

Q3 2021



A word from the CEO

Hexagon on track for strong growth in second half of 2021.

One and a half years after the onset of the pandemic, we see a rapid pace of change in the field of net zero. An ever-expanding number of companies and other institutions are declaring net-zero ambitions and seeking the solutions to deliver on them.

With this as a backdrop, we are experiencing significant demand for our solutions across all business areas. We delivered a strong financial performance in the third quarter, but it is fair to say our performance could have been even stronger if we weren't constrained by industry-wide shortages of chassis, semiconductors, and other components as global supply chains are still trying to recover from the effects of the pandemic.



Renewable natural gas (RNG/Bio-methane) is rising as fuel-of-choice for heavy-duty vehicles. We see the market responding to the fast-growing demand for RNG to decarbonize heavy-duty fleets and reach the ambitious net-zero targets set for 2030. As an example, one of our key customers, a global logistics company, have made a public commitment to RNG and to date has placed orders with us worth nearly NOK 1 billion so far this year.

In addition, Cummins, the largest engine manufacturer in North America announced mid-October their intention to introduce a 15L (renewable) natural gas engine to the market. This is a major upgrade to existing alternatives and can deliver longer range and higher efficiency for heavy-duty truck owners.

The strategic acquisition of long-time partner Wystrach **doubles the size of the Hexagon Purus organization and its revenues.** By enabling the integration of cylinder production with systems assembly, this acquisition puts Hexagon Purus **ahead of schedule on its business plan.**

While Hexagon Ragasco had a seasonally slow quarter, we expect this to be offset in the fourth quarter. The Ragasco team has also reached an important milestone in our efforts to reduce our carbon footprint, receiving the **first environmental product declaration in the industry** for their cylinder production.

Hexagon Digital Wave was awarded an exciting contract to digitally requalify cylinders for RNG transportation module OEM using its innovative (and patented) technology. Their pipeline of opportunities going into 2022 is strong.

As we increase production capacity to meet the growing demand, we are also continuing to **strengthen our commercial presence.** At the publishing of this report, we announced the opening of our new Commercial Center of Excellence in Munich, Germany, **close to our OEM customers.**

The market is dynamic, but we continue to prove our resiliency, navigating challenging conditions. We remain well-positioned to capture our share of the strong market growth.

Best regards,

Jon Erik Engeset
CEO, Hexagon Group

Key figures Q3 2021

NOK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Hexagon (excl. Purus) results	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Revenue	848	769	2 264	2 262
Operating profit before depreciation (EBITDA)	110	85	269	204
Operating profit (EBIT)	61	31	111	38
Hexagon segment results				
Hexagon Agility ¹⁾ & CNG LDV				
Revenue	742	630	1 805	1 750
EBITDA	98	67	199	111
EBIT	63	27	84	-14
Hexagon Digital Wave				
Revenue	19	11	42	38
EBITDA	0	1	-8	1
EBIT	-1	0	-11	-2
Hexagon Ragasco				
Revenue	86	116	407	442
EBITDA	4	18	72	90
EBIT	-5	9	46	63
Central / Eliminations ²⁾				
Revenue	1	12	10	32
EBITDA	8	-1	6	2
EBIT	4	-5	-8	-9

NOK million				Q3 2021	Q3 2020	YTD 2021	YTD 2020
Hexagon Group							
	Hexagon (excl. Purus)	Hexagon Purus	Eliminations	Hexagon Group³⁾	Hexagon Group³⁾	Hexagon Group³⁾	Hexagon Group³⁾
Revenue	848	103	-76	875	770	2 356	2 278
Operating profit before depreciation (EBITDA)	110	-80	0	30	65	58	121
Operating profit (EBIT)	61	-96	0	-35	4	-134	-66
Profit before tax	47	-97	0	-50	-7	-206	-11
Profit after tax	31	-96	0	-65	-46	-230	-61

All figures in NOK are rounded to the nearest million.

1) Hexagon Agility for 2021 onwards comprises Agility Fuel Solutions and Mobile Pipeline.

2) Central / Eliminations includes Hexagon (excl. Purus) inter segment and central transactions

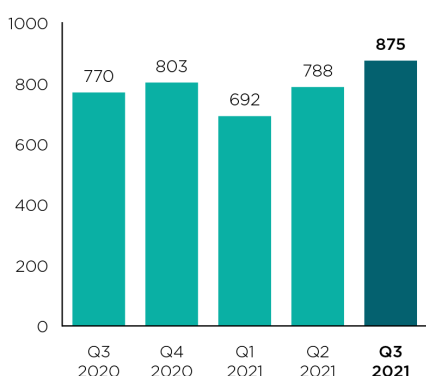
3) After eliminations, between Hexagon (excl. Purus) and Hexagon Purus

Highlights Q3 2021

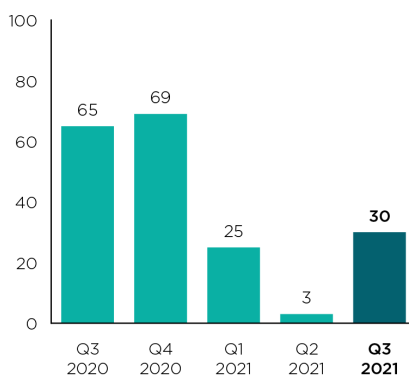
Demand for Hexagon's solutions remains high.

- Hexagon Agility received orders from major global logistics customer with an estimated total value of USD 29 million (approx. NOK 253 million)
- Hexagon Agility received additional order from Xpress Natural Gas (XNG) for Mobile Pipeline® modules to meet growing demand for clean natural gas with an estimated total value of USD 2.8 million (approx. NOK 25 million)
- Hexagon Digital Wave signed a long-term partnership agreement with Linde, a leading industrial gas and engineering company, for supply and service of Ultrasonic Examination (UE) testing equipment.
- Hexagon Digital Wave signs commercial service agreement to requalify Type-4 cylinders used for transportation of RNG/CNG
- Hexagon Ragasco, a Hexagon company and world leading manufacturer of LPG composite cylinders – was awarded an Environmental Product Declaration (EPD) from EPD-Norway for the production of its cylinders.
- Hexagon Purus announced new manufacturing facility in Canada for production of battery packs and hydrogen fuel systems for medium- and heavy-duty battery and fuel cell electric commercial vehicles.
- Hexagon Purus receives orders from leading gas distributor to deliver hydrogen cylinders for industrial and mobility applications in Europe
- Hexagon Purus and Ballard Power Systems announced a new collaboration to produce Class 6 & 7 Fuel Cell Electric Trucks powered by Hexagon Purus' turnkey electric and hydrogen solutions
- Hexagon Purus acquires Wystrach, adding industry leading hydrogen systems capacity to its platform, to accelerate the hydrogen transition

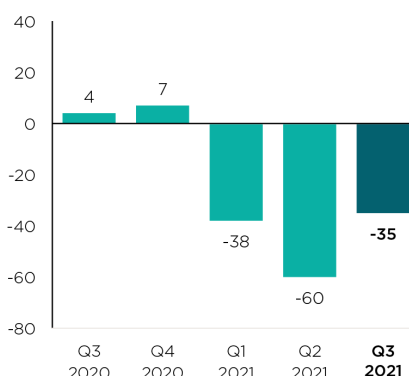
Revenue
MNOK



EBITDA
MNOK



EBIT
MNOK



Financial results

In the third quarter of 2021, Hexagon (excluding Purus) generated NOK 848 (769) million in revenues and recorded an operating profit before depreciation (EBITDA) of NOK 110 (85) million. The top-line growth, driven primarily by Hexagon Agility, was 14% before negative year-over-year foreign currency translation effects of NOK -27 million. These impacts, mainly driven by US and German based operations, apply also to the cost base of those operations and are therefore less significant at EBITDA level.

The Board is pleased with the performance in the quarter, especially in light of the significant on-going global supply chain challenges. The main impacts in the quarter were delays to revenues due to chassis delays within Hexagon Agility, higher prices on inbound raw materials and transport costs, especially affecting Hexagon Ragasco, and low sales into the CNG LDV segment.

Overall demand remains high with significant order backlog for the rest of 2021.

Within Hexagon Agility, the largest year-over-year growth driver in the quarter was Mobile Pipeline, delivering a strong quarter based on a robust backlog of orders. Continued strong US Truck business momentum drove solid turnover within the Medium & Heavy-Duty automotive business, despite ongoing supply chain challenges leading to truck chassis delays. Headwinds from the global semi-conductor shortage continued to impact negatively on CNG LDV volumes from Volkswagen, though available production capacity has been re-purposed to hydrogen cylinders for Hexagon Purus and CNG/RNG cylinders for Hexagon Agility. Hexagon Ragasco had relatively low sales volumes after sales to Asian customers were postponed to the next quarter, while Hexagon Digital Wave recorded a strong uptick in volumes as it prepares for continued growth, both in the near and longer term.

In the third quarter of 2021, Hexagon Purus generated NOK 103 (53) million in revenue and recorded operating profit before depreciation (EBITDA) of NOK -80 (-25) million. Revenue growth of 96% was driven by increased activity in hydrogen distribution and transit bus applications.

Effective start of 2021, the CNG Light-Duty business (previously reported as part of Hexagon Purus), was transferred and combined with Hexagon Agility. Hexagon Purus remains fully consolidated in the Hexagon Group accounts after its spin-off in December 2020, with Hexagon retaining a 75% ownership.

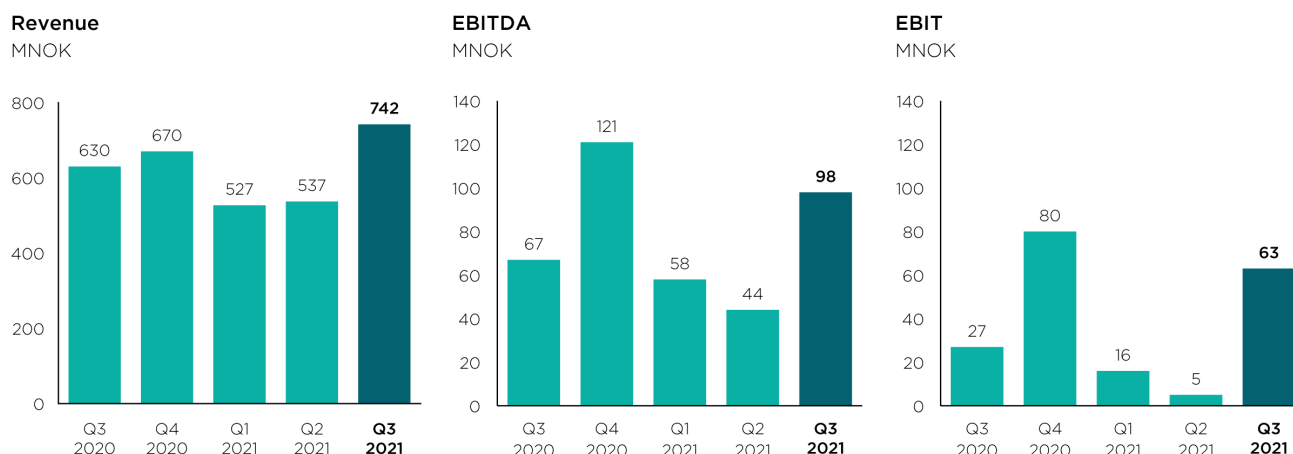
One hundred sixty-one confirmed cases of COVID-19 infection to date have been reported among Hexagon Group personnel, including one fatality. All production facilities have remained open during the quarter.

Key developments after the quarter

- Hexagon Agility received additional orders from major global logistics customer with an estimated total value of USD 8 million (approx. NOK 70 million)
- Hexagon Purus has received an order for hydrogen fuel-cell electric yard trucks from a North American customer. The order has a value of approximately USD 2.1 million (approx. NOK 18 million)

Segment results

Hexagon Agility & CNG LDV (G-mobility)



Hexagon Agility & CNG LDV recorded combined revenues for the quarter of NOK 742 million compared with proforma NOK 630 million for the corresponding period last year. Underlying growth adjusted for NOK -26 million foreign currency effects was 23% year-over-year, driven by the post pandemic resurgence in Mobile Pipeline volumes. EBITDA generated was NOK 98 million compared with NOK 67 million the corresponding period last year.

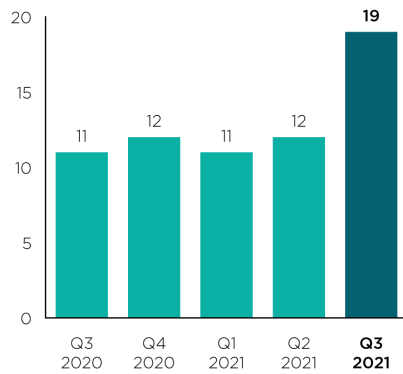
In Hexagon Agility's Mobile Pipeline business, revenues for the quarter from module sales were almost four times higher than the same quarter in 2020, bringing the business unit back to solid profitability at EBITDA level. The recovery in volumes from the pandemic-impacted 2020 is significant. Backlog as of the end of the quarter supports a healthy upcoming winter season in Q4 2021 and Q1 2022.

Automotive revenues in the quarter continue to be driven by strong sustainability-oriented demand in the North American Heavy-Duty Truck market. The 14% growth in revenues delivered in this sector is despite chassis delays which impacted installing and shipping of product. North American and European transit bus volumes remained solid. Backlog as of the end of the quarter supports expectations of a strong rest of year.

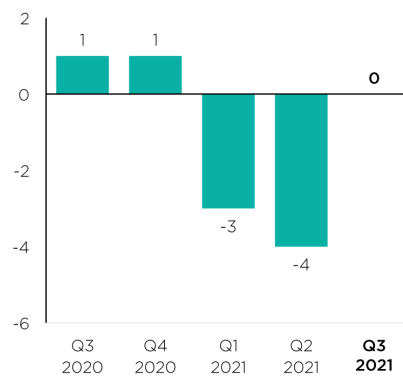
Increasing compressed natural gas (CNG) and renewable natural gas (RNG) adoption in Europe is driven by tough EU clean air directives requiring compliance within 2025 & 2030. The recent inclusion of RNG as a mitigating technology in the EU taxonomy regulation is expected to fuel significant growth in demand in the EU. In the US, adoption of RNG fuel is on the rise and data for 2020 showed that RNG fuel accounted for as much as 53% of all on-road fuel used in CNG vehicles in the US. In California the RNG adoption rate was above 90%.

Hexagon Digital Wave (Digitizing cylinder systems)

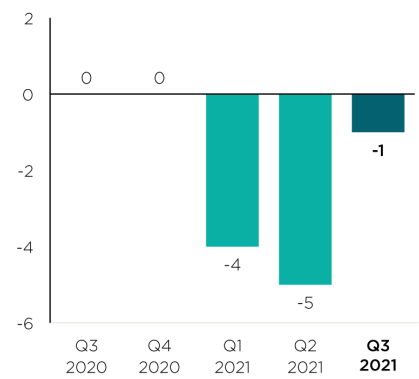
Revenue
MNOK



EBITDA
MNOK



EBIT
MNOK



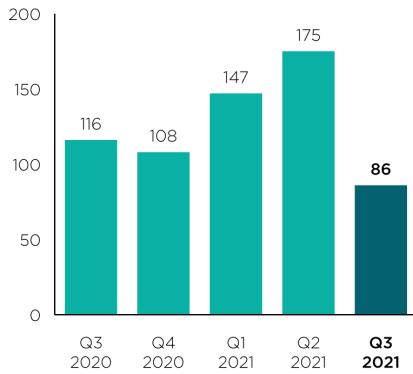
Revenues amounted to NOK 19 (11) million with EBITDA of NOK 0 (1) million in the third quarter.

Hexagon Digital Wave is our center of excellence for smart technologies. Responsible for developing digital solutions for our mobility business.

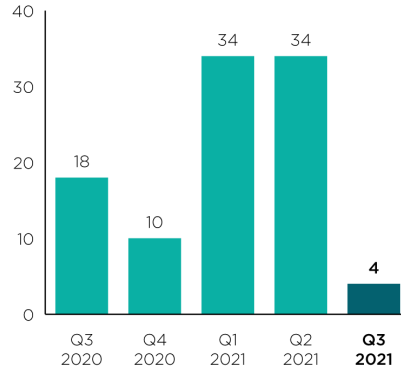
Hexagon Digital Wave has reached the early stage of an expected significant growth phase as Hexagon takes lead in digitalizing its industry. This involves effective real-time health monitoring of cylinder systems and connected services. Investments in organization, processes product development will be continued and further intensified.

Hexagon Ragasco (LPG)

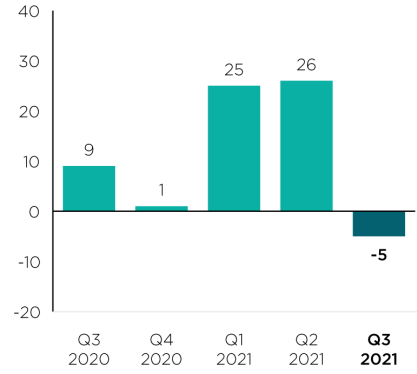
Revenue
MNOK



EBITDA
MNOK



EBIT
MNOK



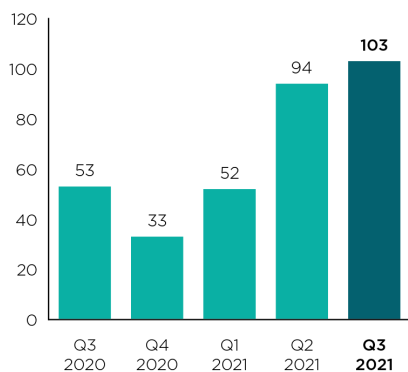
Revenues were NOK 86 (116) million with an EBITDA of NOK 4 (18) million in the third quarter of 2021. Profitability was reduced due to low overall volumes in the quarter. Introductory orders were collected from leading customers in the Philippines, Greece and Trinidad and Tobago. Further expected sales to Asia are delayed until the fourth quarter.

Raw material supplies have been impacted by recent global supply-chain challenges and their knock-on-effects, which led to increases in prices and transportation costs for some materials towards the end of the first quarter 2021. The raw material prices have somewhat stabilized in the quarter, though at higher levels than the corresponding period last year.

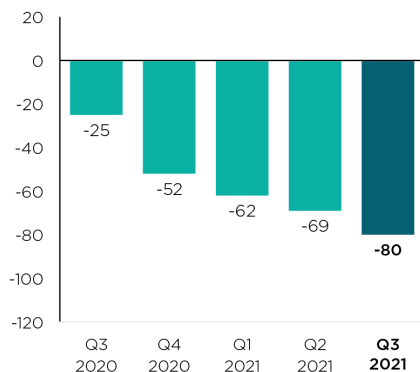
Progress continues on the technology for the new SMART cylinder concept and initiating SMART cylinder pilot programs with major customers in Europe. Market launch is targeted for 2022.

Hexagon Purus (E-mobility)

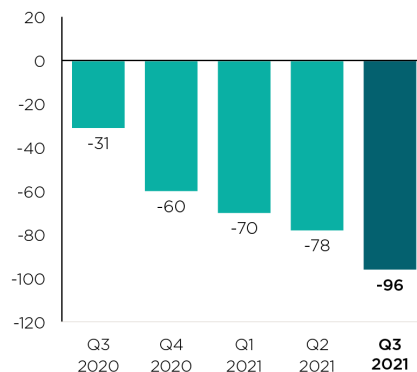
Revenue
MNOK



EBITDA
MNOK



EBIT
MNOK



In the third quarter of 2021, Hexagon Purus generated NOK 103 (53) million in revenue and recorded operating profit before depreciation (EBITDA) of NOK -80 (-25) million. Revenue growth of 96% was driven by increased activity in hydrogen distribution and transit bus.

Hexagon Purus entered into an agreement to acquire 100% of Wystrach, a leading European systems and solutions provider for compressed industrial gases with strong exposure to hydrogen applications. Wystrach is recognized as a leader in the industrial and transportation segments serving blue chip customers like Air Liquide, Linde, Alstom and Daimler. The acquisition will approximately double Hexagon Purus' revenue (on a pro forma basis) and headcount in FY 2020.

At quarter-end, the balance sheet amounted to NOK 1,894 (991) million and the equity ratio was 71%.

Please refer to the separate Q3 2021 Board of Directors report for Hexagon Purus ASA.

The Group

In the third quarter of 2021, Hexagon Group, including Hexagon Purus, generated NOK 875 (770) million in revenues and recorded an operating profit before depreciation (EBITDA) of NOK 30 (65) million. Adjusted for foreign currency effects, the underlying growth in the quarter was 19%. Due to the consolidation of the 75% ownership of Hexagon Purus, Hexagon Group recorded a net loss after tax of NOK -65 (-46) million in the quarter. Net financial items were NOK -14 (-11) million driven by positive balance sheet related foreign exchange fluctuation effects of NOK -1 (9) million, interest of NOK -15 (-14) million and other items including credits of NOK 2 (-6) million. Tax charges were NOK -15 (-39) million. The tax charges do not include any credits for carried-forward tax losses within Hexagon Purus as conditions for deferred tax asset recognition are, prudently, not yet deemed to be met. However, these carried forward losses remain available for use against future profits by Hexagon Purus.

The balance sheet is mainly exposed to non-cash effects of translation to NOK of USD/EUR positions. In this quarter movement in both the USD and EUR have not been significant. The Parent company employs a currency swap (from NOK to USD) to mitigate a significant part of the USD currency exposure.

At quarter-end the Group balance sheet amounted to NOK 6,138 (5,989) million and the Group's equity ratio was 56% (50%). The year-over-year increase in equity ratio was driven primarily by the private placement of NOK 750 million in Hexagon Purus, recognized in the fourth quarter 2020.

After balance sheet date

There have been no subsequent events requiring additional disclosure.

Outlook

Both the g-mobility and e-mobility businesses are on track to deliver on their short- and long-term growth ambitions and plans. In the first nine months of 2021, Hexagon's mobility solutions enabled a wide range of transportation, industrial and consumer applications to convert to cleaner energy – avoiding the release of 793,000 metric tons of CO₂ equivalents¹. To put it in perspective, this amount of CO₂ avoidance equates to removing 172,000 petroleum cars from the road for a year. In addition, Hexagon Ragasco provided substantial volumes of LPG cylinders to lesser developed countries, bringing cleaner and safer fuel sources to meet vital domestic energy needs.

The EU Taxonomy and the renewed US commitment to the Paris Agreement have given additional momentum to the energy transformation. However, despite a growing renewable share, the energy transition is nowhere near fast enough to deliver on The Paris Agreement goals. In order to escalate the pace of the energy transition, a lot more renewable power, decarbonization actions, energy-efficiency improvements, and carbon capture are needed.

Renewable Natural Gas (RNG) represents the fuel alternative with the highest CO₂ mitigating potential in the transportation sector in this decade, and it is expected to drive strong growth in Hexagon's g-mobility business.

Meanwhile, Hexagon Purus continues to gain momentum as the global market leader in cylinders and systems for storage and transportation of hydrogen.

The demand-reducing effects of the COVID-19 pandemic are for the most part behind us, while supply chain disruptions, especially for semi-conductors, chassis and battery cells, continue to be a short-term concern. Hexagon will remain vigilant with regards to the COVID-19 pandemic and is prepared to employ further countermeasures to mitigate negative effects, if required.

Hexagon's extensive portfolio of mobility solutions and Smart Technologies, position the company as a globally leading clean technology provider in this "new normal".

We see leading market players adapting to meet new sustainability targets, e.g.:

- UPS is planning to purchase more than 6000 natural gas vehicles between 2020 – 2022
- Anheuser-Busch plans to convert its entire long-haul dedicated fleet to renewable energy-powered trucks by 2025
- Amazon has ordered 700 CNG trucks and signed an agreement with Clean Energy Fuel for 27 proprietary re-fueling stations to secure the supply of RNG to its growing fleet.

- Deutsche Post DHL Group expanding its liquified natural gas green truck fleet in Europe, which reduces CO₂ greenhouse gas emissions by 187 tons per year
- Toyota and Hino are launching zero emissions heavy- and medium- duty trucks
- Hyundai targets to sell 670,000 electric vehicles annually by 2025, comprising 560,000 BEVs and 110,000 fuel-cellelectric vehicles (FCEVs)
- Waste Management intends to cut fleet emissions by 45% by 2038

Hexagon Agility expects the European bus business to end the year on a strong note – mainly due to its ramp-up as it begins to recover from the onset of COVID-19. The Transit bus sector in North America is also expecting to deliver growth in the fourth quarter. However, temporary supply chain shortages of key components such as chassis may cause some postponements into the first quarter of 2022.

Hexagon Agility's Mobile Pipeline business is experiencing a strong rebound that can be attributed to its diversified customer mix, which includes RNG, industrial gases and mobile refueling units in North America as well as new orders from Latin America and the Middle East. However, temporary supply chain shortages of key components such as chassis may cause some postponements into the first quarter of 2022.

Automotive manufacturers are affected by the global shortage of semiconductors. We expect production by our key customer Volkswagen to continue to be impacted and consequently, revenues in Hexagon's CNG LDV are expected to be negatively affected in the short term. Recovery is expected in the second half of next year. Meanwhile, existing production capacity is being shifted to meet demand from Mobile Pipeline, RNG/CNG and hydrogen bus customers.

After the seasonally soft third quarter, Hexagon Ragasco is expecting a stronger fourth quarter driven by solid demand from its recurring European and South Asian customers.

In November 2021, Hexagon further strengthened its commercial presence by opening a new Commercial Center of Excellence in Munich, Germany. Strategically located near a large number of our OEM customers, this center enhances our support footprint in Europe and simplifies OEM integration. While the investment for this facility is minimal, the customer value creation will be significant.

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.*

Oslo, 3 November 2021

The Board of Directors of Hexagon Composites ASA



Knut Flakk
Chairman of the Board



Kristine Landmark
Deputy Chair



Katsunori Mori
Board Member



Liv Astri Hovem
Board Member



Hans Peter Havdal
Board Member



Jon Erik Engeset
Group President & CEO

Financial Statements Group

INCOME STATEMENT	30.09.2021	Q3 2021	30.09.2020	Q3 2020	31.12.2020
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from contracts with customers	2 354 372	874 435	2 268 304	769 149	3 070 865
Rental income	1 346	745	9 269	390	9 511
Total revenue	2 355 718	875 180	2 277 573	769 538	3 080 375
Cost of materials	1 076 245	414 984	1 089 483	350 804	1 502 305
Payroll and social security expenses	778 458	268 388	697 008	218 867	940 096
Other operating expenses	443 421	162 238	370 543	134 912	448 034
Total operating expenses before depreciation	2 298 124	845 609	2 157 033	704 583	2 890 436
Operating profit before depreciation (EBITDA)	57 594	29 571	120 539	64 955	189 940
Depreciation and impairment	191 155	64 625	186 269	60 765	249 212
Operating profit (EBIT)	-133 561	-35 055	-65 729	4 190	-59 272
Profit/loss from investments in associates and joint ventures	51	178	-778	-207	-1 885
Other financial items (net)	-72 550	-14 660	55 567	-10 969	5 018
Profit/loss before tax	-206 059	-49 536	-10 940	-6 985	-56 138
Tax	24 086	15 424	50 408	39 344	91 643
Profit/loss after tax	-230 145	-64 960	-61 348	-46 329	-147 781
Attributable to:					
Equity holders of the parent	-155 256	-37 331	-61 348	-46 329	-140 776
Non-controlling interests	-74 889	-27 629	0	0	-7 005
Profit/loss after tax	-230 145	-64 960	-61 348	-46 329	-147 781
Earnings per share (NOK)	-1.15		-0,32		-0.78
Diluted earnings per share (NOK)	-1.15		-0,32		-0.78

COMPREHENSIVE INCOME STATEMENT	30.09.2021	30.09.2020	31.12.2020
(NOK 1 000)			
Profit/loss after tax	-230 145	-61 348	-147 781
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Exchange differences arising from the translation of foreign operations	35 128	39 797	-68 972
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	35 128	39 797	-68 972
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Actuarial gains/losses for the period	0	0	-636
Income tax effect of actuarial gains/losses for the period	0	0	140
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	0	0	-496
Total comprehensive income, net of tax	-195 017	-21 551	-217 249
Attributable to:			
Equity holders of the parent	-119 448	-21 551	-210 918
Non-controlling interests	-75 568	0	-6 331

STATEMENT OF FINANCIAL POSITION	30.09.2021	30.09.2020	31.12.2020
(NOK 1 000)	Unaudited	Unaudited	Audited
ASSETS			
Property, plant and equipment	852 462	833 532	747 266
Right-of-use assets	264 691	266 632	266 552
Intangible assets	2 045 616	2 363 309	2 036 130
Investment in associates and joint ventures	2 152	7 931	2 066
Other non-current assets	2 872	75 285	79 924
Total non-current assets	3 167 793	3 546 689	3 131 938
Inventories	1 083 867	831 610	739 998
Receivables	908 375	653 184	642 305
Contract assets (accrued revenue)	2 258	0	814
Bank deposits, cash and similar	976 131	957 323	1 649 882
Total current assets	2 970 630	2 442 117	3 033 000
Total assets	6 138 423	5 988 806	6 164 937
EQUITY AND LIABILITIES			
Paid-in capital	2 181 911	2 157 819	2 165 590
Other equity	908 658	854 243	1 018 349
Equity attributable to equity holders of the parent	3 090 570	3 012 062	3 183 939
Non-controlling interests	337 748	0	411 899
Total Equity	3 428 318	3 012 062	3 595 838
Interest-bearing long-term liabilities	1 137 577	1 479 485	1 206 127
Lease liabilities	225 448	289 915	230 559
Other non-current liabilities	193 401	353 279	193 420
Total non-current liabilities	1 556 426	2 122 679	1 630 106
Interest-bearing current liabilities	0	0	0
Lease liabilities short-term	50 496	23 851	45 146
Contract liabilities (incl. prepayments from customers)	172 975	75 342	51 665
Other current liabilities	930 208	754 872	842 182
Total current liabilities	1 153 679	854 066	938 993
Total liabilities	2 710 105	2 976 744	2 569 099
Total equity and liabilities	6 138 423	5 988 806	6 164 937

CONDENSED CASH FLOW STATEMENT	30.09.2021	30.09.2020	31.12.2020
(NOK 1 000)			
Profit before tax	-206 059	-10 940	-56 138
Depreciation and write-downs	191 155	186 269	249 212
Change in net working capital	-212 128	-203 969	36 125
Net cash flow from operations	-227 033	-28 639	229 198
Net cash flow from investment activities	-218 372	-116 677	-120 284
Net cash flow from financing activities	-235 540	910 473	1 363 205
Net change in cash and cash equivalents	-680 944	765 156	1 472 119
Net currency exchange differences	7 193	14 516	112
Cash and cash equivalents at start of period	1 649 882	177 651	177 651
Cash and cash equivalents at end of period	976 131	957 323	1 649 882
Available unused credit facility	600 000	652 289	453 416

**CONDENSED
STATEMENT OF
CHANGES IN EQUITY**

(NOK 1 000)

	Share capital	Own shares	Share premium	Other paid in capital	Translation differences	Other equity	Total	Non- controlling interests	Total equity
Balance 01.01.2020	18 329	-197	1 203 145	48 742	134 552	748 423	2 152 993	0	2 152 993
Profit/loss after tax						-61 348	-61 348		-61 348
Other income and expenses					39 797	0	39 797		39 797
Dividends						0	0		0
Share-based payment				13 101			13 101		13 101
Movement in own shares		12				-7 181	-7 169		-7 169
Increase share capital	1 833		905 456				907 289		907 289
Transaction cost			-32 601				-32 601		-32 601
Balance 30.09.2020	20 162	-185	2 075 999	61 843	174 349	679 895	3 012 062	0	3 012 062
Balance 01.01.2020	18 329	-197	1 203 145	48 742	134 551	748 423	2 152 993	0	2 152 993
Profit/loss after tax						-140 776	-140 776	-7 005	-147 781
Other income and expenses					-69 646	-496	-70 142	673	-69 468
Dividends						0	0	0	0
Share-based payment				20 873		278	21 151	94	21 245
Movement in own shares		12				-7 181	-7 169		-7 169
Increase share capital	1 833		905 456				907 289		907 289
Transaction cost			-32 601				-32 601		-32 601
Capital increase subsidiary						540 501	540 501	182 917	723 418
Distributed dividend Hexagon Purus AS						-187 306	-187 306	235 219	47 913
Balance 31.12.2020	20 162	-185	2 075 999	69 615	64 906	953 444	3 183 939	411 899	3 595 838
Balance 01.01.2021	20 162	-185	2 075 999	69 615	64 906	953 444	3 183 939	411 899	3 595 838
Profit/loss after tax						-155 256	-155 256	-74 889	-230 145
Other income and expenses					36 397	-590	35 807	-679	35 128
Dividends						0	0	0	0
Share-based payment				16 263		4 190	20 453	1 418	21 871
Movement in own shares		58				5 567	5 625		5 625
Balance 30.09.2021	20 162	-127	2 075 999	85 877	101 303	807 355	3 090 570	337 748	3 428 318

On 7 December 2020 the Hexagon Purus Group issued 27,472,527 new shares in a private placement at the price of NOK 27.30 per share. The increase in capital was MNOK 750.0. The increase in share capital is presented net after transaction costs of MNOK 26.6.

On 24 August 2020 the Company issued 18,329,064 new shares in a private placement at the price of NOK 49.50 per share.

BUSINESS SEGMENT DATA	30.09.2021	Q3 2021	30.09.2020	Q3 2020	31.12.2020
(NOK 1 000)	Unaudited	Unaudited	Proforma	Proforma	Proforma
HEXAGON AGILITY & CNG LDV					
Sales of goods external customers	1 584 736	642 585	1 572 593	581 521	2 195 832
Sales of services and funded development	82 033	30 519	82 681	26 085	110 943
Internal transactions	137 668	68 078	85 611	22 147	104 215
Total revenue from contracts with customers	1 804 437	741 182	1 740 885	629 753	2 410 990
Rental income	800	564	8 737	209	8 799
Total revenue	1 805 237	741 747	1 749 622	629 963	2 419 789
Segment operating profit before depreciation (EBITDA)	199 373	97 544	110 597	66 911	231 502
Segment operating profit (EBIT)	83 639	62 688	-13 709	26 914	66 304
Segment assets	3 836 732		3 889 800		3 340 642
Segment liabilities	1 767 716		1 776 148		1 389 145
HEXAGON DIGITAL WAVE					
Sales of goods external customers	22 674	10 357	11 023	949	17 318
Sales of services and funded development	13 193	4 391	24 357	9 860	28 922
Internal transactions	6 267	4 314	2 208	219	3 476
Total revenue from contract with customers	42 134	19 062	37 587	11 028	49 716
Segment operating profit before depreciation (EBITDA)	-7 896	-232	953	1 266	2 410
Segment operating profit (EBIT)	-10 881	-1 287	-2 253	244	-1 811
Segment assets	81 056		83 060		76 792
Segment liabilities	101 959		90 258		85 324
HEXAGON RAGASCO					
Sales of goods external customers	404 815	84 361	442 073	115 383	549 190
Sales of services and funded development	854	652	272	156	855
Internal transactions	1 824	666	59	3	61
Total revenue from contract with customers	407 493	85 679	442 403	115 541	550 105
Segment operating profit before depreciation (EBITDA)	72 122	3 998	89 680	18 492	99 538
Segment operating profit (EBIT)	46 440	-4 568	62 656	9 494	63 113
Segment assets	471 475		469 446		484 994
Segment liabilities	346 988		324 022		394 037
HEXAGON PURUS					
Sales of goods external customers	231 533	97 530	105 739	25 188	117 615
Sales of services and funded development	13 882	4 972	19 796	14 726	28 680
Internal transactions	3 069	373	21 350	12 789	33 520
Total revenue from contract with customers	248 484	102 875	147 065	52 704	179 814
Rental income	400	400	0	0	0
Total revenue	248 884	103 275	147 065	52 704	179 814
Segment operating profit before depreciation (EBITDA)	-210 682	-80 156	-88 318	-24 766	-140 722
Segment operating profit (EBIT)	-244 626	-95 962	-107 973	-31 324	-167 628
Segment assets	1 865 259		891 289		1 874 854
Segment liabilities	424 680		1 247 130		388 446

Notes

Note 1: Introduction

The condensed consolidated interim financial statements for third quarter 2021, which ended 30 September 2021, comprise Hexagon Composites ASA and its subsidiaries (together referred to as "The Group").

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of The Group for the year which ended 31 December 2020.

For a more detailed description of accounting principles see the consolidated financial statements for 2020.

Hexagon Composites was until 2020 comprised of four business segments:

- Hexagon Purus
- Hexagon Agility
- Hexagon Mobile Pipeline & Other
- Hexagon Ragasco LPG

From 2021 Agility Fuel Solutions and Hexagon Mobile Pipeline incl. CNG/LDV joined forces to create Hexagon Agility & CNG LDV. The combination enables improved operational flexibility and the pursuit of combined global market opportunities. As a result of the growing market opportunities for cylinder testing technology Hexagon Digital Wave is a new business segment from 2021. The new segment and reporting structure from 2021 is:

- Hexagon Agility & CNG LDV
- Hexagon Purus
- Hexagon Ragasco
- Hexagon Digital Wave

Comparable figures for the new segments are prepared on proforma basis.

The accounting principles used in the preparation of these interim accounts are the same as those applied to the consolidated financial statements for 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The coronavirus has had some effects to our business in the first nine months of 2021. We have experienced lower demand than previously expected in some areas of our business segments. The effects are described in more detail by segment in the Board of Director's report for Q3. Most of the lowered activity is expected to be postponed sales rather than lost sales, and hence limited long-term consequences from the pandemic have so far been observed. The short-term impacts to revenues in 2020 were accompanied by some off-setting cost reduction through furlough programs, reduced travelling and other expenditures in general. We have concluded that so far as we can see at the time of preparation and resolution of these interim accounts, there is no need for impairments to balance sheet items as a direct result of the global pandemic.

These condensed consolidated interim financial statements were approved by the Board of Directors on 3 November 2021.

Note 2: Estimates

The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognized as assets and liabilities, income and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group's accounting policy and the main sources of uncertainty are the same as for the consolidated accounts for 2020.

Note 3: Share-based payments

22 May 2018 Hexagon Composites ASA issued 1 200 000 call options to senior executives and managers in the Group at NOK 20.85 per share, provided that the share price on the date of exercise is minimum NOK 25.36 per share. The options may be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2020, first quarter of 2021 or second quarter of 2021. The exercise period is extended to 14 December 2021. During first 3 quarters of 2021, 720 000 of these options have been exercised at the weighted average share price of NOK 43.83.

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

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

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

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

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

2 May 2021 Hexagon Composites ASA decided to provisionally award up to 1 734 990 Performance Share Units ("PSUs") to executives. The PSUs are non-transferable and will vest in Q1 2024 subject to satisfaction of the applicable vesting conditions. Each vested PSU will give the holder the right to receive one share in the Company at an exercise price corresponding to the par value of the shares being NOK 0.10.

The fair value of the options, RSUs and PSUs are calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost of the share options, RSUs and PSUs schemes, including social security, was NOK 13.7 million. The cost in the third quarter was NOK 5.8 million. The unamortized fair value of all outstanding instruments, share options (420 000), RSUs (219 994) and PSUs (maximum 6 363 312), at 30 September 2021 is estimated to NOK 30.0 million.

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

Note 4: Interest-bearing debt

The following shows material changes in interest-bearing debt during 2021 (NOK 1 000):

	Long-term bank loan	Bond loan	Short-term loan	Total interest-bearing debt
Balance 01.01.2021	106 127	1 100 000	0	1 206 127
Secured bank loans	-106 602	0	0	-106 602
Bond HEX	0	0	0	0
Other	4 410	0	0	4 410
Balance 31.03.2021	3 935	1 100 000	0	1 103 935
Secured bank loans	-39 982	0	0	-39 982
Bond HEX	0	0	0	0
Other	45 030	0	0	45 030
Balance 30.06.2021	8 983	1 100 000	0	1 108 983
Secured bank loans	0	0	0	0
Bond HEX	0	0	0	0
Other	28 594	0	0	28 594
Balance 30.09.2021	37 577	1 100 000	0	1 137 577

The loan financing facility is a Senior Secured bilateral facility with DNB Bank. The overall size of the facility is NOK 600 million, comprising a main multi-currency revolving credit and overdraft facility of NOK 600 million. As of 30.09.2021 the facility was undrawn.

The unsecured bond for NOK 1 100 million was issued to complete the long-term financing of the Agility transaction. The bond is listed on the Oslo Stock Exchange. The company entered into a cross-currency swap to effectively convert the NOK denominated bond loan into USD. The swap was settled and re-issued in the quarter. The fixed USD denominated balance on entering into the swap was USD 132.7 million. The swap has a term concurrent with the bond loan.

Movements in the quarter on Long-term Secured bank loans and Other loans were primarily due to non-cash amortization of loan and valuation of the cross-currency swap. Changes to the cross-currency swap applied to the Bond is included in the line Other.

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

Note 5: Events after the balance sheet date

- Hexagon Agility received additional orders from major global logistics customer with an estimated total value of USD 8 million (approx. NOK 70 million)
- Hexagon Purus has received an order for hydrogen fuel-cell electric yard trucks from a North American customer. The order has a value of approximately USD 2.1 million (approx. NOK 18 million)

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

Key figures Group

KEY FIGURES GROUP	30.09.2021	30.09.2020	31.12.2020
EBITDA in % of total revenue	2.4 %	5.3 %	6.2 %
EBIT in % of total revenue	-5.7 %	-2.9 %	-1.9 %
EBITDA ⁴ (rolling last 4 quarters) / Capital Employed %	2.8 %	4.9 %	3.9 %
EBIT ⁴ (rolling last 4 quarters) / Capital Employed %	-2.8 %	-0.7 %	-1.2 %
Net working capital / Operating revenue ⁴ (rolling last 4 quarters) %	42.0%	33.4 %	29.2 %
Interest coverage I ¹⁾	-3.0	0.8	0.3
Interest coverage II ²⁾	2.0	2.8	2.4
NIBD / EBITDA ⁴ (rolling last 4 quarters)	1.3	2.2	-1.7
Equity ratio	55.9 %	50.3 %	58.3 %
Equity / Capital employed	75.1 %	67.6 %	73.1 %
Return on equity (annualised)	-4.9 %	-1.8 %	-5.1 %
Total return (annualised)	-1.9 %	0.8 %	0.5 %
Liquidity ratio I	2.6	2.9	3.2
Liquidity reserve (NOK 1 000) ³⁾	1 576 131	1 610 312	2 103 298
Liquidity reserve ³⁾ / Operating revenue ⁴ (rolling last 4 quarters) %	49.9 %	50.0	68.3 %
Earnings per share (NOK)	-1.15	-0.32	-0.78
Diluted earnings per share (NOK)	-1.15	-0.32	-0.78
Cash flow from operations per share (NOK)	-1.13	-0.15	1.20
Equity per share (NOK)	17.00	14.94	17.83

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

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

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

Key figures segments

KEY FIGURES SEGMENTS	30.09.2021	30.09.2020	31.12.2020
HEXAGON AGILITY & CNG LDV			
EBITDA in % of total revenue	11.0 %	6.3 %	9.6 %
EBIT in % of total revenue	4.6 %	-0.8 %	2.7 %
HEXAGON DIGITAL WAVE			
EBITDA in % of total revenue	-18.7 %	2.5 %	4.8 %
EBIT in % of total revenue	-25.8 %	-6.0 %	-3.6 %
HEXAGON RAGASCO			
EBITDA in % of total revenue	17.7 %	20.3 %	18.1 %
EBIT in % of total revenue	11.4 %	14.2 %	11.5 %
HEXAGON PURUS			
EBITDA in % of total revenue	-84.7 %	-60.1 %	-78.3 %
EBIT in % of total revenue	-98.3 %	-73.4 %	-93.2 %

Shareholder information

The total number of shares in Hexagon Composites ASA at 30 September was 201,619,712 (par value NOK 0.10). During the quarter, the share price moved between NOK 29,38 and NOK 39,86 ending the quarter on NOK 30.94. The price at 30 September gave a market capitalization of NOK 6,238 million for the Company.

20 Largest shareholders per 30 September 2021	Number of shares	Share of 20 largest	Share of total	Type	Country
mitsui & co ltd	45833321	32,9 %	22,7 %	Ordinary	JPN
FLAKK COMPOSITES AS	20000000	14,4 %	9,9 %	Ordinary	NOR
CLEARSTREAM BANKING S.A.	18331301	13,2 %	9,1 %	Nominee	LUX
MP PENSJON PK	11762777	8,4 %	5,8 %	Ordinary	NOR
BRØDR. BØCKMANN AS	5554663	4,0 %	2,8 %	Ordinary	NOR
NØDINGEN AS	5283879	3,8 %	2,6 %	Ordinary	NOR
KTF FINANS AS	5000000	3,6 %	2,5 %	Ordinary	NOR
FOLKETRYGDFONDET	3840921	2,8 %	1,9 %	Ordinary	NOR
RBC INVESTOR SERVICES TRUST	2990118	2,1 %	1,5 %	Nominee	CAN
Skandinaviska Enskilda Banken AB	2836712	2,0 %	1,4 %	Ordinary	SWE
FLAKK ROLLON AS	2340504	1,7 %	1,2 %	Ordinary	NOR
State Street Bank and Trust Comp	1964308	1,4 %	1,0 %	Nominee	USA
Brown Brothers Harriman & Co.	1962400	1,4 %	1,0 %	Nominee	USA
STOREBRAND NORGE I VERDIPAPIRFOND	1945104	1,4 %	1,0 %	Ordinary	NOR
JPMorgan Chase Bank, N.A., London	1918500	1,4 %	1,0 %	Nominee	LUX
JPMorgan Chase Bank, N.A., London	1876181	1,3 %	0,9 %	Nominee	USA
Nordnet Bank AB	1764845	1,3 %	0,9 %	Nominee	SWE
VERDIPAPIRFONDET NORDEA KAPITAL	1503569	1,1 %	0,7 %	Ordinary	NOR
The Northern Trust Comp, London Br	1341415	1,0 %	0,7 %	Nominee	GB
VERDIPAPIRFONDET KLP AKSJENORGE IN	1307365	0,9 %	0,6 %	Ordinary	NOR
Total 20 largest shareholders	139 357 883	100,0 %	69,1 %		
Remaining	62 261 829		30,9%		
Total	201 619 712		100,0 %		

Forward looking statements

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