Hexagon Composites ASA

Company presentation including RNG market opportunity

29 June 2021

Disclaimer and important notice

This company presentation (the “Presentation”) has been prepared by Hexagon Composites ASA (“Hexagon” or the “Company”).
The Presentation 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 Presentation and/or the statements set out herein. This presentation is not and does not purport to be complete in any way. The information included in this Presentation 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 Presentation, 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 Presentation 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 Presentation has been prepared for information purposes only. This Presentation 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 Presentation in or into any jurisdiction where such distribution may be unlawful, is prohibited. This Presentation speaks as of 29 June 2021, and there may have been changes in matters which affect the Company subsequent to the date of this Presentation. Neither the issue nor delivery of this Presentation 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 Presentation. This Presentation is subject to Norwegian law, and any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Norwegian courts with Oslo City Court as exclusive venue. By receiving this Presentation, you accept to be bound by the terms above.

Our vision

CLEAN AIR EVERYWHERE

Our purpose

DRIVING ENERGY TRANSFORMATION

Our values

INTEGRITY & DRIVE

2020 ESG highlights

Avoidance of

730,000

metric tons of CO2 equivalent emissions[1]

Equal to removing **158,000** petroleum cars from the road for a year, or equal to planting **960,000** acres of forest

13%

of employees are dedicated to Innovation, R&D and World-Class Manufacturing

More than

30

nationalities in the workforce

1) The Alternative Fuel Life-Cycle Environmental and Economic Transportation (AFLEET) tool from the Greenhouse gases, Regulated Emissions, and Energy use in Technologies (GREET®) model has been used for estimating emission reductions.

HEXAGON

Hexagon Composites in figures

1) As of 28 June 2021, 2) full year 2020

Hexagon Group in 2021

Hexagon Group

75%

g-mobility

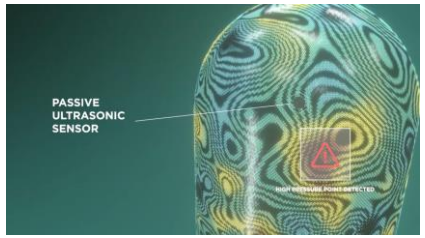
Hexagon Agility[1)]

High-pressure natural gas cylinders and fuel systems for medium- and heavy-duty vehicles

Hexagon CNG LDV

High-pressure natural gas cylinders for light-duty vehicles

Hexagon Digital Wave



Innovative, software-based non-destructive testing of high-pressure vessels

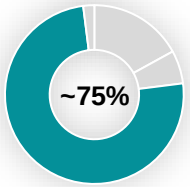
Hexagon Ragasco

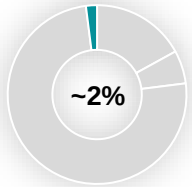
Low-pressure LPG cylinders for domestic, leisure and industrial applications

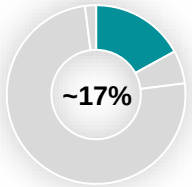
e-mobility

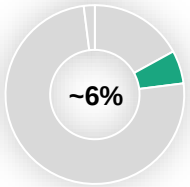
Hexagon Purus

High-pressure cylinders, vehicle systems and battery packs for fuel cell and battery electric vehicles





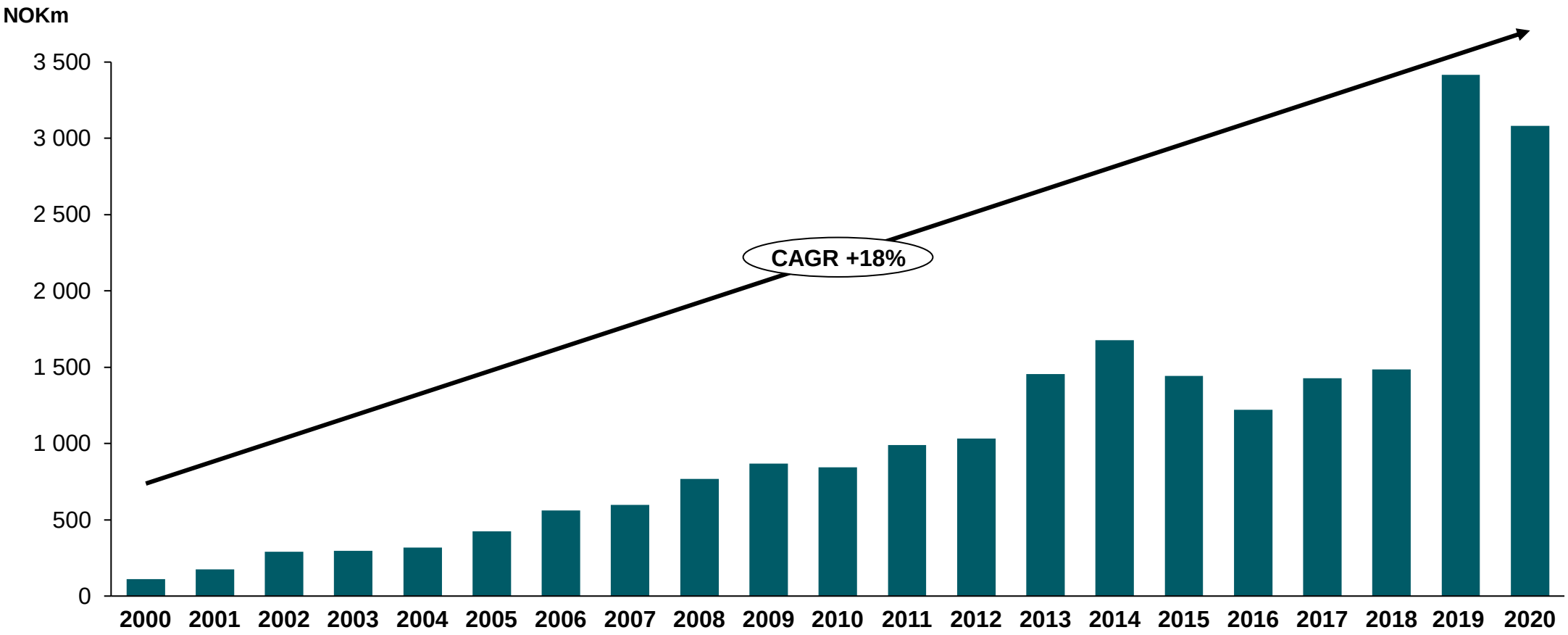




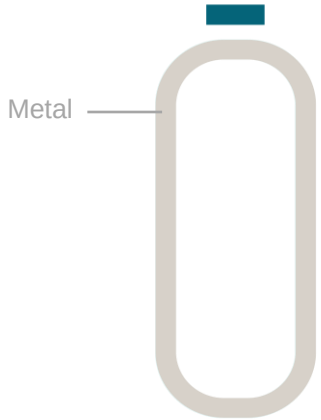
Note: data as of LTM Q'1'21 revenue

1) Hexagon Agility represents the combination of Mobile Pipeline and Agility Fuel Solutions. Combination and name is effective 01.01.2021

We have grown from NOK 100 million to NOK 3 billion in revenues over the past two decades



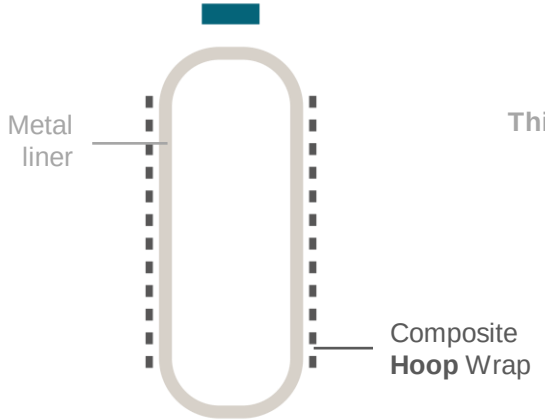
Type 4 pressure cylinder technology is at the heart of our storage and transport solutions



TYPE 1

All steel

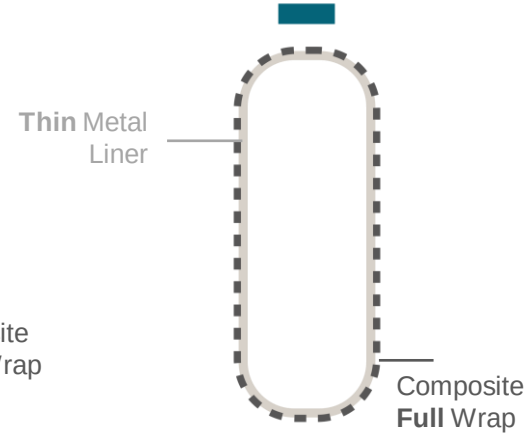
(1.2-1.5kg/liter)



TYPE 2

Fiberglass hoop wrap
Steel liner

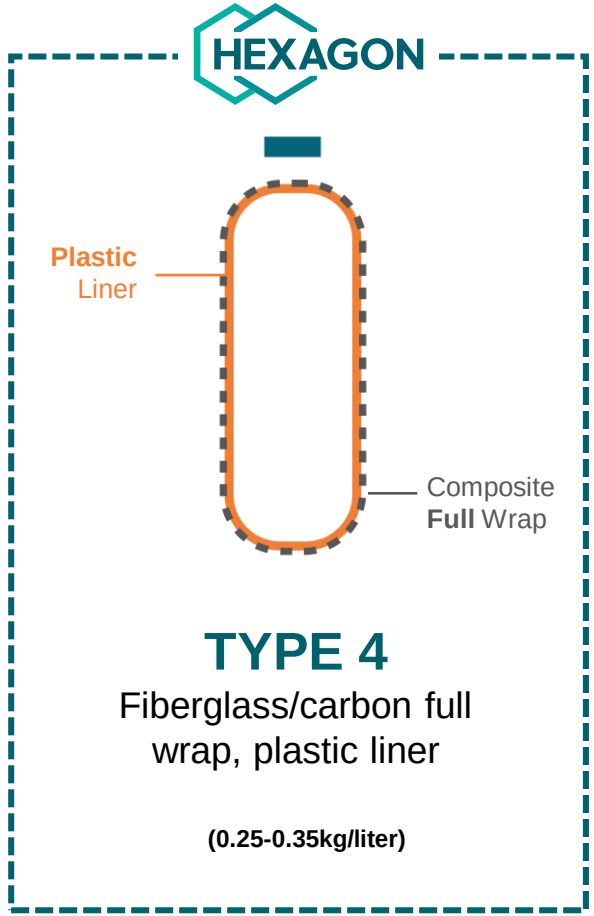
(0.7-1.4kg/liter)



TYPE 3

All carbon full wrap
Metallic liner

(0.3-0.4kg/liter)



TYPE 4

Fiberglass/carbon full wrap, plastic liner

(0.25-0.35kg/liter)

HEXAGON

Hexagon is the global leader in type 4 composite cylinders

High-pressure cylinders for CNG, RNG and hydrogen

More than **600,000** high-pressure cylinders on the road

Low-pressure cylinders for LPG

More than **19 million** low-pressure cylinders have been delivered to leisure and household users

Key competitive advantages:

- **Safety**
  - Polymer liner is non-corrosive
- **Lightweight**
  - Reduces vehicle mass
  - Enhances handling and drivability
- **Good fatigue strength**
  - High-strength carbon fiber and/or glass fiber construction reduces impact damage and fatigue
- **Leak-free**
  - Precision-machined valve interface
  - Ensures leak free operation

HEXAGON

We have a global footprint with proximity to our customers

Hexagon administration, marketing/sales and representative offices

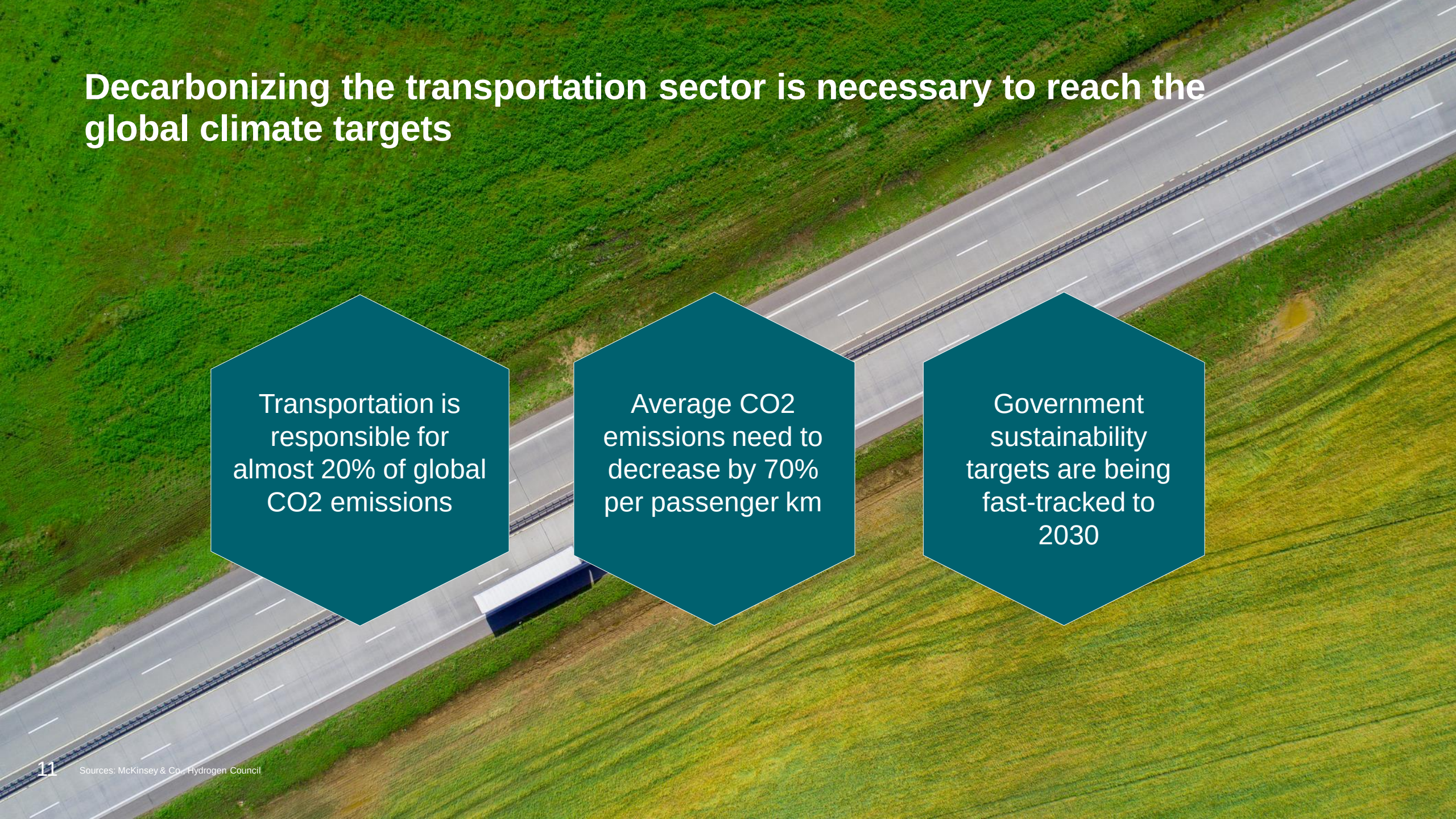
1. Ålesund, Norway
2. Oslo, Norway
3. Costa Mesa (CA), U.S.
4. Heath (OH), U.S.
5. Chateauroux, France
6. London, United Kingdom
7. Wroclaw, Poland
8. Klagenfurt, Austria
9. Nizhny Novgorod, Russia
10. Santiago, Chile
11. Bangalore, India
12. Singapore

Hexagon production sites and engineering hubs

13. Raufoss, Norway
14. Kassel, Germany
15. Kelowna (BC), Canada
16. Lincoln (NE), U.S.
17. Taneytown (MD), U.S.
18. Denver (CO), U.S
19. Fontana (CA), U.S.
20. Ontario (CA), U.S.
21. Salisbury (NC), U.S.
22. Wixon (MI), U.S

Headquarters 1. Ålesund, Norway 2. Oslo, Norway

Decarbonizing the transportation sector is necessary to reach the global climate targets



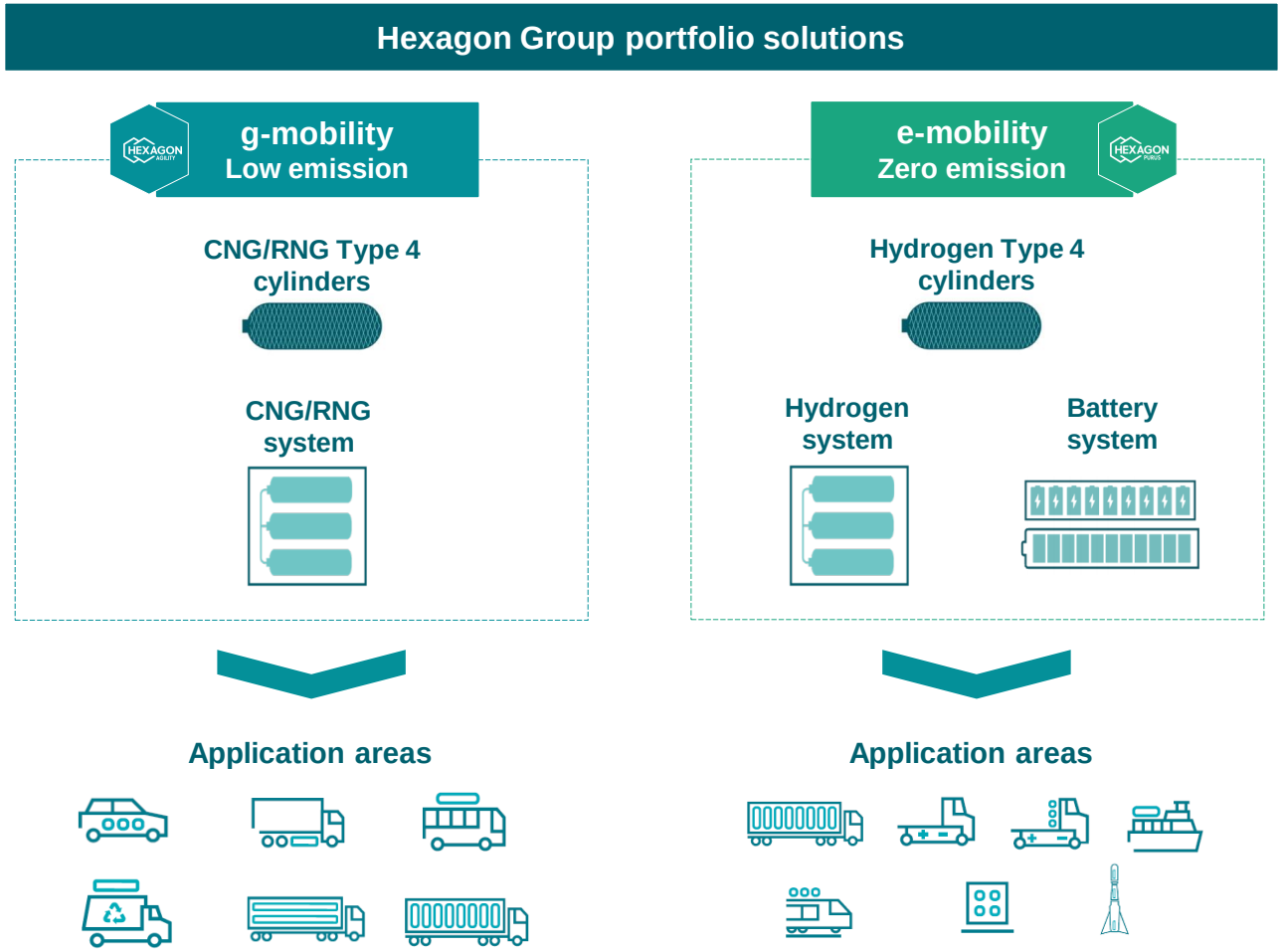
Transportation is responsible for almost 20% of global CO2 emissions

Average CO2 emissions need to decrease by 70% per passenger km

Government sustainability targets are being fast-tracked to 2030

Sources: McKinsey & Co., Hydrogen Council

Hexagon is uniquely positioned to reap the benefits of substantial market growth



Hexagon's competitive advantages:

Leading product competence
Global leader in Type 4 pressure vessel technology

Trusted customer relationships
Established and successful collaborations with major OEMs

Established operational footprint
Engineering centers and serial production facilities in Europe and N. America

Extensive track record
Decades of experience in pressure vessels and clean fuel systems

We offer the full spectrum of clean fuel solutions

Customer reference case: UPS

HEXAGON AGILITY

g-mobility

Long-haul RNG powered Truck

Battery Electric Truck

Final Mile CNG Package Car

Hydrogen-Powered Fuel Cell Electric Truck

HEXAGON PURUS

e-mobility

HEXAGON

Profitable, green growth ahead

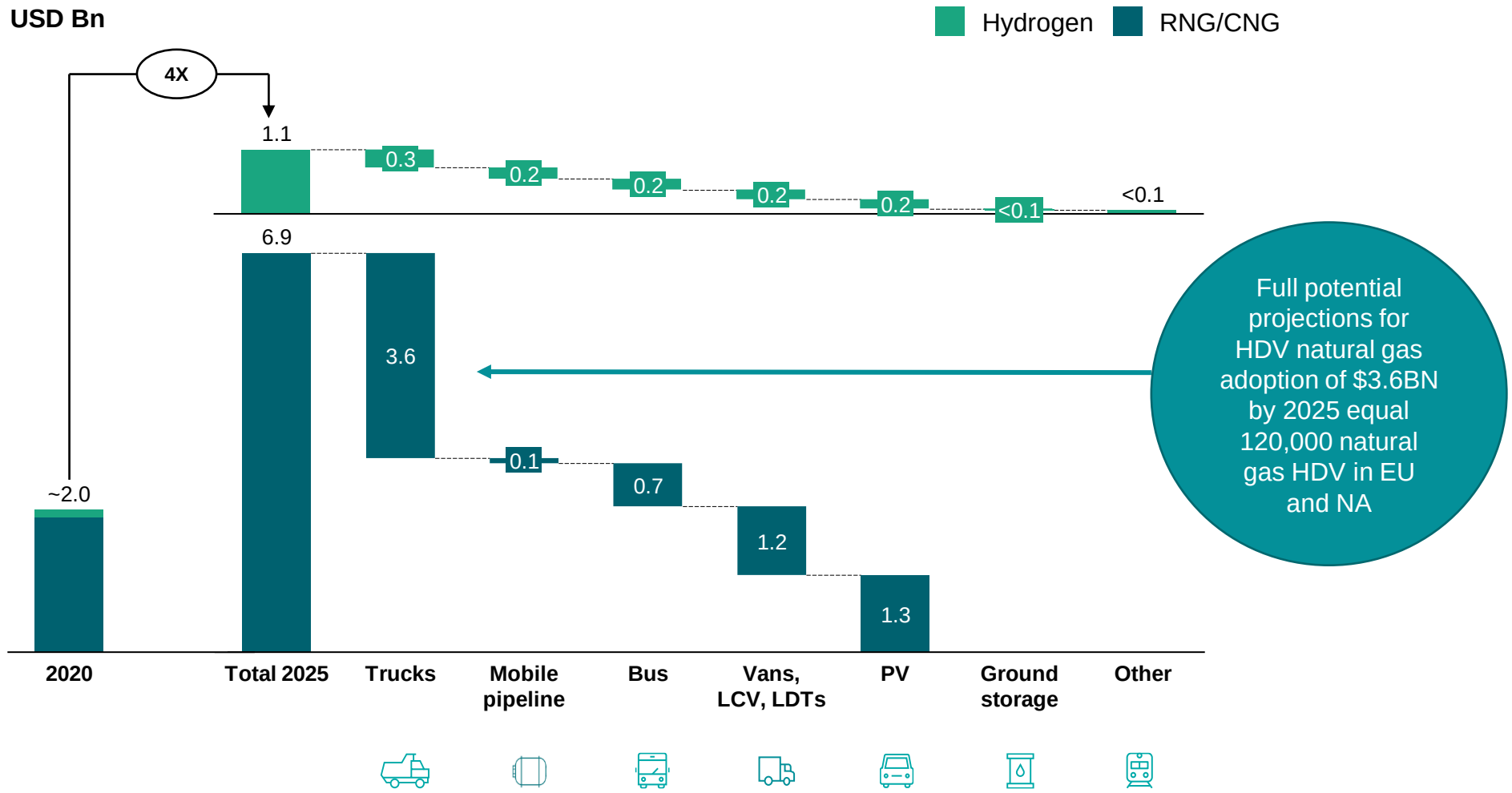
g-mobility and e-mobility **equally key** to driving clean energy transformation

Hexagon Agility targeting significant growth in the years ahead – **RNG a major driver**

Hexagon Purus claiming **leadership position** for e-mobility solutions

Hexagon Ragasco and Hexagon Digital Wave enabling **digital value chain innovation** and new business models

Hexagon's addressable market is expected to grow by 4x by 2025



Source: Third party consultant

RNG market opportunity

How RNG is decarbonizing the transportation sector

HEXAGON

What is RNG?

Methane

CH_4 (methane) content of more than 90 vol.-%

Produced from biowaste

Manure

Landfill waste

Agricultural waste

Wastewater sludge

Certified for use in vehicles

Especially for medium- and heavy- duty trucks

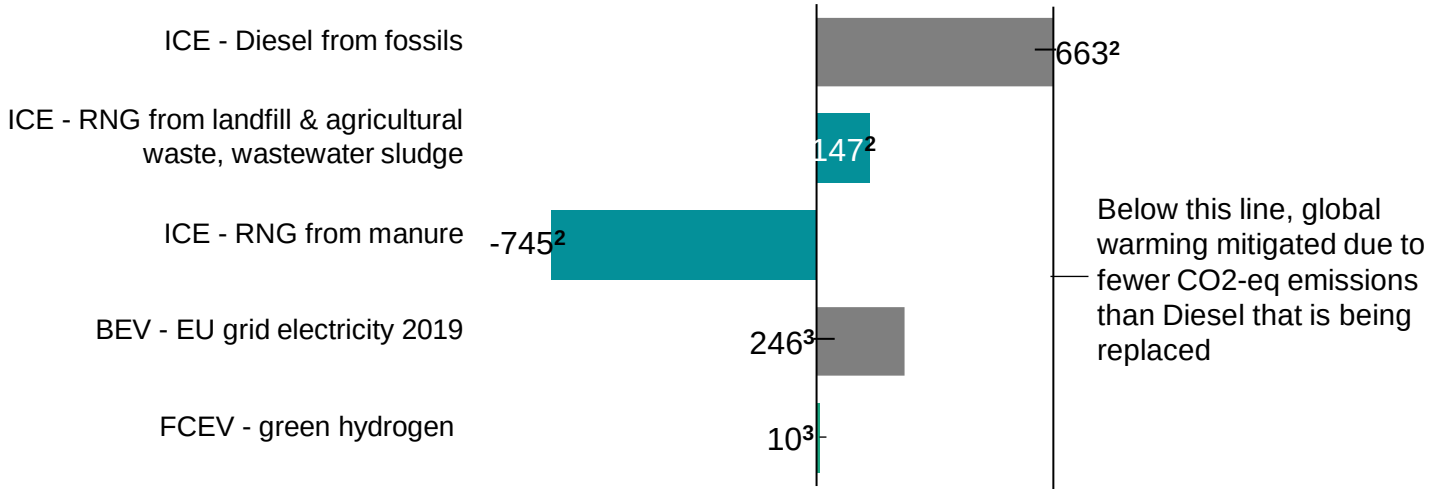
There is no difference in vehicle, engine and fuel storage between CNG and RNG

RNG is methane produced from biowaste certified for use in vehicles

HEXAGON

RNG from manure is the only energy carrier with negative $CO_{2\text{-eq}}$ emission potential

Well-to-wheel $CO_{2\text{-eq}}$ emissions, in g/km for class 7 truck[1]



1. Reference vehicle 18 t rigid truck, Mercedes-Benz Actros, 7.7 liter displacement, 200 kW, 1,100 NM, average payload 65% – diesel fuel consumption averaged based on web fleet, BEV and FCEV energy demand synthesized from various publications considering driving cycle, efficiency improvement and payload correction;
2. RED II, Annex VI, published 21.12.2018;
3. JEC Well-to-Wheels Report v5, 2020 – synthetics based on pathways with electricity and CO_2 from renewables;
4. Considering well-to-wheel emissions of CO_2 equivalent omitted

RNG usage **reduces global warming by capturing methane** otherwise emitted to the atmosphere.

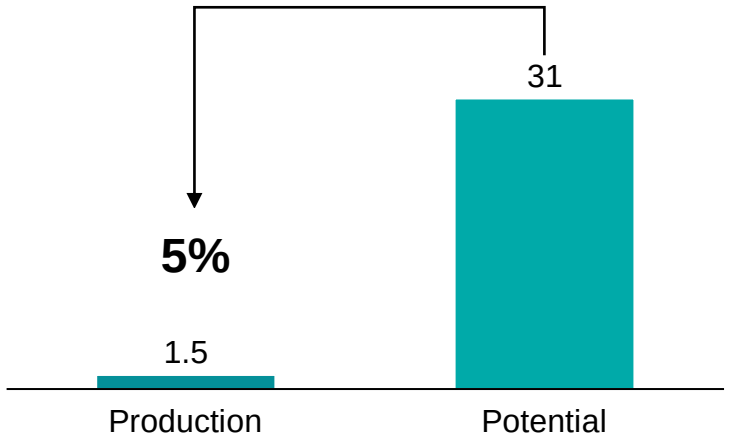
Methane causes 30x more global warming than burning methane into CO_2[4].

HEXAGON

Today, only 5% of the global RNG supply potential is used…

ILLUSTRATIVE

Biomass methane production & potential in 2018, in EJ



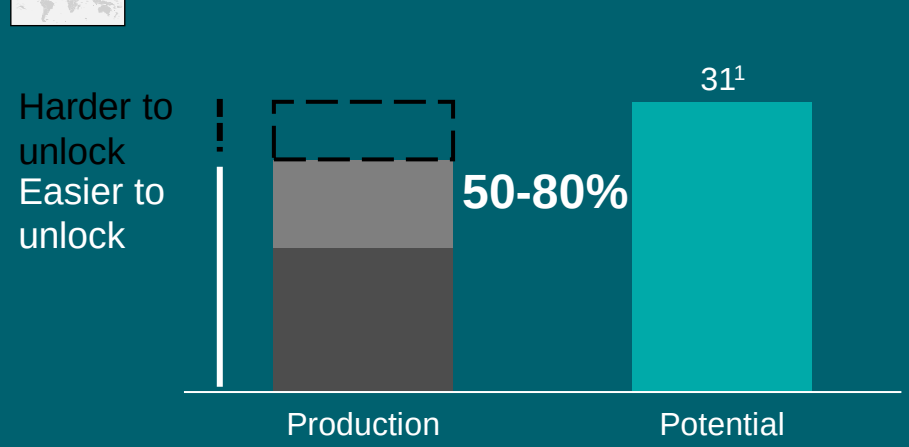
Only 5% of potential unlocked due to weaker competitive position compared of methane from biomass to fossil alternatives

Competitive position is weaker due to lower production costs of fossil methane, similar taxes in most countries and a low CO_2 price – if any – in most countries

1.Increase of supply potential between 2018 and 2040 not considered for this illustrative analysis

… to comply with climate targets, growth towards 100% utilization is expected

Biomass methane production & potential in 2050, in EJ



To reach a 1.5°C pathway, we need to reduce use of fossil energy carriers nearly to zero – with that expected that potential of biomass will be further captured

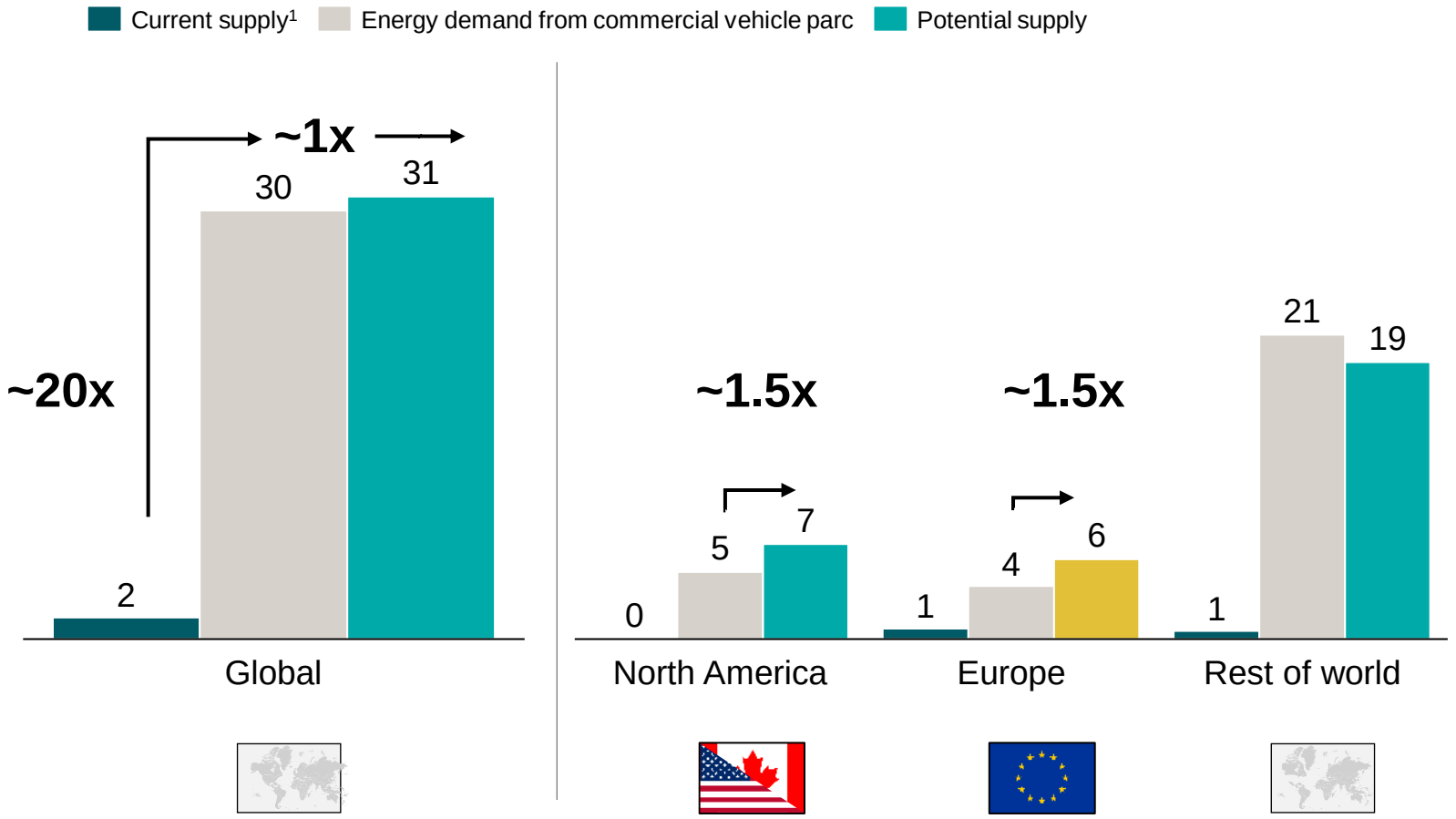
Degree of capturing depends on region and willingness to pay: EU and USA expected at higher share than rest of world

For use-cases that require energy storage and large energy densities expected that potential of biomass unlocked first

Source: IEA Key World Energy Statistics 2020, Third party consultant

No supply constraint for RNG expected in Hexagon's core markets

Biomass supply for RNG production and commercial vehicle energy demand, EJ[1]



1.Considers all biomass for either bio-gas or bio-methane production, 2018 figures.

Source: IEA Outlook for biomethane and biogas 2020, p. 6-7 and 20-21

20x

Potential for biomethane supply ramp-up using sustainable sources.

~1.5x

Potential supply in NA & Europe compared to expected commercial vehicle RNG energy demand.

Some of the world's largest fleet owners have set ambitious sustainability targets…

NOT EXHAUSTIVE

Company	Transport sustainability ambitions	
FedEx	**50%**	Increase in fuel efficiency by 2025 (vs. 2005 levels)
Deutsche Post DHL Group	**50%**	Increase in carbon efficiency by 2025
	Net zero	Logistics-related emissions by 2050
pepsi FritoLay	**20%**	Reduce absolute greenhouse gas (GHG) emissions by at least 20% by 2030
NAGEL-GROUP	**20%**	Reduction in logistics-related emissions by 2020 (vs. 2016)
United States Postal Service	**100%**	ZEV among new vehicles purchased from 2040 onwards, according to infrastructure bill presented by US Congress (2020)
amazon	**100'000**	Electric vans ordered as part of investment into Rivian (EV OEM), CNG trucks ordered for long-haul in USA
ups	**40%**	Of total road energy by alternative energy carriers by 2025, including 250 million gallons of RNG – significant investment in electric vehicles for urban and regional fulfillment
ABInBev	**25%**	2025 sustainability goal of reducing carbon emissions across its value chain by 25, ABInBev will expand its fleet and investing in technology to transition to cleaner-burning renewable natural gas

…as emission targets are pulled forward

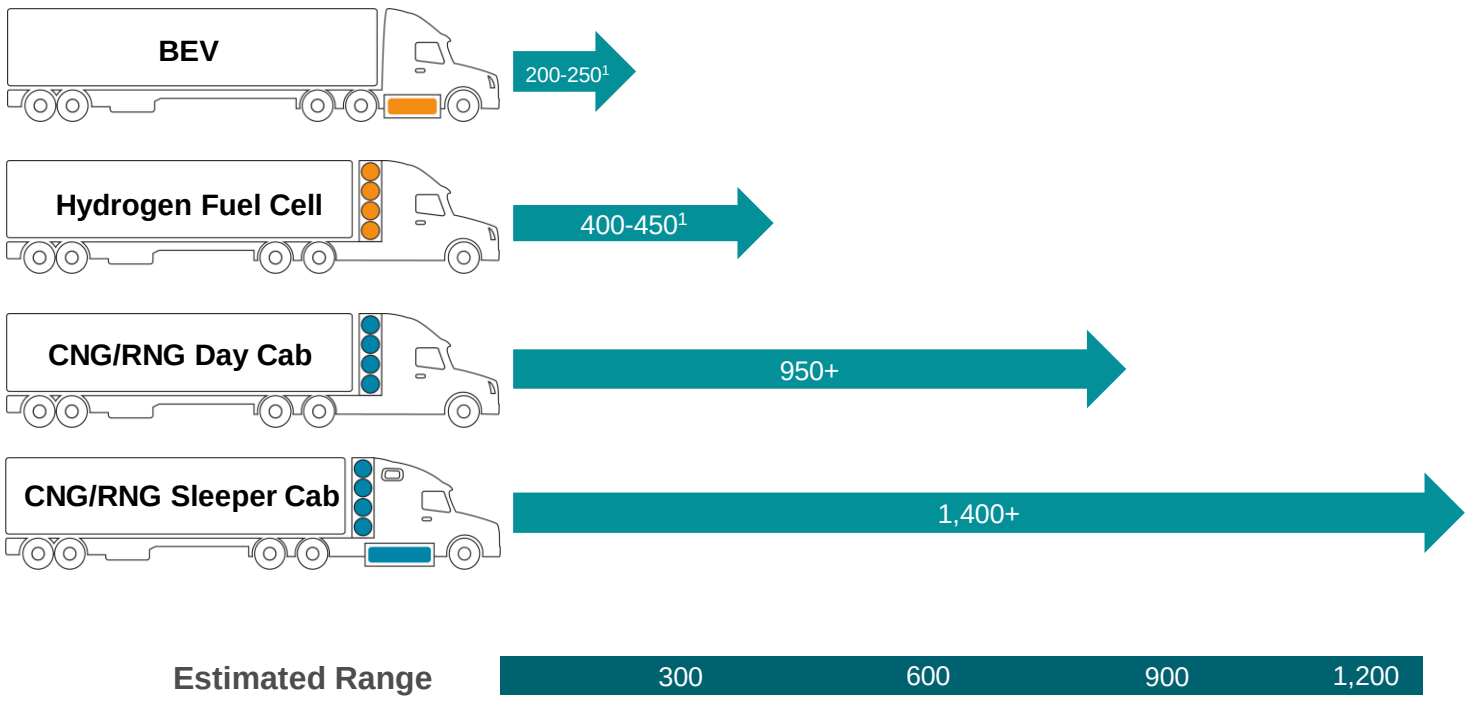
RNG classified as **mitigating technology** in the EU Taxonomy – Delegated act, **expected to have significant impact** on investments

Biden administration pledging **50%+ reduction in GHG emissions by 2030**, unveiling **USD 2 trillion green infrastructure package**

>50% of the world's economy committed to limit warming to 1.5-degree C.

HEXAGON

CNG/RNG is the only existing technology offering 500+ mile range today



CNG / RNG is **complementary** to BEV and FCEV

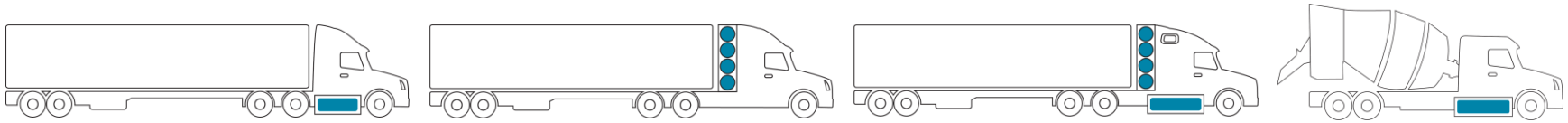
CNG / RNG has **superior propositions as a fuel option for long haul operations** requiring 500+ mile range

Hexagon Group **has full coverage of clean energy solutions** for today's and tomorrow's commercial fleet

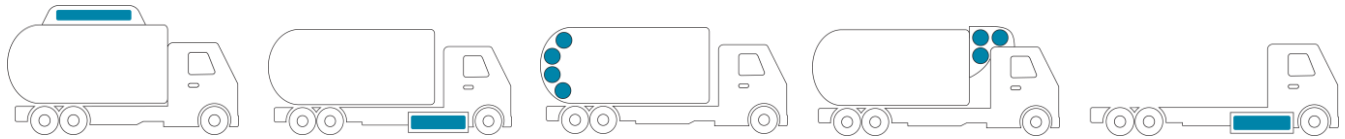
Note: [1]BEV and FCEV based on Hexagon Purus estimates for current product technology. Greater range is feasible with both BEV and FCEV with significant cost and decreased payload

RNG is a mature technology with over 100 available factory installed solutions globally

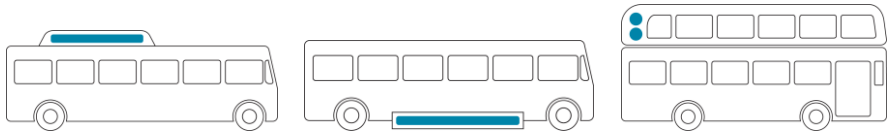
Heavy Duty Truck



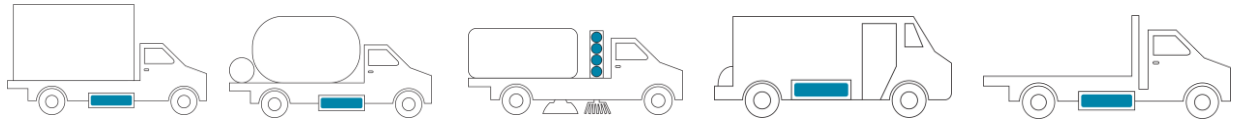
Refuse



Bus & Coach



Medium Duty

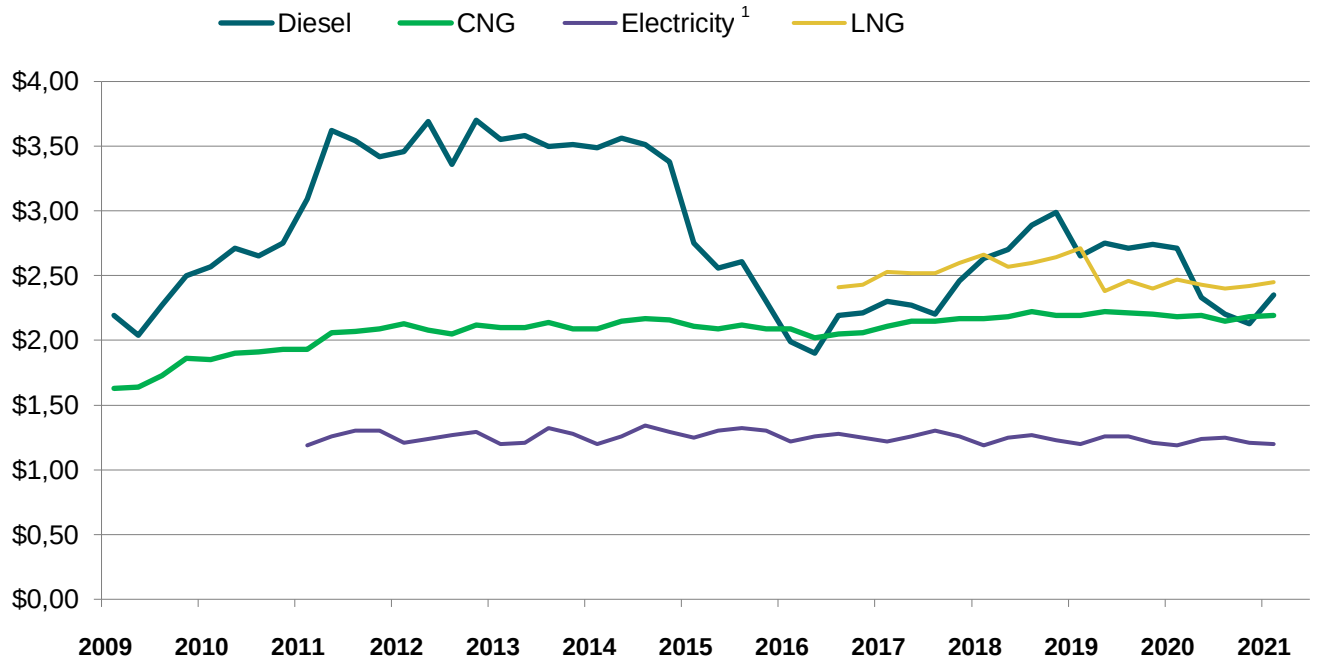


Notable OEMs

Source: Hexagon

CNG/RNG prices are significantly more resilient than diesel prices

US Retail Fuel Prices per DGE
2009-2021



1. Electricity prices are reduced by a factor of 3.6 because electric motors are 3.6 times more efficient than internal combustion engines

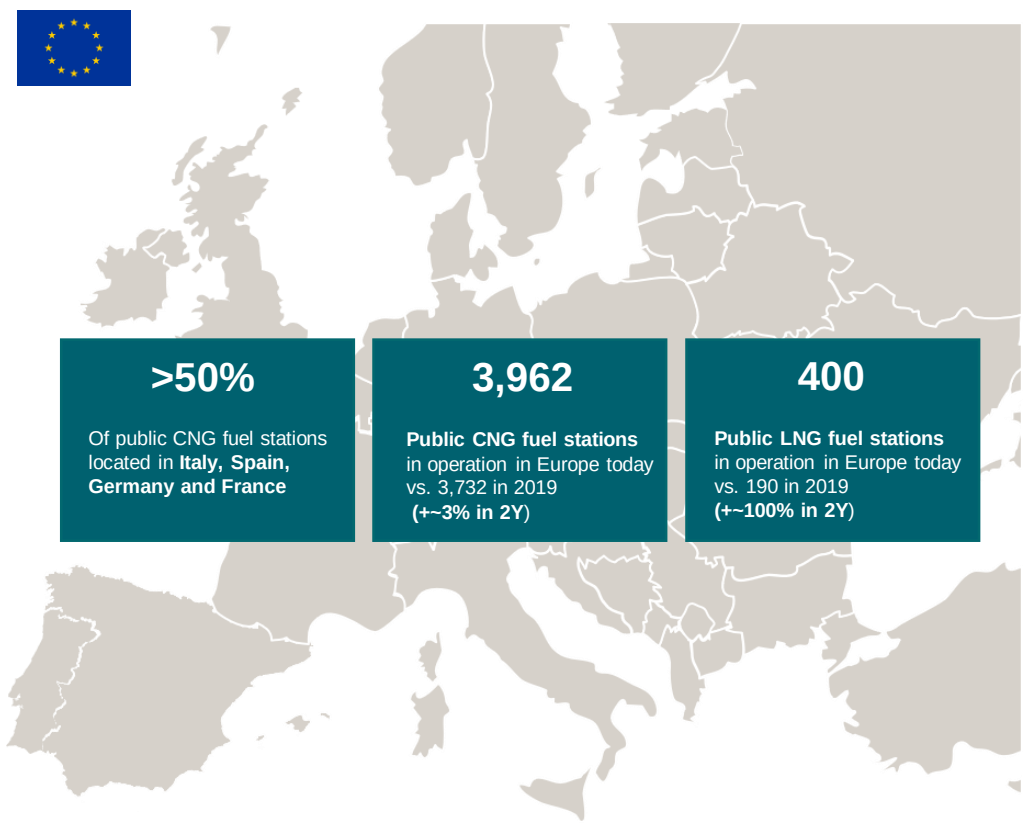
Source: US Dept. of Energy, Alternative Fuels Data Center

CNG/RNG pump price has historically been significantly more stable than the one for diesel

Despite falling oil prices during the 2019 to 2021 period, the adoption of natural gas trucks in North America and Europe has seen unprecedented growth

Decision criteria moving from pure ROI focus to a more holistic focus, including carbon footprint and price visibility

Natural gas infrastructure in Europe and North America well developed to support CNG/RNG HDV



>50%

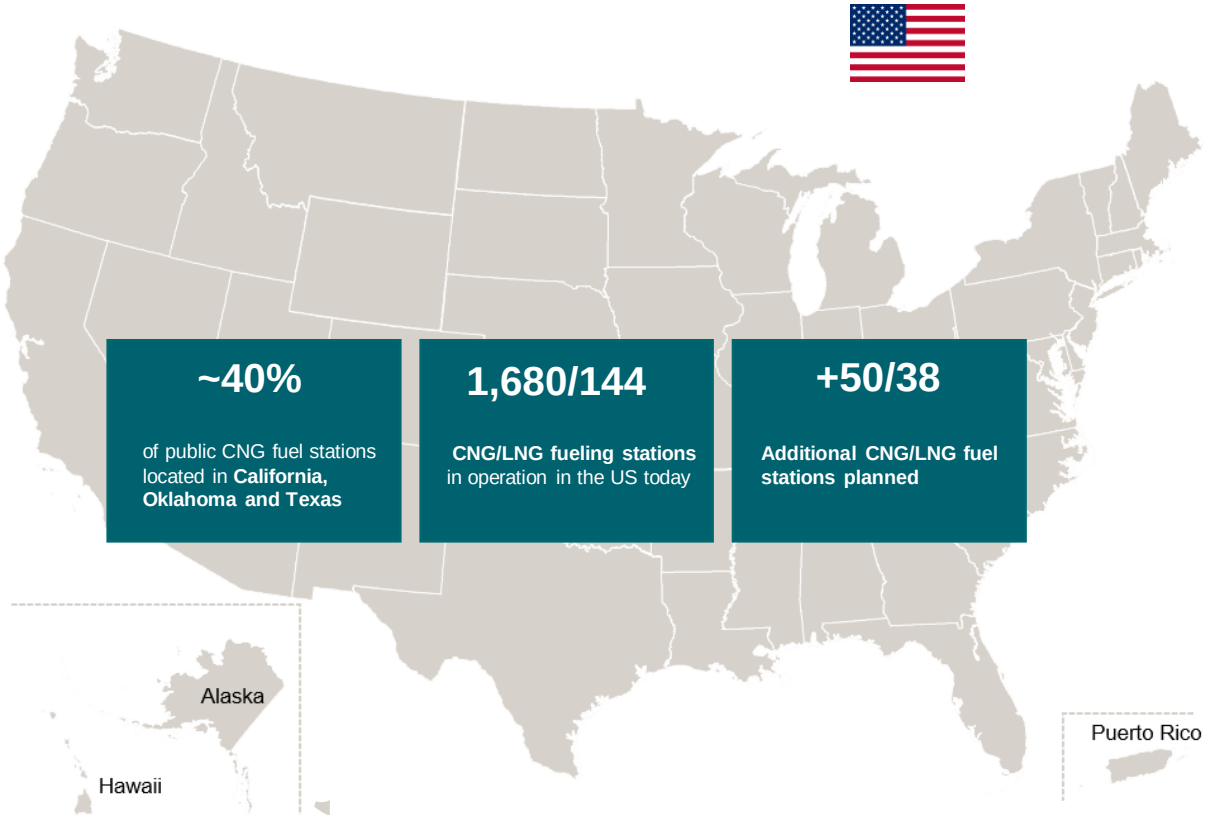
Of public CNG fuel stations located in **Italy, Spain, Germany and France**

3,962

Public CNG fuel stations in operation in Europe today vs. 3,732 in 2019 **(+~3% in 2Y)**

400

Public LNG fuel stations in operation in Europe today vs. 190 in 2019 **(+~100% in 2Y)**



~40%

of public CNG fuel stations located in **California, Oklahoma and Texas**

1,680/144

CNG/LNG fueling stations in operation in the US today

+50/38

Additional CNG/LNG fuel stations planned

Source: US Dept. of Energy Alternative Fueling Station Locator, US Dept. of Transportation Office of Highway Policy Information, EUR-Lex, US Bureau of Economic Analysis, NGVA, Eurostat, EUR-Lex, World Bank

Summary of key regulations affecting RNG uptake in the EU

NOT EXHAUSTIVE

Key regulation | Mandate | Incentive

Scope	Regulatory instrument	Description	Key targets	
Cross-industry	**Net zero 2050**	EU-wide commitment to reach **net zero emissions by 2050**	**-55%**	**Emissions** by **2030**[1] **Net zero** by **2050**
	Taxonomy for sustainable activities	Definitions of **activities that investors can classify as sustainable.** To be further revised by the EC	**06/2020**	Effective since
Transport-specific	**RED II**	Definitions of **sustainable biofuel feedstocks** and **RES**[2] **mandates** in transport and energy. RED III in 2026	**14%**	RES in **transport** by **2030**
	HDT fleet emission reduction	Targets and incentives for HDT CO2 reduction. Considers standardized fuels, thus RNG treated as CNG	**-30%**	**HDT CO_2 reduction** by **2030**[3] **-15%** by **2025**
	Country blending mandates	**Coutry-specific mandates** linked to the execution of REDII	**29%**	Road biofuel share in **Finland** by **2030**
	Alternative fuels directive	**Maximum highway distances between LNG and CNG stations** by 2025. Directive to be updated 07/2021	**400km**	**For LNG 150km for CNG** by **2025**
	Country biomethane schemes	**Coutry-specific** incentives and quotas to **promote biomethane production**	**7%**	of gas in grid **RNG** in **France** by **2030**

1. From 1990 level
2. Share of renewable energy sources
3. From 2019 level

14%

Renewable energy in transport in RED II by 2030

-30%

HDT CO_2 reduction from 2019 baseline by 2030 (RNG treated as CNG)

400km

Maximum highway distance between public LNG stations in Europe in Alternative fuels directive by 2025

Source: European Commission, Expert interviews, Country/government announcements and policies, Biogasworld Media, Press search

HEXAGON

Summary of key regulations affecting RNG uptake in the US

NOT EXHAUSTIVE

Key regulation | Mandate | Incentive

Scope	Regulatory instrument	Description	Key targets	
Cross-industry	**Net zero 2050**	Nationwide commitment to reach **net zero emissions by 2050**	**Net zero**	By **2050 milestones** by **2030**
Transport-specific	**EPA Renewable fuel standard**	Federal **emission trading scheme and blending mandate** for biofuels. Several waivers have diminshed actual mandate	**10%**	Of diesel supply adv. biofuels **in 2020** (EPA final mandate)
	Low Carbon Fuel Standard	California-based **emission trading scheme** and **transport emissions cap**	**-20%**	**Transport GHG-intensity** by **2030**
	HDT fleet emission reduction	California-based targets for **HDT NOx emission reduction**	**100%**	Of **class 7-8 trucks zero-emission** by **2045, 50%** by **2030**
	Alternate Fuel Tax Credit (AFTC)	AFTC $**0.50 p/gallon credit for use of natrual gas** and propane autogas for transportation fuel	**0.13$/l**	Current legislation extended through Dec 2021
	State blending mandates and incentives	**State-specific mandates and incentives** linked to the execution of RFS	**0.04$/l**	Biofuel production credit in NY in **2021**[4]
	Blender's tax credit	**Federal tax credit** for **biodisel** and renewable diesel blending	**0.26$/l**	Federal biofuel blending tax credit in **2020-22**
	Biogas subsidy schemes	**Federal loan and grant schemes** to promote farmers' biogas production **through anaerobic digestion**	**25M$**	Loan guarantee for bioeconomy projects[5], up to **500k$** as grants

1. From 1990 level 2. Share of renewable energy sources 3. From 2020 level 4. After the production of the first 40,000 gallons per year and limited to 2.5M$ per tax entity year. 5. USDA Rural Development Rural Energy for America Program (REAP) supports small rural businesses and agriculture producers to initiate bioeconomy development projects such as an anaerobic digesters

10%

Of diesel supply adv. biofuels in Renewable Fuel Standard in 2020

-20%

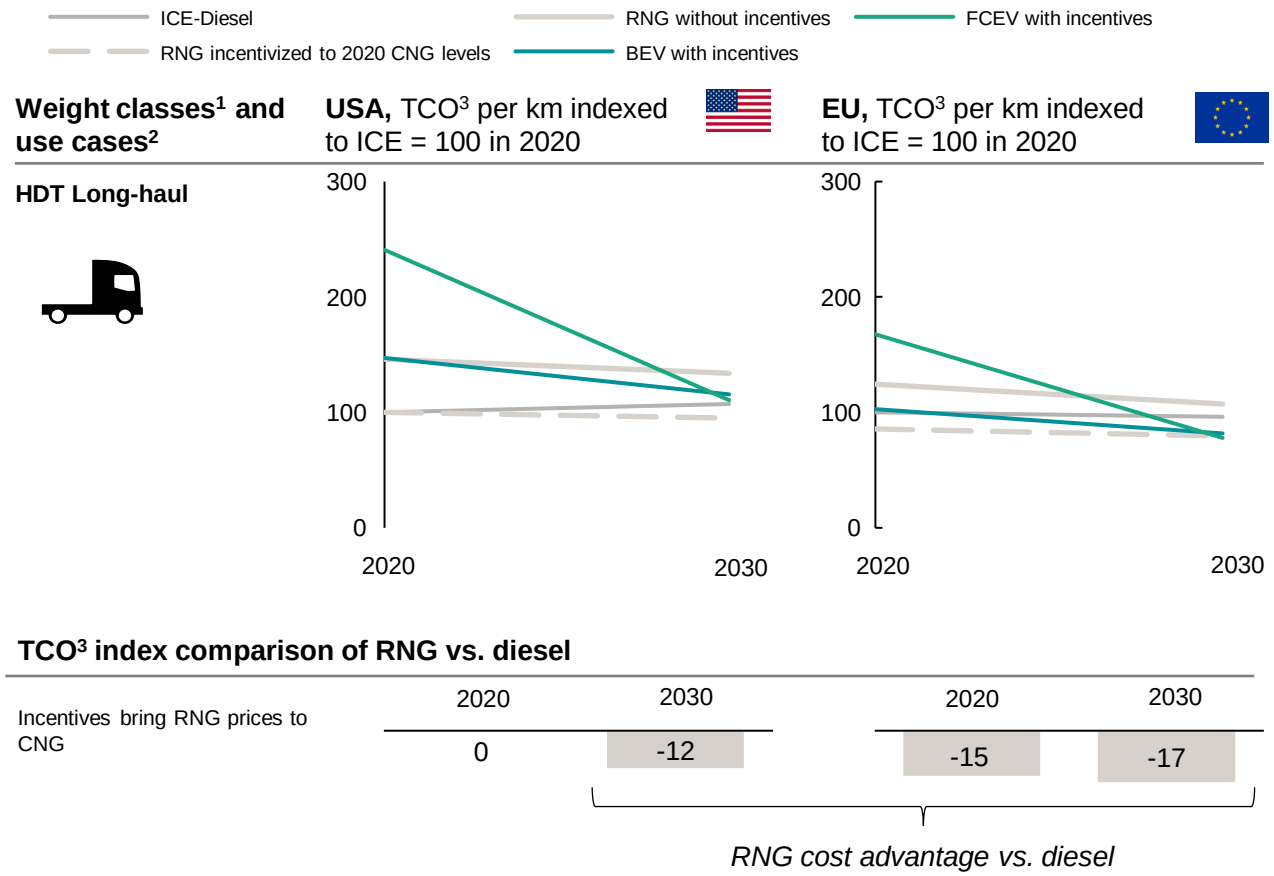
Transport GHG-intensity by 2030 in California's Low Carbon Fuel Standard

100%

Class 7-8 trucks zero-emission vehicles in California by 2045

Source: Biden Administration, EPA, CARB, State governments, USDA, Expert interviews, Press search

RNG with incentives are cost competitive with diesel today and in the long-term



1. Weight classes : US: HDT: Class 7, 8 (>12t), MDT: Class 4-6 (6-12t); EU: HDT >16t, MDT: 7.5-16t, 2. Selected use cases represent the majority in the given weight class
3. Total cost of ownership, considering purchase price, energy demand and energy prices

Note: TCO analysis based on today's reference vehicle, price decline and energy price outlook based on Third party consultant

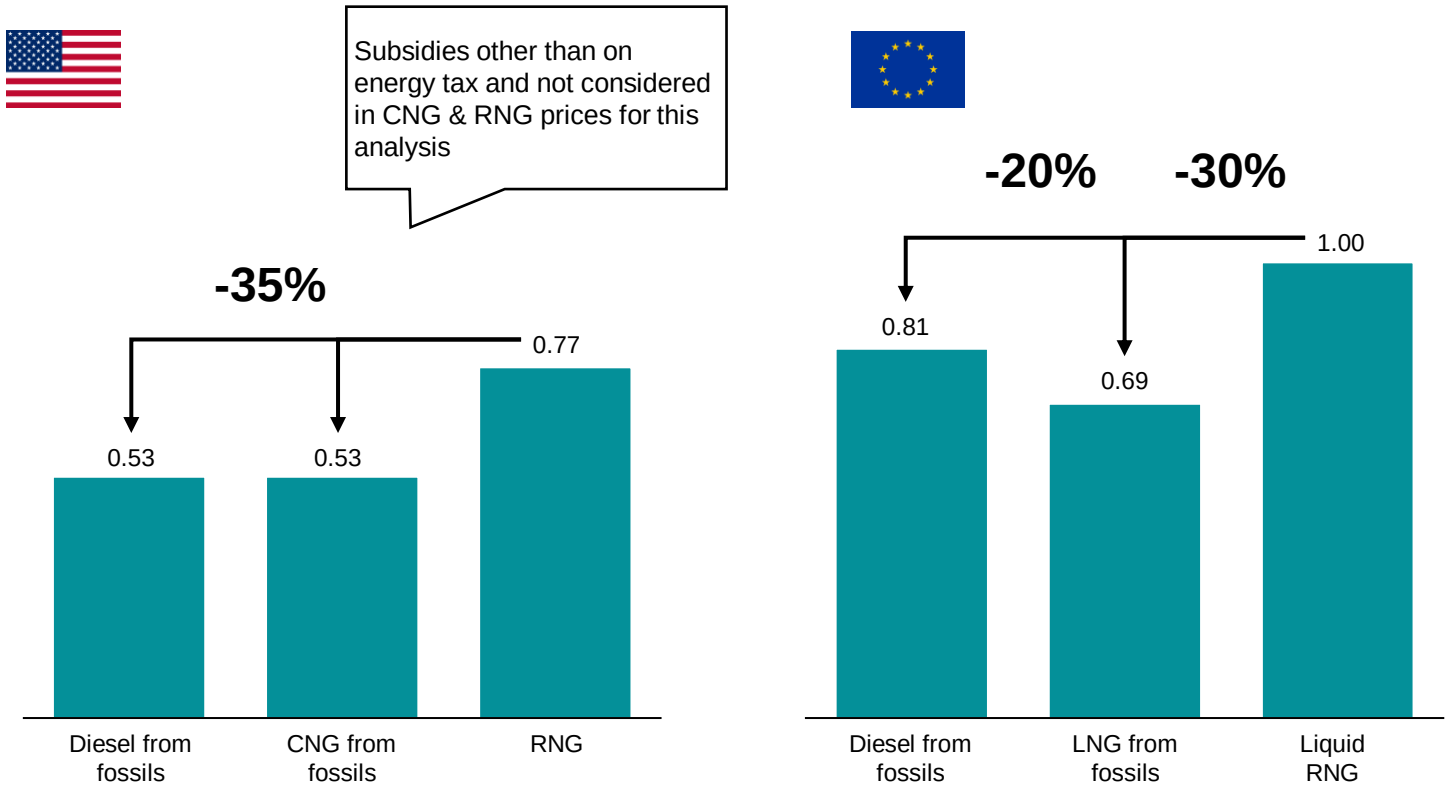
RNG is incentivized due to its favorable propositions as an environmentally friendly, available fuel source

Today, RNG with incentives is in parity with diesel in the USA and advantageous in Europe from a TCO[3] perspective

If subsidies continue to keep RNG at 2020 CNG prices, RNG will be competitive with battery electric vehicles (BEV) and fuel cell electric vehicles (FCEV) in the long-term

RNG requires relative incentivization to be competitive with diesel on TCO

TCO for a long-haul vehicle[1] in $ per km in 2020



1. *Energy tax assumed to be same in absolute values for CNG and RNG, VAT applied at same percentage to production and supply chain costs of all fuels, no subsides for RNG assumed, energy demand derived from 18 t rigid truck reference vehicle*

RNG requires relative incentivization to be competitive with diesel on total cost of ownership (TCO)

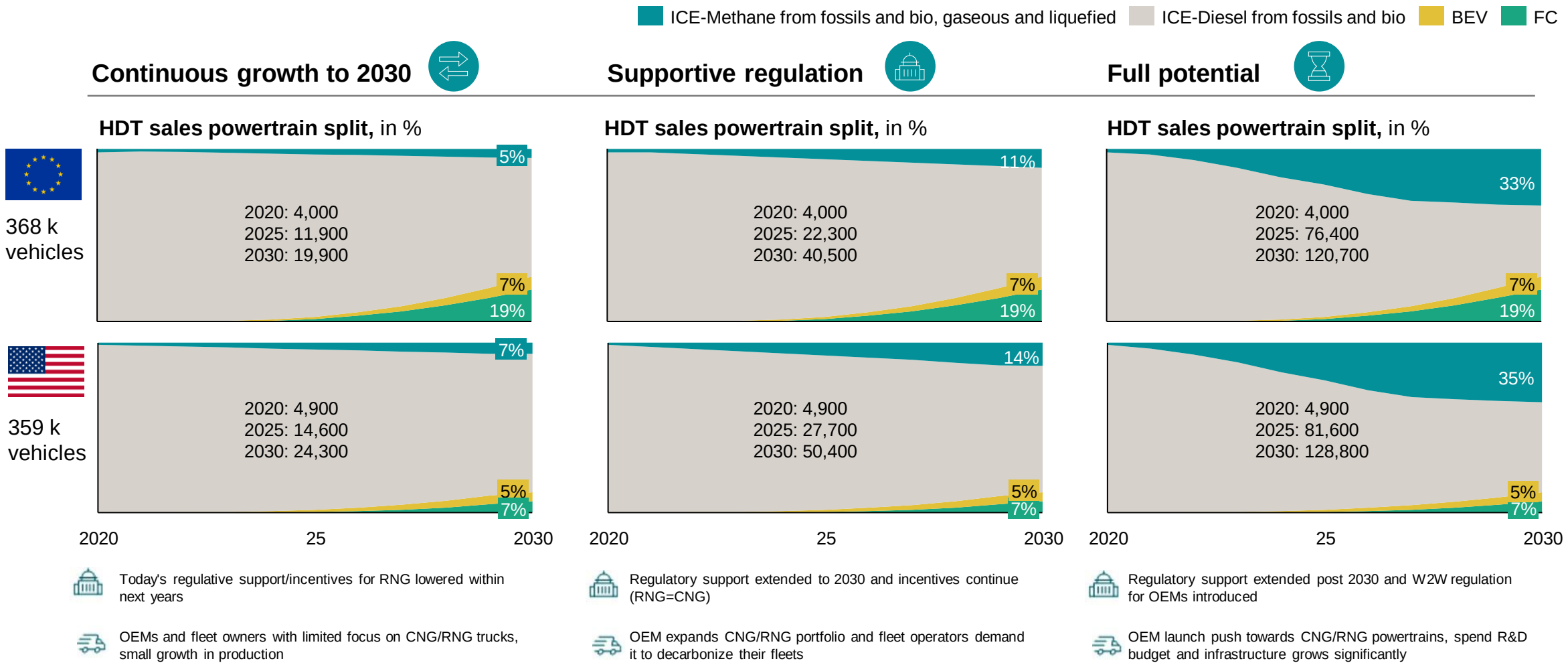
RNG is more expensive compared to fossil alternatives due to higher production costs, decentralized supply and relatively higher transportation cost

Potential for cost reductions from technological improvements, improved interconnection and strengthening of local supply chains – the need for relative incentivization likely to be lower in the future

Note: TCO analysis based on today's reference vehicle and use case and energy prices from US: Energy prices: US DoE, Clean Cities "Alternative Fuel Price Report" p. 8, October 2020 and EU: CNG prices: CNG Europe, Diesel Prices: DKV

HEXAGON

RNG has the potential to replace diesel and is complementary to fuel cell and battery electric in the long term

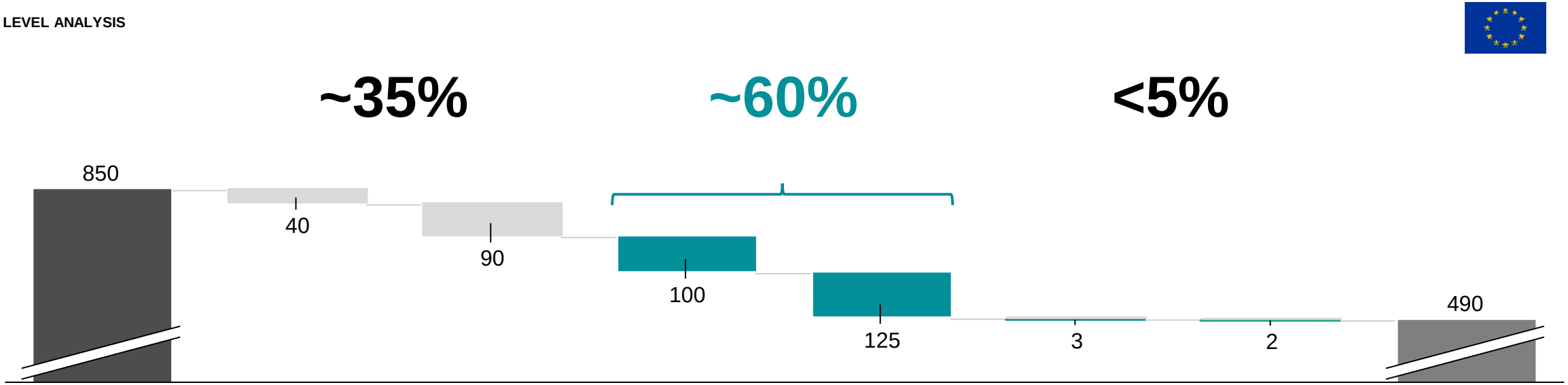


Source: IHS Markit, ACT, NGVA Europe, Third party consultant

Full potential: RNG can be the biggest $CO_{2\text{-eq}}$ emission reduction lever of MDT & HDT sold 2020-2030

Cumulative $CO_{2\text{-eq}}$ emission savings of MDT & HDT sold 2020-2030 in million t (EU example)

HIGH LEVEL ANALYSIS



Reference Cumulative $CO_{2\text{-eq}}$ emissions if powertrain and energy mix of sales stays as today for 10 years	Efficiency improvement[1]	Biodiesel[2]	RNG excl. Manure[3]	RNG from manure[3]	BEV[4]	FCEV[4]	Cumulative $CO_{2\text{-eq}}$ emissions if with shown improvements

Methodology: Assessing 2019 sales as ICE-diesel powertrain powered with fossil diesel, then (1) deducting efficiency improvement at ~1% p.a. (considering improvements in engine, transmission, axles, brake, light weighting, tires and aerodynamics), then (2) considering biodiesel blend at 7 vol.-% today and 15 vol.-% in 2030 with a linear increase in between, then (3) changing powertrains at their share of the sales in every year, within these considering uptake of RNG in effective blend rate in methane consumption from 20 mass-% in 2020 to 100 mass-% in 2030 according to the full potential scenario, (4) BEV and FCEV market uptake around 2025 based on OEM & fleet operator announcements, slow market share uptake until 2030 – FCEV focused on HDT long-haul, BEV on regional-haul, market share in 2030 ~10% BEV, ~15% FCEV

Summary: RNG's full potential reduces $CO_{2\text{-eq}}$ emission & TCO

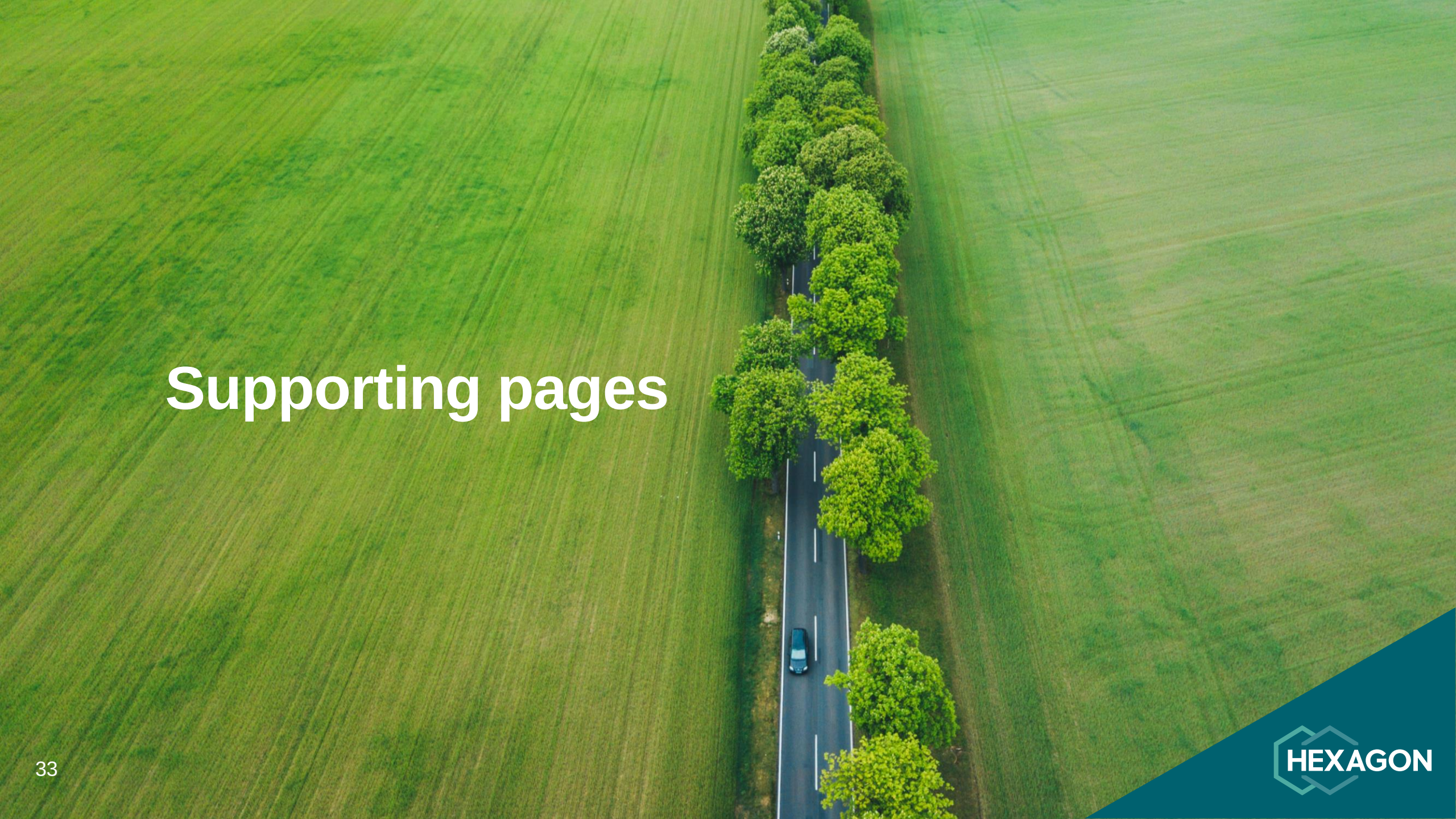
RNG full potential analysis

No supply constraints	**~65%**	RNG supply potential required to cover 100% of commercial transport in the EU, US by RNG
	<10%	RNG supply potential required to cover 15%[1] RNG share in commercial transport
Highest carbon abatement potential	**200%**	$CO_{2\text{-eq}}$ emissions savings of RNG from manure compared to trucks with fossil diesel
	60%	RNG can be the biggest $CO_{2\text{-eq}}$ emission reduction lever of MDT & HDT sold 2020-2030
RNG is cost competitive today	**<15%**	Lower TCO for RNG trucks to ICE-diesel resulting in savings for fleets with current RNG incentives
	2030 and beyond	RNG remains competitive vs. Diesel and BEV and FCEV at least to 2030
Mature CNG/LNG technology	**15+**	OEMs with mature offering in CNG/LNG, incl. Freightliner, PACCAR, Iveco, Traton brands, and more
	10%	Parc share in MDV/HDV 2030 targeted by ambitious fleet operators to reduce CO_2 emissions

1. Assumes 30% sales share of RNG in 2030 and 13% parc RNG share

Source: Third party consultant

Supporting pages



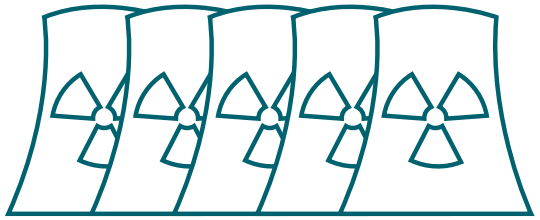
Glossary

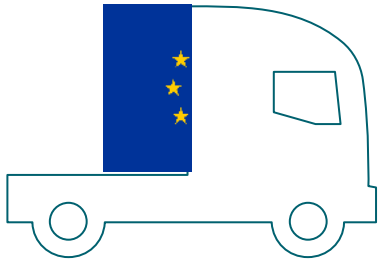
- **BEV** Battery Electric Vehicle
- **EPA** United Stats Environmental Protection Agency
- **FCEV** Fuel Cell Electric Vehicle
- **HDT** Heavy-Duty Transport
- **HDV** Heavy-Duty Vehicle
- **ICE** Internal combustion engine
- **MDV** Medium-Duty Vehicle
- **MDT** Medium-Duty Truck
- **NG** Natural Gas
- **NGV** Natural Gas Vehicle
- **RED II** Renewable Energy Directive - is the overall EU target for Renewable Energy Sources consumption
- **RES** Share of renewable energy sources
- **RFS** Renewable Fuel Standard - a federal program that requires transportation fuel sold in the US to contain a minimum volume of renewable fuels
- **W2W** Well-to-wheel
- **ZEV** Zero Emission Vehicle

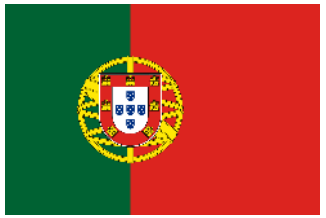
Exajoule (EJ) reference

EJ = Exajoule.
Used to reference energy demand or supply.

1EJ = 24 million tons of oil equivalent = 278 TWh (Tera watt-hours) = 947,817,000 MMBTu (million British thermal units)







1 EJ =

Energy output of the 5 largest nuclear power plants operated at full capacity for one year or ~10% of Europe's nuclear energy supply

=

35% of MDV and HDV energy demand in Europe in 2018

=

Total energy demand of Portugal in 2020

HEXAGON


Clean air everywhere
HEXAGON