

Fourth Quarter 2020



Fourth quarter 2020 report

NOK million	Q4 2020	Q4 2019	Percent change	31.12.2020	31.12.2019	Percent change
GROUP RESULTS						
Revenue	803	942	-15%	3 080	3 416	-10%
Operating profit before depreciation (EBITDA)	69	98	-30%	190	360	-47%
Operating profit (EBIT)	7	36	-80%	-59	120	-149%
Profit before tax	-42	4	-1073%	-53	111	-147%
Profit after tax	-91	11	-941%	-153	107	-242%
SEGMENT RESULTS						
Agility Fuel Solutions						
Revenue	542	540	0%	1 950	1 844	6%
EBITDA	116	74	57%	272	202	35%
EBIT	81	46	77%	157	91	72%
Hexagon Purus						
Revenue	83	120	-31%	338	473	-29%
EBITDA	-43	-14	-213%	-149	-35	-323%
EBIT	-53	-24	-115%	-205	-80	-155%
Hexagon Mobile Pipeline & Other						
Revenue	106	153	-31%	349	569	-39%
EBITDA	-7	7	-209%	-30	40	-176%
EBIT	-13	-1	-1092%	-57	10	-664%
Hexagon Ragasco LPG						
Revenue	108	141	-23%	550	600	-8%
EBITDA	10	22	-56%	99	92	8%
EBIT	1	11	-89%	64	55	17%

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

In the fourth quarter of 2020, Hexagon Group generated NOK 803 (942) million in revenues and recorded an operating profit before depreciation (EBITDA) of NOK 69 (98) million. Agility Fuel Solutions experienced another record quarter for profitability as it recovers strongly from the global pandemic that sharply impacted the second quarter. Hexagon Ragasco results remained seasonally robust while Hexagon Mobile Pipeline continued to suffer the pandemic's knock-on impacts to the macro climate, particularly in the US and parts of Europe. Hexagon Purus continued to build up its competitiveness ahead of sales growth in the e-mobility business, while CNG Light-Duty had a profitable quarter with a gradual build up in sales to Volkswagen (VW), following their relocation of assembly facilities.

Effective start of 2020, the Hexagon Group reorganized such that all electric mobility (e-mobility) related businesses were contained within Hexagon Purus. This meant that Agility's Medium and Heavy-Duty hydrogen and battery electric vehicles businesses, as well as Hexagon Mobile Pipeline's MasterWorks e-mobility business were transferred to Hexagon Purus.

The CNG Light-Duty gas-mobility (g-mobility) business remained a part of Hexagon Purus through 2020 and will be transferred to Hexagon in 2021.

One hundred confirmed cases of COVID-19 infection to-date have been reported among Hexagon personnel. Tragically, in February we were informed of our first fatality in the Hexagon family due to the pandemic. The infection was non-work related. Of the other confirmed cases, all have recovered or are recovering. All production facilities have remained open and only marginally affected during the quarter. For more detail on the Company's risks, responses, impacts and resilience in relation to the COVID-19 pandemic, please refer to the Outlook section and the company presentation accompanying this report.

Hexagon Group reported revenues of NOK 3,080 million for the year 2020 compared with 3,416 million in 2019 and reported EBITDA was NOK 190 (360) million. Agility Fuel Solutions had a record year in total, despite the impacts of COVID-19, while Hexagon Ragasco recorded solid results given its resilience to the impacts of the global pandemic. The CNG Light-Duty Vehicles business experienced COVID 19 related shutdowns combined with the VW assembly relocation which led to approximately only 40% of sales volumes versus 2019. Hexagon Mobile pipeline has been impacted by COVID-19 throughout the year leading to lower volumes versus 2019.

Hexagon Purus remains fully consolidated in the Hexagon Group accounts after the successful spin-off in December 2020, with Hexagon retaining a 75% ownership. Proforma aggregated and unaudited full year 2020 numbers for Hexagon excluding and including Hexagon Purus are given below:

NOK million	Hexagon (ex. Purus) ⁴⁾	Hexagon Purus ²⁾	Hexagon Group ⁴⁾
Revenue	2 899	181	3 080
Adjusted Operating profit before interest, tax, depreciation and amortization (EBITDA)	340	(121)	219
Transaction/strategic related gains/charges ³⁾	(18)	(11)	(29)
Operating profit before interest, tax, depreciation and amortization (EBITDA)	322	(132)	190

1) Aggregated and unaudited proforma numbers

2) Excluding the CNG Light-Duty vehicles business reported in Hexagon Purus in 2020 but carved-out effective 1.1.21

3) All costs related to strategic transactions/activities on new business combination.

4) Post eliminations

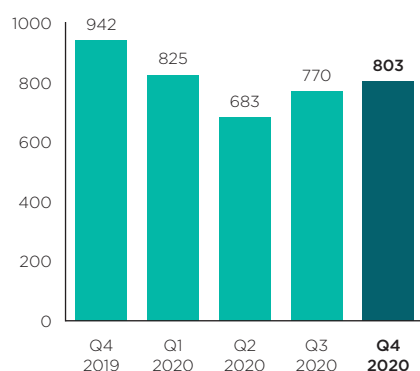
Key developments

- Hexagon Purus (HPUR.OL) was successfully launched on the Euronext Growth exchange in Oslo, Norway with Hexagon retaining a 75% ownership stake
- Hexagon Purus entered a frame agreement with Everfuel for hydrogen transport in Europe with an estimated value of approximately EUR 14 million (approx. NOK 144 million)
- Hexagon Purus has signed a contract with Stadler Rail to develop cylinder storage system for the first hydrogen commuter train in the U.S.
- Hexagon Purus contributes to zero-emissions by delivering cylinders to the world's first hydrogen-powered snow groomer

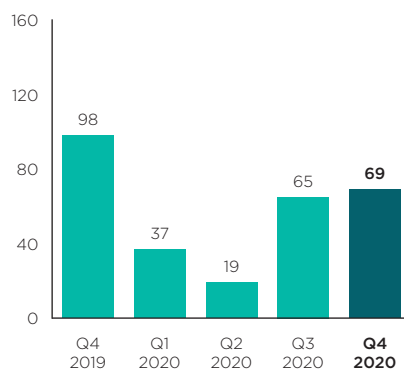
Key developments after balance sheet date

- Hexagon Ragasco unveiled ground-breaking, next generation LPG smart cylinder that communicates with both users and LPG distributors
- Hexagon Agility received an order for TITAN® 53 transport modules from an industrial gas company with a total estimated value of USD 5.7 million (approx. NOK 48.5 million).
- Hexagon Purus entered into an agreement with New Flyer for the supply of high-pressure hydrogen cylinders with a total contract value of USD 0.9 million (approximately NOK 7.7 million)
- Hexagon Purus selected by Talgo for first zero-emission hydrogen train in Spain

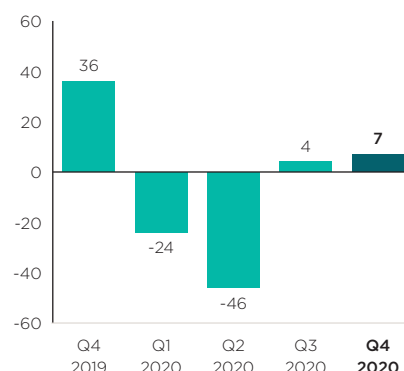
Revenue
MNOK



EBITDA
MNOK



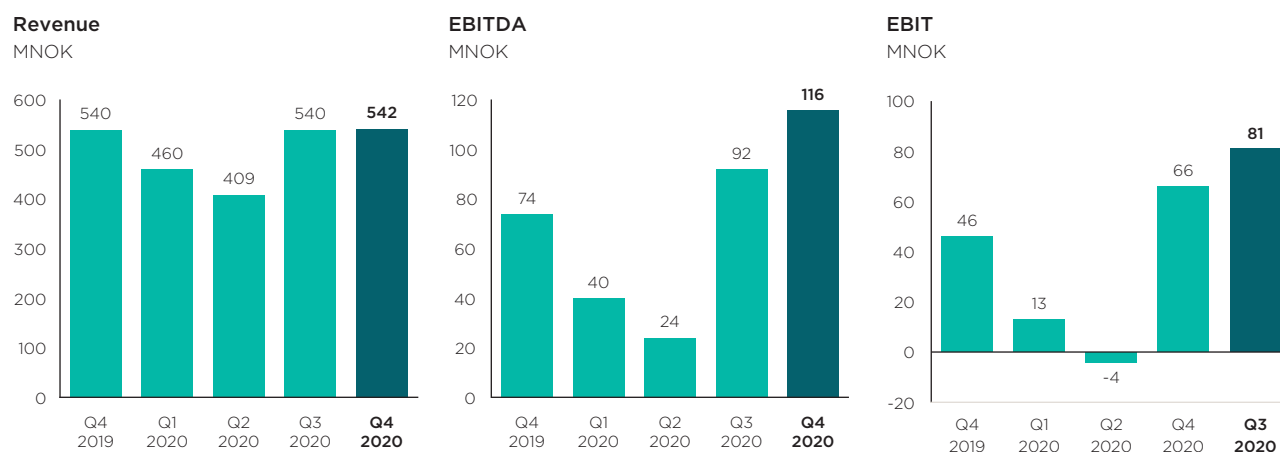
EBIT
MNOK



Segment results

Agility Fuel Solutions (Medium & heavy-duty vehicles)

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



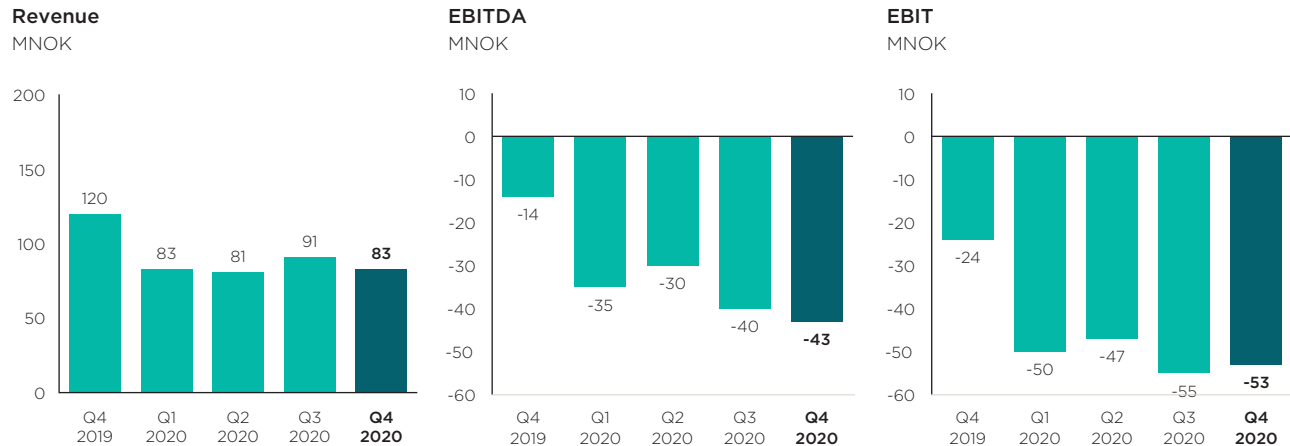
Agility recorded revenues for the quarter of NOK 542 million compared with NOK 540 million the corresponding period last year. EBITDA was at a new consecutive record high NOK 116 million compared with NOK 74 million the corresponding period last year. Revenues continue to be driven by very strong Medium and Heavy-Duty Truck volumes accounting for approximately 50% of sales in the quarter. Strong sales volumes in European Transit bus continued as tough EU clean air directives in cities requiring compliance within 2025, are driving increasing CNG/RNG adoption in European cities. The Refuse truck sector outperformed the previous year this quarter, while North American Transit bus volumes remained lower on the back of COVID 19 shutdown-related delays.

Deliveries to major customers deploying sustainability related CNG and RNG vehicles in their fleet, continue to drive the Heavy-Duty Truck revenues this quarter. The volumes demonstrate both the attractiveness of low emission solutions, and Agility's strong competitive position in this market.

For the full year 2020, revenues for the segment amounted to NOK 1,950 (1,844) million and EBITDA was NOK 272 (202) million.

Hexagon Purus (Hydrogen & CNG light-duty vehicles)

Hexagon Purus (HPUR.OL) is a world leading provider of hydrogen type 4 high-pressure cylinders, battery packs and vehicle systems integration for fuel cell electric and battery electric vehicles.



Revenues for the Hexagon Purus segment amounted to NOK 83 (120) million and EBITDA was NOK -43 (-14) million in the fourth quarter of 2020 and includes the full results of the CNG LDV "g-mobility" business. From next quarter onwards, the CNG LDV business will no longer be reported within the Hexagon Purus segment results following the internal transfer of that business to Hexagon.

The CNG Light-Duty Vehicle (LDV) business recorded revenues of NOK 51 (113) million and EBITDA of NOK 9 (24) million. VW has completed the relocation of its CNG vehicle assembly line however ramp-up has not yet reached the same level as the same quarter last year.

Hexagon Purus continues to grow its presence in both North America and Europe. Recently, the company was selected by Stadler Rail to develop and supply an onboard fuel storage tank system for the first hydrogen powered commuter train in the U.S. Hexagon Purus was also awarded a contract by Talgo for the first zero-emission hydrogen train in Spain. Additionally, it entered into an agreement with North America's largest mass mobility solutions provider, New Flyer to deliver high-pressure hydrogen cylinders with an estimated contract value of USD 0.9 million (approximately NOK 7.7 million).

The Hydrogen and EV e-mobility business generated NOK 32 (10) million of revenues in the fourth quarter. This included NOK 16 million from the Heavy-Duty hydrogen and EV systems e-mobility businesses previously reported in Agility during 2019 and NOK 8 million from Hexagon MasterWorks, transferred this year from the Mobile Pipeline & Other segment. These revenues included deliveries to, or milestone payments from, five major OEM and two aerospace customers. The e-mobility EBITDA for the quarter was NOK -52 (-37) million. The continued OPEX investment ahead of revenues, to develop Hexagon's leading position within e-mobility applications, is driving the negative results in this phase of the business.

For the full year 2020, revenues for the segment amounted to NOK 338 (473) million of which NOK157 (397) million was generated from the CNG LDV g-mobility business and NOK 181 (76) million from the e-mobility business. The drop in g-mobility revenues was a result of Volkswagen's production relocation and some impact of the pandemic in the year.

EBITDA for the full year was NOK -149 (-35) million of which NOK -132 (-108) million was related to the e-mobility business.

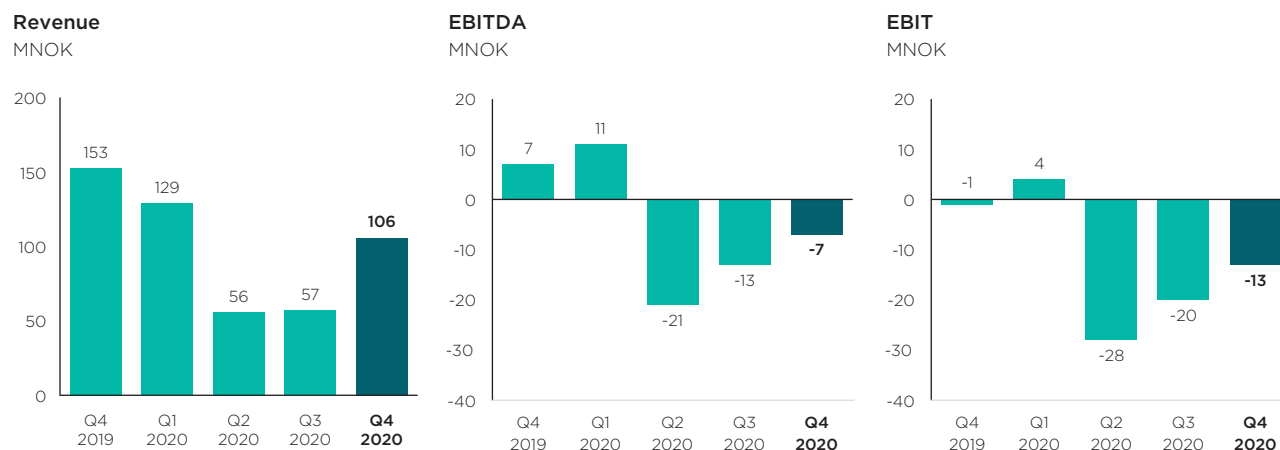
Earlier this year the company announced its intention to sign a joint venture agreement with CIMC ENRIC, a leading Chinese manufacturer of energy equipment, for market entry into China. The joint venture agreement with CIMC ENRIC is behind schedule due to travel restrictions but the parties remain committed to the process and expect to reach a final agreement by year-end.

A key Northeast Asian automotive leader for Fuel Cell Vehicles nominated Hexagon Purus for the serial supply of composite cylinders for their current zero-emission Fuel Cell Electric SUV. The scope of the nomination is over a two-year period with an estimated sales value of 25 million Euro (approx. NOK 230 million).

The H2Bus Consortium, for which Hexagon Purus is a member, announced an agreement with Wrightbus for the supply of hydrogen fuel cell electric buses in Europe. The H2Bus Consortium is now on track to deploy 1,000 hydrogen fuel cell electric buses, along with supporting infrastructure, in European cities at commercially competitive rates.

Hexagon Mobile Pipeline & Other

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



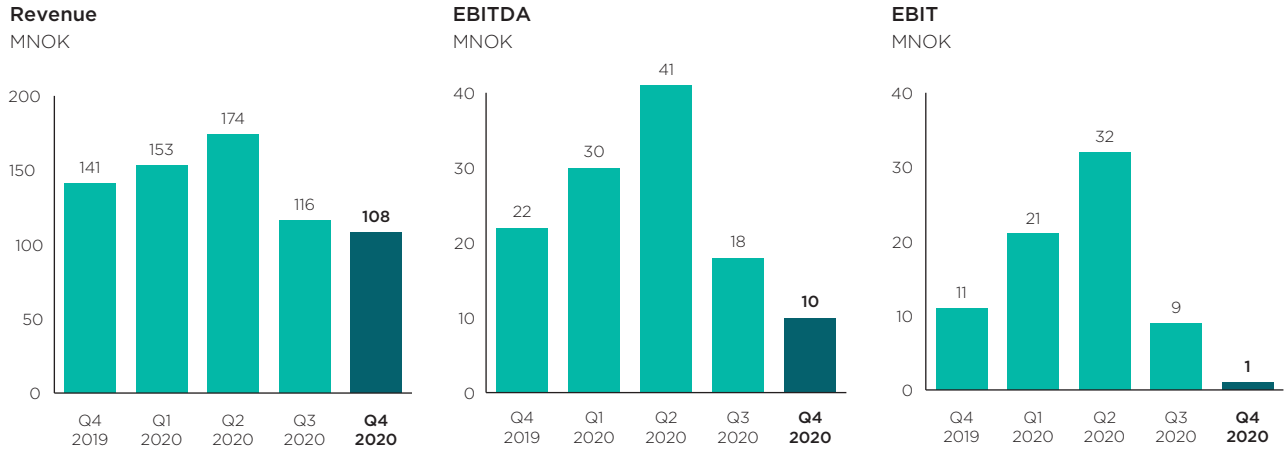
Revenues amounted to NOK 106 (153) million with EBITDA of NOK -7 (7) million in the fourth quarter. The generally low volumes are a result of the macro impacts of COVID -19 delaying demand and some customers' project financing. Despite this backdrop, there were strong deliveries to virtual-interconnect opportunities in North America as well as sales to Indonesia. A program of cost initiatives helped mitigate the impact of lower volumes.

Full year revenues were NOK 349 (569) million and EBITDA amounted to NOK -30 (40) million. With effect from 1 January 2021 the Mobile Pipeline business has been combined with Agility Fuel Solutions and jointly named Hexagon Agility. A primary objective of the restructuring is to further optimize the operating model and better manage the volatile nature of the mobile pipeline business.

Hexagon Agility, together with the CNG Light-duty vehicles business carved out of Hexagon Purus, will be reported as the g-mobility segment in 2021

Hexagon Ragasco LPG

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



Revenues were NOK 108 (141) million with an EBITDA of NOK 10 (22) million in the fourth quarter of 2020. Volumes this quarter were seasonally typical but did not include any sales to Bangladesh which accounted for the shortfall versus the same quarter in 2019. This was the main driver for sales being lower than the same period last year.

Over 80% of sales volumes in the fourth quarter 2020 were to European customers. The remaining sales were of smaller volumes to Middle Eastern, African, Asia Pacific, Russian, Latin and North American customers. Notable developments in various markets in Eastern Europe have been made in the quarter.

Revenues for the year 2020 amounted to NOK 550 (600) million and EBITDA was NOK 99 (92) million.

The Group

Hexagon recorded a net loss after tax of NOK -91 (11) million in the fourth quarter of 2020. Net financial items were NOK -48 (-31) million driven by negative foreign exchange fluctuation effects of NOK -40 (-10) million, and interest and other charges or credits of NOK -8 (-21) million. Tax charges of NOK 49 million included net reductions in deferred tax positions in the quarter. These were non-cash movements.

The balance sheet is mainly exposed to non-cash effects of translation to NOK of USD/EUR positions. The bond currency swap (from NOK to USD) was employed to mitigate a significant part of this currency exposure. Market to market movements in the quarter have been NOK 114m positive, with an ending balance of NOK 73 million positive.

At quarter-end the balance sheet amounted to NOK 6,208 (4,828) million and the Group's equity ratio was 58% (45%). The year-over-year increase in equity ratio was driven primarily by the issue of NOK 907 million of new share capital in the third quarter and the listing and private placement of NOK 750 million in Hexagon Purus recognized in the fourth quarter.

After Balance Sheet date

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

Outlook

Hexagon has prepared COVID-19 contingency plans by site, based on local requirements and we are closely monitoring the COVID-19 situation, including developments and decisions being made in areas where we do business. The Company is not able to accurately predict the final outcome from COVID-19 related effects but will remain vigilant and employ further counter measures to mitigate such effects, if required.

COVID-19 will most likely reduce global energy demand by around 8% this year. Pandemic-linked behavioral shifts, like remote working and reduced commuting, may have a lasting effect lowering energy use. Despite flat energy demand and a growing renewable share, the energy transition is nowhere near fast enough to deliver on the Paris Agreement. A lot more renewable power, decarbonization, energy-efficiency improvement, and carbon capture is needed. Hexagon is well positioned as a leading clean technology provider to help drive this energy transformation.

At Hexagon we have a strategic focus on; g-mobility, e-mobility, world class manufacturing and digitalization. Our spectrum of solutions is already making a difference: Agility's clean solutions helped remove approximately 529,000 tons of greenhouse gas (GHG) in 2020. Hexagon's CNG tanks for light-duty vehicles helped save over 37,500 tons of CO₂. Hexagon Ragasco continued to sell a substantial volume of its LPG cylinders to least developed countries, bringing safe fuel sources to meet their energy needs. At the same time, Hexagon Ragasco is facing an increased use of Bio LPG, made from a range of sustainable sourced raw materials in the European market.

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

- Amazon is introducing new sustainable solutions for freight transportation including CNG, electric and other. The Company recently ordered 700 natural gas trucks.
- 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
- 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-cell electric vehicles (FCEVs)
- Waste Management intends to cut fleet emissions by 45% by 2038

Digitalization is essential on the road to decarbonization. As the energy transformation gains momentum, new ecosystems are forming, and new technologies are emerging. At Hexagon we will establish Hexagon Digital Wave - our center of excellence for Smart Technologies - as a separate business area from 2021. Hexagon Digital Wave is a global leader of Modal Acoustic Emissions and Ultrasonic Examination. It has customers in 15 countries. We will expand Digital Wave's expertise to digitalize Hexagon's products and solutions, including development of new revenue models.

With its extensive portfolio of gas mobility (g-mobility) and electric mobility (e-mobility) solutions, and its new center of excellence for Smart Technologies, Hexagon is well positioned as a globally leading clean technology provider in this new reality.

With the successful spin-off of Hexagon Purus, a well-capitalized balance sheet and strong industrial linkage with Hexagon Composites, Hexagon Purus is aggressively pursuing its own strategic and investment priorities and reinforcing its leading position in the rapidly growing e-mobility space. We continue to see strong momentum in several segments, in particular, medium and heavy-duty vehicles and distribution modules, as well as rail applications.

The spin-off of Hexagon Purus is viewed as an important step for strengthening both Hexagon's g-mobility and e-mobility (Hexagon Purus) businesses. The Spin Off unlocks further value from an industrial and financial perspective by creating two focused companies, each with its own strategic agenda and investment story. The separation also allows the two businesses to have individual strategies for future funding, capital allocation and dividend policy. Hexagon Purus is a pure-play zero-emission company attractively positioned to benefit from the tremendous growth that is expected in the e-mobility market.

As announced earlier in 2020, Hexagon Purus plans to enter the world's largest hydrogen market, China, together with CIMC Enric. While discussions have taken longer than expected mainly due COVID-19 related travel restrictions, we remain optimistic about finalizing a joint venture agreement in the coming months.

Agility continues to benefit from increased adoption of cleaner energy alternatives, especially CNG and RNG (renewable natural gas). This is mainly driven by a large number of deliveries to a major global logistics supplier as well as increased adoption among smaller fleet owners. European bus business is expected to continue to be strong in the first quarter - mainly due to its ramp up following the onset of COVID-19, while a slower start of the year is expected in the transit bus sector for North America.

While the first quarter is expected to be weak, the onshore oil and gas sector in North America is picking up which is expected to benefit Mobile Pipeline. Conversion from petroleum fuels to cleaner CNG and RNG is also driving demand. An order from an industrial gas company has been received with an estimated value of USD 5.7 million (NOK 48.5 million) for delivery in the second quarter.


Automotive manufacturers are affected by the temporary global shortage of semiconductors due to Covid-19 related supply issues. Production by our key customer Volkswagen, is estimated to significantly drop in the first quarter of 2021. Consequently, revenues in Hexagon's CNG LDV are expected to be negatively impacted in the short term.

On the LPG front, Hexagon Ragasco is expecting seasonally strong demand from the European leisure market in the first half of 2021. Deliveries are expected to continue to Bangladesh in 2021. Hexagon Ragasco continues to focus on its SMART cylinder pilots for planned market launch in 2022.

Smarter and more digitally interactive products will generate new business models and revenue streams with enhanced value to distributors and end customers alike. With this initiative, among others, Hexagon Ragasco is aiming at increasing the adoption rate of composite cylinders to achieve doubling of turnover by 2025.

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

Oslo, 16 February 2021
The Board of Directors of Hexagon Composites ASA



Knut Trygve Flakk
 Chairman of the Board


Kristine Landmark
 Deputy Chair


Katsunori Mori
 Board member


Hans Petter Havdal
 Board member


Liv Astri Hovem
 Board member


Jon Erik Engeset
 Group President & CEO

Financial Statements Group

INCOME STATEMENT	Q4 2020	Q4 2019	31.12.2020	31.12.2019
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Audited
Revenue from contracts with customers	802 560	938 695	3 070 865	3 404 209
Rental income	242	3 229	9 511	11 915
Total revenue	802 802	941 923	3 080 375	3 416 124
Cost of materials	411 493	460 402	1 500 976	1 673 120
Payroll and social security expenses	244 418	243 771	941 425	853 706
Other operating expenses	77 805	139 625	448 348	599 209
Gain / Fair value adjustment earn-out	0	0	0	-69 625
Total operating expenses before depreciation	733 716	843 798	2 890 750	3 056 409
Operating profit before depreciation (EBITDA)	69 086	98 126	189 626	359 715
Depreciation and impairment	62 071	62 618	248 340	239 606
Operating profit (EBIT)	7 015	35 508	-58 714	120 109
Profit/loss from investments in associates and joint ventures	-1 107	90	-1 885	-749
Other financial items (net)	-47 810	-31 292	7 757	-8 114
Profit/loss before tax	-41 902	4 306	-52 841	111 246
Tax	49 332	-6 539	99 740	3 755
Profit/loss after tax	-91 234	10 846	-152 582	107 491
Attributable to:				
Equity holders of the parent	-83 995	10 846	-145 343	107 491
Non-controlling interests	-7 239	0	-7 239	0
Profit/loss after tax	-91 234	10 846	-152 582	107 491
Earnings per share (NOK)			-0.80	0.62
Diluted earnings per share (NOK)			-0.67	0.71

COMPREHENSIVE INCOME STATEMENT	31.12.2020	31.12.2019
(NOK 1 000)		
Profit/loss after tax	-152 582	107 491
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Exchange differences arising from the translation of foreign operations	-68 223	7 964
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-68 233	7 964
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Actuarial gains/losses for the period	-636	-899
Income tax effect of actuarial gains/losses for the period	140	198
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-496	-701
Total comprehensive income, net of tax	-221 301	114 754
Attributable to:		
Equity holders of the parent	-214 292	114 754
Non-controlling interests	-7 009	0

STATEMENT OF FINANCIAL POSITION	31.12.2020	31.12.2019
(NOK 1 000)	Unaudited	Audited
ASSETS		
Property, plant and equipment	747 266	804 099
Right-of-use assets	257 337	283 817
Intangible assets	2 105 569	2 204 253
Investment in associates and joint ventures	2 142	651
Other non-current assets	79 848	48 992
Total non-current assets	3 192 161	3 341 811
Inventories	740 639	783 669
Receivables	624 978	520 426
Contract assets (accrued revenue)	814	3 962
Bank deposits, cash and similar	1 649 882	177 651
Total current assets	3 016 313	1 485 708
Total assets	6 208 474	4 827 519
EQUITY AND LIABILITIES		
Paid-in capital	2 165 590	1 270 018
Other equity	1 014 975	882 975
Equity attributable to equity holders of the parent	3 180 565	2 152 993
Non-controlling interests	411 221	0
Total Equity	3 591 786	2 152 993
Interest-bearing long-term liabilities	1 206 127	1 298 058
Lease liabilities	237 266	246 929
Other non-current liabilities	261 999	285 512
Total non-current liabilities	1 705 392	1 830 499
Interest-bearing current liabilities	0	2 857
Lease liabilities short-term	25 198	47 703
Contract liabilities (incl. prepayments from customers)	53 371	94 540
Other current liabilities	832 726	698 927
Total current liabilities	911 296	844 027
Total liabilities	2 616 688	2 674 526
Total equity and liabilities	6 208 474	4 827 519

CONDENSED CASH FLOW STATEMENT	31.12.2020	31.12.2019
(NOK 1 000)		
Profit before tax	-52 841	111 246
Depreciation and write-downs	248 340	239 606
Change in net working capital	-18 739	-202 923
Net cash flow from operations	176 759	147 929
Net cash flow from investment activities	-138 868	-1 274 430
Net cash flow from financing activities	1 434 228	1 128 868
Net change in cash and cash equivalents	1 472 119	2 367
Net currency exchange differences	112	478
Cash and cash equivalents at start of period	177 651	138 531
Cash and cash equivalents acquisition	0	36 275
Cash and cash equivalents at end of period	1 649 882	177 651
Available unused credit facility	453 416	784 320

CONDENSED STATEMENT OF CHANGES IN EQUITY	Share capital	Own shares	Share premium	Other paid in capital	Translation differences	Other equity	Total	Non- controlling interests	Total equity
(NOK 1 000)									
Balance 01.01.2019	16 663	-237	727 639	29 738	126 587	639 673	1 540 063	0	1 540 063
Profit/loss after tax						107 491	107 491		107 491
Other income and expenses					7 964	-701	7 263		7 263
Dividends						0	0		0
Share-based payment				19 005			19 005		19 005
Increase share capital	1 666		475 505				477 172		477 172
Movement in own shares		39				1 961	2 000		2 000
Balance 31.12.2019	18 329	-197	1 203 145	48 742	134 551	748 423	2 152 993	0	2 152 993
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						-145 343	-145 343	-7 239	-152 582
Other income and expenses					-68 223	-726	-68 950	230	-68 720
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		872 854			540 501	1 415 188	182 917	1 598 105
Changes in Group structure						-187 306	-187 306	235 219	47 913
Balance 31.12.2020	20 162	-185	2 075 999	69 615	66 328	948 647	3 180 565	411 221	3 591 786

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. In the group accounts, the increase is presented net after transaction costs.

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. The increase in share capital is presented net after transaction costs.

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

BUSINESS SEGMENT DATA	Q4 2020	Q4 2019	31.12.2020	31.12.2019
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Audited
AGILITY FUEL SOLUTIONS				
Sales of goods external customers	533 997	533 910	1 929 008	1 822 994
Internal transactions	7 599	5 813	21 225	21 193
Total revenue from contracts with customers	541 596	539 723	1 950 234	1 844 187
Segment operating profit before depreciation (EBITDA)	115 525	73 809	272 048	202 160
Segment operating profit (EBIT)	81 396	46 078	156 860	91 329
Segment assets			2 769 345	2 796 506
Segment liabilities			461 103	541 845
HEXAGON PURUS (HYDROGEN & CNG LDV)				
Sales of goods external customers	56 862	102 574	249 101	414 012
Sales of services and funded development	17 226	16 566	30 833	43 475
Internal transactions	9 291	909	57 717	15 176
Total revenue from contract with customers	83 378	120 049	337 651	472 664
Segment operating profit before depreciation (EBITDA)	-43 219	-13 820	-148 770	-35 168
Segment operating profit (EBIT)	-52 677	-24 482	-204 732	-80 221
Segment assets			2 104 856	964 741
Segment liabilities			452 967	1 015 463

BUSINESS SEGMENT DATA	Q4 2020	Q4 2019	31.12.2020	31.12.2019
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Audited
HEXAGON MOBILE PIPELINE & OTHER				
Sales of goods external customers	94 343	131 051	255 750	474 091
Sales of services and funded development	8 317	14 925	40 060	57 816
Internal transactions	3 632	4 629	44 365	26 210
Total revenue from contract with customers	106 293	150 604	340 175	558 117
Rental income	62	2 700	8 799	10 854
Total revenue	106 355	153 304	348 974	568 971
Segment operating profit before depreciation (EBITDA)	-7 096	6 538	-30 203	39 748
Segment operating profit (EBIT)	-13 351	-1 120	-57 050	10 109
Segment assets			453 969	663 576
Segment liabilities			876 997	1 054 537
HEXAGON RAGASCO LPG				
Sales of goods external customers	107 117	138 846	549 190	592 099
Sales of services and funded development	583	16	855	67
Internal transactions	2	1 891	61	8 313
Total revenue from contract with customers	107 702	140 752	550 105	600 479
Segment operating profit before depreciation (EBITDA)	9 805	22 196	99 486	91 875
Segment operating profit (EBIT)	1 174	11 130	63 830	54 501
Segment assets			480 460	486 571
Segment liabilities			346 294	388 715

Notes

Note 1: Introduction

The condensed consolidated interim financial statements for fourth quarter 2020, which ended 31 December 2020, comprise Hexagon Composites ASA and its subsidiaries (together referred to as "The Group").

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

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

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

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

The coronavirus has had some effects to our business in the fourth quarter 2020. We have experienced lower demand than previously expected in some areas of our business segments. The effects are described in more detail by segment in the Board of Director's report for Q4. Most of the lowered activity is expected to be postponed sales rather than lost sales, and hence limited long-term consequences from the pandemic have so far been observed. The short-term impacts to revenues are accompanied by some off-setting cost reduction through furlough programs, reduced travelling and other expenditures in general. We have concluded that so far as we can see at the time of preparation and resolution of these interim accounts, there is no need for impairments to balance sheet items as a result of the global pandemic.

These condensed consolidated interim financial statements were approved by the Board of Directors on 16 February 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 2019.

Note 3: Share-based payments

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

5 April 2017 Hexagon Composites ASA issued 1 450 000 call options to senior executives and managers in the Group at NOK 27 per share. 7 September 2017 additional 190 000 call options were added to this program. The options may be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2019, first quarter of 2020 or second quarter of 2020. During 2020, 1 565 000 of these options have been exercised at weighted average share price of NOK 37.16.

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

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

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

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

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

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

The fair value of the options, RSUs and PSUs are calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost of the share options, RSUs and PSUs schemes, including social security, was NOK 22.9 million YTD 31 December. The cost in the fourth quarter was NOK 7.9 million. The unamortized fair value of all outstanding instruments, share options (1 140 000), RSUs (219 994) and PSUs (maximum 4 582 675), at 31 December 2020 is estimated to NOK 28.8 million.

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

Note 4: Interest-bearing debt

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

	Long-term bank loan	Bond loan	Short-term loan	Total interest-bearing debt
Balance 01.01.2020	198 058	1 100 000	2 857	1 300 915
Secured bank loans	37 720	0	13 244	50 964
Bond HEX	0	0	0	0
Other	187 174	0	0	187 174
Balance 31.03.2020	422 952	1 100 000	16 101	1 539 053
Secured bank loans	94 387	0	-16 101	78 285
Bond HEX	0	0	0	0
Other	-109 318	0	0	-109 318
Balance 30.06.2020	408 020	1 100 000	0	1 508 020
Secured bank loans	2 389	0	0	2 389
Bond HEX	0	0	0	0
Other	-30 924	0	0	-30 924
Balance 30.09.2020	379 485	1 100 000	0	1 479 485
Secured bank loans	-200 317	0	0	-200 317
Bond HEX	0	0	0	0
Other	-73 041	0	0	-73 041
Balance 31.12.2020	106 127	1 100 000	0	1 206 127

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.

The unsecured bond for NOK 1 100 million was issued to complete the long-term financing of the Agility transaction. The bond is listed on the Oslo Stock Exchange. The company entered into a cross-currency swap to effectively convert the NOK denominated bond loan into USD. The fixed USD denominated balance on entering into the swap was USD 120.3 million. The swap has a term concurrent with the bond loan.

Movements in the quarter on Long-term Secured bank loans and Other loans were primarily due to downpayments of bank loans by MEUR 10.0, MUS\$ 8.5 and non-cash foreign exchange translation impacts. Changes 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 Ragasco unveiled ground-breaking, next generation LPG smart cylinder that communicates with both users and LPG distributors
- Hexagon Agility received an order for TITAN® 53 transport modules from an industrial gas company with a total estimated value of USD 5.7 million (approx. NOK 48.5 million).
- Hexagon Purus entered into an agreement with New Flyer for the supply of high-pressure hydrogen cylinders with a total contract value of USD 0.9 million (approximately NOK 7.7 million)
- Hexagon Purus selected by Talgo for first zero-emission hydrogen train in Spain

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

Key figures Group

KEY FIGURES GROUP	31.12.2020	31.12.2019
EBITDA in % of total revenue	6.2 %	10.5 %
EBIT in % of total revenue	-1.9 %	3.5 %
EBITDA ⁴ (rolling last 4 quarters) / Capital Employed %	3.9 %	10.4 %
EBIT ⁴ (rolling last 4 quarters) / Capital Employed %	-1.2 %	3.5 %
Net working capital / Operating revenue ⁴ (rolling last 4 quarters) %	28.7%	26.8 %
Interest coverage I ¹⁾	0.4	2.6
Interest coverage II ²⁾	2.4	5.7
NIBD / EBITDA ⁴ (rolling last 4 quarters)	-1.7	3.1
Equity ratio	57.9 %	44.6 %
Equity / Capital employed	73.0 %	62.4 %
Return on equity (annualised)	-5.3 %	5.8 %
Total return (annualised)	0.6 %	4.8 %
Liquidity ratio I	3.3	1.8
Liquidity reserve (NOK 1 000) ³⁾	2 103 298	961 971
Liquidity reserve ³⁾ / Operating revenue ⁴ (rolling last 4 quarters) %	68.3 %	28.2 %
Earnings per share (NOK)	-0.80	0.63
Diluted earnings per share (NOK)	-0.67	0.71
Cash flow from operations per share (NOK)	0.93	0.82
Equity per share (NOK)	17.81	11.75

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

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

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

Key figures segments

KEY FIGURES SEGMENTS	31.12.2020	31.12.2019
AGILITY FUEL SOLUTIONS		
EBITDA in % of total revenue	13.9 %	11.0 %
EBIT in % of total revenue	8.0 %	5.0 %
HEXAGON PURUS (HYDROGEN & CNG LDV)		
EBITDA in % of total revenue	-44.1 %	-7.4 %
EBIT in % of total revenue	-60.6 %	-17.0 %
HEXAGON MOBILE PIPELINE & OTHER		
EBITDA in % of total revenue	-8.7 %	7.0 %
EBIT in % of total revenue	-16.3 %	1.8 %
HEXAGON RAGASCO LPG		
EBITDA in % of total revenue	18.1 %	15.3 %
EBIT in % of total revenue	11.6 %	9.1 %

Shareholder information

The total number of shares in Hexagon Composites ASA at 31 December 2020 was 201,619,712 (par value NOK 0.10). During the quarter, the share price moved between NOK 41.00 and NOK 72.6, ending the quarter on NOK 54.70. The price at 31 December gives a market capitalization of NOK 11,028 million for the Company.

20 Largest shareholders per 31 December 2020	Number of shares	Share of 20 largest	Share of total	Type	Country
mitsui & co ltd	45 833 321	32,4 %	22,7 %	Ordinary	JPN
FLAKK COMPOSITES AS	20 000 000	14,2 %	9,9 %	Ordinary	NOR
CLEARSTREAM BANKING S.A.	19 042 608	13,5 %	9,4 %	Nominee	LUX
MP PENSJON PK	10 705 559	7,6 %	5,3 %	Ordinary	NOR
BRØDR. BØCKMANN AS	7 900 000	5,6 %	3,9 %	Ordinary	NOR
NØDINGEN AS	5 350 000	3,8 %	2,7 %	Ordinary	NOR
KTF FINANS AS	5 000 000	3,5 %	2,5 %	Ordinary	NOR
VERDIPAPIRFONDET ALFRED BERG GAMBA	4 408 274	3,1 %	2,2 %	Ordinary	SWE
FOLKETRYGDFONDET	3 038 246	2,2 %	1,5 %	Ordinary	SWE
SKANDINAVISKA ENSKILDA BANKEN AB	2 600 000	1,8 %	1,3 %	Nominee	SWE
FLAKK ROLLON AS	2 340 504	1,7 %	1,2 %	Ordinary	NOR
STOREBRAND NORGE I VERDIPAPIRFOND	1 995 209	1,4 %	1,0 %	Ordinary	UK
FLAKK	1 931 248	1,4 %	1,0 %	Ordinary	NOR
HEXAGON COMPOSITES ASA	1 851 723	1,3 %	0,9 %	Ordinary	NOR
VERDIPAPIRFONDET ALFRED BERG NORGE	1 709 645	1,2 %	0,9 %	Ordinary	SWE
STATE STREET BANK AND TRUST COMP	1 608 705	1,1 %	0,8 %	Nominee	US
SKANDINAVISKA ENSKILDA BANKEN AB	1 607 406	1,1 %	0,8 %	Ordinary	SWE
VERDIPAPIRFONDET NORDEA KAPITAL	1 510 880	1,0 %	0,8 %	Ordinary	UK
The Bank of New York Mellon SA/NV	1 430 830	1,0 %	0,7 %	Nominee	BEL
JPMorgan Chase Bank, N.A., London	1 418 500	1,0 %	0,7 %	Nominee	UK
Total 20 largest shareholders	141 282 658	100,0 %	70,0 %		
Remaining	60 337 054		30,0 %		
Total	201 619 712		100,00 %		

Forward looking statements

This quarterly report (the “Report”) has been prepared by Hexagon Composites ASA (“Hexagon” or the “Company”). The Report has not been reviewed or registered with, or approved by, any public authority, stock exchange or regulated market place. The Company makes no representation or warranty (whether express or implied) as to the correctness or completeness of the information contained herein, and neither the Company nor any of its subsidiaries, directors, employees or advisors assume any liability connected to the Report and/or the statements set out herein. This Report is not and does not purport to be complete in any way. The information included in this Report may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions. The forward-looking statements contained in this Report, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or its advisors or any of their parent or subsidiary undertakings or any such person’s affiliates, officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Report or the actual occurrence of the forecasted developments. The Company and its advisors assume no obligation to update any forward-looking statements or to conform these forward-looking statements to the Company’s actual results. Investors are advised, however, to inform themselves about any further public disclosures made by the Company, such as filings made with the Oslo Stock Exchange or press releases. This Report has been prepared for information purposes only. This Report does not constitute any solicitation for any offer to purchase or subscribe any securities and is not an offer or invitation to sell or issue securities for sale in any jurisdiction, including the United States. Distribution of the Report in or into any jurisdiction where such distribution may be unlawful, is prohibited. This Report speaks as of 17 February 2021, and there may have been changes in matters which affect the Company subsequent to the date of this Report. Neither the issue nor delivery of this Report shall under any circumstance create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that the affairs of the Company have not since changed, and the Company does not intend, and does not assume any obligation, to update or correct any information included in this Report. This Report is subject to Norwegian law, and any dispute arising in respect of this Report is subject to the exclusive jurisdiction of Norwegian courts with Oslo City Court as exclusive venue. By receiving this Report, you accept to be bound by the terms above.

Hexagon Composites ASA
Korsegata 4B, NO-6002 Ålesund, Norway

hexagongroup.com