President Hexagon Ragasco	12%	1%	7%	11%	18%	5 810
Karen Romer, SVP Communications	N/A	N/A	37% ¹	15%	40%	4 882
George Siedlecki, CEO Hexagon Digital Wave & SVP Strategy and M&A	N/A	N/A	16%	8%	56%	8 812
Ashley Remillard, SVP Legal & Government Affairs	N/A	N/A	N/A	N/A	54%	6 174
Rick Rashilla, SVP Sustainability	N/A	N/A	N/A	(8%)	51%	7 369
Eirik Løhre, VP Corporate Development	N/A	N/A	N/A	N/A	80%	3 843

¹ Adjusted for comparability

For the Executives remunerated in other currencies than NOK, there will be an FX-effect included in the change numbers. The USD/NOK exchange rate has increased year-over-year by 9.9% from 2022 average to 2023 average. This affects the US Executives’ remuneration correspondingly. For Executives joining the Executive team in 2023, the changes year-over-year may include a change in position.

Group performance

(NOK 1 000)	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	Information regarding the recent financial year (RFY) - NOK '000
Revenue growth	19%	(10%)	7%	31%	21%	5.186
EBITDA growth	(1%)	(47%)	16%	(9%)	38%	480
EBITDA-%	11%	6%	12%	8%	9%	

Average remuneration on a full-time equivalent basis of employees excluding members of the Executive team

(NOK 1 000)	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	Information regarding the recent financial year (RFY) - NOK '000
Employees of the Company excluding executives	10%	4%	12%	28%	8%	1.589
Employees of the Group excluding executives	(5%)	2%	(5%)	7%	(3%)	886

Employees of the Company excluding Executives had a higher-than-average increase in 2023 due to new appointments and promotions in addition to a general salary increase in the Company at 5.3%.

For the employees remunerated in other currencies than NOK, there will be an FX-effect included in the change numbers.

The total annual compensation of the CEO vs the mean employee compensation

	2021	2022	2023
Annual compensation of the CEO vs mean employee compensation, Company ratio	8.1x	6.4x	6.3x
Annual compensation of the CEO vs mean employee compensation, Group ratio	12.3x	10.2x	11.4x

The average mean employee remuneration is defined as all employees excluding all members of the Executive team (not only excluding the CEO).

8. Statement by the board of directors

The board of directors has today considered and adopted the Remuneration Report of Hexagon Composites ASA for the financial year 2023. The Remuneration Report has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act. The Remuneration Report will be presented for an advisory vote at the Annual General Meeting in 2024.

Oslo, 20 March 2024
The Board of directors of Hexagon Composites ASA


Knut Flakk
Chair


Kristine Landmark
Deputy chair


Katsunori Mori
Board member


Liv Astri Hovem
Board member


Liv Dingsør
Board member


Sam Gabbita
Board member


Joachim Magnusson
Board member


Jon Erik Engeset
Group President & CEO



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the General Meeting of Hexagon Composites ASA

INDEPENDENT AUDITOR’S ASSURANCE REPORT ON REPORT ON SALARY AND OTHER REMUNERATION TO DIRECTORS

OPINION

We have performed an assurance engagement to obtain reasonable assurance that Hexagon Composites ASA’s report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2023 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

BOARD OF DIRECTORS’ RESPONSIBILITIES

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

OUR INDEPENDENCE AND QUALITY CONTROL

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants’ Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

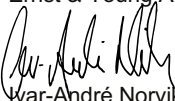
AUDITOR’S RESPONSIBILITIES

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – “Assurance engagements other than audits or reviews of historical financial information”.

A member firm of Ernst & Young Global Limited



We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ålesund, 21 March 2024
Ernst & Young AS

War-André Norvik
State Authorised Public Accountant (Norway)

Financial calendar 2024

Annual General Meeting

17 April 2024

1st quarter 2024

8 May 2024

2nd quarter and half year report 2024

15 August 2024

3rd quarter 2024

7 November 2024

4th quarter 2024

13 February 2025

Details

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

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

Two weeks before the presentation of the interim report Hexagon Composites 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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