

Q2 2022

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11 August 2022



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Agenda

- **Highlights Q2'22**
- **Market update**
- **Financials**
- **Outlook**
- **Summary and Q & A**
- **Appendix:**
Segment financials & other material



Highlights

Group top-line growth of 50% year-over-year (39% on a pro forma basis)

Hexagon Digital Wave doubled revenue year-over-year with healthy EBITDA margin

Record-high demand for Mobile Pipeline® and hydrogen distribution modules

Hexagon Purus tracking business plan with 123% growth year-over-year (34% on a pro forma basis)

Driving energy transformation

In the first half of 2022, our low emission solutions enabled the avoidance of approx.

603 480

metric tons of CO₂ equivalent emissions

Financial summary

Hexagon excl. Purus

Revenue:
NOK 1 034 million
(NOK 726 million)

EBITDA:
NOK 90 million
(NOK 71 million)

Hexagon Purus

Revenue:
NOK 210 million
(NOK 94 million)

EBITDA:
NOK -112 million
(NOK -69 million)

Hexagon Group

Revenue:
NOK 1 180 million
(NOK 788 million)

EBITDA:
NOK -21 million
(NOK 3 million)

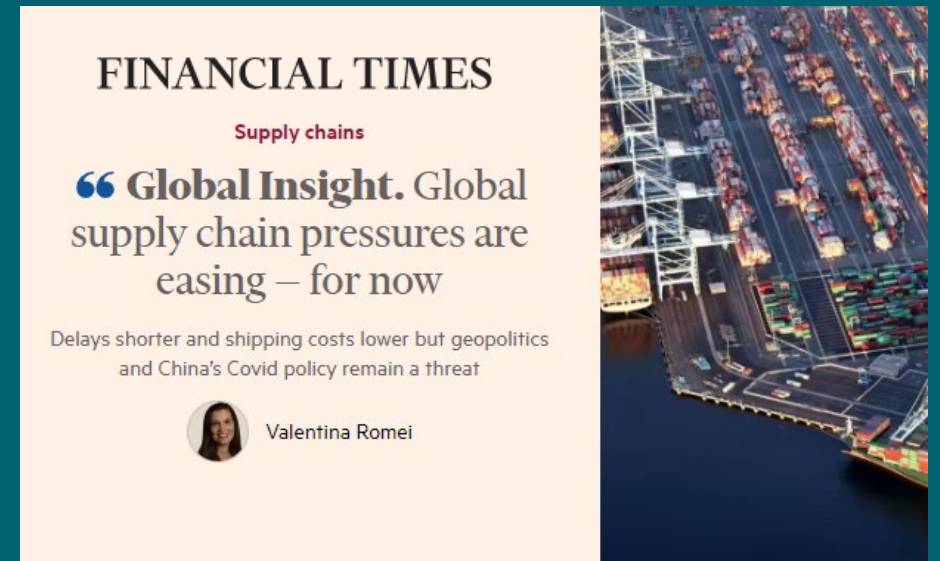
Higher costs and supply chain disruptions continue to weigh on performance

Challenges

- Cost of key commodities continued to escalate in the quarter
- Component shortages cause temporary operational inefficiencies and delayed revenues

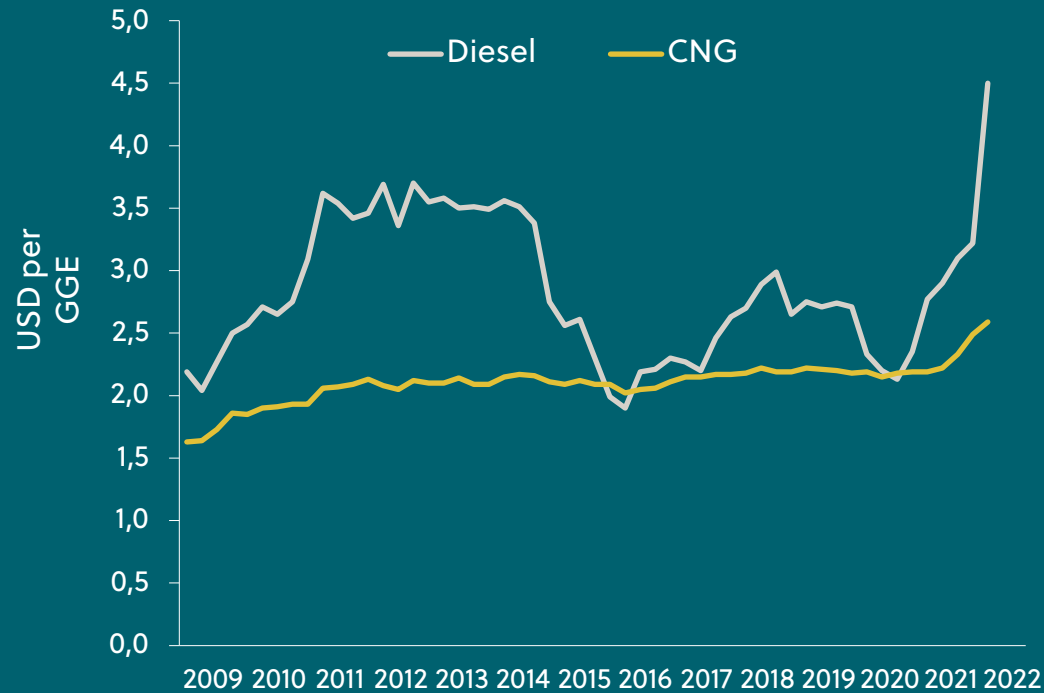
Outlook

- Signs of raw material prices starting to come down
- Cost increases step by step passed on to the market
- Normalized margin picture expected from first quarter 2023



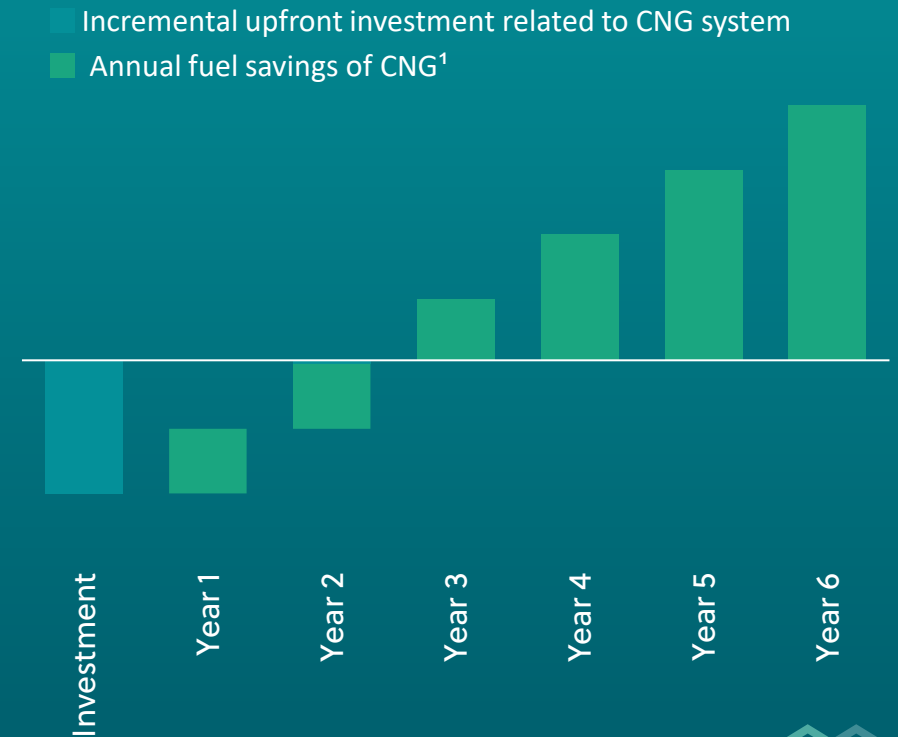
In the US, CNG/RNG currently offers two-year payback vs. diesel

US retail fuel prices USD per GGE



Payback time of CNG fuel system

CNG vs. Diesel on current fuel prices, Heavy-Duty Truck



1) Assuming 100k miles per year and consumption of 6 miles per gallon for diesel and 5.1 miles for CNG. USD 0.5 per gallon Alternative Fuels Tax Credit applied for CNG.. Prices per April 2022. Source: US Dept. of Energy, Alternative Fuels Data Center, ACT Research.

Energy independence and climate programs will drive Hexagon's addressable markets to new levels

The US Inflation Reduction Act



"The biggest climate investment in U.S. history"

- USD 370 billion on energy and climate change in the US over the next ten years
- Including investments in:
 - Clean energy & transportation technologies
 - Tax credits and grants for clean fuels and commercial vehicles

REPowerEU



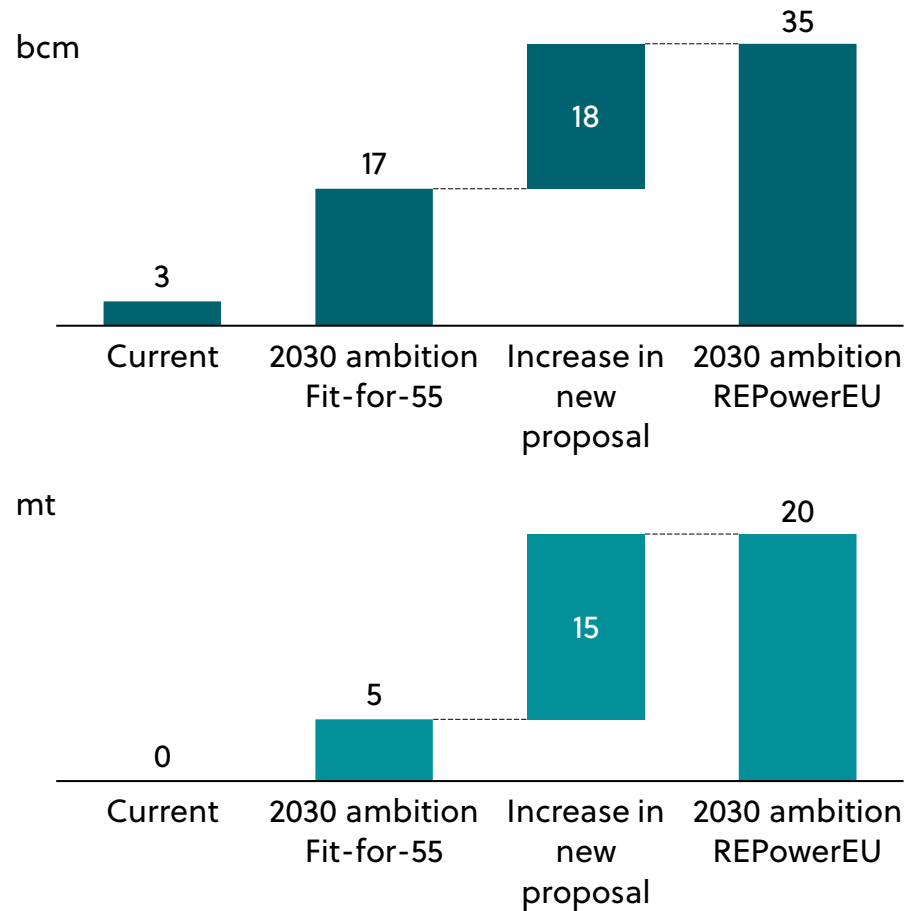
Accelerated reduction of Europe's dependence on fossil fuels

- Additional investment of EUR 210 billion by 2027 to transform Europe's energy system on top of "Fit-for-55"
 - EUR 37 billion to increase biomethane / RNG production
 - EUR 27 billion to develop key hydrogen infrastructure

RePowerEU triggering significant investments into gas infrastructure

Doubling of biomethane targets by 2030

Quadrupling of hydrogen targets by 2030



- A substantial share of future biomethane / RNG and hydrogen production is located off grid today
- Hexagon's biomethane and hydrogen distribution modules will play a critical role in transporting stranded biomethane

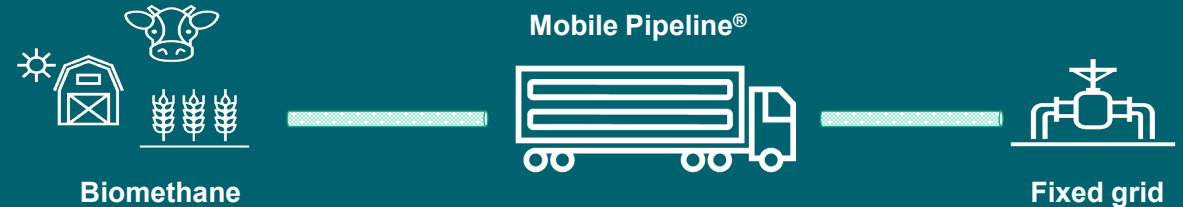
Hexagon's distribution modules essential to the clean fuels supply chains

Mobile Pipeline® -

the solution for stranded biomethane / RNG



Stranded gas to pipeline

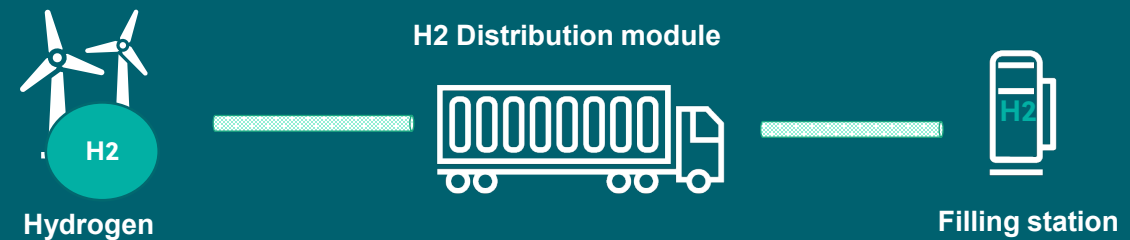


Hydrogen Distribution -

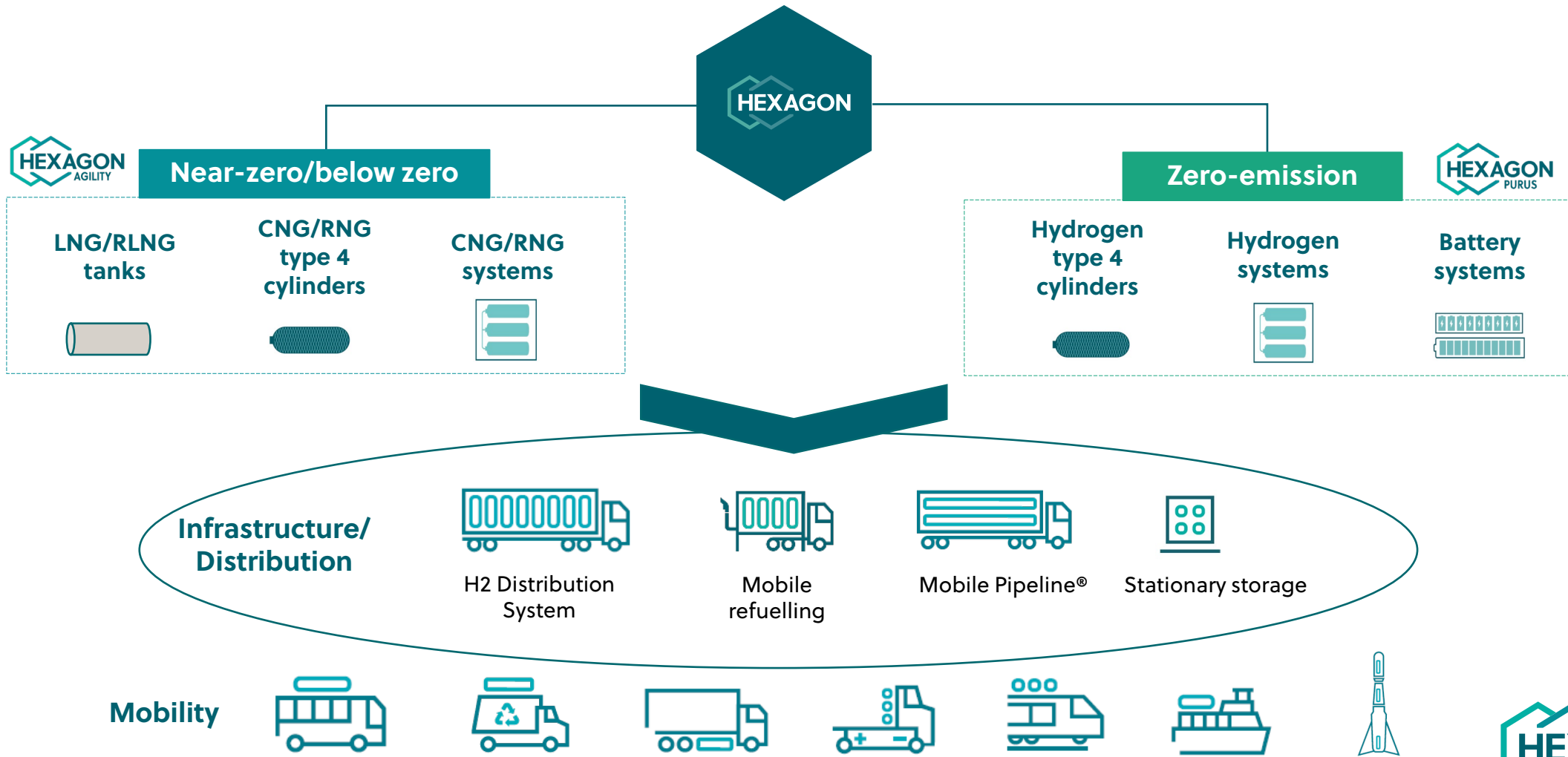
the solution for transportation of hydrogen for the foreseeable future



Hydrogen to filling station

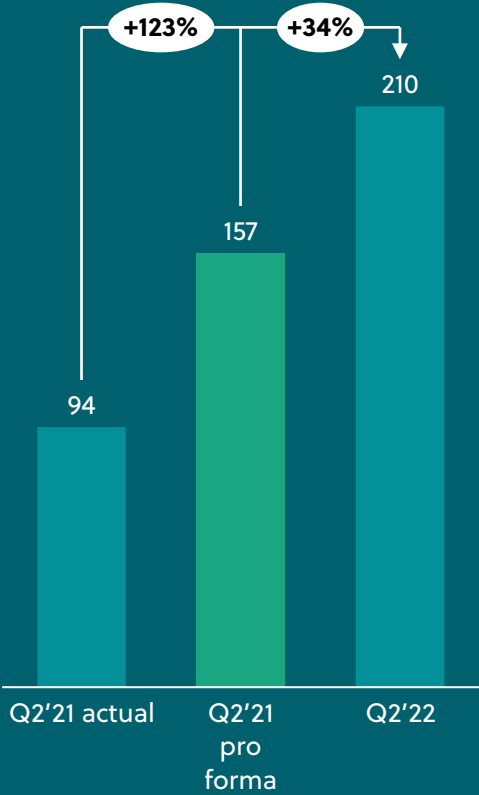


Infrastructure becoming increasingly important in our segment mix and strategic priorities

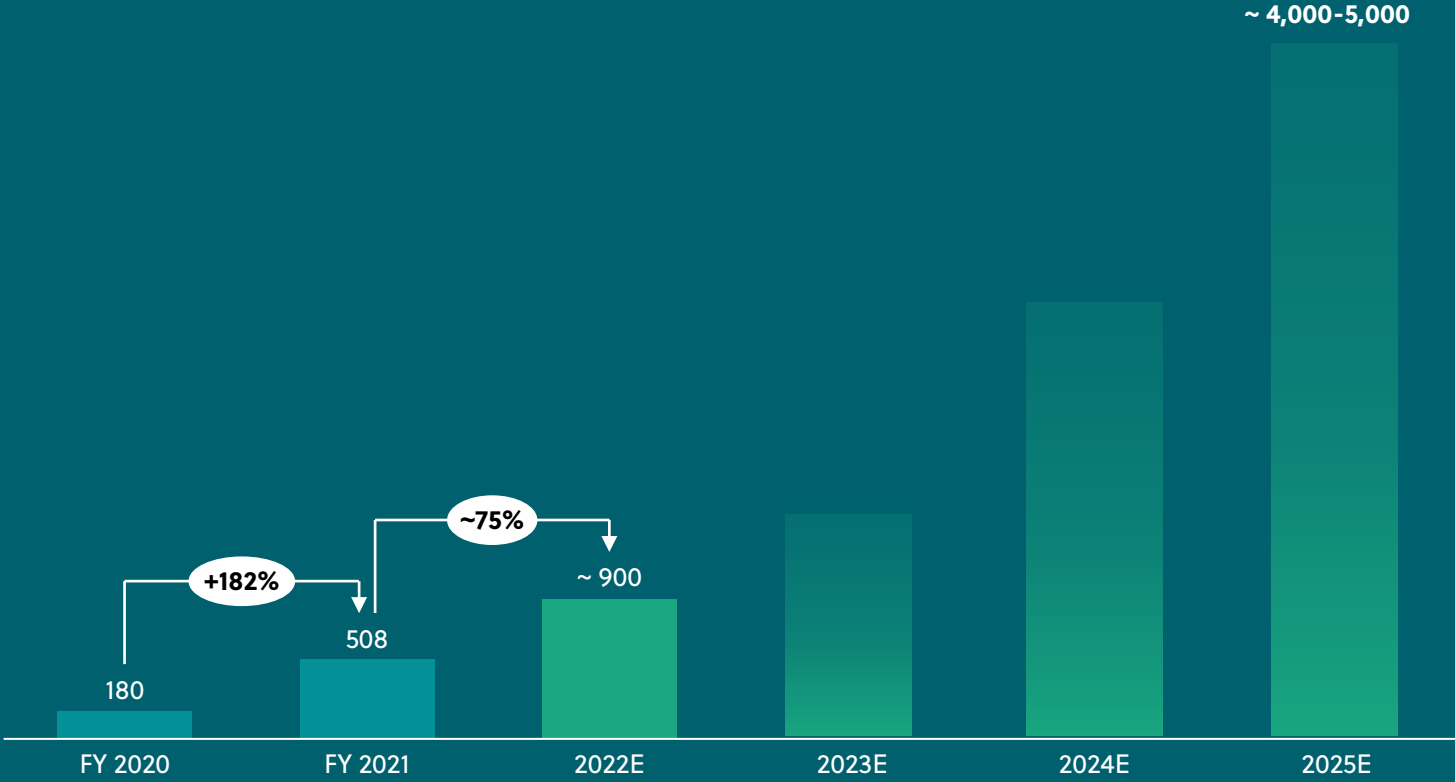


Hexagon Purus delivering on business plan

34% pro forma revenue growth YoY
Revenues, NOKm



Strong annual revenue growth supporting long term target
Revenues, NOKm



An aerial photograph of a wide river with deep blue water, flanked by dense green forests. The river flows from the top left towards the bottom right. The surrounding land is covered in various shades of green, indicating a healthy, wooded area.

Financials

David Bandele, CFO

Highlights from Q2 2022

Strong topline growth while margin saw continued pressure due to supply chain disruptions and input price increases



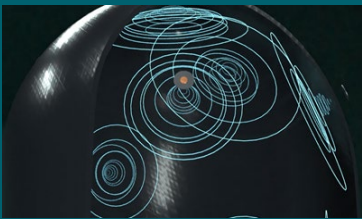
NOK 818 million revenue in Hexagon Agility

- 52% revenue growth overall
- ~3x revenue in Mobile Pipeline
- Stable but softer margin as price rises lag further input cost increases



NOK 192 million revenue in Hexagon Ragasco

- Achieved additional price raises to match materials price increases
- Reduced sales output due to supply chain disruptions and high energy costs weighed down on margins



NOK 26 million revenue in Hexagon Digital Wave

- ~2x revenue growth driven by both Ultrasonic and Modal acoustic technologies
- Positive EBITDA from increased volume



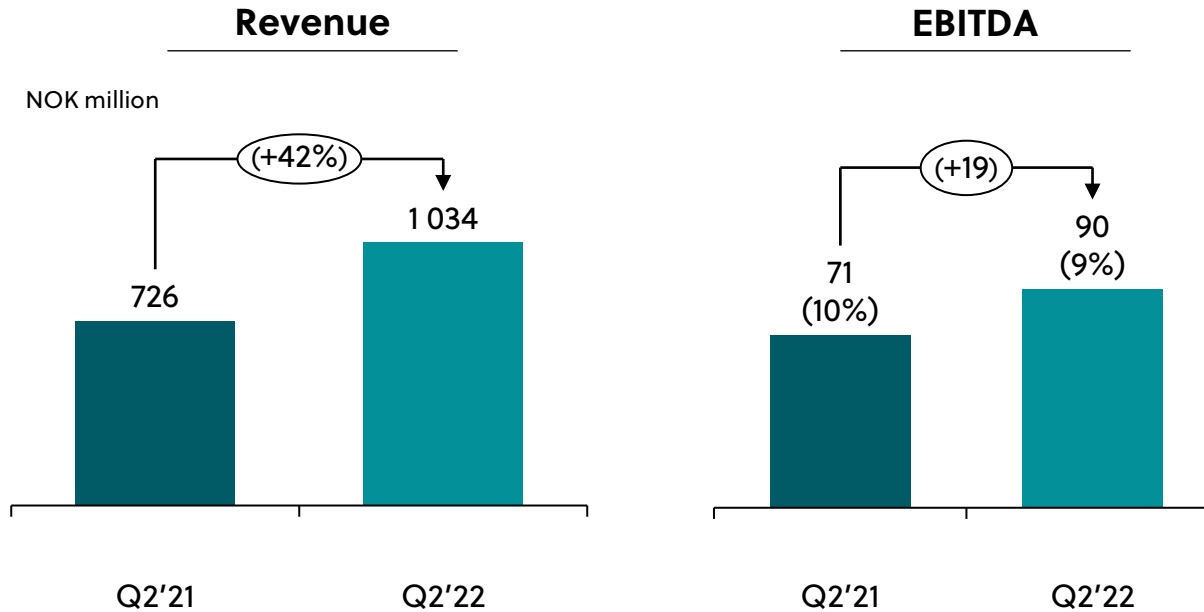
Hexagon Purus – publicly listed subsidiary

- Doubling of revenue and strong order pipeline
- 73% ownership investment valued at ~ NOK 5.2 bn¹



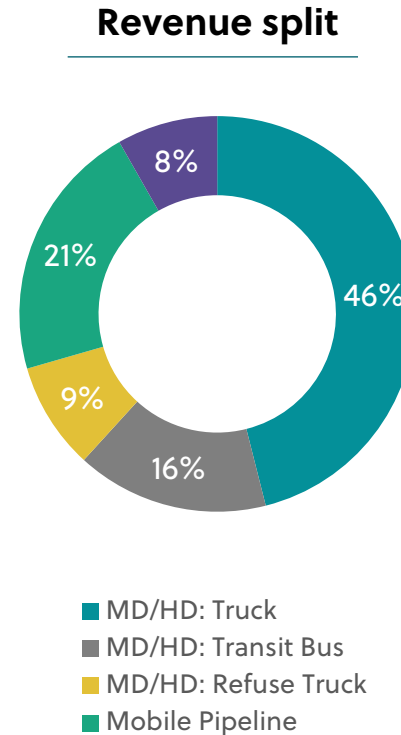
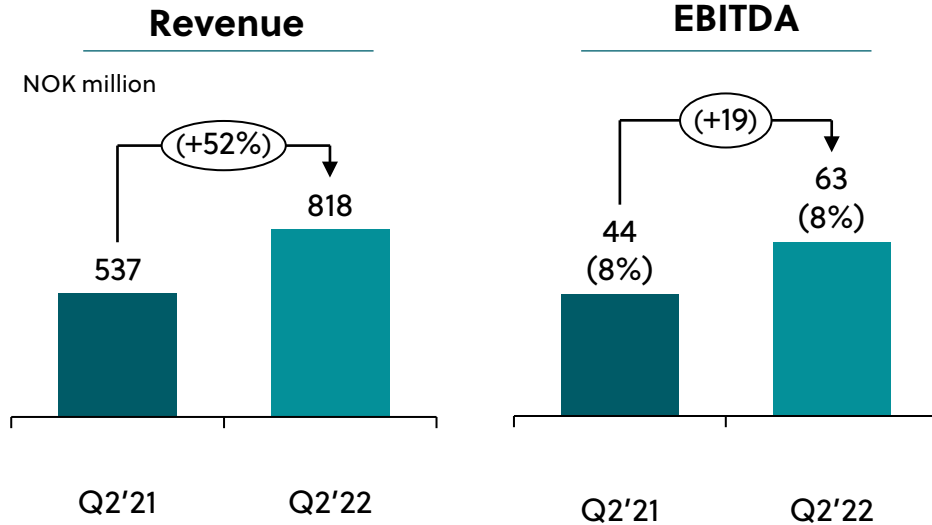
Financial highlights | Q2 2022

Hexagon (excl. Purus)



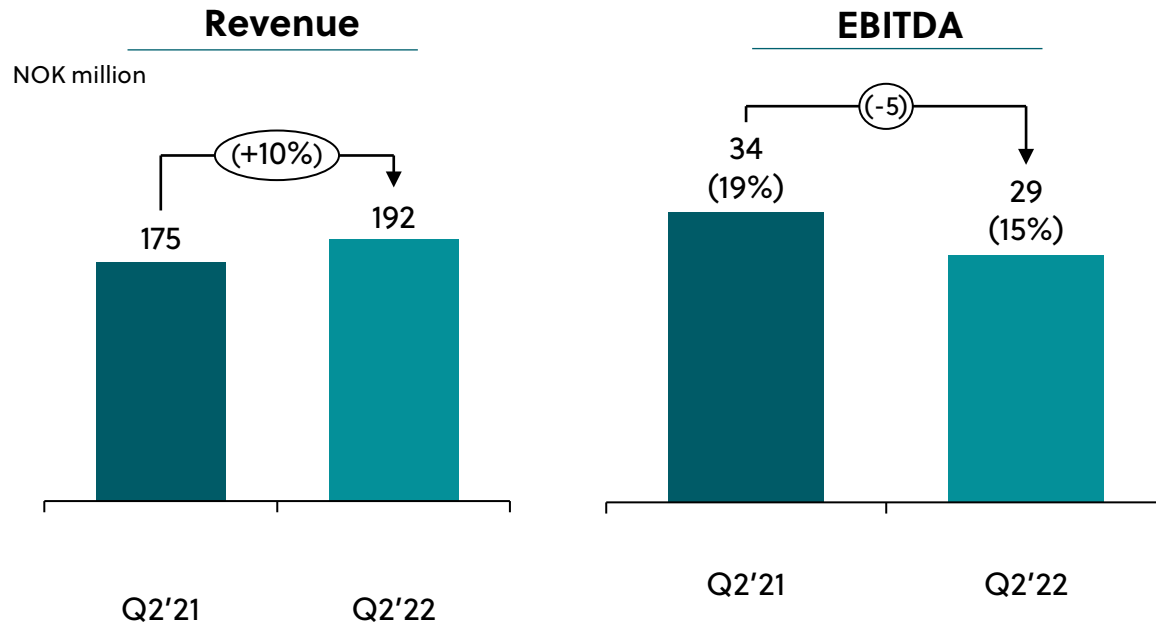
- **42% Revenue growth**
 - 31% growth excluding FX effects
- **Continued margin pressure from:**
 - Higher sales prices lagging further input cost increases in Hexagon Agility
 - Components related disruptions across all business areas, reducing volume efficiency
- **Robust overall market demand**

Hexagon Agility | Q2 2022



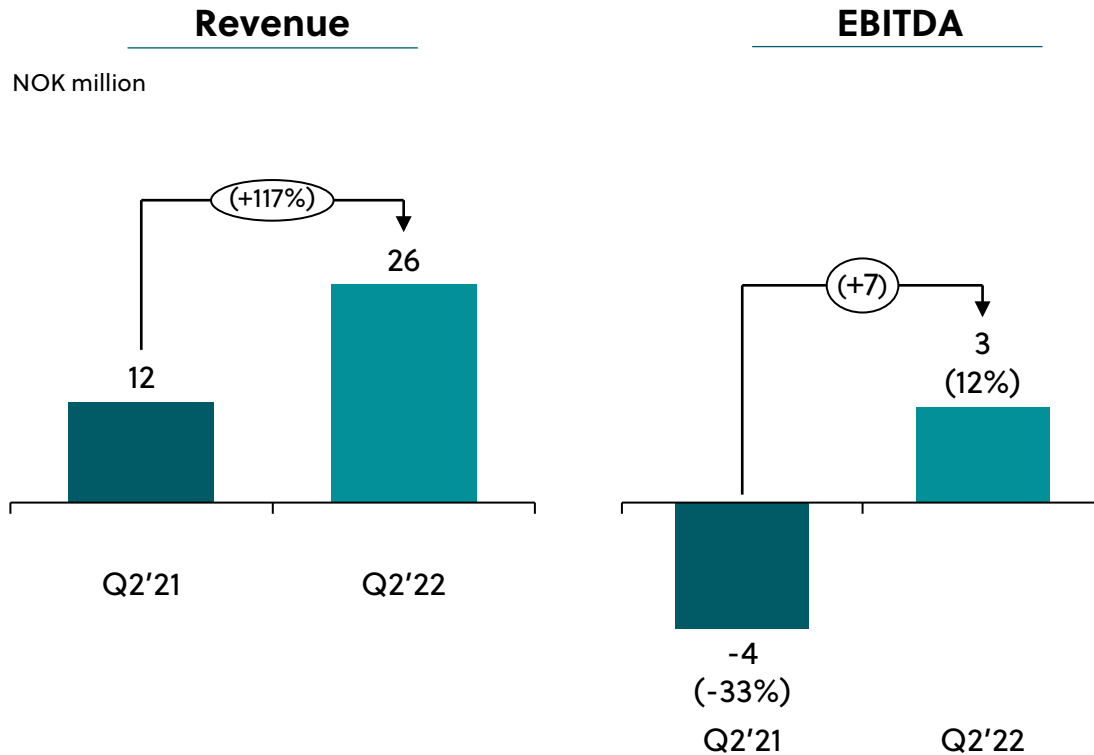
- **52% Revenue growth**
 - Strong Medium & Heavy-Duty Truck and Mobile Pipeline markets
- **Continued margin pressure from:**
 - Further input cost escalations
 - 20% to 75% y-o-y rises in key materials
 - Irregular chassis deliveries and component related delays led to inefficiencies in throughput
- **Strong volumes generate 43% higher EBITDA despite margin headwinds**

Hexagon Ragasco | Q2 2022



- **10% Revenue growth**
 - Strong sales to Europe offsetting softer Asia market
 - Positive price and mix effects compensating for lower volumes
- **Continued margin pressure from:**
 - Significantly higher energy cost
 - Order delays resulting in lower volumes
- **Multiple new introductory orders and high growth in forklift truck applications**

Hexagon Digital Wave | Q2 2022

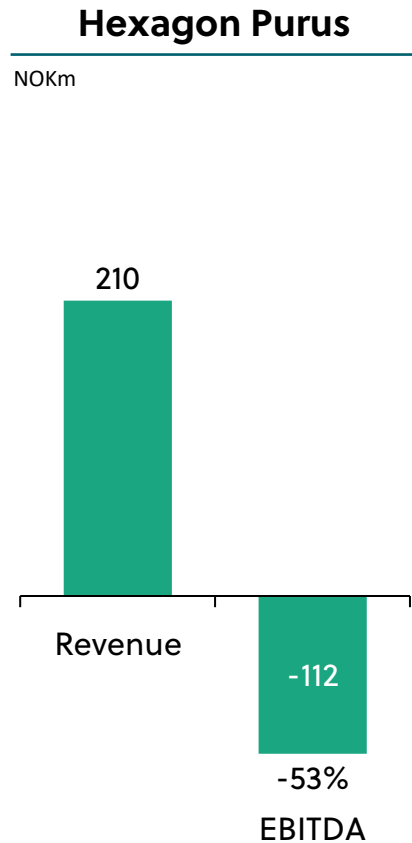
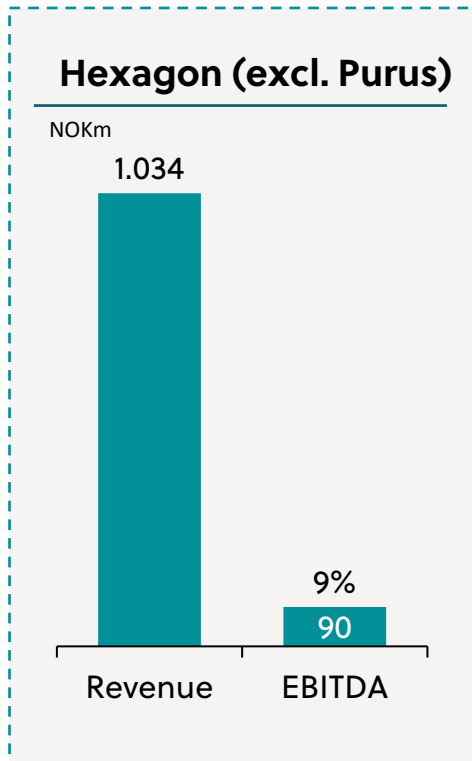


- >2x profitable revenue growth
- Continued opex investment to scale up organization and develop digitalization offering weighs on margin
- Managing supply chain and input cost challenges
- Certified for use of Modal Acoustic Emission (MAE) technology in requalification of cylinders used in firefighting applications in Canada
 - Potential to open up new territories

Q2 2022 Financials Hexagon Group



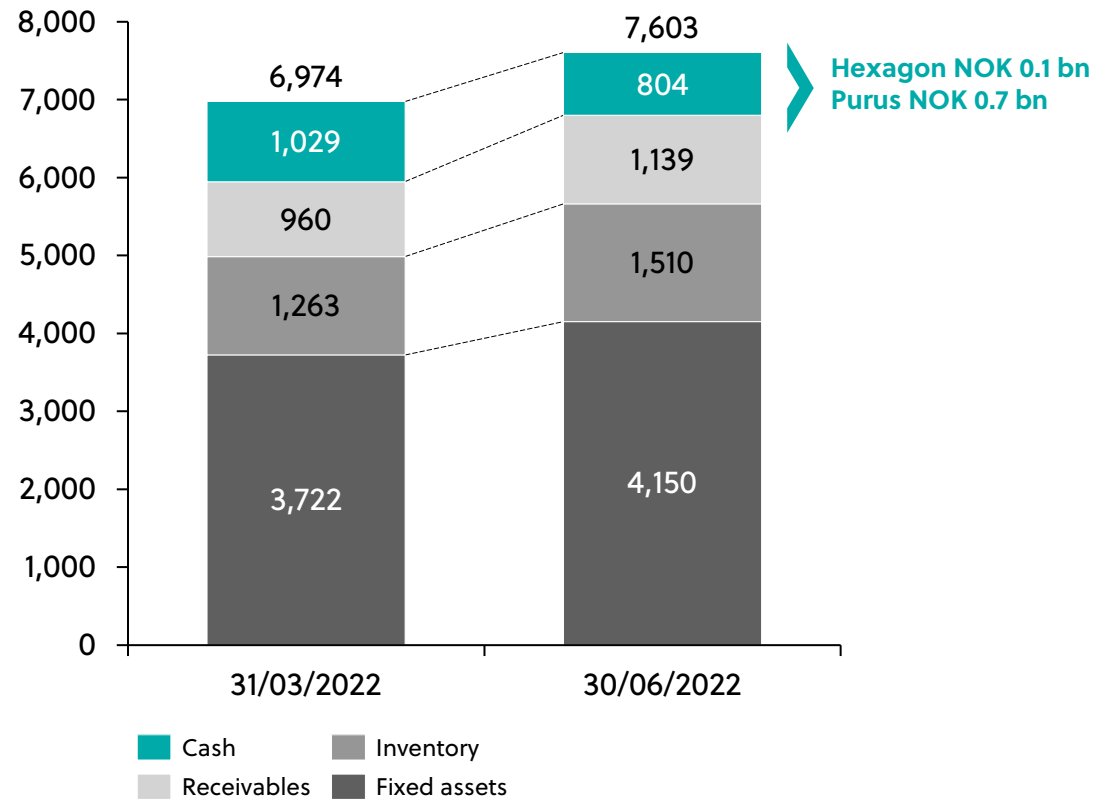
Overall summary | Q2 2022



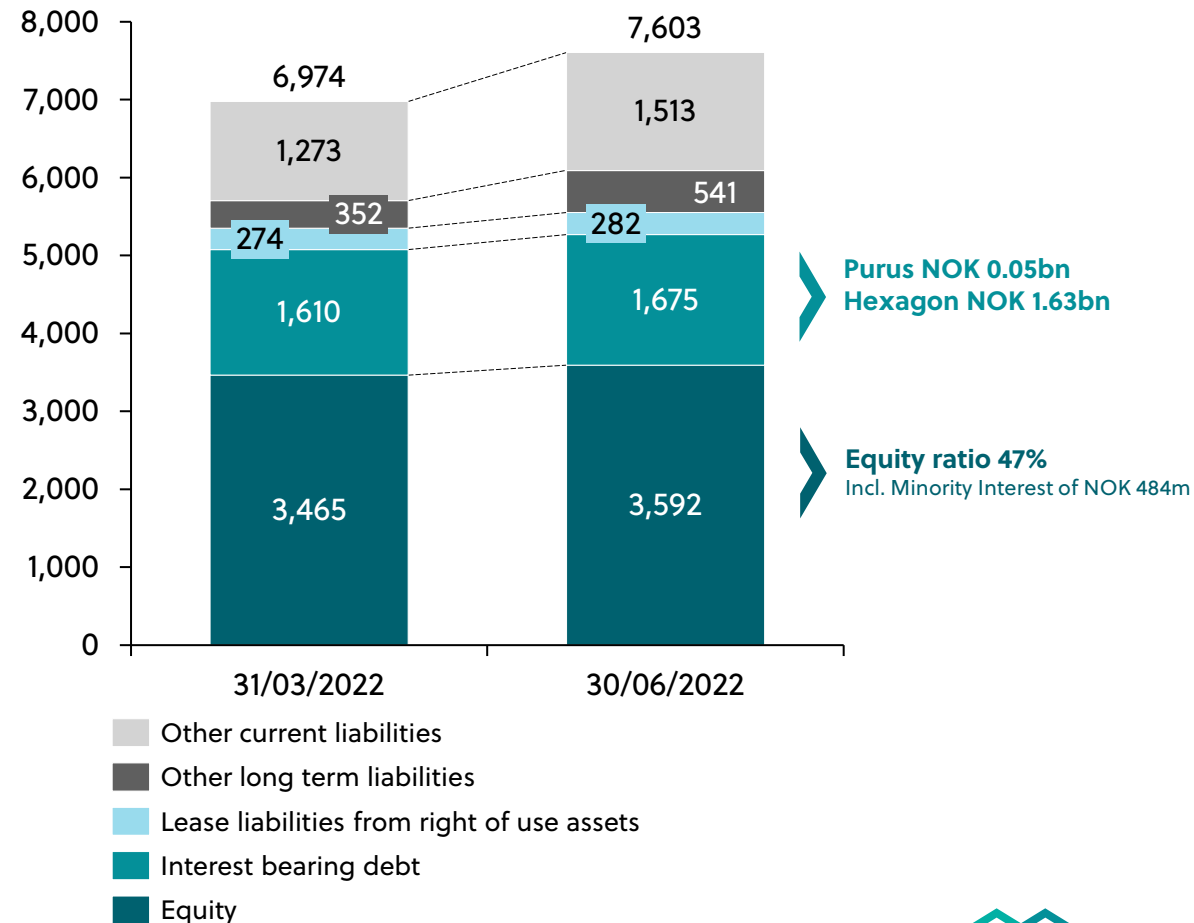
- Strong demand and backlog in Hexagon Agility with margin pressure from rising input prices and supply chain disruption
- Solid quarter for Hexagon Ragasco despite challenging conditions
- Strong momentum for Hexagon Digital Wave
- Hexagon Purus remains on-track for its growth targets

Hexagon Group Balance sheet | Q2 2022 vs Q1 2022

Assets
NOKm



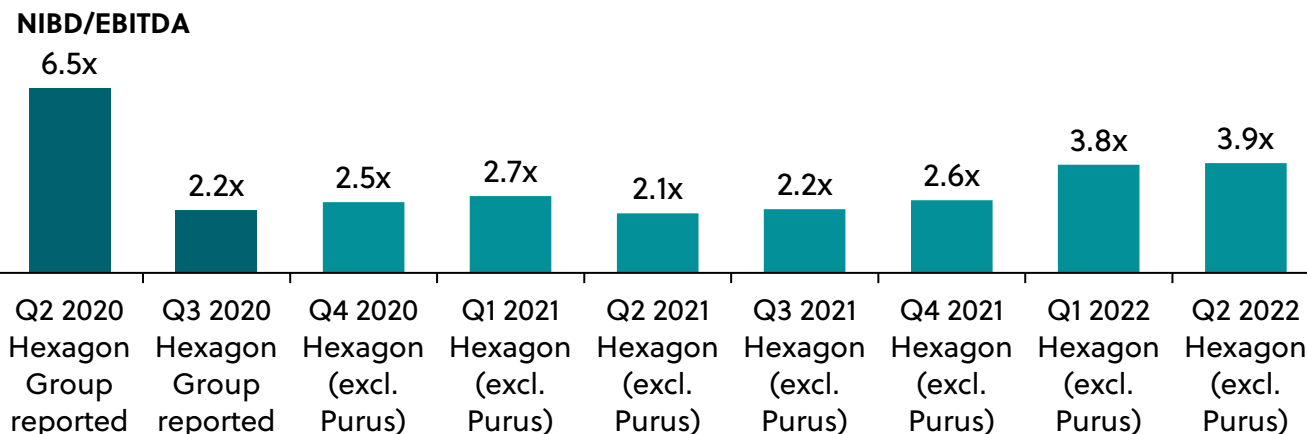
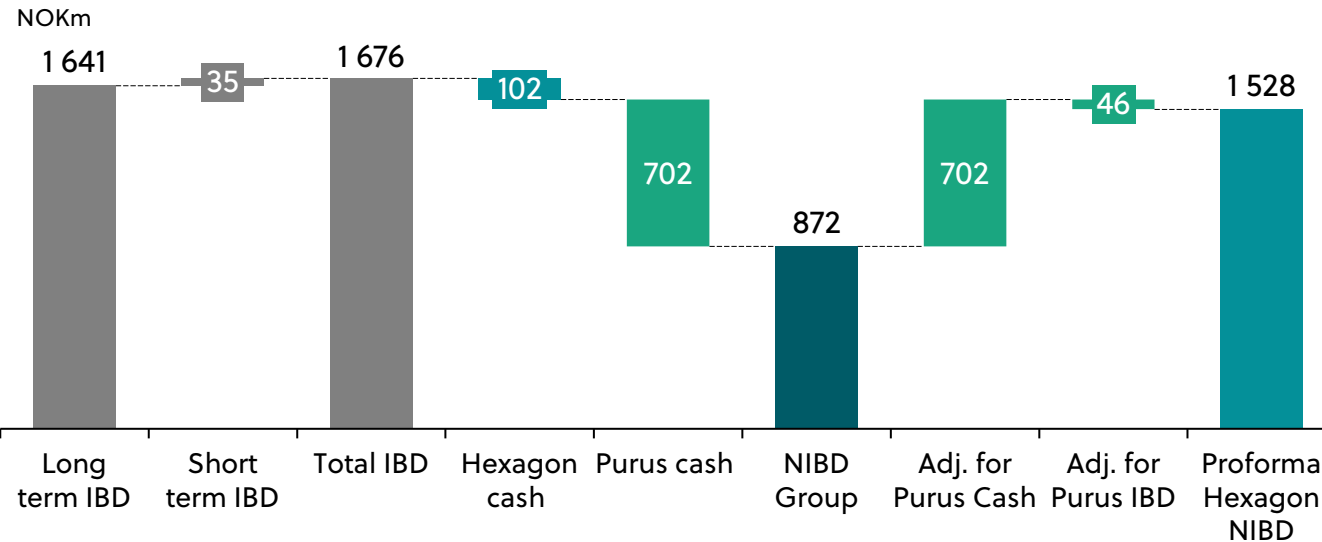
Liabilities & Equity
NOKm



Strong balance sheet impacted heavily by USD/NOK currency movements



Hexagon proforma leverage | Q2 2022



• In December 2021, Hexagon successfully entered into a new financing agreement of NOK 1.7bn, comprising

- Term loan of NOK 1.1bn – tenor 3 years
 - Refinanced the outstanding bond of NOK 1.1bn
- Total of multi-currency RCF and overdraft facility of NOK 600m – tenor 3+1+1

• As of Q2 2022, Hexagon has a total NIBD of NOK 1,528m

• Hexagon Purus currently holds cash of NOK 702m

- Hexagon Purus is ring-fenced from financial covenants in Hexagon loan agreements

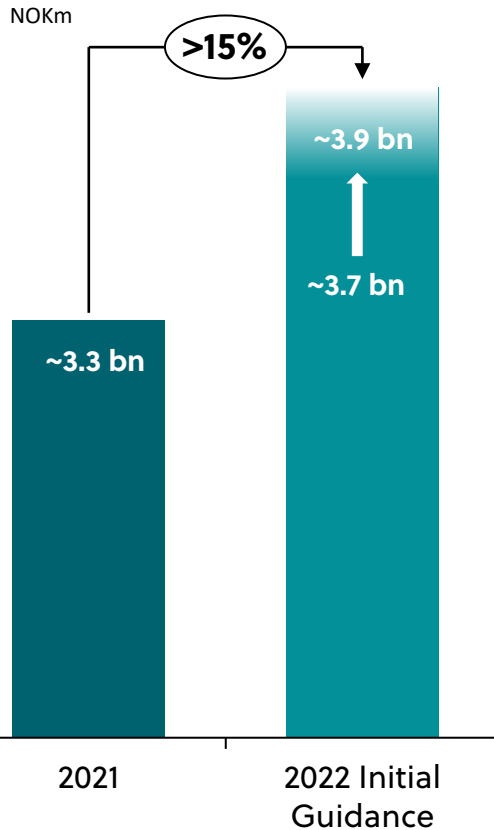
A young child with curly hair is shown in profile, blowing a dandelion seed head. The seeds are captured in mid-air, creating a sense of movement and lightness. The background is a soft, out-of-focus green field.

Outlook & 2022 Full year guidance

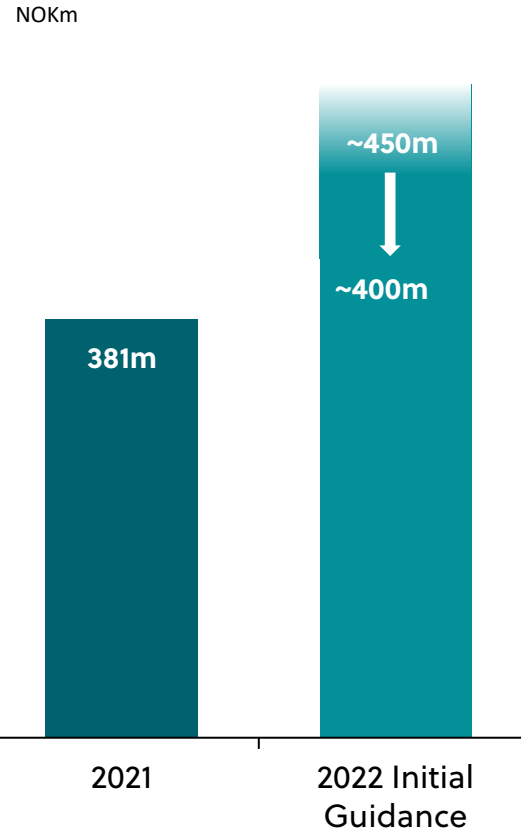
Hexagon (excl. Purus) Full Year 2022 guidance per Q2 2022

Strong demand supports topline growth; aiming for lower end of EBITDA guidance with risk of further pressure from inflationary and disruptive environment

Revenue target 2022*



EBITDA target 2022*



Higher costs and supply chain disruptions continue to weigh on performance

Challenges

- Cost of key commodities continued to escalate in the quarter
- Component shortages cause temporary operational inefficiencies and delayed revenues

Outlook

- Signs of raw material prices starting to come down
- Cost increases step by step passed on to the market
- Normalized margin picture expected from first quarter 2023

7

HEXAGON

Key takeaways

Strong demand, order intake and revenue

Supply chain disruptions and inflationary environment compressing margins in 2022

Normalization expected from Q1 2023

REPower EU and the US Inflation Reduction Act will drive Hexagon's addressable markets to new levels

2025 revenue targets:

**Hexagon excl. Purus:
NOK 6bn**

**Hexagon Purus:
NOK 4-5bn**

Clean air everywhere



Appendix



Investor relations information



EXCHANGE

- TICKER SYMBOL: HEX
- ISIN: NO0003067902
- EXCHANGE: OSLO BØRS



MARKET CAP

NOK ~6.4 bn

MARKET CAPITALIZATION¹



INVESTOR BASE

~ 6,200

SHAREHOLDERS

~ 55%
International
ownership



2022 FINANCIAL CALENDAR

2022	
Q2 2022	11-aug.
Q3 2022	03-nov.



EQUITY ANALYST COVERAGE

CARNEGIE

- FABIAN JØRGENSEN

NORDEA

- MARTINE KVERNE & HANS-ERIK JACOBSEN

SEB

- ANDERS ROSENLUND

SPAREBANK 1 MARKETS

- THOMAS NÆSS & VETLE WILHELMSSEN



INVESTOR RELATIONS CONTACTS

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DIRECT: +47 950 38 364

DAVID BANDELE

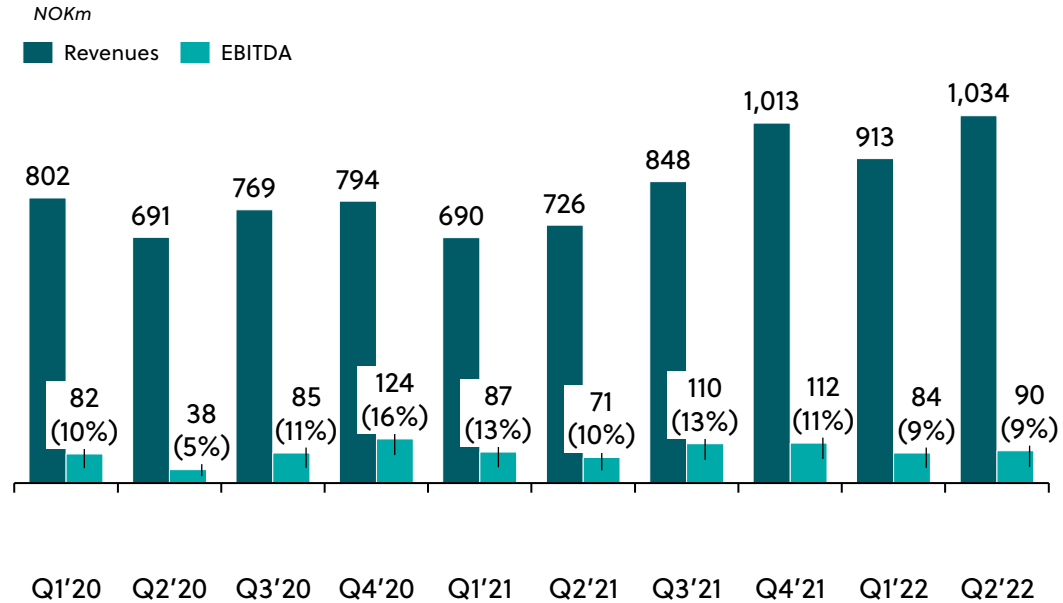
CHIEF FINANCIAL OFFICER

E-MAIL: DAVID.BANDELE@HEXAGONGROUP.COM

DIRECT: +47 920 914 83

Hexagon proforma financial highlights (1/3)

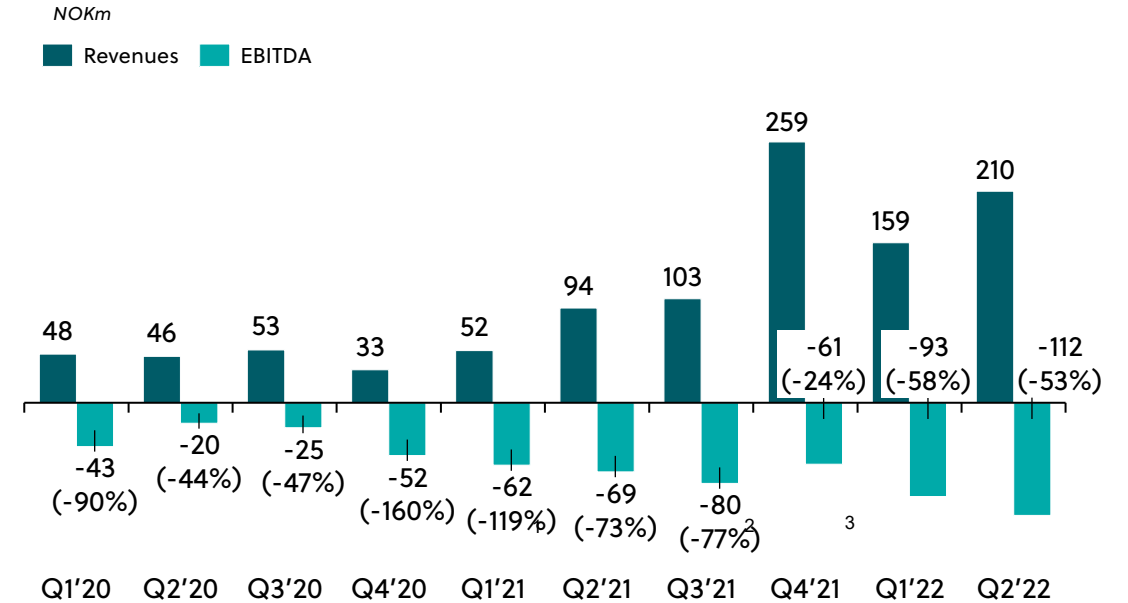
Hexagon (excl. Purus)*



- Hexagon (excl. Purus) provides clean solutions with strong ESG benefits

- Hexagon Agility**: (renewable) natural gas clean mobility solutions
- Ragasco: Portable LPG cylinders for household and leisure applications
- Digital Wave: smart technology for monitoring and testing of cylinder systems and creating circular economy by extending life expectancy

Hexagon Purus*



- Hexagon Purus provides clean and sustainable fuel solutions for battery electric and hydrogen vehicles

*2020: preliminary unaudited pro-forma figures after adjusting for reorganizations; 2021 segment reported and is after central/corporate and eliminations within the segments

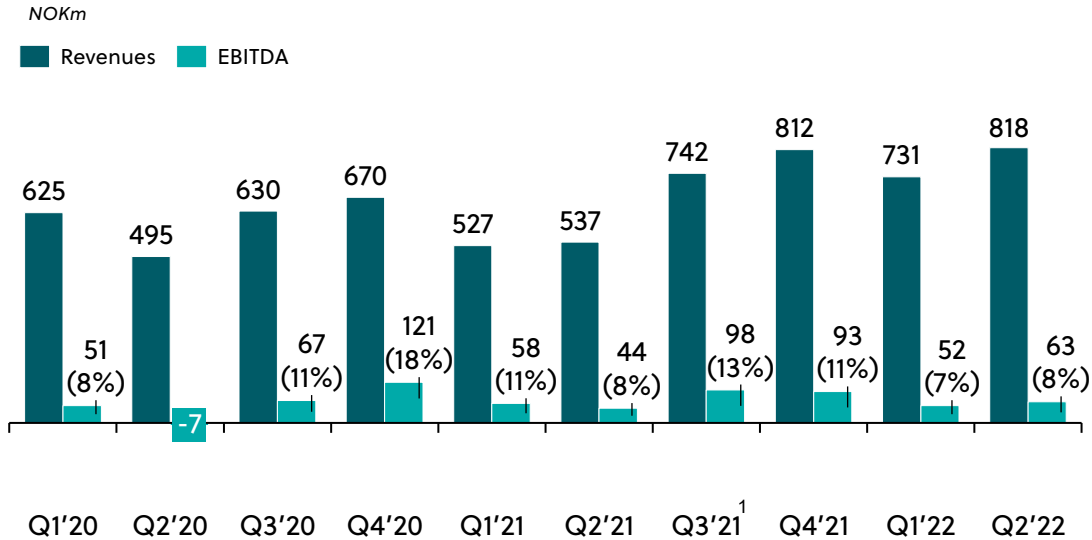
** previously referred to as g-mobility and being rebranded to be consistent with other reported segments and ahead of transferring operational responsibility of CNG LDV business to Hexagon Agility by 1.1.22

1) Correction from NOK 57m ; 2) Correction due to reclassification ; 3) Correction from NOK -57m



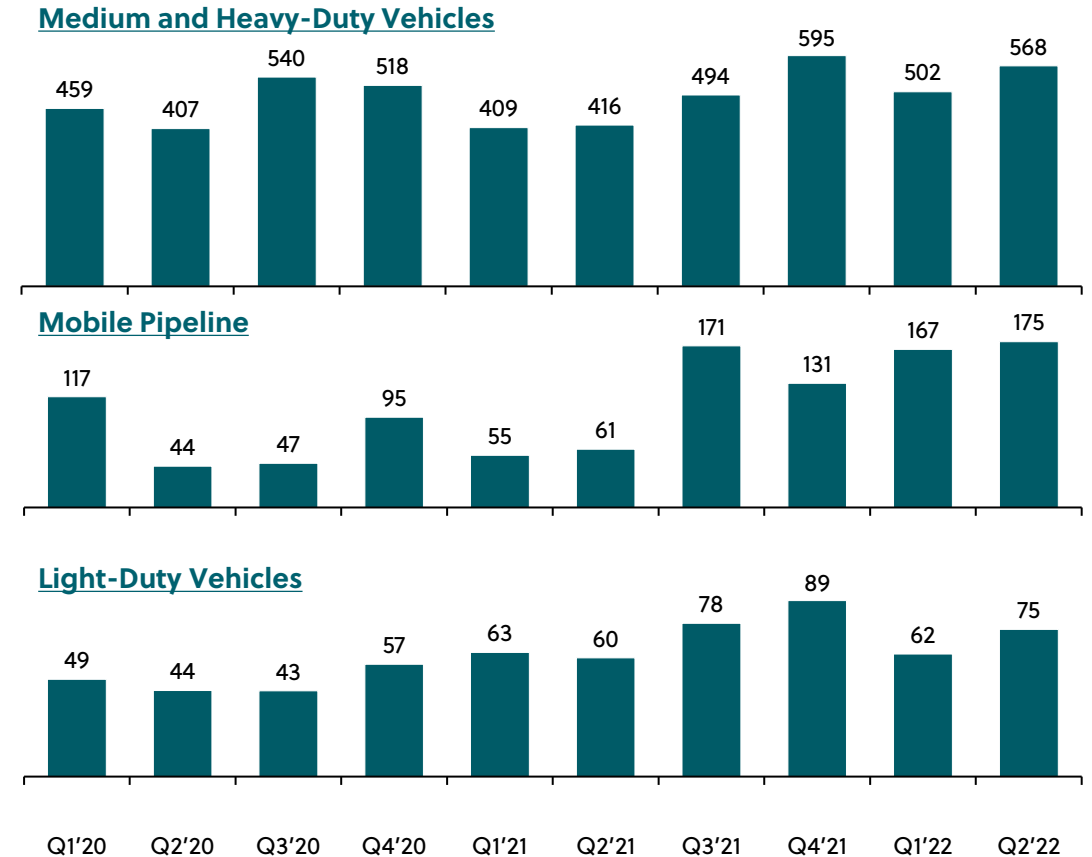
Segment proforma financial highlights (2/3)

Hexagon Agility*



- Hexagon Agility provides (renewable) natural gas clean mobility solutions for Heavy and Medium Duty Vehicles (Agility Fuel Solutions), Mobile Pipeline (MP) and Light-Duty Vehicles (CNG LDV)
- Global leading provider within markets including Heavy-Duty/ Medium-Duty Trucks, Refuse Truck, Transit Bus, Gas Transportation, Mobile Refueling units and Passenger cars

Hexagon Agility split (after eliminations)* NOKm



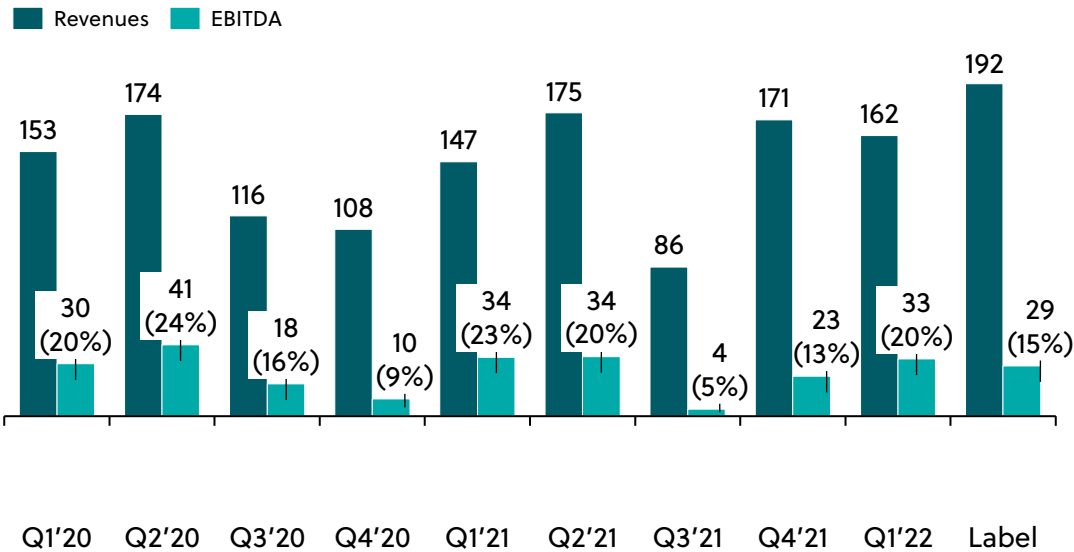
*Previously referred to as g-mobility and being rebranded to be consistent with other reported segments and ahead of transferring operational responsibility of CNG LDV business to Hexagon Agility by 1.1.22;
 2020: preliminary unaudited pro-forma figures after adjusting for reorganizations; 2021 segment reported
 1) Correction due to reclassification



Segment proforma financial highlights (3/3)

Hexagon Ragasco as reported

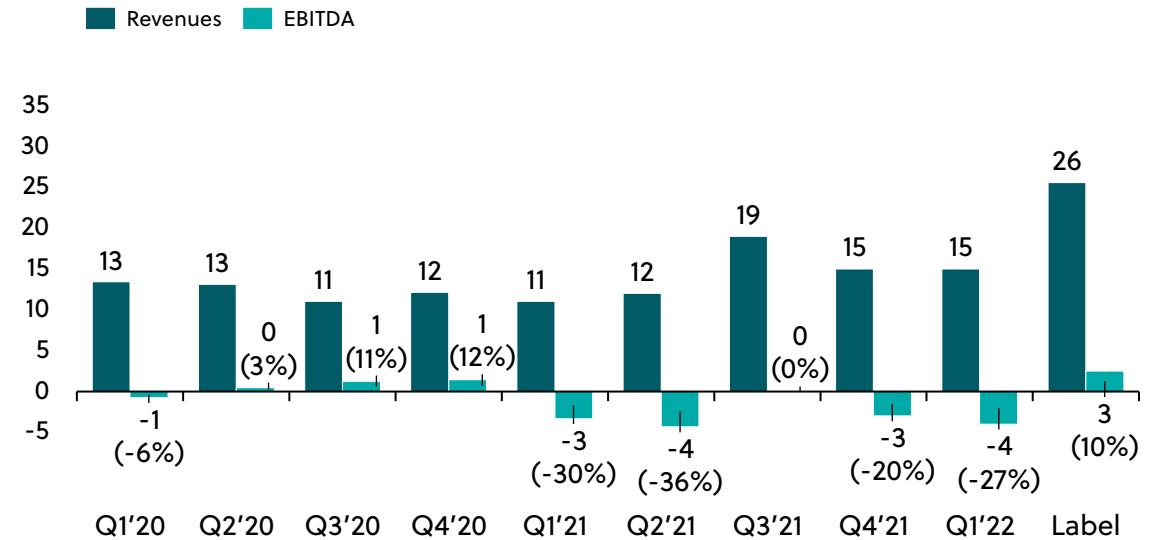
NOKm



- World leading provider of LPG composite cylinders
- Delivered over 20 million cylinders worldwide
- Strategic agenda include IoT and digitalization providing connectivity and driving value chain transformation

Hexagon Digital Wave

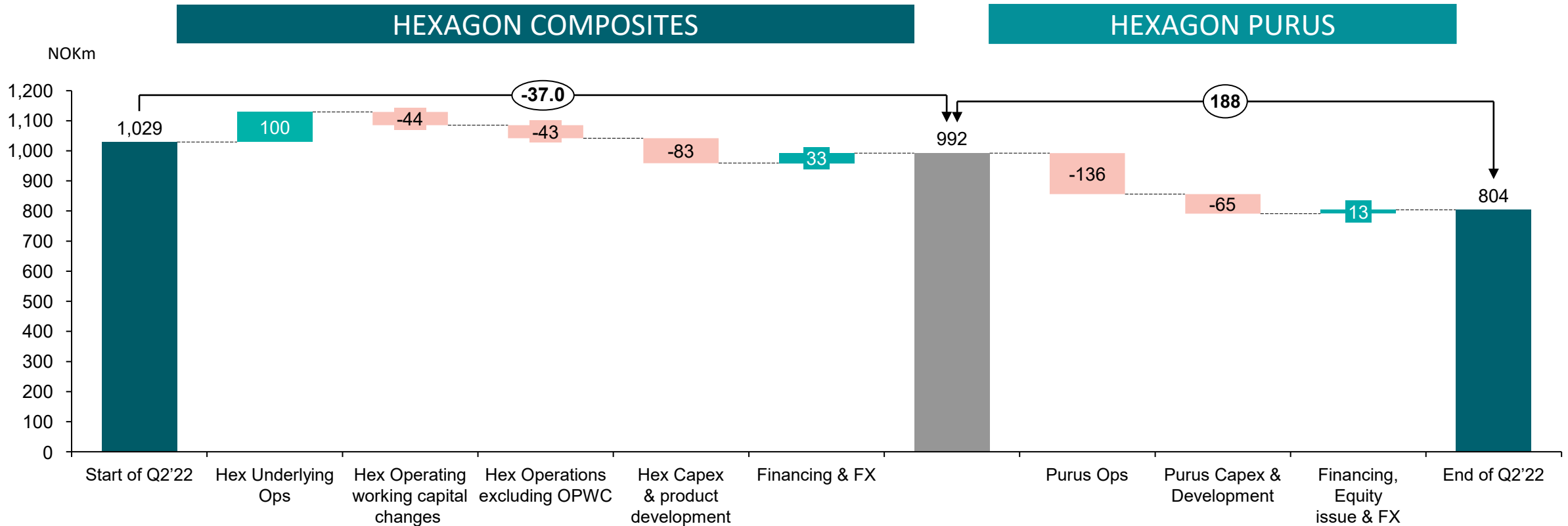
NOKm



- Proprietary safety technology – Modal Acoustic Emission (MAE) technology for testing and certifying cylinders
- Strategic agenda include cylinder digitalization with real-timing monitoring, testing and certification, creating a circular economy through enabling life extension



Group cash Q2 2022



Hexagon cash down NOK 37m to NOK 102m with strong cashflow from operations offset by working capital movements and capex expansion spend.

Hexagon Purus cash down NOK 188m to NOK 702m due principally to growth related activities.



Consolidated financial statements | P&L

Hexagon Composites ASA

Income Statement (NOK 1 000)	Q2 2022	Q2 2021	31.12.2021	31.12.2020	31.12.2019
Revenue from contracts with customers	1 178 993	787 641	3 539 488	3 070 865	3 404 209
Other operating income	1 185	418	2 473	9 511	11 915
Total revenue	1 180 178	788 060	3 541 962	3 080 375	3 416 124
Cost of materials	643 745	366 365	1 695 497	1 500 976	1 673 120
Payroll and social security expenses	351 777	255 628	1 101 665	941 425	853 706
Other operating expenses	205 460	163 470	629 368	448 348	599 209
Gain / Fair value adjustment earn-out					-69 625
Total operating expenses before depreciation	1 200 982	785 464	3 426 530	2 890 750	3 056 409
Operating profit before depreciation (EBITDA)	-20 805	2 596	115 432	189 626	359 715
Depreciation and impairment	80 921	62 643	262 801	248 340	239 606
Operating profit (EBIT)	-101 726	-60 047	-147 369	-58 714	120 109
Profit/loss from investments in associates and joint ventures	-1 389	575	-2 957	-1 885	-749
Net financial items	-4 616	-8 941	-144 692	7 757	-8 114
Profit/loss before tax	-107 731	-68 413	-295 019	-52 841	111 246
Tax expense	7 652	3 714	33 397	99 740	3 755
Profit/loss after tax	-115 383	-72 127	-328 416	-152 582	107 491

Consolidated financial statements | Balance sheet & cash flow

Hexagon Composites ASA

BALANCE SHEET (NOK 1 000)	30.06.2022	30.06.2021	31.12.2021
ASSETS			
Property, plant and equipment	1 268 280	796 587	1 010 625
Right-of-use assets	268 792	268 724	282 309
Intangible assets	2 583 657	2 018 653	2 384 524
Investment in associates and joint ventures	4 286	1 974	7 024
Non-current current assets	11 171	1 739	2 869
Deferred tax	13 678	1 769	13 678
Total non-current assets	4 149 865	3 089 446	3 701 029
Inventories	1 510 276	882 729	1 147 004
Trade receivables	921 574	584 234	880 396
Contract assets (incl. prepayments)	5 059	1 016	4 165
Other current assets	212 603	191 212	182 443
Bank deposits, cash and similar	803 724	1 223 575	600 209
Total current assets	3 453 236	2 882 766	2 814 217
Total assets	7 603 101	5 972 212	6 515 246
EQUITY AND LIABILITIES			
Paid-in capital	2 208 135	2 175 542	2 194 303
Other equity	899 515	916 120	911 989
Equity attributable to equity holders of the parent	3 107 650	3 091 662	3 106 291
Non controlling interests	484 471	365 265	378 010
Total equity	3 592 121	3 456 926	3 484 301
Interest-bearing liabilities (non-current)	1 640 589	1 068 386	1 166 057
Lease liabilities (non-current)	224 537	218 879	230 276
Other financial liabilities (non-current)	265 175	40 597	190 529
Pension liabilities	5 370	3 798	4 645
Deferred tax liabilities	264 168	181 612	247 160
Provisions (non-current)	6 737	3 237	11 686
Total non-current liabilities	2 406 576	1 516 508	1 850 353
Interest-bearing liabilities (current)	34 585	-	13 635
Lease liabilities (current)	57 217	60 618	62 455
Trade payables	550 681	362 797	392 747
Contract liabilities (incl. prepayments from clients)	446 287	145 242	277 658
Other financial liabilities (current)	73 871	-	-
Income tax payable	58 238	119 488	47 201
Other current liabilities	302 351	225 386	320 150
Provisions (current)	81 174	85 245	66 747
Total current liabilities	1 604 405	998 777	1 180 592
Total liabilities	4 010 981	2 515 285	3 030 945
Total equity and liabilities	7 603 101	5 972 212	6 515 246

CONDENSED CASH FLOW (NOK 1 000)	30.06.2022	30.06.2021	31.12.2021
Cash flow from operating activities			
Profit before tax	-209 004	-156 523	-301 744
Depreciation, amortization and impairment	157 862	126 529	262 680
Net interest expense	25 323	26 448	52 166
Changes in net operating working capital ¹⁾	-78 781	-110 707	-455 250
Other adjustments to operating cash flow	29 592	8 039	97 452
Net cash flow from operating activities	-75 008	-106 215	-344 696
Purchase of property, plant & equipment, net of proceeds from sale	-248 935	-99 626	-263 846
Purchase of intangible assets	-34 629	-24 959	-59 755
Interest received	4 208	1 117	4 394
Acquisition of subsidiaries, net of cash	0	0	-146 189
Other investments	-8 302	-680	-9 689
Net cash flow from investing activities	-287 659	-124 148	-475 085
Net repayment (-) / proceeds (+) from interest bearing loans	492 526	-143 165	-126 771
Interest payments on interest-bearing liabilities	-26 735	-23 178	-49 901
Repayment of lease liabilities (incl. Interests)	-38 760	-33 861	-70 716
Net proceeds from share capital increase (subsidiary)	154 108	-	-
Net proceeds from purchase (-) and sale (+) of own shares	-30 495	4 259	9 543
Net cash flow from financing activities	550 644	-195 946	-237 846
Net change in cash and cash equivalents	187 977	-426 308	-1 057 627
Net currency exchange differences	15 539	1 649 882	7 954
Cash and cash equivalents at start of period	600 209	-	1 649 882
Cash and cash equivalents at end of period	803 724	1 223 575	600 209

1) Net operating working capital: Inventories, trade receivables, contract assets, trade payables, and contract liabilities

