



# Q3 2023



# A word from the CEO

Dear Shareholders,

## **Strong demand for distribution of clean energy was a driving force in Q3**

Hexagon Agility's Mobile Pipeline sales drove our performance in the third quarter. The segment delivered record high revenues and operational excellence in combination with adjusted pricing. This resulted in improved margins in the quarter.

In total, Hexagon Group reported revenues of NOK 1 252 (1 080) million, representing 16% growth compared to the same quarter last year. Excluding FX effects, underlying revenues grew by 10%. EBITDA for the Group in the third quarter was NOK 124 (68) million, with an EBITDA margin of 10% (6%) after expensing NOK 12 million in relation to the strategic review of Hexagon Ragasco.

## **Strategic review of Hexagon Ragasco**

In September, we announced a strategic review of Hexagon Ragasco. Having owned this business for more than 20 years, we are taking the opportunity to evaluate whether it's exciting pipeline of growth opportunities can be best realized inside or outside the Hexagon Group. Recently, Hexagon Ragasco secured a five-year distribution agreement with Gasco, the largest LPG distributor in Saudi Arabia, which is the largest market in the Middle East. Hexagon Ragasco will deliver new custom-sized cylinders, enabling efficiency improvements in Gasco's operations. Gasco is a long-time customer of Hexagon Ragasco, and this agreement is a testament to the role customer intimacy plays in driving innovation and growth.



## **Ramping up**

Looking ahead to the second half of 2024, the launch of Cummins' new 15-liter natural gas engine in the US is expected to be a game-changer in the heavy-duty truck segment, expanding the addressable market for long-haul trucks in the US threefold. To meet the growing demand, we are adding new cylinder capacity in North Carolina. In addition, we are adding capacity within Mobile Pipeline in both the US and Germany and further developing our FleetCare after-market capacity and service level to match the market growth in these segments.

I would like to take the opportunity to thank the Hexagon teams for delivering strong growth while simultaneously executing multiple expansion and development programs.

Best regards,

**Jon Erik Engeset**

President & CEO, Hexagon Group



## Highlights Q3 2023 and after balance sheet date

- Strong growth in revenues and profitability year over year
- Record high activity for Mobile Pipeline
- Significant orders announced since end Q2:
  - Hexagon Ragasco: NOK 240 million
  - Hexagon Agility: NOK ~1.1 billion



# Key figures continuing operations

(NOK millions)	Third quarter		Year to date		Full year
	2023	2022	2023	2022	2022
<b>Hexagon Agility</b>					
Revenue	1 104	930	3 113	2 478	3 478
EBITDA	125	45	271	160	209
EBITDA margin	11%	5%	9%	6%	6%
<b>Hexagon Ragasco</b>					
Revenue	109	119	508	473	706
EBITDA	3	8	88	70	123
EBITDA margin	3%	7%	17%	15%	17%
<b>Hexagon Digital Wave</b>					
Revenue	35	30	121	70	116
EBITDA	- 5	1	- 2	- 1	7
EBITDA margin	- 14%	3%	- 2%	- 1%	6%
<b>Corporate functions &amp; eliminations <sup>1)</sup></b>					
Revenue	3	2	8	6	3
EBITDA	0	14	- 2	13	9
<b>Hexagon Group</b>					
Revenue	1 252	1 080	3 749	3 027	4 303
EBITDA	124	68	354	242	348
EBITDA margin	10%	6%	9%	8%	8%

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

Historical income statement figures for the Group have been re-presented due to the classification of Hexagon Purus as discontinued operations following the deconsolidation effective as of 29 June 2023. See also note 12 and 13.

# Financial summary

## Hexagon Group

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

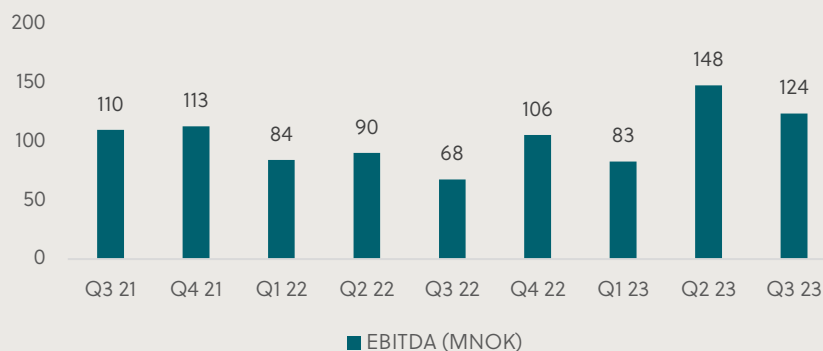
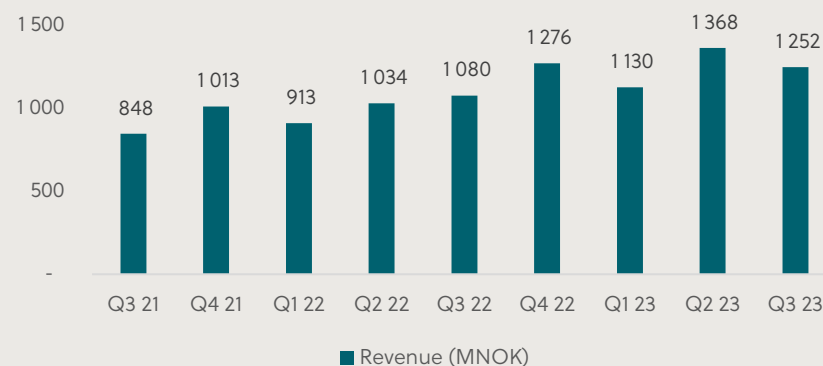
### Operating results from continuing operations

In the third quarter of 2023, Hexagon Group reported revenues of NOK 1 252 (1 080) million, representing 16% growth compared to the same quarter last year. Excluding positive FX translation effects of approximately NOK 60 million, underlying revenues grew by 10%, which was largely attributable to Hexagon Agility's Mobile Pipeline distribution business which experienced continued strong momentum and demand.

EBITDA for the Group in the third quarter was NOK 124 (68) million, after absorbing NOK 12 million in costs related to the ongoing strategic review of Hexagon Ragasco, with an EBITDA margin of 10% (6%). The improved profitability was driven by volume effects in Hexagon Agility, especially in the Mobile Pipeline distribution business, as well as improved pricing and operational performance. Hexagon Ragasco's performance was impacted by seasonally low sales activity and the summer production shutdown, while Hexagon Digital Wave had relatively weak performances, mainly related to the timing of sales.

For the first nine months of 2023, Hexagon Group reported revenues of NOK 3 749 (3 027) million, including approximately NOK 300 million of positive FX translation effects. Excluding currency effects, underlying revenue growth was 14%, mostly driven by Hexagon Agility and its Mobile Pipeline business which has benefitted from a rapid growth in demand for transportation of renewable natural gas (RNG) in the US.

EBITDA for the first nine months was NOK 354 (242) million, resulting in an EBITDA margin of 9% (8%). 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 heavy- and medium duty automotive business. Improved pricing enacted to mitigate inflation in all segments, as well as operational efficiency and reduced supply chain disruptions, also contributed positively to the Group margin.



### **Profit/loss from continuing operations**

Profit before tax from continuing operations in the third quarter of 2023 was NOK -173 (-12) million. Key impacts were the share of losses from equity method accounted associated companies, primarily Hexagon Purus, of NOK -91 (-1) million, as well as unrealized changes in fair value of the total return swap (TRS) derivative in Hexagon Purus of NOK -91 (0) million.

Since 29 June 2023, Hexagon Purus has been accounted for under the equity method in the Hexagon Group accounts with its 38.4% interest, which amounted to NOK -86 million in quarter, including PPA amortizations. The remaining -6 million in losses from associates were related to Cryoshelter Bio-LNG where Hexagon holds a 40% interest. See also note 11. On 29 June 2023, Hexagon entered into a total return swap (TRS) representing 5% of the shares in Hexagon Purus. The TRS is accounted for as a financial derivative, and due to the share price development in Hexagon Purus during the third quarter, NOK 91 million was recognized as a financial expense in the quarter.

Other financial items in the quarter included NOK -40 (-23) million in net interest expenses, NOK -9 (-15) million in net FX effects, NOK -1 (20) million in other derivatives and 0 (-1) million in other financial expenses.

For the first nine months, profit before tax from continuing operations was NOK -136 (22) million, principally due to the same factors as for the third quarter. Other derivatives (FX related) amounted to NOK 9 (27) million. Net FX effects were NOK 11 (-19) million and other financial expenses were NOK -1 (-2) million.

### **Profit/loss from discontinued operations**

Profit/loss from discontinued operations on a year-to-date basis relate to Hexagon Purus financials up to and including second quarter 2023, which amounted to NOK -302 million. On 29 June, the board of directors of Hexagon Composites ASA decided to distribute 69.2 million shares in Hexagon Purus ASA as a dividend-in-kind to its shareholders and effectively reduced its ownership in Hexagon Purus by 25% to 43.4%. The distribution as well as other factors constituted a loss of control event. The deconsolidation of Hexagon Purus generated a one-off accounting gain of NOK 2 351 million in the second quarter which is included in the net profit from discontinued operations in the income statement of NOK 2 050 (-309) million. As Hexagon Purus is deconsolidated and is currently being accounted for as an associated company there are no figures for discontinued operations in third quarter 2023 in isolation.

### **Balance sheet and cash flow**

At the end of the second quarter, the Group balance sheet amounted to NOK 7 526 million compared to NOK 8 013 million at the end of the second quarter. The decrease in total assets during the quarter is mainly explained by settlement of the proceeds from the sale of 5% Hexagon Purus shares through the TRS of NOK 274 million, which subsequently were used to repay debt. Share of losses from associates of NOK -91 million, as well as purchase of own shares of NOK 50 million in the quarter, are also key factors. Interest-bearing debt amounted to NOK 1 150 million at the end of the quarter compared to NOK 1 445 million at the end of the second quarter and NOK 1 717 at the end of 2022. Net Interest-bearing debt, after netting with cash deposits of NOK 164 million, is NOK 986 million. The financial flexibility and liquidity of the Group is considered strong at the end of the quarter with NOK 711 million in available liquidity.

Net cash flow from operating activities in the third quarter was positive of NOK 140 million driven by healthy performance in Hexagon Agility. Net cash flow from investing activities was positive by NOK 202 million driven by receipt of NOK 274 million from the sale of 5% of Hexagon Purus shares. Net cash flow from financing activities was NOK -403 million in the quarter largely due to repayment of bank loans of NOK -297 million as well as purchase of own shares of NOK -50 million.

The reported cash flow statement for the third quarter of last year as well as the reported year-to-date cash flow statements are not comparable with the current third quarter cash flow as Hexagon Purus cash flows are included in the reported cash flows up to and including deconsolidation at end of Q2 2023.

## Key developments during the quarter

- In July, Hexagon Agility received an inaugural order for Mobile Pipeline® TITAN 450 modules from an industry-leading U.S. energy company of USD 14.3 million.
- In July, Hexagon Agility received orders for Mobile Pipeline® and RNG fuel systems from a major refuse fleet in North America of USD 31 million.
- In August, Hexagon Agility received its largest single order in history for Mobile Pipeline® TITAN 450 modules of USD 54 million from Certarus.
- In September, Hexagon announced a strategic review of its LPG cylinder business, Hexagon Ragasco, to assess whether its growth potential can be best realized inside or outside the Hexagon Group.

## Key developments after the quarter

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



# Segment results

## Hexagon Agility

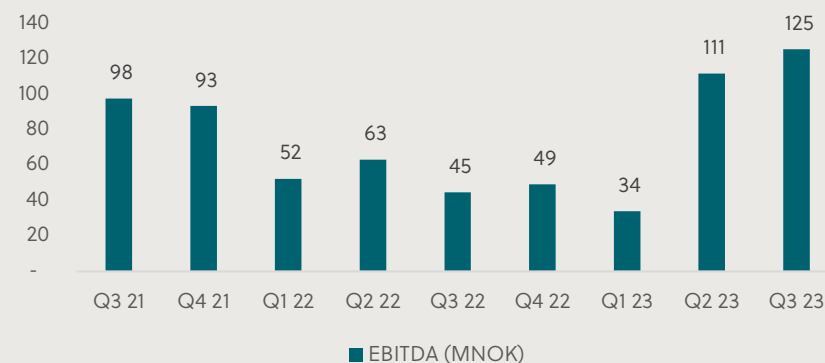
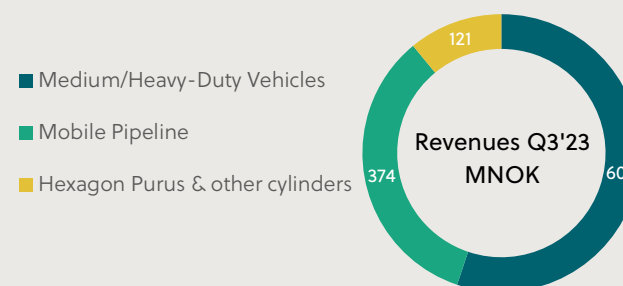
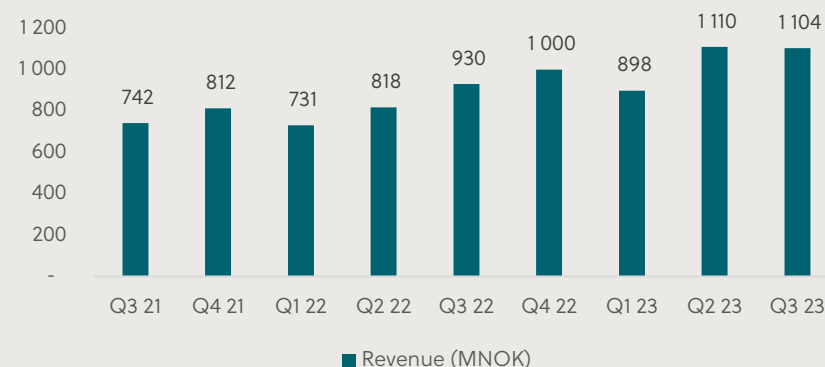
Hexagon Agility is a global provider of clean fuel solutions for commercial and passenger vehicles and gas transportation solutions.

In the third quarter of 2023, Hexagon Agility recorded combined revenues of NOK 1 104 (930) million, including favorable FX translation effects of approximately NOK 59 million. Underlying revenue growth was 12%, largely driven by another quarter of strong volumes and record high revenues in the Mobile Pipeline distribution business. Volumes within the automotive business were however lower mainly due to lower heavy-duty long-haul truck volumes which continues to trail behind 2022 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 third quarter was NOK 125 (45) million, representing an EBITDA margin of 11%, compared to 6% in the same period last year. Hexagon Agility has improved gross margins through inflation-mitigated pricing, operational efficiency measures and scale. Although the effects of volume and scale were somewhat lower in the automotive business, the total volume effect and utilization of fixed cost was positive and favorable due to stronger demand in Mobile Pipeline.

For the first nine months of 2023, Hexagon Agility reported revenues of NOK 3 113 (2 478) million. Excluding favorable FX translation effects of approximately NOK 290 million, the underlying revenue growth in the period was 14% principally explained by the same drivers as for the third quarter.

EBITDA for the first nine months of 2023 came in at NOK 271 (160) million, translating to an EBITDA margin of 9% (6%). Improved pricing, significant volume effects in Mobile Pipeline, as well as operational gains from enhanced focus on world class manufacturing are key factors explaining the improved margin within Hexagon Agility.





## Hexagon Ragasco

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

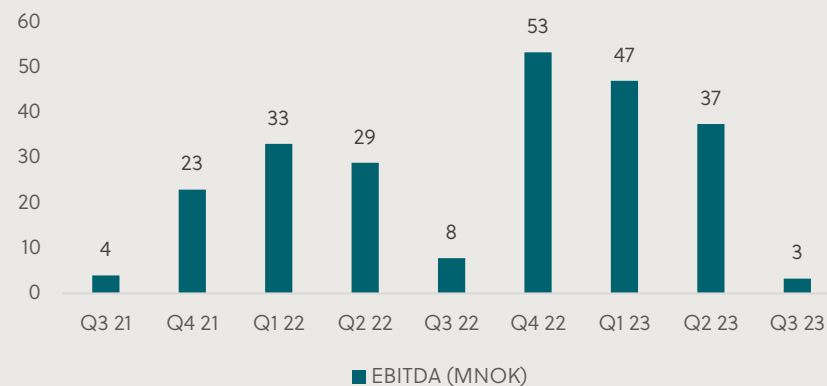
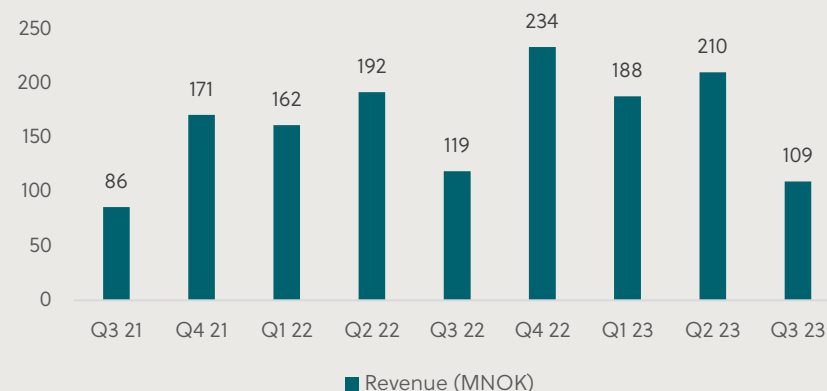
Hexagon Ragasco had a seasonally slow quarter and reported revenues of NOK 109 (119) million in the third quarter of 2023. The seasonality is largely related to the European market, where cylinders to a major extent are used for leisure applications and brought to the market ahead of the summer season. In the quarter, volumes in Europe were also somewhat lower than last year due to hoarding and over storage of cylinders by consumers in the previous winter. Solid volumes in the Middle East and Africa were not sufficient to fully compensate for the volume shortfall in Europe.

EBITDA for the third quarter came in at NOK 3 (8) million, representing an EBITDA margin of 3% (7%). The weakened profitability is largely a result of lower volumes and lower fixed cost coverage, also taking into account the summer shutdown period at the Company's production site in Norway.

For the first nine months of 2023, Hexagon Ragasco reported revenues of NOK 508 (473) million and generated an EBITDA of NOK 88 (70) million. Price increases compensating for inflation on cost prices, as well as normalization of electricity prices, have contributed to the EBITDA margin of 17% (15%).

During 2023, Hexagon Ragasco added several introductory orders from new customers, including significant orders from Oceania and Africa-based customers, which are expected to generate increased recurring volumes in future years.

On 18 October 2023, Hexagon Ragasco signed a long-term agreement with 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 and represents an important addition to Hexagon Ragasco's recurring volume base.



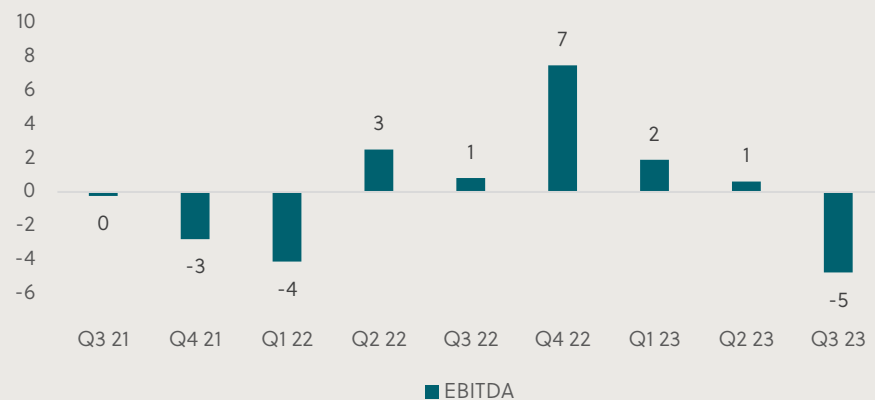
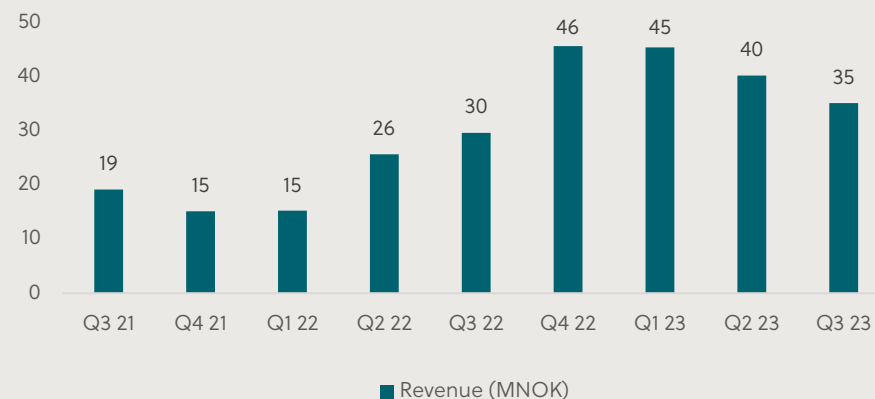
## Hexagon Digital Wave

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

In the third quarter of 2023, Hexagon Digital Wave recorded revenues of NOK 35 (30) million. Timing issues in the UE (Ultrasonic Examination) machine business, impacting the quarter negatively, are expected to be resolved in time for delivery within Q4. The MAE (Model Acoustic Emission) testing business remained strong within the quarter.

EBITDA for the third quarter was NOK -5 (1) million, the loss being due to low volumes in the UE business as well as higher development expenses within the MAE business.

For the first nine months of 2023, revenues amounted to NOK 121 (70) million, representing a healthy growth of 55% after excluding positive FX translation effects. The growth year-over-year is largely related to the MAE business while the UE business is expected to pick-up towards year-end. Following the weak third quarter, Hexagon Digital Wave reported a negative EBITDA of NOK -2 (-1) million on a year-to-date basis.



# Investment in Hexagon Purus

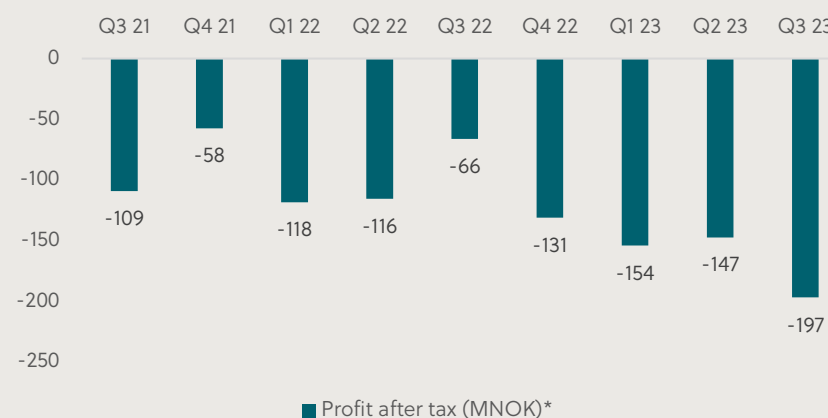
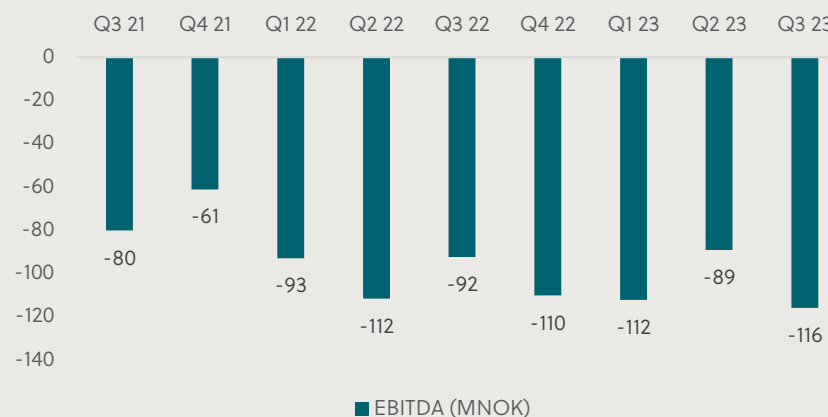
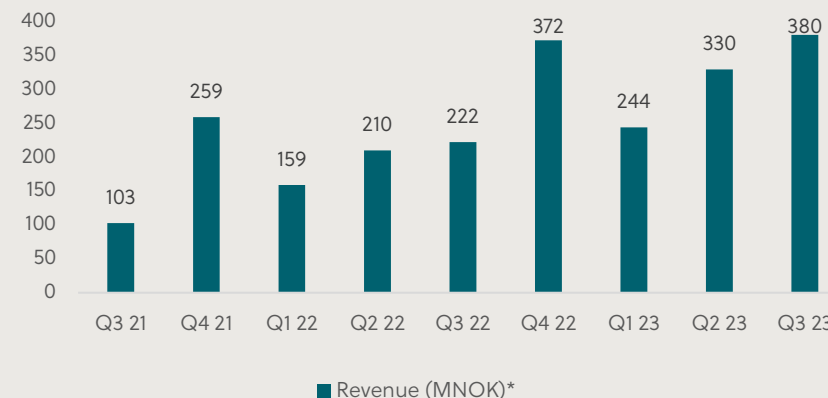
Hexagon Purus is a global leader in key technologies needed for zero emission mobility. The company is listed on the Oslo Stock Exchange (ticker: HPUR), with Hexagon holding a 38.4 per cent ownership since 29 June 2023.

Effective 29 June 2023, Hexagon Purus was deconsolidated as a subsidiary of the Hexagon Group and presented as discontinued operations. Historical financial results of Hexagon Purus which were consolidated in the Hexagon Group up to and including Q2 2023 have been classified as a separate item under "Discontinued operations" in the income statement. See also note 12 and 13. Since 29 June 2023, Hexagon's investment in Hexagon Purus has been classified as an associated company and accounted for under the equity method in the Hexagon group accounts.

In the third quarter of 2023, Hexagon Purus revenues grew 71% year-over-year to NOK 380 (222) million while YTD revenues grew by 61% to NOK 954 (592) million. The growth in the quarter and year-to-date is largely driven by continued strong demand for hydrogen distribution systems in the EU, coupled with some favorable FX translation effects. EBITDA continues to be negative due to significant operational investments. However, higher revenues and economies of scale yielded an improved EBITDA margin of -30% (-41%) in the quarter, and -33% (-50%) on a year-to-date basis.

Profit after tax in the third quarter for Hexagon Purus amounted to NOK -197 million, of which Hexagon accounted for its proportionate share of 38.4% under the equity method amounting to NOK -76 million. See also note 12 for further information.

For further details pertaining to the operational and financial development of Hexagon Purus, please refer to Hexagon Purus third quarter report published 7 November 2023 on [www.hexagonpurus.com/investors](http://www.hexagonpurus.com/investors)



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

## Outlook

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

Supply bottlenecks within the automotive business have now eased, and most procurement categories see costs leveling out. Overall, input prices are expected to be stable for the remainder of 2023. Initiatives to further improve margins in the automotive business are progressing, including world class manufacturing processes.

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

### Segments

Hexagon Agility's order book for the remainder of 2023 is healthy with backlog extending well into 2024. The Company's addressable market will increase threefold for Natural Gas driven long-haul trucks when Cummins launches its new 15-liter natural gas engine in the US in 2024. Hexagon's current expansion program will substantially increase cylinder capacity for heavy-duty truck applications to meet future demand.

The high activity within the Mobile Pipeline CNG/RNG business is expected to continue, with demand driven by decarbonization targets and lack of pipeline infrastructure. Production capacity for 2023 is fully booked with current backlog through to fourth quarter 2024, and significantly increased capacity is scheduled to come online in 2024. The Americas and European Transit bus segment is expected to remain stable, while the light duty vehicle segment continues to be immaterial to the Group's activities and results. The Refuse truck business, mainly out of the US, sees stable demand. Overall, given implemented pricing actions, supply chain normalization, productivity improvements and current order backlog, accumulative margin improvement is being realized.

Hexagon Ragasco saw healthy volumes in the first half of 2023, however, due to the seasonality within the European leisure segment, the second half of the year is normally

lower. Hexagon Ragasco saw healthy volumes in the first half of 2023, however, due to the seasonality within the European leisure segment, the second half of the year is normally lower. The demand for Hexagon Ragasco's LPG cylinders continues to increase outside of Europe with introductory orders from many new customers in new markets.

Demand for Hexagon Digital Wave's Modal Acoustic Emission (MAE) requalification services and Ultrasonic Examination (UE) equipment remains strong as evidenced by the tripling of revenue since its acquisition at the end of 2018. Hexagon Digital Wave is focused on profitable growth of the established recertification businesses while it continues to invest in development of the MAE platform, UE market expansion and other intelligent solutions.

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



## Risks and uncertainties

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

Oslo, 8 November 2023

The Board of Directors of Hexagon Composites ASA

# Condensed Interim Financial Statements Group

## Statement of income

(NOK 1000)	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
			Re-presented		Re-presented	Re-presented
Revenue from contracts with customers	3	1 247 942	1 079 527	3 741 699	3 022 061	4 287 389
Other operating income	3	2 917	626	4 498	1 625	10 327
Rental income	3	917	184	3 206	3 338	5 027
<b>Total revenue and other income</b>		<b>1 251 776</b>	<b>1 080 337</b>	<b>3 749 403</b>	<b>3 027 024</b>	<b>4 302 743</b>
Cost of materials		650 487	608 093	1 971 198	1 607 086	2 326 273
Payroll and social security expenses	10	300 033	263 739	928 911	769 597	1 051 763
Other operating expenses		177 591	140 773	495 316	408 172	577 039
<b>Total operating expenses</b>		<b>1 128 110</b>	<b>1 012 605</b>	<b>3 395 425</b>	<b>2 784 855</b>	<b>3 955 075</b>
<b>Operating profit before depreciation and amortization (EBITDA)</b>		<b>123 666</b>	<b>67 732</b>	<b>353 978</b>	<b>242 168</b>	<b>347 667</b>
Depreciation, amortization, and impairment	4,5	63 496	60 291	189 953	172 358	241 833
<b>Operating profit (EBIT)</b>		<b>60 170</b>	<b>7 440</b>	<b>164 024</b>	<b>69 811</b>	<b>105 834</b>
Profit/loss from investments in associated companies	11, 12	- 91 146	- 1 472	-98 177	- 1 472	- 3 517
Other financial items (net)		- 142 006	- 17 664	- 201 479	- 46 140	-78 536
<b>Profit/loss before taxes from continuing operations</b>		<b>- 172 982</b>	<b>- 11 696</b>	<b>- 135 632</b>	<b>22 199</b>	<b>23 781</b>
Income tax expenses		- 13 784	2 982	-5 274	22 195	18 240
<b>Profit/loss after taxes from continuing operations</b>		<b>-159 198</b>	<b>- 14 678</b>	<b>- 130 358</b>	<b>3</b>	<b>5 541</b>
Profit/loss after taxes from discontinued operations (Hexagon Purus)	12, 13	0	- 66 307	2 049 703	- 309 021	- 431 518
<b>Profit/loss after taxes</b>		<b>- 159 198</b>	<b>- 80 985</b>	<b>1 919 344</b>	<b>- 309 017</b>	<b>- 425 977</b>
of which attributable to equity holders of the parent		- 159 198	- 63 232	2 016 492	- 226 443	-311 326
of which attributable to non-controlling interests		0	- 17 753	- 97 148	- 82 574	-114 652
<b>Earnings per share in NOK</b>						
Basic		- 0.79	- 0.40	9.54	- 1.54	-2.12
Diluted		- 0.74	- 0.40	9.41	- 1.54	-2.12

## Statement of comprehensive income

(NOK 1000)	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Profit/loss after taxes		- 159 198	- 80 985	1 919 344	- 309 017	-425 977
<b>Other comprehensive income</b>						
Translation differences when translating foreign activities		- 23 856	158 018	207 343	351 214	202 529
Translation differences related to deconsolidated subsidiary reclassified to profit or loss	12	0	0	- 118 307	0	0
<b>Net total of items that may be reclassified to profit or loss in subsequent periods</b>		<b>- 23 856</b>	<b>158 018</b>	<b>89 036</b>	<b>- 351 214</b>	<b>202 529</b>
Actuarial gains/losses for the period (net after tax)		0	0	0	0	-491
<b>Net total of items that will not be reclassified to profit or loss in subsequent periods</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-491</b>
<b>Total other comprehensive income</b>		<b>- 23 856</b>	<b>158 018</b>	<b>89 036</b>	<b>- 351 214</b>	<b>202 038</b>
Attributable to:						
Equity holders of the parent		- 23 856	149 497	55 461	331 410	186 247
Non-controlling interest		0	8 521	33 575	19 804	15 791
<b>Total comprehensive income</b>		<b>- 183 054</b>	<b>77 033</b>	<b>2 008 380</b>	<b>42 197</b>	<b>-223 939</b>
Attributable to:						
Equity holders of the parent		- 183 054	86 265	2 071 953	104 967	-125 078
Non-controlling interest		0	- 9 232	-63 573	- 62 770	-98 861

# Statement of financial position

(NOK 1000)

	Note	30.09.2023	30.09.2022	31.12.2022
		Unaudited	Unaudited	Audited
<b>ASSETS</b>				
Property, plant, and equipment	4	966 073	1 374 350	1 336 307
Right-of-use assets	4	337 281	336 804	473 233
Intangible assets	5	1 866 362	2 730 591	2 570 853
Investment in associated companies	11, 12	2 026 786	55 553	53 272
Other non-current financial assets	9	111 367	102 426	141 429
Other non-current assets		4 358	2 515	4 942
Deferred tax assets		8 635	13 678	0
<b>Total non-current assets</b>		<b>5 320 861</b>	<b>4 615 917</b>	<b>4 580 035</b>
Inventories		1 324 168	1 812 276	1 546 497
Trade receivables		550 334	749 572	865 403
Contract assets		0	7 210	9 488
Other current financial assets	9	0	18	0
Other current assets		166 865	228 098	188 772
Bank deposits, cash and similar		163 606	687 204	713 547
<b>Total current assets</b>		<b>2 204 974</b>	<b>3 484 378</b>	<b>3 323 707</b>
<b>Total assets</b>		<b>7 525 835</b>	<b>8 100 295</b>	<b>7 903 742</b>



(NOK 1000)

	Note	30.09.2023	30.09.2022	31.12.2022
		Unaudited	Unaudited	Audited
<b>EQUITY AND LIABILITIES</b>				
Paid-in capital		891 517	2 217 337	2 228 442
Other equity		3 206 343	989 641	763 464
<b>Equity attributable to equity holders of the parent</b>		<b>4 097 861</b>	<b>3 206 978</b>	<b>2 991 905</b>
Non-controlling interests	12	0	480 354	476 901
<b>Total equity</b>		<b>4 097 861</b>	<b>3 687 333</b>	<b>3 468 806</b>
Interest-bearing liabilities (non-current)	8	1 096 509	1 488 645	1 482 140
Lease liabilities (non-current)	6	370 683	295 487	481 018
Other financial liabilities (non-current)	7	323 504	368 448	256 675
Pension liabilities		458	5 256	2 321
Deferred tax liabilities		152 039	279 757	206 370
Provisions (non-current)		7 907	7 248	6 133
<b>Total non-current liabilities</b>		<b>1 951 099</b>	<b>2 444 840</b>	<b>2 434 656</b>
Interest-bearing liabilities (current)	8	53 123	217 402	234 674
Lease liabilities (current)	6	54 469	53 835	70 574
Trade payables		518 786	618 488	572 569
Contract liabilities		348 791	439 561	548 643
Other financial liabilities (current)	7, 9	91 157	75 551	75 051
Income tax payable		44 053	92 275	53 057
Other current liabilities		292 014	377 668	343 154
Provisions (current)		74 481	93 342	102 557
<b>Total current liabilities</b>		<b>1 476 875</b>	<b>1 968 122</b>	<b>2 000 280</b>
<b>Total liabilities</b>		<b>3 427 974</b>	<b>4 412 962</b>	<b>4 434 935</b>
<b>Total equity and liabilities</b>		<b>7 525 835</b>	<b>8 100 295</b>	<b>7 903 742</b>

## Statement of cash flow

(NOK 1000)

	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Profit before taxes from continuing operations		- 172 982	- 11 696	- 135 632	22 199	23 781
Profit before taxes from discontinued operations <sup>1)</sup>	13	0	- 64 853	2 046 718	- 307 752	- 440 898
<b>Profit before taxes</b>		<b>- 175 982</b>	<b>- 76 549</b>	<b>1 911 086</b>	<b>- 285 553</b>	<b>- 417 118</b>
Gain from deconsolidation of Hexagon Purus	12	0	0	- 2 351 302	0	0
Depreciation, amortization and impairment	4,5	63 496	84 149	248 709	242 011	332 162
Net interest expense		38 804	19 949	155 174	45 272	91 117
Share based payment expenses	10	11 877	14 471	42 194	33 514	49 895
Changes in net operating working capital <sup>(2)</sup>		11 756	- 71 068	26 594	- 149 849	60 984
Other adjustments to operating cash flow		187 383	67 165	70 866	77 714	- 18 452
<b>Net cash flow from operating activities</b>		<b>140 335</b>	<b>38 117</b>	<b>103 322</b>	<b>- 36 891</b>	<b>98 588</b>
Proceeds from sale of property, plant & equipment (continuing operations)		0	0	0	0	161 003
Purchase of property, plant & equipment (continuing operations.)	4	- 61 697	- 22 463	- 164 865	- 175 027	- 267 180
Purchase of property, plant & equipment (discontinued operations.)	4	0	- 39 597	- 196 535	- 135 968	- 240 030
Purchase of intangible assets (continuing operations)	5	- 2 529	- 3 310	- 18 258	- 12 093	- 23 104
Purchase of intangible assets (discontinued operations)	5	0	- 7 273	- 16 886	- 33 119	- 52 625
Interest received		4 333	4 006	26 317	8 214	15 207
Sale of shares in associated companies	11	274 029	0	274 029	0	0
Investment in associated companies	11	0	- 58 354	- 29 305	- 58 354	- 65 379
Other investments		- 12 409	- 24 753	- 46 840	- 33 055	- 45 319
<b>Net cash flow from investing activities</b>		<b>201 727</b>	<b>- 151 743</b>	<b>- 172 342</b>	<b>- 439 402</b>	<b>- 517 428</b>
Net repayment (-) / proceeds (+) from interest bearing loans	8	- 296 877	29 509	230 941	522 034	534 747
Interest payments on interest-bearing liabilities		- 35 108	- 22 937	- 138 591	- 49 672	- 89 502
Repayment of lease liabilities (incl. Interests)	6	- 21 299	- 22 166	- 79 166	- 60 926	- 83 485
Net proceeds from share capital increase (subsidiary)		0	3 709	576 180	157 817	189 043
Net proceeds from purchase (-) and sale (+) of own shares		- 50 050	0	- 63 722	- 30 495	- 30 495
<b>Net cash flow from financing activities</b>		<b>- 403 335</b>	<b>- 11 885</b>	<b>525 643</b>	<b>538 758</b>	<b>520 309</b>
Net change in cash and cash equivalents		- 61 273	- 125 512	456 623	62 465	101 469
Net currency exchange differences		- 3 926	8 991	- 33 151	24 530	11 869
Cash and cash equivalents in Hexagon Purus derecognized due to deconsolidation	12	0	0	-973 413	0	0
Cash and cash equivalents at start of period		228 806	803 724	713 547	600 209	600 209
<b>Cash and cash equivalents at end of period</b>		<b>163 606</b>	<b>687 204</b>	<b>163 606</b>	<b>687 204</b>	<b>713 547</b>
Available unused credit facilities		546 877	359 185	546 877	359 185	344 998

1) The cash flow statement is presented including Hexagon Purus (discontinued operations) for the periods up to and including Q2-2023.

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

## Statement of changes in equity

(NOK 1 000)	Note	Share capital	Own shares	Share premium	Other paid in capital	Translation differences	Other equity	Equity-holders of parent	Non-controlling interests	Total equity
<b>As of 01.01.2022</b>		<b>20 162</b>	<b>- 85</b>	<b>2 075 999</b>	<b>98 226</b>	<b>94 398</b>	<b>817 591</b>	<b>3 106 291</b>	<b>378 010</b>	<b>3 484 301</b>
Profit/loss for the period							- 226 443	- 226 443	- 82 574	- 309 017
Other comprehensive income for the period						331 409		331 409	19 804	351 214
Share-based payments					23 019		7 692	30 711	2 803	33 514
Movement in own shares etc.			15				- 30 510	- 30 495		- 30 495
Share capital increase in subsidiary									160 242	160 242
Transaction cost related to capital increase in subsidiary							- 4 496	- 4 496	- 1 638	- 6 134
Share capital increase in other subsidiaries								0	3 709	3 709
<b>As of 30.09.2022</b>		<b>20 162</b>	<b>- 69</b>	<b>2 075 999</b>	<b>121 245</b>	<b>425 807</b>	<b>563 834</b>	<b>3 206 978</b>	<b>480 354</b>	<b>3 687 333</b>
<b>As of 01.01.2022</b>		<b>20 162</b>	<b>- 85</b>	<b>2 075 999</b>	<b>98 226</b>	<b>94 398</b>	<b>817 591</b>	<b>3 106 291</b>	<b>378 010</b>	<b>3 484 301</b>
Profit/loss for the period							- 311 326	- 311 326	- 114 652	- 425 977
Other comprehensive income for the period						186 738	- 491	186 248	15 791	202 038
Share-based payments					34 120		11 563	45 682	4 213	49 895
Movement in own shares etc.			20				- 30 514	- 30 495		- 30 495
Share capital increase in subsidiary								0	160 242	160 242
Transaction cost related to capital increase in subsidiary							- 4 496	- 4 496	- 1 638	- 6 134
Share capital increase in other subsidiaries								0	34 935	34 935
<b>As of 31.12.2022</b>		<b>20 162</b>	<b>- 65</b>	<b>2 075 999</b>	<b>132 346</b>	<b>281 136</b>	<b>482 327</b>	<b>2 991 905</b>	<b>476 901</b>	<b>3 468 806</b>
<b>As of 01.01.2023</b>		<b>20 162</b>	<b>- 65</b>	<b>2 075 999</b>	<b>132 346</b>	<b>281 136</b>	<b>482 327</b>	<b>2 991 905</b>	<b>476 901</b>	<b>3 468 806</b>
Profit/loss for the period							2 016 492	2 016 492	- 97 148	1 919 344
Other comprehensive income for the period	12					55 461		55 461	33 575	89 036
Share-based payments					32 603		6 559	39 163	3 032	42 194
Movement in own shares etc.			- 73				- 63 649	- 63 722		- 63 722
Share capital increase in subsidiary							260 942	260 942	239 058	500 000
Transaction cost related to capital increase in subsidiary							- 17 793	- 17 793	- 8 224	- 26 018
Share capital increase in other subsidiaries									102 198	102 198
Convertible bonds – equity component	8						190 363	190 363	87 989	278 352
Convertible bonds – transaction cost equity component	8						- 5 495	- 5 495	- 2 540	- 8 034
Dividend in kind	12			- 1 369 455				- 1 369 455		- 1 369 455
Derecognition of non-controlling interests related to deconsolidation of subsidiary	12								- 834 841	- 834 841
<b>As of 30.09.2023</b>		<b>20 162</b>	<b>- 138</b>	<b>706 544</b>	<b>164 949</b>	<b>336 597</b>	<b>2 869 747</b>	<b>4 097 861</b>	<b>0</b>	<b>4 097 861</b>

## Note 1: General information and basis for preparation

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The condensed consolidated interim financial statements for the third quarter of 2023, which ended 30 September 2023, comprise Hexagon Composites ASA and its subsidiaries (together referred to as "the Group"). The company's headquarters are at Korsegata 4B, 6002 Aalesund, Norway. Hexagon Composites ASA is listed on the Oslo Stock Exchange under the ticker HEX.

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

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

The accounting principles used in the preparation of these interim accounts are the same as those applied to the consolidated financial statements for 2022. However, the following accounting principle related to discontinued operations was not described in the consolidated financial statements for 2022 and is thus described herein. In the event of a deconsolidation – if the disposal group being deconsolidated comprises a material business segment or operation, the profit or loss after taxes associated with the disposal group is reported separately as discontinued operations in the statement of income. The previous period's income statements are re-presented accordingly. The profit after taxes from discontinued operations comprises the discontinued operation's current earnings and the gain or loss from deconsolidation.

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 8 November 2023.

## Note 2: Estimates

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



## Note 3: Business segment data

(NOK 1000)	Q3 2023 Unaudited	Q3 2022 Unaudited	YTD 2023 Unaudited	YTD 2022 Unaudited	2022 Audited
<b>Hexagon Agility</b>					
Sale of cylinders, systems, and equipment (at point in time)	998 929	878 374	2 786 161	2 328 777	3 204 885
Sale of systems, services, and funded development (transferred over time)	0	0	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	101 948	51 474	321 135	146 999	260 981
Other operating income	2 507	31	2 700	33	8 093
<b>Total revenue from contract with customers</b>	<b>1 103 384</b>	<b>929 879</b>	<b>3 109 996</b>	<b>2 475 809</b>	<b>3 473 959</b>
Rental income	904	-134	2 939	2 537	3 919
<b>Total revenue and other operating income</b>	<b>1 104 288</b>	<b>929 745</b>	<b>3 112 935</b>	<b>2 478 347</b>	<b>3 477 878</b>
Segment operating profit before depreciation (EBITDA)	125 313	44 569	270 720	159 822	208 988
Segment operating profit (EBIT)	76 226	-195	124 958	33 155	28 186
Segment assets			4 599 571	4 697 068	4 550 321
Segment liabilities			1 958 576	1 995 875	2 104 101
<b>Hexagon Ragasco</b>					
Sale of cylinders, systems, and equipment (at point in time)	109 569	118 102	504 600	468 287	701 029
Sale of systems, services, and funded development (transferred over time)	0	0	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	- 94	980	3 399	4 170	4 977
Other operating income	23	25	195	147	210
<b>Total revenue from contract with customers</b>	<b>109 497</b>	<b>119 107</b>	<b>508 194</b>	<b>472 604</b>	<b>706 216</b>
Rental income	0	0	0	0	0
<b>Total revenue and other operating income</b>	<b>109 497</b>	<b>119 107</b>	<b>508 194</b>	<b>472 604</b>	<b>706 216</b>
Segment operating profit before depreciation (EBITDA)	3 248	7 850	87 818	69 885	123 256
Segment operating profit (EBIT)	- 6 184	- 1 529	59 116	42 161	86 362
Segment assets			556 373	535 068	581 399
Segment liabilities			319 479	384 280	391 626

(NOK 1000)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Hexagon Digital Wave</b>					
Sale of cylinders, systems, and equipment (at point in time)	33 345	22 827	106 601	53 927	89 297
Sale of systems, services, and funded development (transferred over time)	0	0	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	1 304	6 198	12 329	15 029	24 679
Other operating income	387	570	1 576	1 445	2 025
<b>Total revenue and other operating income</b>	<b>35 036</b>	<b>29 595</b>	<b>120 506</b>	<b>70 400</b>	<b>116 001</b>
Rental income	0	0	0	0	0
<b>Total revenue</b>	<b>35 036</b>	<b>29 595</b>	<b>120 506</b>	<b>70 400</b>	<b>116 001</b>
Segment operating profit before depreciation (EBITDA)	- 4 765	832	- 2 247	- 758	6 715
Segment operating profit (EBIT)	- 6 457	- 598	- 7 266	- 4 774	1 193
Segment assets			128 945	112 060	109 677
Segment liabilities			68 679	157 874	46 015

Due to the deconsolidation of Hexagon Purus as of 29 June 2023, Hexagon Purus is no longer regarded as a separate segment within the Hexagon Group. Hexagon Purus financials are presented as discontinued operations in note 13. See also note 12 for further information related to the deconsolidation of Hexagon Purus.

## Note 4: Tangible assets

(NOK 1000)	2023			2022		
	Property, plant, and equipment	Right of use assets	Total 2023	Property, plant, and equipment	Right of use assets	Total 2022
<b>Carrying value as of 01.01</b>	<b>1 336 307</b>	<b>473 233</b>	<b>1 809 539</b>	<b>1 010 625</b>	<b>282 309</b>	<b>1 292 934</b>
Additions continuing operations	164 865	47 456	212 321	175 027	11 234	186 261
Additions discontinued operations (Hexagon Purus)	196 535	7 521	204 056	135 968	60 467	196 435
Depreciations from continuing operations	- 92 376	- 50 194	- 142 570	- 89 685	- 38 361	- 128 046
Depreciations from discontinued operations, Hexagon Purus (note 13)	- 21 103	- 13 881	- 34 984	- 24 342	- 17 215	- 41 557
Impairments from continuing operations	0	0	0	-594	0	-594
Impairments from discontinued operations, Hexagon Purus (note 13)	0	0	0	0	0	0
Currency translation differences	107 625	32 437	140 062	167 351	38 371	205 721
Derecognition from deconsolidation of Hexagon Purus (note 12)	- 725 778	- 159 292	- 885 070	0	0	0
<b>Carrying value as of 30.09</b>	<b>966 073</b>	<b>337 281</b>	<b>1 303 354</b>	<b>1 374 350</b>	<b>336 804</b>	<b>1 711 154</b>

## Note 5: Intangible assets

(NOK 1000)	2023				2022			
	Goodwill	Customer relationships	Other intangible assets <sup>1)</sup>	Total 2023	Goodwill	Customer relationships	Other intangible assets <sup>1)</sup>	Total 2022
<b>Carrying value as of 01.01</b>	<b>1 717 097</b>	<b>363 924</b>	<b>489 833</b>	<b>2 570 853</b>	<b>1 572 788</b>	<b>387 773</b>	<b>423 963</b>	<b>2 384 524</b>
Additions continuing operations	0	0	18 258	18 258	0	0	12 093	12 093
Additions discontinued operations (Hexagon Purus)	0	0	16 886	16 886	0	0	33 119	33 119
Amortizations from continuing operations	0	- 23 400	- 23 984	- 47 384	0	- 20 958	- 22 759	- 43 717
Amortizations from discontinued operations, Hexagon Purus (note 13)	0	- 10 737	- 13 035	- 23 772	0	- 14 235	- 13 862	- 28 097
Currency translation differences	148 522	30 860	26 683	206 064	258 515	51 825	63 329	372 669
Derecognition from deconsolidation of Hexagon Purus (note 12)	- 583 031	- 90 553	-200 962	- 874 545	0	0	0	0
<b>Carrying value as of 30.09</b>	<b>1 282 588</b>	<b>270 095</b>	<b>313 679</b>	<b>1 866 362</b>	<b>1 831 303</b>	<b>404 405</b>	<b>494 883</b>	<b>2 730 591</b>

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

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

## Note 6: Lease liabilities

(NOK 1000)	2023	2022
<b>Carrying value as of 01.01</b>	<b>551 592</b>	<b>292 731</b>
New lease liabilities recognized in the period - continuing operations	47 456	11 234
New lease liabilities recognized in the period - discontinued operations (Hexagon Purus)	7 521	60 467
Cash payments for the principal portion of the lease liability	- 55 418	- 54 658
Cash payments for the interest portion of the lease liability	- 23 748	- 6 268
Interest on lease liabilities - continuing operations	16 920	5 193
Interest on lease liabilities - discontinued operations (Hexagon Purus)	6 828	1 074
Currency translation differences	37 808	39 549
Derecognition from deconsolidation of Hexagon Purus	- 163 807	0
<b>Carrying value as of 30.09</b>	<b>425 152</b>	<b>349 322</b>

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

## Note 7: Other financial liabilities

(NOK 1000)	Carrying value 01.01.2023	Fair value adjustment	Additions in the period	Settlements in the period	Reclass. from non- current to current	Currency translation	Derecognition from deconsolidation of Hexagon Purus	Carrying value 30.09.2023
Cross currency swap (fair value)	216 885	106 618						323 504
Contingent liabilities from business combinations (fair value)	39 789	0	0	0	- 39 789	0	0	0
<b>Total non-current other financial liabilities</b>	<b>256 675</b>	<b>106 618</b>	<b>0</b>	<b>0</b>	<b>-39 789</b>	<b>0</b>	<b>0</b>	<b>323 504</b>
Deferred payment from business combination (amortized cost)	45 776			- 52 267		6 491		0
Contingent liabilities from business combinations (fair value)	29 275			- 33 426	39 789	8 655	- 44 294	0
Other current financial liabilities (TRS)	0	91 157	0	0	0	0	0	91 157
<b>Total current other financial liabilities</b>	<b>75 051</b>	<b>91 157</b>	<b>0</b>	<b>- 85 693</b>	<b>39 789</b>	<b>15 146</b>	<b>- 44 294</b>	<b>91 157</b>

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



(NOK 1000)	Carrying value 01.01.2022	Fair value adjustment	Additions in the period	Settlements in the period	Reclass. from non- current to current	Currency translation	Derecognition from deconsolidation of Hexagon Purus	Carrying value 30.09.2022
Cross currency swap (fair value)	81 423	246 971						328 394
Deferred payment from business combination (amortized cost)	43 490				- 45 056	1 566		0
Contingent liabilities from business combinations (fair value)	65 616				- 28 815	3 253		40 054
<b>Total non-current other financial liabilities</b>	<b>190 529</b>	<b>246 971</b>	<b>0</b>	<b>0</b>	<b>- 73 871</b>	<b>3 929</b>	<b>0</b>	<b>368 448</b>
Deferred payment from business combination (amortized cost)	0				45 056	1 025		46 081
Contingent liabilities from business combinations (fair value)	0				28 815	655		29 470
Other financial liabilities	0							0
<b>Total current other financial liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73 871</b>	<b>1 680</b>	<b>0</b>	<b>75 551</b>

## Note 8: Interest-bearing liabilities

(NOK 1000)	2023				2022		
	Non-current Bond loan	Non-current Bank loans	Current Bank loans	Total 2023	Non-current Bank loans	Current Bank loans	Total 2022
<b>Liabilities as of 01.01</b>	<b>0</b>	<b>1 482 140</b>	<b>234 674</b>	<b>1 716 814</b>	<b>1 166 057</b>	<b>13 635</b>	<b>1 179 692</b>
<b><i>Financing activities with cash settlement:</i></b>							
- New liabilities	800 000			800 000	318 268	203 767	522 034
- Transaction costs	-23 091			- 23 091			
- Repayment of liabilities		- 365 398	- 180 569	- 545 967			
<b><i>Financing activities without cash settlement:</i></b>							
- Equity component of convertible bond (less transaction costs)	- 270 318			- 270 318			
- Currency translation differences		5 421		5 421	2 438		2 438
- Other transactions without cash settlement	21 024	4 900		24 924	1 882		1 882
- Derecognition from deconsolidation of Hexagon Purus	- 527 615	- 30 554	- 982	- 559 151			
<b>Liabilities as of 30.09</b>	<b>0</b>	<b>1 096 509</b>	<b>53 123</b>	<b>1 149 632</b>	<b>1 488 645</b>	<b>217 402</b>	<b>1 706 047</b>

The principal loan financing facility in Hexagon Composites ASA is a Senior Secured bilateral facility with DNB Bank and Danske Bank. The overall size of the committed facility as of the end of the current period was NOK 1 700 million, comprising a term loan of NOK 1 100 million, an overdraft facility of NOK 250 million, a multi-currency revolving credit facility (RCF) of NOK 350 million. As of quarter-end, total drawings amounted to NOK 1 153 million after excluding amortized transaction costs of 3 million. All financial covenants related to the financing facility agreement were compliant per quarter-end.

As a result of the deconsolidation of Hexagon Purus as described in note 12, Hexagon Purus' interest-bearing debt as of 29 June, consisting mainly of the debt component of a NOK 800 million convertible bond, was derecognized from the group accounts of Hexagon Composites.

## Note 9: Financial instruments

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

### Fair value hierarchy

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

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

**Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

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

There were no transfers from one level to another in the measurement hierarchy from 2022 to the third quarter of 2023. Hexagon Group has no items defined as level 1. Set out below is a comparison of the carrying amount and the fair value of financial instruments as of 30.09.2023 and 31.12.2022.

(NOK 1000)	Level	30.09.2023		31.12.2022	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>					
Other non-current financial assets <sup>1)</sup>	2	111 367	111 367	141 429	141 429
Other current financial assets	2	0	0	0	0
<b>Total financial assets</b>		<b>111 367</b>	<b>111 367</b>	<b>141 429</b>	<b>141 429</b>
<b>Financial liabilities:</b>					
Bank loans (incl. amortized transaction costs)	2	1 096 509	1 100 000	1 482 140	1 489 674
Lease liabilities	2	425 152	452 152	551 592	551 592
Non-current contingent liabilities	3	0	0	39 789	39 789
Other non-current financial liabilities	3	323 504	323 504	216 885	216 885
Current interest-bearing liabilities	2	53 123	53 123	234 674	234 674
Other current financial liabilities (amortized cost)	2	91 157	91 157	75 051	75 051
<b>Total financial liabilities</b>		<b>1 989 444</b>	<b>1 992 935</b>	<b>2 600 132</b>	<b>2 607 666</b>

*1) Other non-current financial assets relate largely to loans to Cryoshelter BioLNG of NOK 71.7 million and the fair value on an interest rate swap of NOK 39.3 million.*

On 29 June 2023, Hexagon Composites entered into a total return swap (TRS) with financial exposure to 13 839 872 shares in Hexagon Purus ASA, representing 5% of the total outstanding shares in Hexagon Purus ASA. The total return swap gives Hexagon Composites financial exposure to any change in the fair value of the underlying 13 839 872 shares from the initial amount of NOK 19.80 per share. The TRS is classified as a financial derivative with changes in fair value to be recognized through profit or loss. As of the end of the quarter, the fair value of the TRS was NOK -91.2 million.

## Note 10: Share based payment

### Share-based payment in Hexagon Composites ASA

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

### Performance share units programs (PSUs)

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

### Restricted share units programs (RSUs)

The RSUs are subject to continued employment three years after date of grant, and each participant will at such time receive such number of Hexagon shares as corresponds to the number of RSUs allocated to them.

Share based payment programs	PSUs	RSUs
Outstanding 01.01.2023	5 028 864	334 500
Granted during the year	3 260 602	149 000
Adjustment due to dividend in kind	2 396 086	169 291
Instruments exercised	- 905 887	-85 058
Instruments lapsed/cancelled/adjusted	- 1 309 670	-33 755
<b>Outstanding 30.09.2023</b>	<b>8 469 995</b>	<b>533 978</b>
Exercise price (NOK) (in the case of new shares issued)	0.10	0.10
Expected lifetime (years)	3,84	4,00

The fair value of the PSUs and RSUs is calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost associated with programs were NOK 32.3 million YTD 30.09.2023. The cost for the third quarter was NOK 12.3 million including social security costs. The fair value of all outstanding PSUs (maximum 8,469,995) and RSUs (533,978) is estimated to NOK 86.1 million per 30 September 2023. Following the dividend in kind on 29 June, the maximum number of PSUs and RSUs were adjusted by 35% for PSUs and RSUs issued in 2021, 2022 and 2023 to preserve the value of the granted instruments.

In addition to the above-mentioned instruments, the Company has issued bonus arrangements to certain executives within the Group. The bonus arrangements are dependent upon the share price development of Hexagon Purus ASA and is converted to a given number of cash settlement options in Hexagon Purus ASA, for the purpose of calculating quarterly fair values using the Black-Scholes model. These cash settlement arrangements involved total expenses of NOK -3.3 million YTD 30.09.2023. Expenses for the third quarter amounted to NOK -4.2 million. Remaining unamortized accrual is estimated to MNOK 1.2 million as of 30 September 2023.

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

## Note 11: Investments in associates

Significant associated companies	Country	Business segment	Ownership 30.09.2022	Ownership 31.12.2022	Ownership 30.09.2023	Accounting method
Hexagon Purus ASA <sup>1)</sup>	Norway	Other			38,4%	Equity method
Cryoshelter BioLNG GmbH <sup>2)</sup>	Austria	Agility	40,0%	40,0%	40,0%	Equity method

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

2) Acquired on 01.08.2022 and classified as associated companies effective from the same date.

### Income statement reconciliation

(NOK 1000)	Hexagon Purus		Cryoshelter BioLNG		Total	
	2023	2022	2023	2022	2023	2022
Share of profit after tax	- 75 649	0	- 10 353	- 930	- 86 001	- 930
PPA amortizations associated companies <sup>1)</sup>	-10 196	0	- 1 980	- 542	- 12 176	- 542
<b>Total profit/loss from investments in associates per 30.09</b>	<b>- 85 845</b>	<b>0</b>	<b>- 12 332</b>	<b>- 1 472</b>	<b>- 98 177</b>	<b>- 1 472</b>

### Balance sheet reconciliation

(NOK 1000)	Hexagon Purus		Cryoshelter BioLNG		Other associates		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Carrying value as of 01.01</b>	<b>0</b>	<b>0</b>	<b>20 243</b>	<b>0</b>	<b>33 029</b>	<b>7 024</b>	<b>53 272</b>	<b>7 024</b>
Share of profit after tax incl. PPA amortizations	- 85 845	0	- 12 332	- 1 472	- 4 402	- 4 044	- 102 579	- 5 517
Purchase of shares	0	0	0	23 898	0	33 738	0	57 636
Share capital contributions	0	0	0	0	29 305	717	29 305	717
Initial fair value recognition upon classification as associated company (see also note 12)	2 378 695	0	0	0	0	0	2 378 695	0
Sale of shares	- 274 029						- 274 029	0
Derecognition - loss of significant influence	0	0	0	0	0	- 4 179		- 4 179
Derecognition of associates following deconsolidation of Hexagon Purus (see also note 12)	0	0	0	0	- 57 804	0	- 57 804	0
Currency translation effects	0	0	55	- 70	- 128	- 59	- 73	- 129
<b>Carrying value as of 30.09</b>	<b>2 018 820</b>	<b>0</b>	<b>7 965</b>	<b>22 356</b>	<b>0</b>	<b>33 197</b>	<b>2 026 786</b>	<b>55 553</b>



## Hexagon Purus

Following loss of control and deconsolidation of Hexagon Purus as a subsidiary effective from 29 June 2023, Hexagon Composites' investment in Hexagon Purus is being accounted for as an associated company applying the equity method. On 29 June 2023, following the dividend-in-kind decision, Hexagon Composites' ownership in Hexagon Purus was effectively reduced to 43.4%. The initial recognition and measurement of Hexagon Purus under the equity method amounted to NOK 2 379 million, representing 43.4% of the fair market value of Hexagon Purus on 29 June. Furthermore, on 29 June, Hexagon Composites sold 13.8 million Hexagon Purus shares and simultaneously entered into a total return swap (TRS) representing 5% of the total outstanding shares in Hexagon Purus. The transaction was closed at NOK 19.80 per share for a total consideration of NOK 274 million. Based on the substance of the agreements and the circumstances for the sale, the sale of shares associated with the TRS agreements was accounted for as a reduction in ownership of an associate. Since the sale of shares under the TRS agreement was made subsequently on the same date as the loss-of-control event, the sale represented a zero-gain transaction. From 29 June and onwards, Hexagon Composites accounts for 38.4% of the profits/losses in Hexagon Purus via the equity method, including any purchase price allocation (PPA) amortizations effects. See also note 12 for further information related to the deconsolidation of Hexagon Purus. At the end of the third quarter, the share price of Hexagon Purus closed at NOK 13.90 per share, implying a market value of Hexagon's shareholding in Hexagon Purus of NOK 1.478 million, which is lower than its carrying amount at quarter end. However, value in use assessments carried out defend the carrying amount of the investment.

## Cryoshelter BioLNG GmbH

On 01.08.2022, Hexagon Composites made a EUR 2,4 (NOK 24) million investment and acquired 40% of the shares in Cryoshelter BioLNG GmbH, with options to acquire the remaining shares over the next 3-10 years.

## Other associates

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

## Overview of purchase price allocations related to associated companies

The purchase price allocation of Hexagon Purus as of 29 June 2023 is on the date of publication of this report not finalized. Preliminary values are shown in the table below.

(NOK 1000)	Hexagon Purus		Cryoshelter BioLNG	
Ownership for PPA purposes:	43,4%		40,0%	
PPA assessment as of:	29.06.2023		01.08.2022	
Status of PPA:	Preliminary		Final	
<b>Hexagon's fair value recognition / purchase price</b>	<b>2 378 695</b>		<b>23 898</b>	
Book values as of recognition / acquisition date (100% basis):				
Non-current assets	1 917 324		2 715	
Current assets	1 900 183		2 351	
Non-current liabilities	738 189		3 946	
Current liabilities	731 11		21 603	
Equity book value 100% basis	2 348 204		- 20 482	
<b>Hexagon's share of equity book value</b>	<b>1 019 171</b>		<b>- 8 193</b>	
<b>Fair value / PPA adjustments:</b>	<b>1 359 524</b>	<b>100%</b>	<b>32 091</b>	<b>100%</b>
- hereof intangible assets	407 857	30%	22 942 <sup>1)</sup>	71%
- hereof goodwill	951 667	70%	9 148	29%

1) Intangible assets for Cryoshelter BioLNG represent LNG technology with an estimated useful lifetime of 10 years.

## Note 12: Deconsolidation of Hexagon Purus

### Loss of control

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

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

### Deconsolidation effects

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

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

Hexagon Purus is classified as an associated company and accounted for using the equity method effective from 29 June 2023 and onwards. See also note 11 for further details on the equity method accounting of Hexagon Purus.

## Note 13: Discontinued operations

The after-tax profit or loss from discontinued operations relate to Hexagon Purus which was deconsolidated as of 29 June 2023. See also note 12 for further information. As Hexagon Purus represented a separate major line of business and a separate segment within the Hexagon Group prior to deconsolidation, the component represented a discontinued operation and is thus presented as such up to and including Q2 2023. The profit or loss from discontinued operations (Hexagon Purus) as incorporated into Hexagon Group accounts is shown in the table below.

In Q3 2023 Hexagon Purus has been accounted for as an associated company under the equity method (see note 11) and is thus no longer fully consolidated in Hexagon's group accounts. Therefore, there are no figures in the table above for discontinued operations in Q3 2023. Please refer to Hexagon Purus Q3 2023 report for further information related to Hexagon Purus' quarterly financials.

(NOK 1000)	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
<b>Total revenue and other operating income</b>		<b>222 370</b>	<b>573 544</b>	<b>591 526</b>	<b>963 925</b>
Cost of materials		120 056	334 830	322 931	588 525
Payroll and social security expenses		114 114	295 899	309 158	443 496
Other operating expenses		80 402	143 846	255 988	337 408
<b>Total operating expenses before depreciation</b>		<b>314 572</b>	<b>774 575</b>	<b>888 077</b>	<b>1 369 430</b>
<b>Operating profit before depreciation and amortization (EBITDA)</b>		<b>- 92 203</b>	<b>- 201 031</b>	<b>- 296 550</b>	<b>- 405 505</b>
Depreciation, amortization, and impairment		23 857	58 756	69 653	95 089
<b>Operating profit (EBIT)</b>		<b>- 116 060</b>	<b>- 259 787</b>	<b>- 366 204</b>	<b>- 500 594</b>
Profit/loss from investments in associated companies		61 853	- 4 402	59 115	51 888
Other financial items (net)		- 10 646	- 40 395	- 662	7 808
<b>Profit/loss before taxes from discontinued operations</b>		<b>- 64 853</b>	<b>- 304 584</b>	<b>- 307 752</b>	<b>- 440 898</b>
Income tax expenses		1 454	- 2 984	1 269	- 9 380
<b>Profit/loss after taxes from discontinued operations</b>		<b>- 66 307</b>	<b>- 301 600</b>	<b>- 309 021</b>	<b>- 431 518</b>
Gain from deconsolidation of Hexagon Purus before taxes (see note 12)			2 351 302		
Income tax on gain from deconsolidation of Hexagon Purus			0		
<b>Gain from deconsolidation of subsidiary Hexagon Purus after taxes</b>			<b>2 351 302</b>		
<b>Profit/loss after taxes from discontinued operations according to income statement</b>		<b>- 66 307</b>	<b>2 049 703</b>	<b>- 309 021</b>	<b>- 431 518</b>

## Note 14: Events after the balance sheet date

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

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

## Share information

A total of 22,970,972 shares (Q2: 8,967,733 shares) in Hexagon Composites ASA were traded on the Oslo Stock exchange during the third quarter of 2023. In the quarter, the share price moved between NOK 21.20 (NOK 19.29) and NOK 38.34 (NOK 24.74), ending the quarter at NOK 27.42, giving a market capitalization of NOK 5.5 billion (4.2 NOK billion) for the Company. For further investor information, refer to the investor section on [www.hexagongroup.com](http://www.hexagongroup.com).

# Terminology

## BAR

Unit of pressure. 1 millibar = 100 N/m<sup>2</sup>

## BIOGAS

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

## BIO-LPG

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

## BEV

Battery Electric Vehicle

## CHASSIS

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

## CHG

Compressed Hydrogen Gas

## CNG

Compressed Natural Gas

## CO<sub>2</sub>

Carbon Dioxide

## COMPOSITE

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

## EBIT

Earnings before interests and taxes

## EBITDA

Earnings before interest, taxes, depreciation, and amortization

## EV

Electric Vehicle

## FCEV

Fuel Cell Electric Vehicle

## GHG

Greenhouse Gas

## GVW

Gross Vehicle Weight

## HDV

Heavy-Duty Vehicle

## H<sub>2</sub>

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

## JOINT VENTURE

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

## LDV

Light-Duty Vehicle

## LNG

Liquefied Natural Gas

## LPG

Liquefied Petroleum Gas (propane gas)

## MOBILE PIPELINE®

Gas distribution products

## NGV

Natural Gas Vehicle

## OEM

Original Equipment Manufacturer

## X-STORE®

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



#### RNG

Renewable Natural Gas Pipeline compatible gaseous fuel derived from biogenic or other renewable sources that has lower lifecycle carbon dioxide equivalent (CO<sub>2</sub>- eq) emissions than geological natural gas

#### SCBA CYLINDER

Self-contained breathing apparatus

#### SCM3

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

#### TITAN®

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

#### TUFFSHELL®

High-pressure CNG cylinder for heavy duty vehicles

#### TYPE 1

Steel cylinder

#### TYPE 2

Steel cylinder, composite-reinforced

#### TYPE 3

Composite cylinder with metal liner

#### TYPE 4

Composite cylinder with polymer liner

#### U.S. DOT

U.S. Department of Transportation

## Forward looking statements

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