

Q2

2020 SECOND QUARTER
HALF YEAR INTERIM REPORT



HEXAGON

SECOND QUARTER 2020 REPORT

NOK MILLION	Q2 2020	Q2 2019	PERCENT CHANGE	30.6.2020	30.6.2019	PERCENT CHANGE
GROUP RESULTS						
Revenue	683	882	-23%	1 508	1 704	-11%
Operating profit before depreciation (EBITDA)	19	62	-70%	56	212	-74%
Operating profit (EBIT)	-46	3	-1666%	-70	95	-173%
Profit before tax	-85	-31	-172%	-4	35	-111%
Profit after tax	-77	-27	-183%	-15	41	-137%
SEGMENT RESULTS						
AGILITY FUEL SOLUTIONS						
Revenue	409	450	-9%	869	894	-3%
EBITDA	24	38	-38%	64	92	-30%
EBIT	-4	10	-143%	9	37	-75%
HEXAGON PURUS						
Revenue	84	150	-44%	174	240	-28%
EBITDA	-31	-3	-798%	-68	-16	-317%
EBIT	-48	-15	-223%	-100	-39	-156%
HEXAGON MOBILE PIPELINE & OTHER						
Revenue	56	129	-57%	185	274	-32%
EBITDA	-21	3	-871%	-10	18	-155%
EBIT	-28	-5	-496%	-24	3	-796%
HEXAGON RAGASCO LPG						
Revenue	174	175	-1%	327	342	-4%
EBITDA	41	35	19%	71	58	23%
EBIT	32	26	24%	53	40	32%

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

In the second quarter of 2020, Hexagon Group generated NOK 683 (882) million in revenues and recorded an operating profit before depreciation (EBITDA) of NOK 19 (62) million. Profitability was reduced by the impacts of the global pandemic and resulting macro factors, particularly in Agility Fuel Solutions and Hexagon Mobile Pipeline businesses. Hexagon Ragasco experienced a strong quarter.

The first half of 2020 provided revenues of NOK 1,508 (1,704) million and an operating profit before depreciation (EBITDA) of NOK 56 (212) million. The 2019 comparative EBITDA included overall positive impacts related to the Agility Fuel Solutions transaction of NOK 62 million, in the first quarter of that year.

Fourteen confirmed cases of COVID-19 infection have been reported among Hexagon personnel, all of which have recovered or are recovering. The facility in Kassel, Germany was closed from March 23rd to April 20th due to temporary shutdowns of customers' operations. All US plants have been kept open, having received Essential Critical Worker status. The financial impacts of COVID-19 were most apparent in the second quarter, especially

impacting transit bus demand in North America and Europe following temporary manufacturing shutdowns of several leading OEM companies. For more detail on the Company's risks, responses, impacts and resilience in relation to the COVID-19 pandemic, please refer to The Outlook section and the company presentation accompanying this report.

Key developments

- The company announced the signing of a term sheet for a strategic cooperation and joint venture agreement with CIMC ENRIC, a leading Chinese manufacturer of energy equipment
- Hexagon Purus was awarded a contract with sales value of USD 1 million (approximately NOK 9 million) to supply hydrogen systems to Toyota Motor North America (TMNA) for its newest prototype hydrogen-powered heavy-duty fuel cell electric truck
- Hexagon Mobile Pipeline® received a USD 7.3 million (approx. NOK 70.2 million) contract for TITAN® 53 transport modules for virtual interconnect projects providing natural gas to communities and industries in the U.S.
- Agility Fuel Solutions signed a master services agreement, including an initial order for USD 2.2 million (approx. NOK 20.5 million), with a new major global logistics customer to deliver CNG fuel systems for medium and heavy-duty trucks

Other important events in the first half of 2020

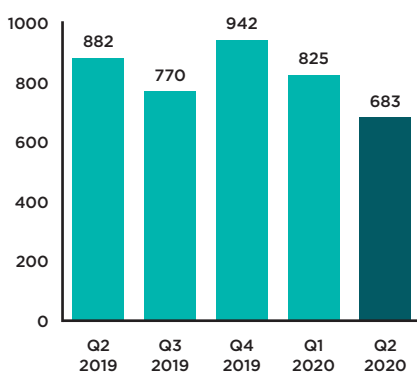
- Hexagon Mobile Pipeline® was awarded an order for TITAN® XL modules for USD 1.7 million (approx. NOK 18 million) from a leading gas distributor in Mexico
- Hexagon Mobile Pipeline® was also awarded an order for X-STORE® modules to transport Renewable Natural Gas (RNG) from the production site to the gas grid in the U. K.
- Agility Fuel Solutions was awarded an order for USD 10 million (approx. NOK 105 million) in the U.S. to deliver transit bus compressed natural gas (CNG) fuel storage systems

- Hexagon successfully executed group wide contingency plans to manage potential own production, supplier and customer disruptions due to impacts of the COVID-19 pandemic
- Hexagon Purus was awarded an order from Everfuel to deliver new generation X-STORE modules to transport hydrogen to filling stations for fuel cell electric taxis and buses in Denmark
- After a successful capital increase, Norwegian Hydrogen AS, a consortium including Hexagon, will proceed with plans to develop production of green hydrogen for ferries and cruise ships in the Geirangerfjord

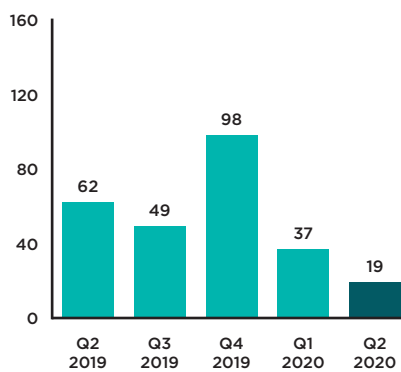
Key developments after balance sheet date

- Hexagon Purus signed a contract for USD 4.8 million (approx. NOK 45 million) with a major US hydrogen fuel supplier and hydrogen refueling station operator to provide X-STORE transport distribution modules
- Hexagon has been granted USD 2.6 million (approx. NOK 24 million) in initial funding, under the U.S Department of Energy's (DOE) H2@Scale initiative, to research reduction in hydrogen and natural gas storage tank cost
- Hexagon Purus has been awarded a USD 5.2 million (approx. NOK 48 million) contract for high-performance Type 4 pressure vessels to a new major aerospace customer for its launch vehicle

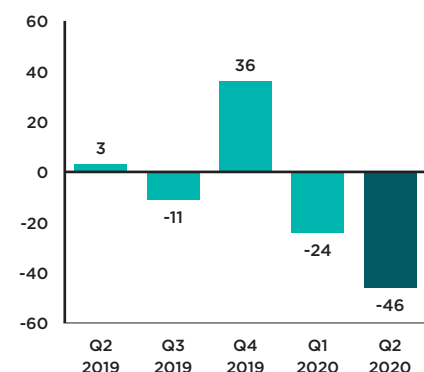
REVENUE
MNOK



EBITDA
MNOK



EBIT
MNOK

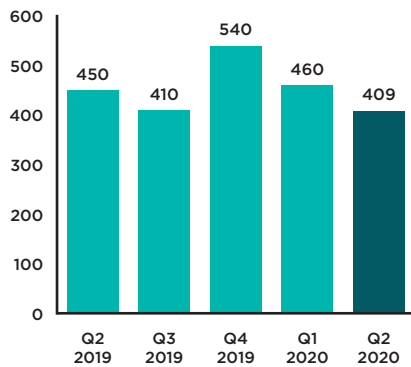


SEGMENT RESULTS

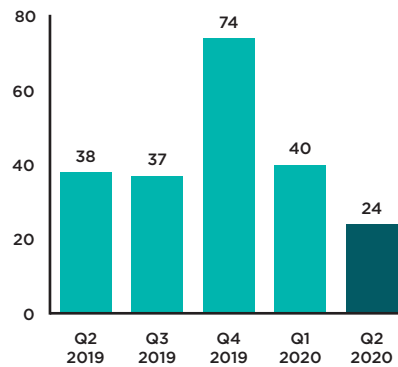
AGILITY FUEL SOLUTIONS (MEDIUM & HEAVY-DUTY VEHICLES)

Agility Fuel Solutions is a leading global provider of clean fuel solutions for medium- and heavy-duty commercial vehicles.

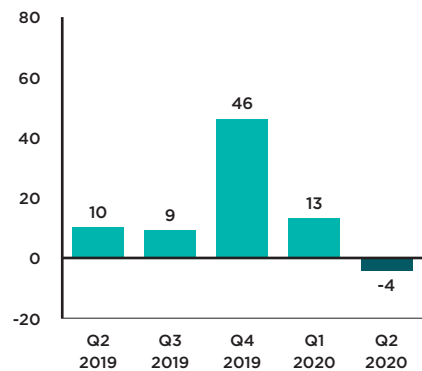
REVENUE
MNOK



EBITDA
MNOK



EBIT
MNOK



Agility recorded revenues for the quarter of NOK 409 (450) million compared with the corresponding period last year. EBITDA was NOK 24 (38) million compared with the corresponding period last year. Volumes were reduced by impacts of the COVID-19 pandemic, especially transit bus volumes in North America which were down 59% year over year on an underlying basis. While impacts were also felt in Europe, the transit bus business out of Norway enjoyed underlying growth of 19% year over year. The Medium-Duty sector enjoyed a 6-fold increase from continued sales to UPS, while Heavy-Duty Truck delivered underlying growth of 62% year over year. Otherwise, Refuse truck sales were relatively soft as expected compared with the heated second quarter 2019. Agility's primarily US based business enjoyed favorable USD to NOK exchange rates in the quarter.

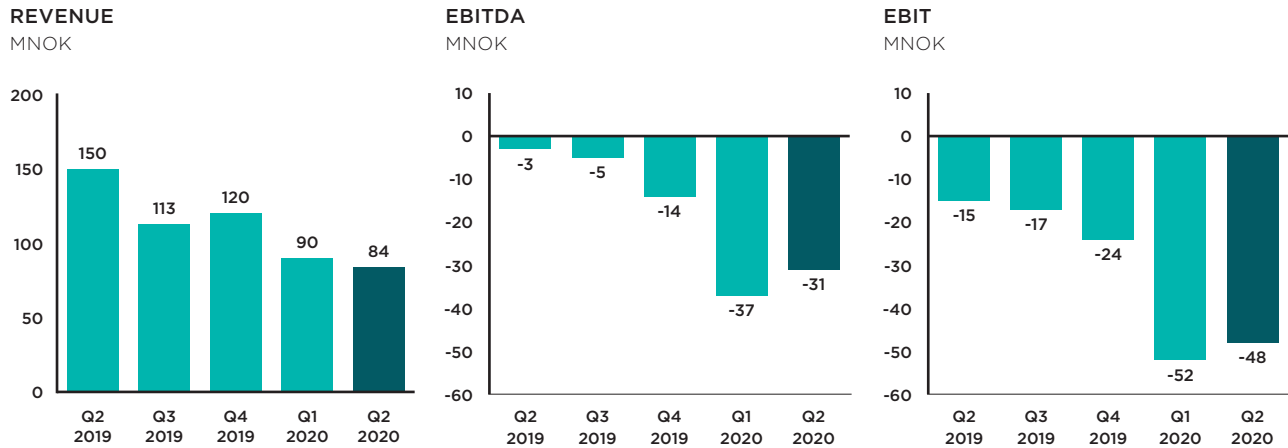
The internal reorganization of e-mobility and g-mobility businesses had a marginal impact to the comparability of results for Agility this quarter, versus the same period last year. The effects of this reorganization in 2020 included the transfer of Hexagon Purus' European bus business into Agility Fuel Solutions, offset by the transfer from Agility's Medium and Heavy-Duty hydrogen and EV systems businesses to Hexagon Purus.

The securing of a major new global logistics customer, encompassing a master services agreement and an initial order for USD 2.2 million (approx. NOK 20.5 million), followed by additional orders in the quarter bringing the total to approximately USD \$6.7 million (approx. NOK 60 million), was a major milestone this quarter. This customer has seen increased demand during the pandemic and combined with increased global focus on sustainability, more orders are expected to follow. The order underlines both the attractiveness of g-mobility solutions to lower emissions by increased use of natural gas and renewable natural gas (CNG/RNG) and Agility's strong competitive position in this market.

Revenues for the first half-year of 2020 were NOK 869 (894) million with an EBITDA of NOK 64 (92) million.

HEXAGON PURUS (HYDROGEN & CNG LIGHT-DUTY VEHICLES)

Hexagon Purus is a leading global provider of high-pressure composite cylinders and solutions for a wide range of hydrogen applications as well as CNG-fueled Light-Duty Vehicles.



Revenues for the Hexagon Purus segment amounted to NOK 84 (150) million and EBITDA was NOK -31 (-3) million in the second quarter of 2020.

The CNG Light-Duty Vehicle (LDV) business recorded revenues of NOK 41 (124) million and EBITDA of NOK -14 (26) million. The European bus business, which contributed NOK 22 million of revenue in the comparative second quarter 2019 is now reported in Agility. Revenues in the second quarter 2020 remained low due to lower call-offs from VW group following its planned shutdown and relocation of its CNG vehicle assembly line, in addition to some effects from COVID-19 related measures.

The Hydrogen and EV business generated NOK 43 (25) million of revenues in the second quarter, which included NOK 14 million from the Heavy-Duty hydrogen and EV systems e-mobility businesses previously reported in Agility during 2019 and NOK 8 million from Hexagon MasterWorks, transferred this year from the Mobile Pipeline & Other segment. The e-mobility revenues were primarily from three major OEM customers covering both fuel cell hydrogen and battery electric heavy-duty vehicle systems. The e-mobility EBITDA for the quarter was NOK -17 (-30) million. The reduction was driven by increased commercial sales of distribution applications this quarter despite continued organizational build-up to develop Hexagon's leading position within e-mobility applications.

The company announced the signing of a term sheet for a strategic cooperation and joint venture agreement with CIMC ENRIC, a leading Chinese manufacturer of energy equipment. The parties aim at formalizing this partnership within end of Q3. The joint venture's primary focus is to take a leading role in the Chinese market for fuel cell electric vehicles, which is expected to become the world's largest.

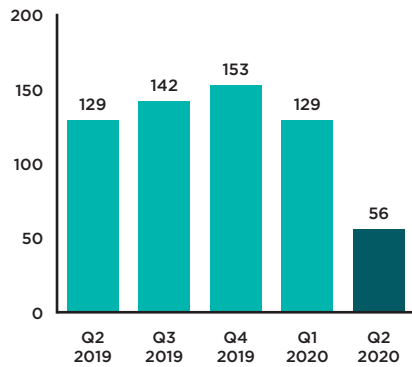
Hexagon Purus was awarded a contract with sales value of USD 1 million (approximately NOK 9 million) to supply hydrogen systems to Toyota Motor North America (TMNA) for its newest prototype hydrogen-powered heavy-duty truck. This reflects the growing momentum for Heavy-Duty fuel cell electric applications.

For the first half year of 2020 Hexagon Purus reported revenues of NOK 174 (240) million with EBITDA of NOK -68 (-16) million.

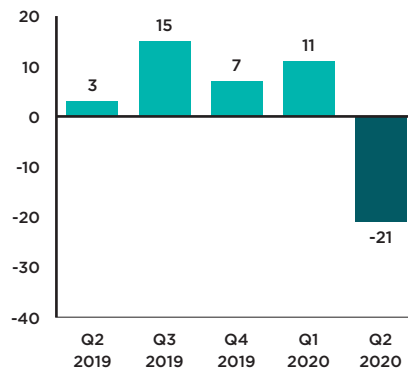
HEXAGON MOBILE PIPELINE & OTHER

Hexagon Composites is the global market leader in high-pressure composite storage and transportation cylinders and modules for compressed natural gas (CNG) and biogas.

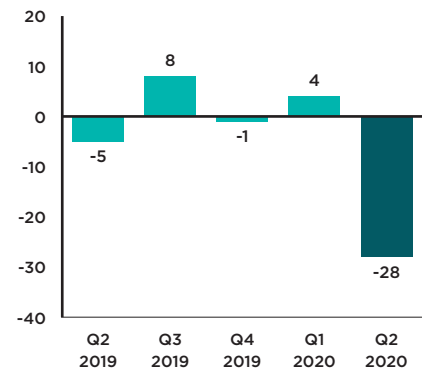
REVENUE
MNOK



EBITDA
MNOK



EBIT
MNOK



Revenues amounted to NOK 56 (129) million with EBITDA of NOK -21 (3) million in the second quarter. These low volumes were due to reduced onshore oil and gas activity and the impact of COVID-19 slowing some customers' project financing. Revenues are diversified in terms of customers and applications. Revenue streams were comprised of new and used modules, leasing and requalification services, including sales into South America and the middle east. A program of cost initiatives implemented in the second half of 2019 has taken full effect in 2020, in addition to the significant temporary furloughing in the quarter.

Hexagon continues to grow its position in the emerging RNG and industrial gas markets. RNG is considered to be the fast track emission reduction source and will play an important role in the green energy mix, especially in Europe and North America.

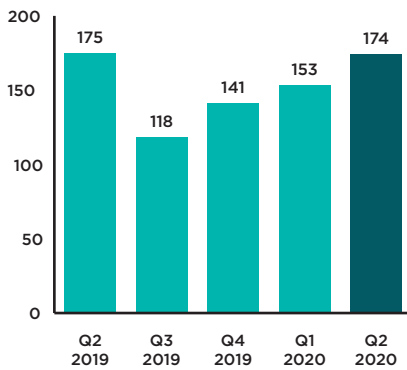
Hexagon Mobile Pipeline® received a USD 7.3 million (approx. NOK 70.2 million) contract for TITAN® 53 transport modules for virtual interconnect projects providing natural gas to communities and industries in the U.S. Deliveries are scheduled to commence in the fourth quarter.

For the first half year of 2020 the segment reported revenues of NOK 185 (274) million and EBITDA of NOK -10 (18) million.

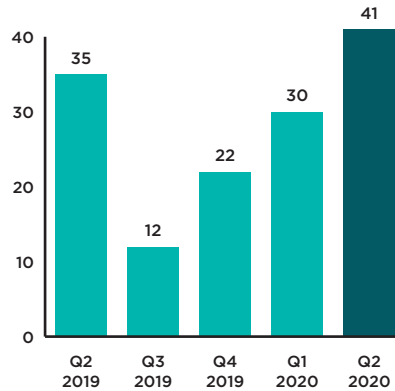
HEXAGON RAGASCO LPG

Hexagon Ragasco is the global market leader in composite cylinders for propane (LPG).

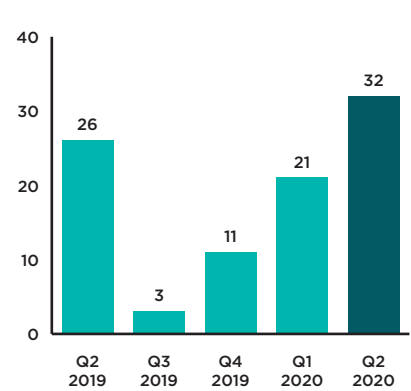
REVENUE
MNOK



EBITDA
MNOK



EBIT
MNOK



Revenues were NOK 174 (175) million with an EBITDA of NOK 41 (35) million in the second quarter of 2020. As a significant portion of revenues is in USD or EUR, and most of the cost base is in NOK, there is a favourable impact to the results for the quarter.

For the first half-year of 2020 Hexagon Ragasco reported revenues of NOK 327 (342) million and EBITDA of NOK 71 (58) million.

Over 75% of sales volumes were to European customers in the second quarter 2020. The North and Central European markets primarily consist of leisure segments, which were favorably impacted by COVID 19. Furthermore, year-over-year deliveries increased to Middle Eastern, African and Latin American customers. Meanwhile, there were few deliveries to Asia Pacific. The COVID-19 pandemic had a significant impact on ability to trade with Bangladesh in the quarter. This market was very significant in the corresponding 2019 numbers.

THE GROUP

Hexagon recorded a net loss after tax of NOK -77 (-27) million in the second quarter of 2020. Net financial items were NOK -39 (-34) million driven by negative foreign exchange fluctuation effects of NOK -38 (-12) million, and interest and other charges or credits of NOK -1 (-22) million.

The effects of translation to NOK of USD/EUR positions on the balance sheet, including the bond currency swap (from NOK to USD), has contributed to most of this non-cash impact.

Hexagon recorded a net loss after tax of NOK -15 (41) million in the first half of 2020. Net financial items were NOK 67 (-60) million driven by positive foreign exchange fluctuation effects of NOK 115 (-14) million, and interest and other charges of NOK -48 (-46) million.

At quarter-end the balance sheet amounted to NOK 5,161 (4,531) million and the Group's equity ratio was 43% (45%). The reduction in equity ratio was driven primarily by movements in foreign currency rates.

AFTER BALANCE SHEET DATE

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

OUTLOOK

Hexagon has prepared COVID-19 contingency plans by site, based on local requirements. These plans are developed by local contingency teams and encompass our response to own production, supplier or customer disruption. The Group has also prepared corporate and business area financial contingency plans based on three levels of severity and we are closely monitoring the COVID-19 situation, including developments and decisions being made in areas where we do business.

Based on the above contingency efforts and our robust balance sheet and liquidity position, the Company can withstand the impacts of the currently foreseeable scenarios of this pandemic. The Company is not able to accurately predict the final outcome from COVID-19 related effects but will remain vigilant and employ further counter measures to mitigate such effects, if required.

The strong momentum towards a low-carbon economy is driving the transition to cleaner energy carriers, such as natural gas, renewable natural gas, hydrogen and batteries. This momentum is evidenced by many governments' initiatives post the initial COVID-19 disruption. Responses such as The European Green deal and initiatives in Korea have put attention firmly back on climate change, renewable energy and new green technologies which all spur growth in jobs and economies. This is furthered strengthened by new regulations such as The California Air Resources Board (CARB) program which obliges OEMs to sell a certain percent of zero emissions vehicles in California Already from 2024. With its extensive portfolio of gas mobility (g-mobility) and electric mobility (e-mobility) solutions, Hexagon is well positioned as a globally leading clean technology provider.

Hexagon is focusing its efforts along three axes; g-mobility, e-mobility and world class manufacturing. Since January 2020 the company has combined all its e-mobility activities in Hexagon Purus to develop its leading position and pursue zero-emission opportunities in the growing e-mobility market. This includes more than 50 diversified hydrogen development projects. We see strong momentum in several segments, in particular medium and heavy-duty vehicles and distribution modules. Substantial organizational investments are being made to develop the company's capabilities and capacities in this segment. These investments impact the short and medium-term profitability. Furthermore, entry into the Chinese market, targeted for later this year, is an important milestone for Hexagon Purus.

Agility continues to benefit from increased adoption of cleaner energy alternatives, especially natural gas and renewable natural gas. The new master services agreement with another major global logistics customer to deliver CNG fuel systems for medium and heavy-duty trucks, in addition to the recent long-term agreement with UPS, evidences the momentum for g-mobility solutions in this sector. Many of Agility's key customers, and Agility as their supplier, are designated essential infrastructure/user providers in the United States and can therefore continue normal operations under quarantine legislation. The Transit Bus sector in Europe, where stringent EU regulations drive demand for low and zero-emission solutions remains strong.

Volkswagen's relocation of its CNG car assembly line from Zwickau to Wolfsburg, Germany, causing significant volume reduction this year, is ongoing. So far, VW has communicated a ramp-up of the volumes in the third quarter, starting with VW Golf and followed by Skoda Octavia. The launch of SEAT LEON's facelift in SEAT's assembly plant in Mortorell, is planned to follow in the first quarter of 2021.

The demand for the company's Mobile Pipeline® products is driven by conversion from petroleum fuels to cleaner CNG and RNG and lack of pipeline infrastructure to support growing NG demand. RNG is recognized as the fastest and most effective solution currently available to reduce greenhouse gas emissions. RNG and pipeline to pipeline applications are expected to contribute to increased demand and a more diverse customer mix for Hexagon's Mobile Pipeline® business. This is an important diversification, given the oil-related macro impacts to the softening US onshore oil & gas activity.

Hexagon Ragasco continues to grow its positions in Africa, Asia, Latin America and the Middle East, to supplement stable European demand.

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

RISKS AND UNCERTAINTIES

The Hexagon Composites Group is active in sales and purchasing in many geographies and markets. Export represents a considerable part of the Group's sales. Currency risk is the Group's largest financial risk factor and the Company employs forward currency contracts in addition to natural hedges to mitigate these risks. In the Board's view there are no major changes to the risk composition for the Group compared with 2019, including those specifically concerning the COVID-19 pandemic. It is not possible to know the precise impacts to the global macro economy of the pandemic and to which extent these may or may not persist. The Group is by nature also exposed to the movements in oil and diesel prices and how these directly or indirectly impact the business positively or negatively. For additional information about risks and uncertainties we refer to Hexagon Composites' 2019 annual report. It is not expected that the above exposures and risks will have a material effect on the Group or its financial position in the next reporting period.

STATEMENT FROM THE BOARD & CEO

To the best of our knowledge, we confirm that:

- the consolidated financial statements for the period 1 January to 30 June 2020 have been prepared in accordance with "IAS 34 Interim Financial Reporting".
- the information provided in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and results for the period viewed in their entirety, and that
- the information presented in the financial statements gives a true and fair view of important events of the period, financial position, material related party transactions and principal risks and uncertainties of the Group for the next quarter.

Oslo, 11 August 2020

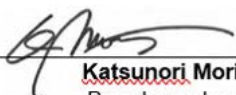
The Board of Directors of Hexagon Composites ASA



Knut Trygve Flakk
Chairman of the Board



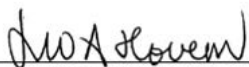
Kristine Landmark
Deputy Chair



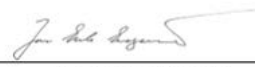
Katsunori Mori
Board member



Hans Petter Havdal
Board member



Liv Astri Hovem
Board member



Jon Erik Engeset
Group President & CEO

FINANCIAL STATEMENTS GROUP

INCOME STATEMENT	30.06.2020	Q2 2020	30.06.2019	Q2 2019	31.12.2019
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from contracts with customers	1 499 155	681 285	1 696 895	880 847	3 404 209
Rental income	8 879	1 594	7 021	1 280	11 915
Total revenue	1 508 034	682 879	1 703 915	882 128	3 416 124
Cost of materials	833 051	377 432	831 244	432 206	1 673 120
Payroll and social security expenses	478 141	229 235	409 246	210 207	853 706
Other operating expenses	141 259	57 410	320 538	177 764	599 209
Gain / Fair value adjustment earn-out	0	0	-69 386	0	-69 625
Total operating expenses before depreciation	1 452 451	664 077	1 491 642	820 177	3 056 409
Operating profit before depreciation (EBITDA)	55 584	18 802	212 274	61 951	359 715
Depreciation and impairment	125 504	64 738	117 114	59 018	239 606
Operating profit (EBIT)	-69 920	-45 936	95 159	2 933	120 109
Profit/loss from investments in associates and joint ventures	-571	-134	-676	-258	-749
Other financial items (net)	66 536	-39 046	-59 687	-33 995	-8 114
Profit/loss before tax	-3 955	-85 117	34 796	-31 319	111 246
Tax	11 064	-7 975	-6 342	-4 037	3 755
Profit/loss after tax	-15 019	-77 142	41 138	-27 283	107 491
Earnings per share (NOK)	-0.08		0.24		0.62
Diluted earnings per share (NOK)	-0.04		0.28		0.71

COMPREHENSIVE INCOME STATEMENT	30.06.2020	30.06.2019	31.12.2019
(NOK 1 000)			
Profit/loss after tax	-15 019	41 138	107 491
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Exchange differences arising from the translation of foreign operations	55 338	-18 402	7 964
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	55 338	-18 402	7 964
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Actuarial gains/losses for the period	0	0	-899
Income tax effect of actuarial gains/losses for the period	0	0	198
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	0	0	-701
Total comprehensive income, net of tax	40 319	22 736	114 754

STATEMENT OF FINANCIAL POSITION	30.06.2020	30.06.2019	31.12.2019
(NOK 1 000)	Unaudited	Unaudited	Audited
ASSETS			
Property, plant and equipment	868 012	784 919	804 099
Right-of-use assets	278 818	298 959	283 817
Intangible assets	2 440 257	2 009 697	2 204 253
Investment in associates and joint ventures	3 167	723	651
Other non-current assets	53 426	926	48 992
Total non-current assets	3 643 680	3 095 225	3 341 811
Inventories	862 759	710 078	783 669
Receivables	519 714	593 531	520 426
Contract assets (accrued revenue)	7 056	9 488	3 962
Bank deposits, cash and similar	127 921	122 963	177 651
Total current assets	1 517 451	1 436 061	1 485 708
Total assets	5 161 131	4 531 285	4 827 519
EQUITY AND LIABILITIES			
Paid-in capital	1 277 844	1 259 071	1 270 018
Other equity	916 116	790 957	882 975
Total equity	2 193 959	2 050 028	2 152 993
Interest-bearing long-term liabilities	1 508 020	1 291 158	1 298 058
Lease liabilities	301 512	259 609	246 929
Other non-current liabilities	363 221	209 382	285 512
Total non-current liabilities	2 172 754	1 760 150	1 830 499
Interest-bearing current liabilities	0	328	2 857
Lease liabilities short-term	23 659	47 039	47 703
Contract liabilities (incl. prepayments from customers)	65 991	55 269	94 540
Other current liabilities	704 766	618 473	698 927
Total current liabilities	794 417	721 108	844 027
Total liabilities	2 967 171	2 481 257	2 674 526
Total equity and liabilities	5 161 131	4 531 285	4 827 519

CONDENSED CASH FLOW STATEMENT	30.06.2020	30.06.2019	31.12.2019
(NOK 1 000)			
Profit before tax	-3 955	34 796	111 246
Depreciation and write-downs	125 504	117 114	239 606
Change in net working capital	-175 703	-206 937	-202 923
Net cash flow from operations	-54 154	-55 026	147 929
Net cash flow from investment activities	-73 370	-1 150 431	-1 274 430
Net cash flow from financing activities	59 628	1 156 709	1 128 868
Net change in cash and cash equivalents	-67 896	-48 748	2 367
Net currency exchange differences	18 166	-3 095	478
Cash and cash equivalents at start of period	177 651	138 531	138 531
Cash and cash equivalents acquisition	0	36 275	36 275
Cash and cash equivalents at end of period	127 921	122 963	177 651
Available unused credit facility	655 283	791 554	784 320

CONDENSED STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	OWN SHARES	SHARE PREMIUM	OTHER PAID IN CAPITAL	TRANSLATION DIFFERENCES	OTHER EQUITY	TOTAL
(NOK 1 000)							
Balance 01.01.2019	16 663	-237	727 639	29 738	126 587	639 673	1 540 063
Profit/loss after tax						41 138	41 138
Other income and expenses					-18 402		-18 402
Share-based payment				8 057			8 057
Movement in own shares		39				1 961	2 000
Increase share capital	1 666		475 505				477 172
Balance 30.06.2019	18 329	-197	1 203 145	37 795	108 185	682 772	2 050 028
Balance 01.01.2019	16 663	-237	727 639	29 738	126 587	639 673	1 540 063
Profit/loss after tax						107 491	107 491
Other income and expenses					7 964	-701	7 263
Dividends						0	0
Share-based payment				19 005			19 005
Increase share capital	1 666		475 505				477 172
Movement in own shares		39				1 961	2 000
Balance 31.12.2019	18 329	-197	1 203 145	48 743	134 551	748 424	2 152 993
Balance 01.01.2020	18 329	-197	1 203 145	48 743	134 551	748 424	2 152 993
Profit/loss after tax						-15 019	-15 019
Other income and expenses					55 338		55 338
Share-based payment				7 816			7 816
Movement in own shares		9				-7 178	-7 169
Balance 30.06.2020	18 329	-188	1 203 145	56 558	189 889	726 227	2 193 959

On 27 February 2019 the Company issued 16,662,780 new shares in a private placement at the price of NOK 29.60 per share. The increase in share capital is presented net after transaction costs.

BUSINESS SEGMENT DATA	30.06.2020	Q2 2020	30.06.2019	Q2 2019	31.12.2019
(NOK 1 000)					
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
AGILITY FUEL SOLUTIONS					
Sales of goods external customers	868 568	408 912	881 517	443 888	1 822 994
Internal transactions	149	-70	12 480	6 167	21 193
Total revenue from contracts with customers	868 717	408 841	893 998	450 055	1 844 187
Segment operating profit before depreciation (EBITDA)	64 253	23 793	91 603	38 093	202 160
Segment operating profit (EBIT)	9 081	-4 366	36 603	10 207	91 329
Segment assets	3 096 396		2 665 338		2 796 506
Segment liabilities	591 576		527 019		541 845
HEXAGON PURUS (HYDROGEN & CNG LDV)					
Sales of goods external customers	133 283	55 019	206 985	131 371	414 012
Sales of services and funded development	4 277	1 642	23 107	11 964	43 475
Internal transactions	36 244	27 528	9 680	6 256	15 176
Total revenue from contract with customers	173 804	84 189	239 773	149 590	472 664
Segment operating profit before depreciation (EBITDA)	-67 760	-30 504	-16 231	-3 395	-35 168
Segment operating profit (EBIT)	-99 603	-47 578	-38 938	-14 712	-80 221
Segment assets	1 015 347		923 151		964 741
Segment liabilities	1 217 462		900 622		1 015 463

BUSINESS SEGMENT DATA	30.06.2020	Q2 2020	30.06.2019	Q2 2019	31.12.2019
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Unaudited	Audited
HEXAGON MOBILE PIPELINE & OTHER					
Sales of goods external customers	147 785	41 243	222 442	107 997	474 091
Sales of services and funded development	19 096	8 500	26 416	12 504	57 816
Internal transactions	10 026	4 915	18 327	7 622	26 210
Total revenue from contract with customers	176 907	54 658	267 184	128 123	558 117
Rental income	8 527	1 425	6 668	1 191	10 854
Total revenue	185 434	56 083	273 852	129 314	568 971
Segment operating profit before depreciation (EBITDA)	-9 876	-20 832	18 015	2 702	39 748
Segment operating profit (EBIT)	-24 045	-27 937	3 456	-4 691	10 109
Segment assets	638 973		603 535		663 576
Segment liabilities	1 084 183		972 981		1 054 537
HEXAGON RAGASCO LPG					
Sales of goods external customers	326 691	174 019	337 030	173 039	592 099
Sales of services and funded development	116	116	51	34	67
Internal transactions	56	7	4 850	2 274	8 313
Total revenue from contract with customers	326 862	174 141	341 931	175 347	600 479
Segment operating profit before depreciation (EBITDA)	71 189	41 062	57 717	34 605	91 875
Segment operating profit (EBIT)	53 162	32 015	40 346	25 883	54 501
Segment assets	529 956		468 179		486 571
Segment liabilities	385 397		337 590		388 715

NOTES

NOTE 1: INTRODUCTION

The condensed consolidated interim financial statements for 1st half-year 2020, which ended 30 June 2020, comprise Hexagon Composites ASA and its subsidiaries (together referred to as “The Group”).

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of The Group for the year which ended 31 December 2019.

For a more detailed description of accounting principles see the consolidated financial statements for 2019.

The accounting principles used in the preparation of these interim accounts are the same as those applied to the consolidated financial statements for 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applied IFRS 16 Leases for the first time in 2019. As required by IAS 34, the nature and effect of these changes were disclosed in 2019 reporting.

The coronavirus has had some effects to our business in the second quarter 2020. We have experienced lower demand than previously expected in some areas of our business segments. The effects are described in more detail by segment in the Board of Director’s report for Q2. Most of the lowered activity is expected to be postponed sales rather than lost sales, and hence limited long-term consequences from the pandemic have so far been observed. The short-term impacts to revenues are accompanied by some off-setting cost reduction through furlough programs, reduced travelling and other expenditures in general. We have concluded that so far as we can see at the time of preparation and resolution of these half-year accounts, there is no need for impairments to balance sheet items as a result of the global pandemic.

These condensed consolidated interim financial statements were approved by the Board of Directors on 11 August 2020.

NOTE 2: ESTIMATES

The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognized as assets and liabilities, income and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group’s accounting policy and the main sources of uncertainty are the same as for the consolidated accounts for 2019.

NOTE 3: SHARE-BASED PAYMENTS

1 April 2016 Hexagon Composites ASA issued 925 000 call options to senior executives and managers in the Group at NOK 20 per share. The options could be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2018, first quarter of 2019 or second quarter of 2019. The company decided to extend the exercise period and all these options were exercised in first quarter 2019. The options were exercised at weighted average share price of NOK 32.22.

5 April 2017 Hexagon Composites ASA issued 1 450 000 call options to senior executives and managers in the Group at NOK 27 per share. 7 September 2017 additional 190 000 call options were added to this program. The options may be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2019, first quarter of 2020 or second quarter of 2020. During the first half-year of 2020, 1 505 000 of these options have been exercised at weighted average share price of NOK 36.57.

22 May 2018 Hexagon Composites ASA issued 1 200 000 call options to senior executives and managers in the Group at NOK 20.85 per share, provided that the share price on the date of exercise is minimum NOK 25.36 per share. The options may be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2020, first quarter of 2021 or second quarter of 2021.

20 December 2018 Hexagon Composites ASA issued 100 000 Restricted Stock Units (RSUs) to certain employees of the Group. Subject to continued employment three years after date of grant, each employee will at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated.

12 April 2019 Hexagon Composites ASA decided to provisionally award up to 2 492 438 Performance Share Units ("PSUs") to executives. Of these, up to maximum 2 422 476 PSUs were provisionally awarded. The PSUs are non-transferable and will vest on 11 February 2022 subject to satisfaction of the applicable vesting conditions. Performance period ended in 2019, and the actual number of PSUs to be allotted concluded to be 1 002 425. Each vested PSU will give the holder the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10.

20 September 2019 Hexagon Composites ASA issued 49 994 Restricted Stock Units (RSUs) to certain employees of the Group. Subject to continued employment three years after date of grant, each employee will at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated.

22 April 2020 Hexagon Composites ASA decided to provisionally award up to 3 711 634 Performance Share Units ("PSUs") to executives. The PSUs are non-transferable and will vest in Q1 2023 subject to satisfaction of the applicable vesting conditions. Each vested PSU will give the holder the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10.

29 July 2020 Hexagon Composites ASA issued 70 000 Restricted Stock Units (RSUs) to certain employees of the Group. Subject to continued employment three years after date of grant, each employee will at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated.

The fair value of the options, RSUs and PSUs are calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost of the share options, RSUs and PSUs schemes, including social security, was NOK 7.5 million YTD 30 June. The cost in the second quarter was NOK 6.8 million. The unamortized fair value of all outstanding instruments, share options (1 200 000), RSUs (149 994) and PSUs (maximum 4 582 675), at 30 June 2020 is estimated to NOK 35.7 million.

There are no cash settlement obligations. The Group does not have a past practice of cash settlement for outstanding share options, PSUs and RSUs.

NOTE 4: INTEREST-BEARING DEBT

The following shows material changes in interest-bearing debt during 2020 (NOK 1 000):

	LONG-TERM BANK LOAN	BOND LOAN	SHORT-TERM LOAN	TOTAL INTEREST- BEARING DEBT
Balance 01.01.2020	198 058	1 100 000	2 857	1 300 915
Secured bank loans	52 380	0	13 244	65 624
Bond HEX	0	0	0	0
Other	172 514	0	0	172 514
Balance 31.03.2020	422 953	1 100 000	16 101	1 539 054
Secured bank loans	93 740	0	-16 101	77 639
Bond HEX	0	0	0	0
Other	-108 672	0	0	-108 672
Balance 30.06.2020	408 020	1 100 000	0	1 508 020

The loan financing facility is a Senior Secured bilateral facility with DNB Bank. The overall size of the facility is NOK 1 billion, comprising a main multi-currency revolving credit and overdraft facility of NOK 600 million and a committed ancillary facility of NOK 400 million.

The unsecured bond for NOK 1 100 million was issued to complete the long-term financing of the Agility transaction. The bond is listed on the Oslo Stock Exchange. The company entered into a cross-currency swap to effectively convert the NOK denominated bond loan into USD. The fixed USD denominated balance on entering into the swap was USD 120.3 million. The swap has a term concurrent with the bond loan. The value of the swap as of 30 June 2020 was NOK -75.9 million and is included in the line Long-term bank loans.

Movements in the quarter on Long-term Secured bank loans and Other loans were primarily due to an increase of bank loans by MEUR 10.0 and non-cash foreign exchange translation impacts. Other Loans relate to the cross-currency swap applied to the Bond. Movements in the quarter on the short-term secured loans were primarily related to drawings on the group treasury facility including any foreign currency translation effects.

There are no breaches of the financial covenants under the financing facility agreements.

NOTE 5: EVENTS AFTER THE BALANCE SHEET DATE

Regarding new Restricted Stock Units (RSUs) see note 3.

Hexagon Purus signed a contract for USD 4.8 million (approx. NOK 45 million) with a major US hydrogen fuel supplier and hydrogen refueling station operator to provide X-STORE transport distribution modules.

Hexagon has been granted USD 2.6 million (approx. NOK 24 million) in initial funding, under the U.S Department of Energy's (DOE) H2@Scale initiative, to research reduction in hydrogen and natural gas storage tank cost.

Hexagon Purus has been awarded a USD 5.2 million (approx. NOK 48 million) contract for high-performance Type 4 pressure vessels to a new major aerospace customer for its launch vehicle.

There have not been any other significant events after the balance sheet date.

KEY FIGURES GROUP

KEY FIGURES GROUP	30.06.2020	30.06.2019	31.12.2019
EBITDA in % of operating revenue	3.7 %	12.5 %	10.5 %
EBIT in % of operating revenue	-4.6 %	5.6 %	3.5 %
EBITDA ⁴ (rolling last 4 quarters) / Capital Employed %	5.6 %	12.0 %	10.4 %
EBIT ⁴ (rolling last 4 quarters) / Capital Employed %	-1.2 %	5.6 %	3.5 %
Net working capital / Operating revenue ⁴ (rolling last 4 quarters) %	30.6%	29.5 %	26.8 %
Interest coverage I ¹⁾	0.9	2.0	2.6
Interest coverage II ²⁾	5.0	7.9	5.7
NIBD / EBITDA ⁴ (rolling last 4 quarters)	6.5	2.7	3.1
Equity ratio	42.5 %	45.2 %	44.6 %
Equity / Capital employed	60.3 %	61.4 %	62.4 %
Return on equity (annualised)	-0.3 %	4.6 %	5.8 %
Total return (annualised)	0.4 %	4.0 %	4.8 %
Liquidity ratio I	1.9	2.0	1.8
Liquidity reserve (NOK 1 000) ³⁾	783 204	914 517	961 971
Liquidity reserve ³⁾ / Operating revenue ⁴ (rolling last 4 quarters) %	24.3 %	28.6 %	28.2 %
Earnings per share (NOK)	-0.08	0.24	0.63
Diluted earnings per share (NOK)	-0.04	0.28	0.71
Cash flow from operations per share (NOK)	-0.30	-0.32	0.82
Equity per share (NOK)	11.97	11.18	11.75

1) (Profit before tax + interest expenses) / Interest expenses.

2) Rolling Earnings Before Interest, Tax, Depreciation and Amortization the last 12 months to rolling Net Interest Costs

3) Undrawn overdraft facility + bank deposits and cash. Use of undrawn overdraft facility can be limited by financial covenants

4) Unaudited proforma estimates used for Agility in 2018

KEY FIGURES SEGMENTS

KEY FIGURES SEGMENTS	30.06.2020	30.06.2019	31.12.2019
AGILITY FUEL SOLUTIONS			
EBITDA in % of operating income	7.4 %	10.2 %	11.0 %
EBIT in % of operating income	1.0 %	4.1 %	5.0 %
HEXAGON PURUS (HYDROGEN & CNG LDV)			
EBITDA in % of operating income	-39.0 %	-6.8 %	-7.4 %
EBIT in % of operating income	-57.3 %	-16.2 %	-17.0 %
HEXAGON MOBILE PIPELINE & OTHER			
EBITDA in % of operating income	-5.3 %	6.6 %	7.0 %
EBIT in % of operating income	-13.0 %	1.3 %	1.8 %
HEXAGON RAGASCO LPG			
EBITDA in % of operating income	21.8 %	16.9 %	15.3 %
EBIT in % of operating income	16.3 %	11.8 %	16.1 %

SHAREHOLDER INFORMATION

A total of 41 263 655 (47,441,870) shares in Hexagon Composites ASA (HEX.OL) were traded on Oslo Børs (OSE) during second quarter 2020. The total number of shares in Hexagon Composites ASA at 30 June 2020 was 183,290,648 (par value NOK 0.10). In the quarter, the share price moved between NOK 23.00 and NOK 41.56, ending the quarter on NOK 40.00. The price at 30 June gives a market capitalization of NOK 7 331.6 million for the Company.

20 LARGEST SHAREHOLDERS PER 11 AUGUST 2020	NUMBER OF SHARES	SHARE OF 20 LARGEST	SHARE OF TOTAL	TYPE	COUNTRY
mitsui & CO LTD	45 833 321	33 %	25 %	Ordinary	Japan
FLAKK COMPOSITES AS	20 000 000	15 %	11 %	Ordinary	Norway
CLEARSTREAM BANKING S.A.	17 056 808	12 %	9 %	Nominee	Luxembourg
MP PENSJON PK	11 356 870	8 %	6 %	Ordinary	Norway
BRØDR. BØCKMANN AS	8 702 722	6 %	5 %	Ordinary	Norway
KTF FINANS AS	5 000 000	4 %	3 %	Ordinary	Norway
NØDINGEN AS	5 000 000	4 %	3 %	Ordinary	Norway
VERDIPAPIRFONDET ALFRED BERG GAMBA	3 669 963	3 %	2 %	Ordinary	Sweden
Lannebo Småbolag	3 300 000	2 %	2 %	Ordinary	Sweden
FLAKK ROLLON AS	2 340 504	2 %	1 %	Ordinary	Norway
Skandinaviska Enskilda Banken AB	2 055 359	1 %	1 %	Ordinary	Sweden
VERDIPAPIRFONDET ALFRED BERG NORGE	1 909 645	1 %	1 %	Ordinary	Sweden
HEXAGON COMPOSITES ASA	1 880 546	1 %	1 %	Ordinary	Norway
STOREBRAND NORGE I VERDIPAPIRFOND	1 736 233	1 %	1 %	Ordinary	United Kingdom
VERDIPAPIRFONDET NORDEA KAPITAL	1 468 265	1 %	1 %	Ordinary	United Kingdom
VERDIPAPIRFONDET DELPHI NORDIC	1 444 498	1 %	1 %	Ordinary	United Kingdom
FLAKK INVEST AS	1 300 000	1 %	1 %	Ordinary	Norway
VERDIPAPIRFONDET ALFRED BERG AKTIV	1 289 499	1 %	1 %	Ordinary	Sweden
SIX SIS AG	1 193 829	1 %	1 %	Nominee	Norway
VERDIPAPIRFONDET NORDEA AVKASTNING	1 164 602	1 %	1 %	Ordinary	United Kingdom
Total 20 largest shareholders	137 702 164	100%	75%		
Remaining	45 587 984		25%		
Total	183 290 648		100.00 %		

FORWARD LOOKING STATEMENTS

This quarterly report (the "Report") has been prepared by Hexagon Composites ASA ("Hexagon" or the "Company"). The Report has not been reviewed or registered with, or approved by, any public authority, stock exchange or regulated market place. The Company makes no representation or warranty (whether express or implied) as to the correctness or completeness of the information contained herein, and neither the Company nor any of its subsidiaries, directors, employees or advisors assume any liability connected to the Report and/or the statements set out herein. This Report is not and does not purport to be complete in any way. The information included in this Report may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Report, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or its advisors or any of their parent or subsidiary undertakings or any such person's affiliates, officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Report or the actual occurrence of the forecasted developments. The Company and its advisors assume no obligation to update any forward-looking statements or to conform these forward-looking statements to the Company's actual results. Investors are advised, however, to inform themselves about any further public disclosures made by the Company, such as filings made with the Oslo Stock Exchange or press releases. This Report has been prepared for information purposes only. This Report does not constitute any solicitation for any offer to purchase or subscribe any securities and is not an offer or invitation to sell or issue securities for sale in any jurisdiction, including the United States. Distribution of the Report in or into any jurisdiction where such distribution may be unlawful, is prohibited. This Report speaks as of **12 August 2020**, and there may have been changes in matters which affect the Company subsequent to the date of this Report. Neither the issue nor delivery of this Report shall under any circumstance create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that the affairs of the Company have not since changed, and the Company does not intend, and does not assume any obligation, to update or correct any information included in this Report. This Report is subject to Norwegian law, and any dispute arising in respect of this Report is subject to the exclusive jurisdiction of Norwegian courts with Oslo City Court as exclusive venue. By receiving this Report, you accept to be bound by the terms above.

2ND QUARTER AND HALF YEAR INTERIM REPORT 2020

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HEXAGON

HEXAGON PURUS

HYDROGEN APPLICATIONS, CNG LIGHT-DUTY VEHICLES AND BATTERY ELECTRIC DRIVETRAIN



CNG Light-Duty Vehicles



Fuel Cell Electric Vehicles



Transit Buses



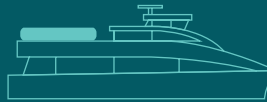
Heavy-Duty Trucks



Distribution



Ground storage



Marine & other

AGILITY FUEL SOLUTIONS



Heavy-Duty Trucks



Transit Buses

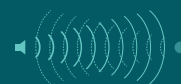


Refuse Trucks

MOBILE PIPELINE & OTHER



Distribution



Hexagon Digital Wave

HEXAGON RAGASCO

Leisure activities, household and industrial applications

