

Q2 2023



A word from the CEO



Dear Shareholders,

Important milestone for Hexagon Composites and Hexagon Purus passed in the quarter.

In Q2 2023, we announced the distribution of 25% of the shares in Hexagon Purus to Hexagon Composites' shareholders. The successful conclusion of the transaction delivered a return of NOK 1.37 billion to our shareholders.

This transaction is a win-win for shareholders of both Hexagon Composites and Hexagon Purus on many fronts. The distribution clarifies the ownership agendas of both companies, enabled financial deconsolidation of Hexagon Purus from the Hexagon Group, and increased the free float in the Hexagon Purus share with additional direct owners that know and understand the company.

The deconsolidation of Hexagon Purus also yielded an accounting gain of NOK 2.35 billion for the Group, reflecting the value creation of Hexagon Purus since its inception in 2020. And while Hexagon Composites remains a strong strategic partner, the deconsolidation makes Hexagon Composites' profitable growth and positive cash flow more visible.

Record high revenues and EBITDA in Q2

In the second quarter 2023 Hexagon (excl. Hexagon Purus) delivered record high revenues of NOK 1,368 (1,034) million, a 32% growth compared to the same quarter last year. The strong revenue growth resulted in record high EBITDA of NOK 148 (90) million – and an improved margin of 11% (9%).

Strong performance and positive pricing effects in Hexagon Agility as well as high recurring volumes in Hexagon Ragasco drove the improvement in profitability in the quarter. Hexagon Digital Wave continued its very strong

growth in the quarter and delivered positive EBITDA for the fifth consecutive quarter despite a costly technology development and organizational ramp-up program.

Strong demand for Mobile Pipeline

In the first half of 2023, more than NOK 1.1 billion orders for Hexagon Agility's Mobile Pipeline distribution systems and RNG fuel systems for heavy-/medium duty trucks were announced.

The high demand for the Mobile Pipeline CNG/RNG business continues. Orders to date from existing blue-chip customers in the US represent a diverse customer base. During the quarter, inaugural orders were achieved from both an industry leading US energy company and Manaseer, the first compressed natural gas project in Jordan.

Our Mobile Pipeline production capacity for 2023 is fully booked with current backlog stretching into the second half of 2024.

Outlook

Full speed ahead with RNG

Regulations globally continue to support the transition to clean fuels in the transport sector, most recently in the US, where the Biden administration announced over USD 233 million in CNG/RNG transit investments for 2023, supporting a positive outlook for Hexagon's transit bus segment.

We offer our shareholders unique exposure to renewable natural gas (RNG/biomethane). Looking ahead to 2024, the launch of Cummins' new 15-liter natural gas engine in the US is expected to be a game-changer, expanding the addressable market for long-haul trucks in the US threefold. Hexagon is ready for the growing market demand for the switch to clean energy.

Progress can't wait!

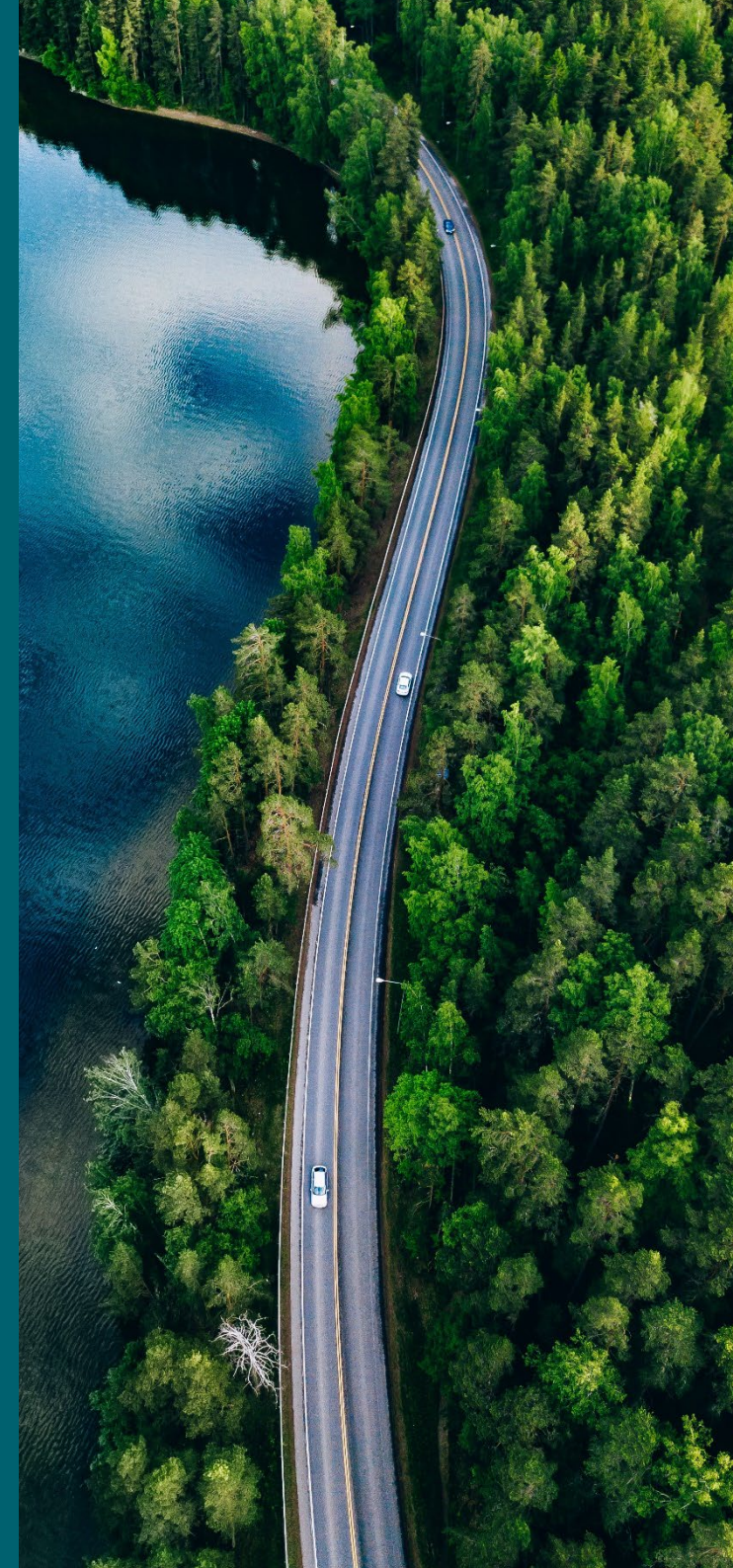
Best regards,

Jon Erik Engeset

President & CEO, Hexagon Group

Highlights Q2 2023 and after balance sheet date

- Distributed 25% of Hexagon Purus' shares worth NOK 1.37 billion as dividend in kind to shareholders
- One-off accounting gain of NOK 2.35 billion from deconsolidation of Hexagon Purus
- Record-high revenues and EBITDA in Hexagon excl. Hexagon Purus
- Improved margins in Hexagon Agility
- Significant orders announced for Mobile Pipeline distribution systems and RNG fuel systems:
 - NOK 410 million in second quarter
 - NOK ~1 billion after balance sheet date
- Strong revenue growth and commercial pipeline in Hexagon Purus



Key figures

(NOK millions)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	Full year 2022
Hexagon Agility					
Revenue	1 110	818	2 009	1 549	3 478
EBITDA	111	63	145	115	209
EBIT	62	21	49	33	28
Hexagon Ragasco					
Revenue	210	192	399	353	706
EBITDA	37	29	85	62	123
EBIT	27	20	65	44	86
Hexagon Digital Wave					
Revenue	40	26	85	41	116
EBITDA	1	3	3	-2	7
EBIT	-1	1	-1	-4	1
Corporate functions & eliminations ¹⁾					
Revenue	7	-1	5	4	3
EBITDA	- 2	-4	- 2	-1	9
EBIT	- 6	-9	- 9	-10	-10
Hexagon excl. Hexagon Purus (continuing operations)					
Revenue	1 368	1 034	2 498	1 947	4 303
EBITDA	148	90	230	174	348
EBIT	83	33	104	62	106
Hexagon Purus (discontinued operations) ²⁾					
Revenue	330	210	574	369	964
EBITDA	- 89	- 112	-201	-204	-406
EBIT	- 120	- 135	-260	-250	-501
Hexagon Group (continuing and discontinued operations)					
Profit/loss after tax from continuing operations	46	9	29	15	5
Profit/loss after tax from discontinued operations (Hexagon Purus)	- 147	- 124	- 302	- 243	- 432
Profit/loss after tax from discontinued operations (gain from deconsolidation of Hexagon Purus) ³⁾	2 351	0	2 351	0	0
Total profit/loss after tax	2 250	- 115	2 079	- 228	- 426

1) Corporate/eliminations refers to holding- and non-operating entities within the Hexagon excl. Hexagon Purus and eliminations within the Hexagon excl. Hexagon Purus

2) Hexagon Purus reported as discontinued operations following deconsolidation effective as of 29 June 2023

3) See note 12 to the financial statements related to the deconsolidation of Hexagon Purus

Financial summary

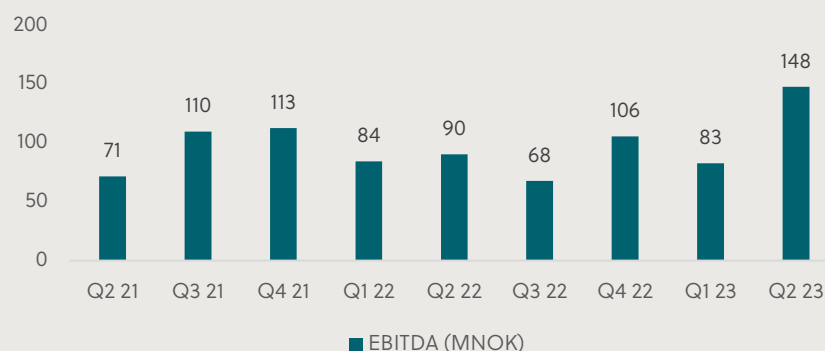
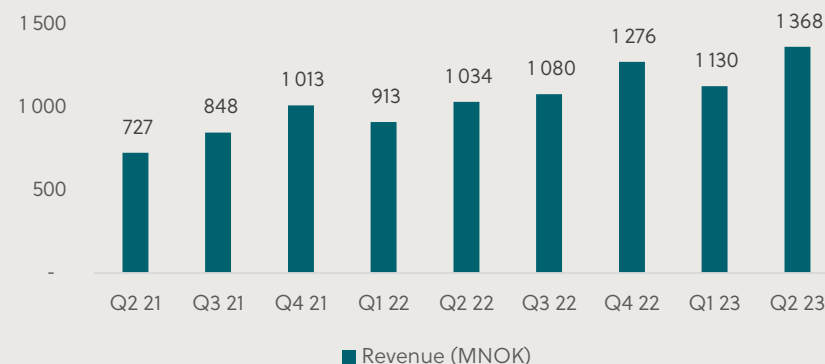
Hexagon excluding Hexagon Purus

In the second quarter of 2023, Hexagon excluding Hexagon Purus reported record high revenues of NOK 1 368 (1 034) million, representing 32% growth compared to the same quarter last year. Excluding positive FX translation effects of NOK 125 million, underlying revenues grew by 20% driven by higher volumes as well as improved pricing.

The strong revenue growth resulted in record-high EBITDA of NOK 148 (90) million, with a margin of 11% (9%). Improved performance and pricing effects in Hexagon Agility as well as high recurring volumes in Hexagon Ragasco, drove profitability. Hexagon Digital Wave delivered yet another quarter with strong revenue growth, while operating profits remained at break-even due to increased growth-related operating expenses.

For the first half of 2023, Hexagon excl. Hexagon Purus reported revenues of NOK 2 498 (1 947) million, including NOK 237 million of positive FX translation effects. Excluding currency effects, revenues grew by 16% due to strong underlying demand and improved pricing in all segments, especially within Hexagon Agility's Mobile Pipeline distribution business.

EBITDA for the first half of 2023 was NOK 230 (174), for an EBITDA-margin of 9% (9%). The Company sees gradual recovery of margins driven by Hexagon Agility, from the low-point in the first quarter 2023. This is due to increased realization of pricing increases enacted to mitigate inflation, and reduced supply chain disruptions.



Hexagon Group

On 29 June, the board of directors of Hexagon Composites ASA decided to distribute 69.2 million shares in Hexagon Purus ASA as a dividend-in-kind to its shareholders and effectively reduce its ownership in Hexagon Purus by 25% to 43.4%. The decision constituted a loss of control event and Hexagon Purus was deconsolidated as a subsidiary effective as of 29 June. The deconsolidation of Hexagon Purus generated an accounting gain of NOK 2 351 million in the second quarter. Furthermore, on 29 June, Hexagon concurrently entered into a total return swap (TRS) representing 5% of the shares in Hexagon Purus ASA, further reducing its ownership in Hexagon Purus to 38.4%. Gross proceeds from the share sale received after the balance sheet date, 3 July 2023, was NOK 274 million, and will be used to reduce debt leverage.

Following the deconsolidation, Hexagon Purus is presented as discontinued operations in the Hexagon Group accounts, which effectively makes Hexagon Group accounts from continuing operations similar to Hexagon excluding Purus, presented in the section above. Prior period figures have been restated in the income statement for full comparability of profit/losses from continuing operations (Hexagon excluding Hexagon Purus) and discontinued operations (Hexagon Purus). For the third quarter 2023 and onwards, Hexagon Purus will be accounted for using the equity method in the Hexagon Group accounts. See also note 12 and 13 to the financial report for further information related to Hexagon Purus deconsolidation and discontinued operations.

In the second quarter of 2023, Hexagon Group generated NOK 1 368 (1 034) million in revenues and NOK 148 (90) million in EBITDA from continuing operations for the same drivers as outlined in the presentation section for Hexagon excluding Purus above. Profit after taxes from continuing operations for the quarter was NOK 46 (9) million.

Profit after taxes from discontinued operations (Hexagon Purus) for the quarter was NOK 2 204 (-124) million, including an accounting gain from deconsolidation of Hexagon Purus of NOK 2 351 million. Excluding the accounting gain, profit after taxes from discontinued operations (Hexagon Purus) came in at NOK -147 (-124) million.

For the first half of 2023, Hexagon Group generated NOK 2 498 (1 947) million in revenues and NOK 230 (174) million in EBITDA from continuing operations for the same drivers as outlined in the section for Hexagon excluding Purus above. Profit after taxes from continuing operations was NOK 29 (15) million.

Profit after taxes from discontinued operations (Hexagon Purus) for the first half year was NOK 2 050 (-243) million, including an accounting gain from deconsolidation of Hexagon Purus of NOK 2 351 million. Excluding the accounting gain, profit after taxes from discontinued operations (Hexagon Purus) came in at NOK -302 (-243) million.

At the end of the second quarter, the Group balance sheet amounted to NOK 8 013 million compared to NOK 9 445 million at the end of the first quarter. The decrease in total assets during the quarter is mostly explained by the deconsolidation of Hexagon Purus. Total book value of Hexagon Purus assets derecognized amounted to NOK 3 818 million, while Hexagon Group's 38.4% ownership in Hexagon Purus amounted to NOK 2 105 million at the end of the quarter, reflecting the fair value recognition of Hexagon's share in Hexagon Purus as of 29 June. The Group's equity ratio increased from 45% to 54% during the quarter largely due to the effects from the deconsolidation of Hexagon Purus. The financial position of the Group at quarter end is considered strong.

Key developments during the quarter

- Hexagon distributed shares in Hexagon Purus worth NOK 1.37 billion as a dividend in kind to its shareholders
- Hexagon Purus was deconsolidated from the Hexagon Group yielding an accounting gain of NOK 2.35 billion, reflecting the value creation in Hexagon Purus.
- Hexagon Agility signed a multi-year agreement worth approximately EUR 10 million with Manaseer Group in Jordan for delivery of Mobile Pipeline X-STORE modules for CNG transport.
- Hexagon Agility received RNG fuel system orders for UPS' heavy- and medium duty trucks totaling USD 20.9 million under the current master services agreement.

Key developments after the quarter

- In July, Hexagon Agility received inaugural order for Mobile Pipeline® TITAN 450 modules from an industry-leading U.S. energy company of USD 14.3 million.
- In July, Hexagon Agility received orders for Mobile Pipeline® and RNG fuel systems from a major refuse fleet in North America of USD 31 million in total.
- In August, Hexagon Agility received an order for Mobile Pipeline® TITAN 450 modules of USD 54 million from Certarus. This is the largest single order ever for Mobile Pipeline

Effects of the war in Ukraine

Hexagon does not have operations or employees in Ukraine, but it does have a sales and distribution subsidiary for its LPG products in Russia. Hexagon stopped all product shipments to Russia in March 2022 to ensure compliance with international sanctions. The Russian sales entity revenues and net assets in Russia are immaterial to the Group's financial statements.

Segment results

Hexagon Agility

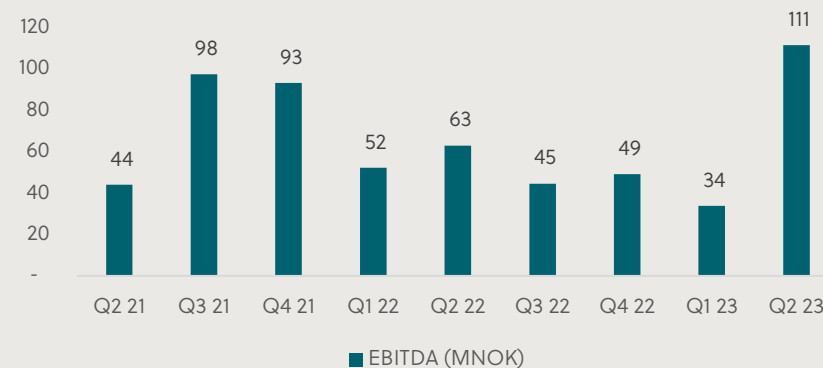
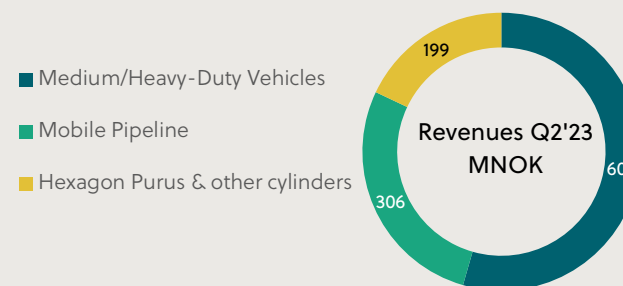
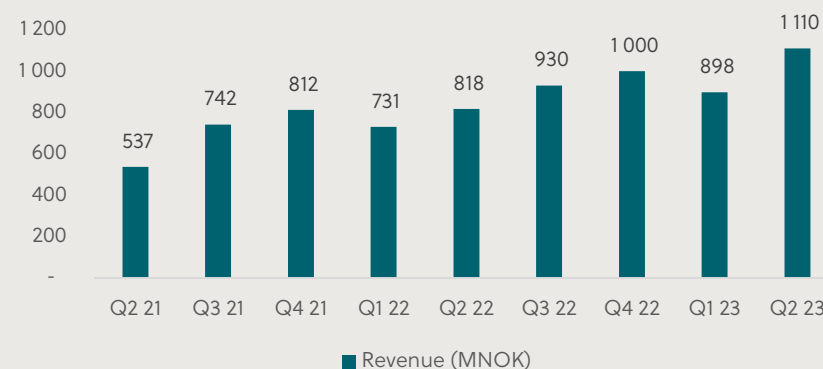
Hexagon Agility is a global provider of clean fuel solutions for commercial and passenger vehicles and gas transportation solutions.

Hexagon Agility recorded combined revenues in the second quarter of NOK 1 110 (818) million, representing a 36 % growth year-over-year inclusive of favorable currency effects of approximately NOK 119 million. Adjusted for FX, the underlying growth was 21%. The healthy growth is largely explained by strong delivered volumes in the Mobile Pipeline distribution business, partly offset by somewhat lower volumes in the automotive business. Within the automotive business, heavy-duty long-haul Truck volumes were lower, offset by higher Refuse and Transit bus volumes. Revenues from the long-haul heavy-duty business have picked up from the first quarter though still trailing 2022, which included significant orders to a single customer that is using 2023 to optimize operations but is expected to continue its fleet expansion in 2024.

EBITDA for the second quarter came in at NOK 111 (63) million, representing an EBITDA margin of 10%, compared to 4% in the first quarter and 8% in the same quarter of last year. Hexagon Agility has experienced compressed margins due to supply chain disruptions and inflation over the past 12-18 months. The Company is now seeing improvements in the supply chain combined with operational improvements and the effects of price increases.

For the first half of 2023, Hexagon Agility reported revenues of NOK 2 009 (1 549) million. Excluding favorable FX translation effects of approximately NOK 237 million, the underlying revenue growth in the period was 14%, largely driven by the same factors as for the second quarter.

EBITDA for the first half of 2023 came in at NOK 145 (115) million, translating to an EBITDA margin of 7% (7%). This margin level is expected to be higher for the second half of 2023.



Hexagon Ragasco

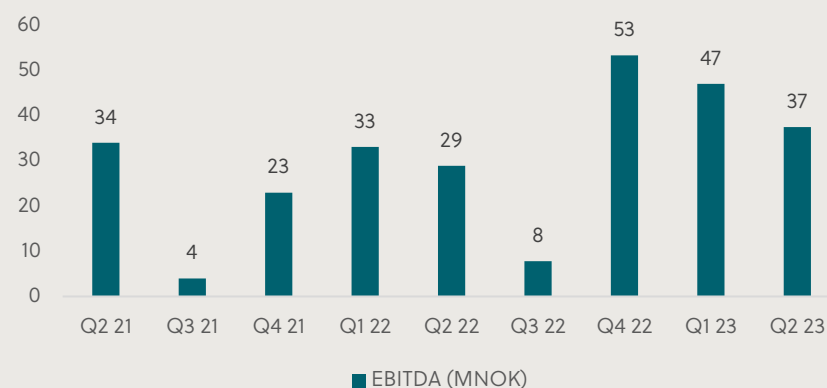
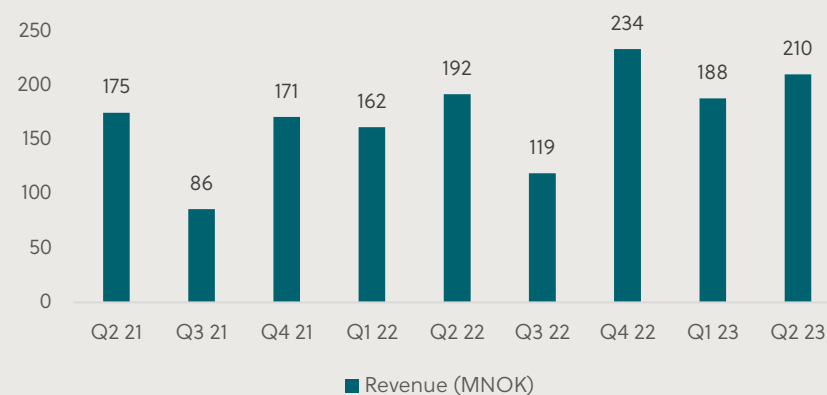
Hexagon Ragasco is the world's leading manufacturer of composite liquified petroleum gas (LPG) cylinders for leisure, household, and industrial applications.

In the second quarter of 2023, Hexagon Ragasco reported revenues of NOK 210 (192) million. Recurring high volumes, improved pricing to recover input inflation and favorable currency impacts drove the revenue growth compared to the same period last year. Volumes in the second quarter were especially strong in the Middle East and Africa, where the latter is explained by an introductory order from a new customer.

EBITDA for the second quarter came in at NOK 37 (29) million, representing an EBITDA margin of 18%, compared to 15% in the same period last year. Profit improvement is largely explained by production efficiency and positive FX effects from a weakened NOK.

For the first half of 2023, Hexagon Ragasco reported revenues of NOK 399 (353) million and generated an EBITDA of NOK 85 (62) million. Stable volumes coupled with a weakened NOK and fully mitigated cost inflation effects contribute to an EBITDA margin for the first half of 21%, compared to 18% in the same period of last year.

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



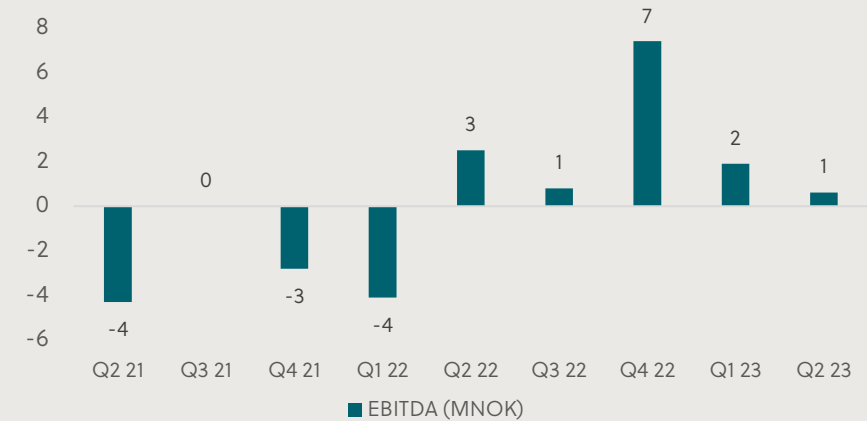
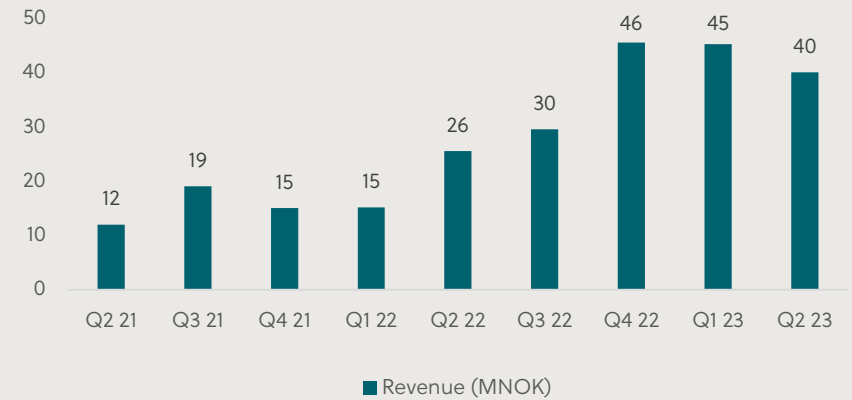
Hexagon Digital Wave

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

In the second quarter of 2023, Hexagon Digital recorded revenues of NOK 40 (26) million, representing a growth of 54% including favorable FX effects. Adjusting for positive FX effects, the underlying revenue growth was 38%. Revenue growth was driven by both Ultrasonic Examination (UE) machines and its Model Acoustic Emission (MAE) testing services.

EBITDA for the second quarter was positive and marks the fifth consecutive quarter with positive EBITDA. Profitability narrowed to NOK 1 million (3%) compared to NOK 3 million (10%) in the same period last year, attributed to operational growth investments.

For the first half of 2023, Hexagon Digital Wave's revenues doubled to NOK 85 (41) million and EBITDA increased to NOK 3 (-2) million.



Discontinued operations

Hexagon Purus

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

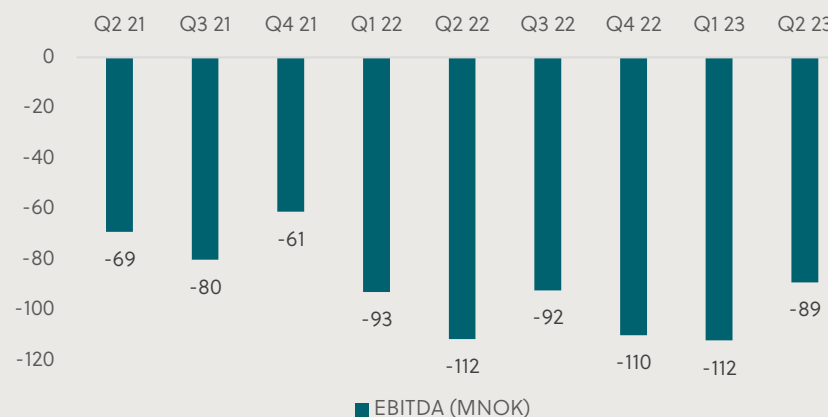
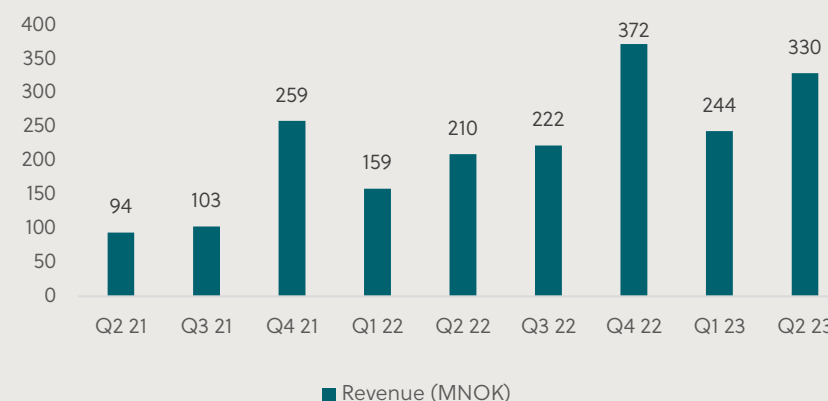
Effective 29 June 2023, Hexagon Purus was deconsolidated from the Hexagon Group and presented as discontinued operations. For the third quarter 2023 and onwards, Hexagon Purus will be accounted for using the equity method in the Hexagon Group.

In the second quarter of 2023, Hexagon Purus revenues grew 57% year-over-year to NOK 330 (210) million. Last twelve months (LTM) revenues grew to NOK 1.1 billion in the second quarter, largely driven by continued strong demand for hydrogen distribution systems in the EU. The hydrogen fuel systems, battery-electric systems and the vehicle integration businesses are expected to pick up in later quarters and beyond, supported by recent major contract wins.

Higher revenues and volumes also yielded a somewhat narrowed EBITDA loss for the quarter of NOK -89, compared to -112 million in the same quarter of last year. For the first half of 2023, Hexagon Purus revenues and EBITDA amounted to NOK 574 (369) million and NOK -201 (-204) million respectively.

In March 2023, Hexagon Purus ASA raised gross NOK 1 300 million in capital, including NOK 500 million in equity and NOK 800 million in a convertible bond issue, securing the financing of its operations accordingly. Its commercial pipeline and capacity expansion programs remain on track.

The board of directors of Hexagon Composites ASA is pleased with the development of Hexagon Purus since its inception in 2020 and is confident that the company will leverage its significant growth potential as an independent company. Hexagon intends to continue as a non-controlling strategic partner in Hexagon Purus for the foreseeable future.



Outlook

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

Supply chain disruptions and cost inflation within the automotive business have caused challenging operating conditions over the past several years. Supply bottlenecks have now eased, and most procurement categories see costs flattening out. Overall, input prices are expected to be stable for the remainder of 2023. A number of initiatives have been implemented to improve and restore margins in the automotive business.

Global regulations strongly support the energy transition. In addition to far-reaching programs, such as REPower EU and the US Inflation Reduction Act, specific federal and regional programs addressing transportation are being implemented. Most recently in the US where in June, the Biden administration announced over USD 233 million in CNG/RNG transit investments for 2023, supporting a positive outlook for Hexagon's transit bus segment.

The demand is strong across most segments. Ongoing developments in the EU and the US and changes in industry dynamics are expected to support significant long-term clean energy technology opportunities.

Segments

Hexagon Agility's order book for the second half of 2023 is healthy with some backlog extending into 2024. When Cummins' launches its new 15-liter natural gas engine in the US in 2024, Hexagon's addressable market will increase threefold for Natural Gas driven long-haul trucks. The Company's ongoing expansion program is substantially increasing cylinder capacity for heavy-duty truck applications.

The high demand for the Mobile Pipeline CNG/RNG business is expected to continue, driven by decarbonization targets and lack of pipeline infrastructure. Production capacity for 2023 is fully booked with current backlog stretching into second half of 2024. Significantly increased capacity is scheduled to come online in first half of 2024. The Americas and European Transit bus segment is expected to remain stable while the light duty vehicle segment remains soft though immaterial to the Group's activities and

results. Manufacturing capacity continues to be diverted towards sales of hydrogen cylinders to Hexagon Purus in Europe and volumes are expected to remain strong for the rest of the year. The Refuse truck business mainly out of the US, enjoys continued strong demand. Overall, given implemented pricing actions, supply chain normalization, productivity initiatives and order backlog, accumulative margin improvement is expected for the rest of the year.

Hexagon Ragasco sees healthy demand, however, the second half of the year is seasonally lower due to the European leisure segment. The demand for LPG products is increasing with introductory orders from new customers in new markets.

Hexagon Digital Wave demand for both Modal Acoustic Emission (MAE) requalification services and Ultrasonic Examination (UE) equipment remains strong. Hexagon Digital Wave is focused on profitable growth of the established recertification businesses while investing in development of the MAE platform as well as other intelligent solutions. A pilot program will be launched later this year for advanced smart cylinder monitoring.

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

Risks and uncertainties

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

Statement from the Board and CEO

To the best of our knowledge, we confirm that:

- the consolidated financial statements for the period 1 January to 30 June 2023 have been prepared in accordance with "IAS 34 Interim Financial Reporting",
- the information provided in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and results for the period viewed in their entirety, and that;
- the information presented in the financial statements gives a true and fair view of important events of the period, financial position, material related party transactions and principal risks and uncertainties of the Group for the next quarter

Oslo, 16 August 2023

The Board of Directors of Hexagon Composites ASA

Condensed Interim Financial Statements Group

Statement of income

(NOK 1000)	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
			Restated		Restated	Restated
Revenue from contracts with customers	3	1 366 013	1 032 076	2 493 757	1 942 534	4 287 389
Other operating income	3	300	665	1 581	999	10 327
Rental income	3	1 400	1 248	2 289	3 154	5 027
Total revenue and other income		1 367 713	1 033 989	2 497 627	1 946 687	4 302 743
Cost of materials		732 241	549 118	1 320 711	998 993	2 326 273
Payroll and social security expenses	10	322 307	251 363	628 878	505 858	1 051 763
Other operating expenses		165 616	143 263	317 726	267 399	577 039
Total operating expenses		1 220 164	943 744	2 267 315	1 772 250	3 955 075
Operating profit before depreciation and amortization (EBITDA)		147 549	90 245	230 312	174 437	347 667
Depreciation, amortization, and impairment	4,5	64 983	57 189	126 458	112 066	241 833
Operating profit (EBIT)		82 565	33 056	103 854	62 371	105 834
Profit/loss from investments in associated companies	11, 12	- 3 583	0	- 7 032	0	- 3 517
Other financial items (net)		- 19 629	-17 352	-59 473	-28 476	-78 536
Profit/loss before taxes from continuing operations		59 353	15 704	37 349	33 895	23 781
Income tax expenses		13 199	6 814	8 510	19 213	18 240
Profit/loss after taxes from continuing operations		46 154	8 890	28 839	14 682	5 541
Profit/loss after taxes from discontinued operations (Hexagon Purus)	12, 13	2 203 854	124 273	2 049 703	- 242 714	- 431 518
Profit/loss after taxes		2 250 008	- 115 383	2 078 542	- 228 032	- 425 977
of which attributable to equity holders of the parent		2 298 652	-82 193	2 175 690	-163 211	-311 326
of which attributable to non-controlling interests		-48 644	-33 190	-97 148	-64 822	-114 652
Earnings per share in NOK						
Basic		11.20	-0.58	10.35	-1.14	-2.12
Diluted		11.20	-0.58	10.35	-1.14	-2.12

Statement of comprehensive income

(NOK 1000)	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Profit/loss after taxes		2 250 008	- 115 383	2 078 542	-228 032	-425 977
Other comprehensive income						
Translation differences when translating foreign activities		67 601	233 073	231 199	193 196	202 529
Translation differences related to deconsolidated subsidiary reclassified to profit or loss	12	- 118 307	0	- 118 307	0	0
Net total of items that may be reclassified to profit or loss in subsequent periods		- 50 706	233 073	112 892	193 196	202 529
Actuarial gains/losses for the period (net after tax)		0	0	0	0	-491
Net total of items that will not be reclassified to profit or loss in subsequent periods		0	0	0	0	-491
Total other comprehensive income		- 50 706	233 073	112 892	193 196	202 038
Attributable to:						
Equity holders of the parent		-58 890	215 941	79 317	181 913	186 247
Non-controlling interest		8 184	17 132	33 575	11 283	15 791
Total comprehensive income		2 199 302	117 690	2 191 434	-34 836	-223 939
Attributable to:						
Equity holders of the parent		2 239 762	133 748	2 255 006	18 702	-125 078
Non-controlling interest		-40 460	-16 058	-63 573	-53 538	-98 861

Statement of financial position

(NOK 1000)

	Note	30.06.2023	30.06.2022	31.12.2022
		Unaudited	Unaudited	Audited
ASSETS				
Property, plant, and equipment	4	948 419	1 268 280	1 336 307
Right-of-use assets	4	358 187	268 792	473 233
Intangible assets	5	1 906 293	2 583 657	2 570 853
Investment in associated companies	11, 12	2 117 534	4 286	53 272
Other non-current financial assets	9	92 258	8 668	141 429
Other non-current assets		2 645	2 503	4 942
Deferred tax assets		0	13 678	0
Total non-current assets		5 425 336	4 149 865	4 580 035
Inventories		1 285 080	1 510 276	1 546 497
Trade receivables		629 642	921 574	865 403
Contract assets		0	5 059	9 488
Other current financial assets	9	274 029	333	0
Other current assets		169 790	212 269	188 772
Bank deposits, cash and similar		228 806	803 724	713 547
Total current assets		2 587 347	3 453 236	3 323 707
Total assets		8 012 683	7 603 101	7 903 742

(NOK 1000)

	Note	30.06.2023	30.06.2022	31.12.2022
		Unaudited	Unaudited	Audited
EQUITY AND LIABILITIES				
Paid-in capital		879 768	2 208 135	2 228 442
Other equity		3 439 319	899 515	763 464
Equity attributable to equity holders of the parent		4 319 088	3 107 650	2 991 905
Non-controlling interests	12	0	484 471	476 901
Total equity		4 319 088	3 592 121	3 468 806
Interest-bearing liabilities (non-current)	8	1 445 125	1 640 589	1 482 140
Lease liabilities (non-current)	6	386 428	224 537	481 018
Other financial liabilities (non-current)	7	333 146	265 175	256 675
Pension liabilities		756	5 370	2 321
Deferred tax liabilities		169 464	264 168	206 370
Provisions (non-current)		8 037	6 737	6 133
Total non-current liabilities		2 342 955	2 404 576	2 434 656
Interest-bearing liabilities (current)	8	0	34 585	234 674
Lease liabilities (current)	6	59 212	57 217	70 574
Trade payables		499 917	550 681	572 569
Contract liabilities		396 123	446 287	548 643
Other financial liabilities (current)	7, 9	0	73 871	75 051
Income tax payable		58 258	58 238	53 057
Other current liabilities		261 088	302 351	343 154
Provisions (current)		76 043	81 174	102 557
Total current liabilities		1 350 641	1 604 405	2 000 280
Total liabilities		3 693 596	4 010 981	4 434 935
Total equity and liabilities		8 012 683	7 603 101	7 903 742

Statement of cash flow

(NOK 1000)	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Profit before taxes from continuing operations		59 353	15 704	37 349	33 895	23 781
Profit before taxes from discontinued operations ¹⁾	13	2 201 420	- 123 435	2 046 718	- 242 899	- 440 898
Profit before taxes		2 260 773	-107 731	2 084 067	- 209 004	- 417 118
Adjustments to reconcile profit before taxes to net cash flows:						
Gain from deconsolidation of Hexagon Purus	12	- 2 351 302	0	- 2 351 302	0	0
Depreciation, amortization and impairment	4,5	95 938	80 921	185 214	157 862	332 162
Net interest expense		67 038	14 226	116 730	25 323	91 117
Changes in net operating working capital ⁽²⁾		- 43 272	- 254 075	14 838	-78 781	60 984
Other adjustments to operating cash flow		- 98 935	142 698	- 86 200	29 592	31 443
Net cash flow from operating activities		- 69 760	- 123 961	- 37 013	-75 008	98 588
Purchase of property, plant & equipment, net of proceeds from sale	4	- 152 316	- 121 224	- 299 702	-248 935	-346 207
Purchase of intangible assets	5	- 14 917	- 18 578	- 32 616	-34 629	-75 729
Interest received		12 973	2 832	21 985	4 208	15 207
Investment in associated companies	11	- 29 305	0	- 29 305	0	-65 379
Other investments		- 22 745	- 8 276	- 34 341	- 8 302	-45 319
Net cash flow from investing activities		- 206 310	- 145 246	- 374 069	-287 659	-517 428
Net repayment (-) / proceeds (+) from interest bearing loans	8	- 174 154	61 911	527 818	492 526	534 747
Interest payments on interest-bearing liabilities		- 51 573	- 17 556	- 103 483	-26 735	-89 502
Repayment of lease liabilities (incl. Interests)	6	- 29 277	- 16 911	- 57 866	-38 760	-83 485
Net proceeds from share capital increase (subsidiary)		91 662	0	576 180	154 108	189 043
Net proceeds from purchase (-) and sale (+) of own shares		0	0	- 13 671	-30 495	-30 495
Net cash flow from financing activities		- 163 341	27 444	928 978	550 644	520 309
Net change in cash and cash equivalents		- 439 411	- 241 763	517 896	187 977	101 469
Net currency exchange differences		- 8 362	16 352	- 29 224	15 539	11 869
Cash and cash equivalents in Hexagon Purus derecognized due to deconsolidation	12	- 973 413	0	973 413	0	0
Cash and cash equivalents at start of period		1 649 991	1 029 135	713 547	600 209	600 209
Cash and cash equivalents at end of period		228 806	803 724	228 806	803 724	713 547
Available unused credit facilities ²⁾		250 000	85 908	250 000	85 908	360 769
hereof available unused credit facilities related to Hexagon Purus		0	21 487	0	21 487	15 771

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

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

Statement of changes in equity

(NOK 1 000)	Note	Share capital	Own shares	Share premium	Other paid in capital	Translation differences	Other equity	Equity-holders of parent	Non-controlling interests	Total equity
As of 01.01.2022		20 162	-85	2 075 999	98 226	94 398	817 591	3 106 291	378 010	3 484 301
Profit/loss for the period							- 163 211	-163 211	-64 822	-228 032
Other comprehensive income for the period						181 913		181 913	11 283	193 196
Share-based payments					13 817		3 830	17 647	1 396	19 043
Movement in own shares etc.			15				-30 510	-30 495		-30 495
Share capital increase capital in subsidiary									160 242	160 242
Transaction cost related to capital increase in subsidiary							-4 496	- 4 495	- 1 638	- 6 134
As of 30.06.2022		20 162	-69	2 075 999	112 043	276 311	623 205	3 107 650	484 471	3 592 121
As of 01.01.2022		20 162	-85	2 075 999	98 226	94 398	817 591	3 106 291	378 010	3 484 301
Profit/loss for the period							-311 326	-311 326	-114 652	-425 977
Other comprehensive income for the period						186 738	-491	186 248	15 791	202 038
Share-based payments					34 120		11 563	45 682	4 213	49 895
Movement in own shares etc.			20				-30 514	-30 495		-30 495
Share capital increase capital in subsidiary								0	160 242	160 242
Transaction cost related to capital increase in subsidiary							-4 496	-4 496	-1 638	-6 134
Share capital increase in other subsidiaries								0	34 935	34 935
As of 31.12.2022		20 162	-65	2 075 999	132 346	281 136	482 327	2 991 905	476 901	3 468 806
As of 01.01.2023		20 162	-65	2 075 999	132 346	281 136	482 327	2 991 905	476 901	3 468 806
Profit/loss for the period							2 175 690	2 175 690	- 97 148	2 078 542
Other comprehensive income for the period	12					79 317		79 317	33 575	112 892
Share-based payments					20 726		6 559	27 285	3 032	30 317
Movement in own shares etc.			56				-13 727	- 13 671		-13 671
Share capital increase capital in subsidiary							260 942	260 942	239 058	500 000
Transaction cost related to capital increase in subsidiary							-17 793	-17 793	- 8 224	-26 018
Share capital increase in other subsidiaries									102 198	102 198
Convertible bonds – equity component	8						190 363	190 363	87 989	278 352
Convertible bonds – transaction cost equity component	8						- 5 495	- 5 495	- 2 540	- 8 034
Dividend in kind	12			- 1 369 455				- 1 369 455		- 1 369 455
Derecognition of non-controlling interests related to deconsolidation of subsidiary	12								- 834 841	-834 841
As of 30.06.2023		20 162	-9	706 544	153 072	360 453	3 078 866	4 319 088	0	4 319 088

Note 1: General information and basis for preparation

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

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

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

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

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 16 August 2023.

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 2022.

Note 3: Business segment data

(NOK 1000)	Q2 2023 Unaudited	Q2 2022 Unaudited	YTD 2023 Unaudited	YTD 2022 Unaudited	2022 Audited
Hexagon Agility					
Sale of cylinders, systems, and equipment (at point in time)	994 387	761 988	1 787 232	1 450 403	3 204 885
Sale of systems, services, and funded development (transferred over time)	0	0	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	114 912	54 830	219 187	95 525	260 981
Other operating income	63	3	193	3	8 093
Total revenue from contract with customers	1 109 361	816 821	2 006 612	1 545 930	3 473 959
Rental income	995	974	2 035	2 672	3 919
Total revenue and other operating income	1 110 356	817 795	2 008 647	1 548 602	3 477 878
Segment operating profit before depreciation (EBITDA)	111 498	63 006	145 407	115 253	208 988
Segment operating profit (EBIT)	61 838	21 029	48 731	33 350	28 186
Segment assets			4 626 550	4 377 183	4 550 321
Segment liabilities			1 956 560	1 940 341	2 104 101
Hexagon Ragasco					
Sale of cylinders, systems, and equipment (at point in time)	207 427	189 966	395 031	350 185	701 029
Sale of systems, services, and funded development (transferred over time)	0	0	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	2 826	1 852	3 493	3 190	4 977
Other operating income	147	80	173	122	210
Total revenue from contract with customers	210 399	191 897	398 697	353 497	706 216
Rental income	0	0	0	0	0
Total revenue and other operating income	210 399	191 897	398 697	353 497	706 216
Segment operating profit before depreciation (EBITDA)	37 489	28 945	84 569	62 036	123 256
Segment operating profit (EBIT)	27 369	19 748	65 299	43 691	86 362
Segment assets			649 114	542 918	581 399
Segment liabilities			398 886	390 664	391 626

(NOK 1000)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Hexagon Digital Wave					
Sale of cylinders, systems, and equipment (at point in time)	37 095	20 095	73 256	31 099	89 297
Sale of systems, services, and funded development (transferred over time)	0	0	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	2 552	4 891	11 025	8 830	24 679
Other operating income	482	582	1 189	875	2 025
Total revenue and other operating income	40 130	25 568	85 469	40 804	116 001
Rental income	0	0	0	0	0
Total revenue	40 130	25 568	85 469	40 804	116 001
Segment operating profit before depreciation (EBITDA)	618	2 514	2 518	- 1 589	6 715
Segment operating profit (EBIT)	- 1 109	1 176	- 808	- 4 176	1 193
Segment assets			129 523	98 270	109 677
Segment liabilities			60 700	137 472	46 015

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

Note 4: Tangible assets

(NOK 1000)	2023			2022		
	Property, plant, and equipment	Right of use assets	Total 2023	Property, plant, and equipment	Right of use assets	Total 2022
Carrying value as of 01.01	1 336 307	473 233	1 809 539	1 010 625	282 309	1 292 934
Additions	299 702	53 968	353 670	248 935	6 540	255 476
Depreciations from continuing operations	- 61 345	- 33 391	- 94 736	- 57 859	- 25 687	- 83 546
Depreciations from discontinued operations, Hexagon Purus (note 13)	- 21 103	- 13 881	- 34 984	- 16 098	- 11 010	- 27 108
Currency translation differences	120 637	37 550	158 188	82 677	16 640	99 317
Derecognition from deconsolidation of Hexagon Purus (note 12)	- 725 778	- 159 292	- 885 070	0	0	0
Carrying value as of 30.06	948 419	358 187	1 306 607	1 268 280	268 792	1 537 072

Note 5: Intangible assets

(NOK 1000)	2023				2022			
	Goodwill	Customer relationships	Other intangible assets ¹⁾	Total 2023	Goodwill	Customer relationships	Other intangible assets ¹⁾	Total 2022
Carrying value as of 01.01	1 717 097	363 924	489 833	2 570 853	1 572 788	387 773	423 963	2 384 524
Additions	0	0	32 616	32 616	0	0	34 629	34 629
Amortizations from continuing operations	0	- 15 586	- 16 136	- 31 722	0	- 13 628	- 14 893	- 28 521
Amortizations from discontinued operations, Hexagon Purus (note 13)		- 10 737	- 13 035	- 23 772	0	- 9 464	- 9 224	- 18 687
Currency translation differences	167 882	34 934	30 047	232 863	146 628	25 051	40 033	211 712
Derecognition from deconsolidation of Hexagon Purus (note 12)	- 583 031	- 90 553	-200 962	- 874 545	0	0	0	0
Carrying value as of 30.06	1 301 949	281 983	322 362	1 906 293	1 719 416	389 732	474 509	2 583 657

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

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

Note 6: Lease liabilities

(NOK 1000)	2023	2022
Carrying value as of 01.01	551 592	292 731
New lease liabilities recognized in the period	53 968	6 540
Cash payments for the principal portion of the lease liability	- 39 880	- 34 771
Cash payments for the interest portion of the lease liability	- 17 986	- 3 989
Interest on lease liabilities	17 986	3 989
Currency translation differences	43 768	17 524
Derecognition from deconsolidation of Hexagon Purus	- 163 807	0
Carrying value as of 30.06	445 640	281 754

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

Note 7: Other financial liabilities

(NOK 1000)	Carrying value 01.01.2023	Fair value adjustment	Additions in the period	Settlements in the period	Reclass. from non- current to current	Currency translation	Derecognition from deconsolidation of Hexagon Purus	Carrying value 30.06.2023
Cross currency swap (fair value)	216 885	116 260						333 146
Contingent liabilities from business combinations (fair value)	39 789	0	0	0	- 39 789	0	0	0
Total non-current other financial liabilities	256 675	116 260	0	0	0	0	0	333 146
Deferred payment from business combination (amortized cost)	45 776			- 52 267		6 491		0
Contingent liabilities from business combinations (fair value)	29 275			- 33 426	39 789	8 655	- 44 294	0
Total current other financial liabilities	75 051	0	0	- 85 693	39 789	15 146	- 44 294	0

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

(NOK 1000)	Carrying value 01.01.2022	Fair value adjustment	Additions in the period	Settlements in the period	Reclass. from non- current to current	Currency translation	Derecognition from deconsolidation of Hexagon Purus	Carrying value 30.06.2022
Cross currency swap (fair value)	81 423	144 588						226 011
Deferred payment from business combination (amortized cost)	43 490				- 45 056	1 566		0
Contingent liabilities from business combinations (fair value)	65 616				- 28 815	2 363		39 163
Total non-current other financial liabilities	190 529	144 588	0	0	- 73 871	3 929	0	265 175
Deferred payment from business combination (amortized cost)	0				45 056			45 056
Contingent liabilities from business combinations (fair value)	0				28 815			28 815
Other financial liabilities	0							0
Total current other financial liabilities	0	0	0	0	73 871	0	0	73 871

Note 8: Interest-bearing liabilities

(NOK 1000)	2023				2022		
	Non-current Bond loan	Non-current Bank loans	Current Bank loans	Total 2023	Non-current Bank loans	Current Bank loans	Total 2022
Liabilities as of 01.01	0	1 482 140	234 674	1 716 814	1 166 057	13 635	1 179 692
<i>Financing activities with cash settlement:</i>							
- New liabilities	800 000			800 000	471 576	20 951	492 527
- Transaction costs	-23 091			- 23 091			
- Repayment of liabilities		- 15 398	- 233 693	- 249 090			
<i>Financing activities without cash settlement:</i>							
- Equity component of convertible bond (less transaction costs)	- 270 318			- 270 318			
- Currency translation differences		5 421		5 421	1 705		1 705
- Other transactions without cash settlement	21 024	3 516		24 540	1 250		1 250
- Derecognition from deconsolidation of Hexagon Purus	- 527 615	- 30 554	- 982	- 559 151			
Liabilities as of 30.06	0	1 445 125	0	1 445 125	1 640 589	34 585	1 675 174

The principal loan financing facility in Hexagon Composites ASA is a Senior Secured bilateral facility with DNB Bank and Danske Bank. The overall size of the committed facility as of the end of the current period was NOK 1 700 million, comprising a term loan of NOK 1 100 million, an overdraft facility of NOK 250 million, a multi-currency revolving credit facility (RCF) of NOK 350 million. As of quarter-end, total drawings amounted to NOK 1 445 million. All financial covenants related to the financing facility agreement were compliant per quarter-end.

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

Note 9: Financial instruments

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

Fair value hierarchy

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

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

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

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

There were no transfers from one level to another in the measurement hierarchy from 2022 to the 2nd quarter of 2023. Hexagon Group has no items defined as level 1. Set out below is a comparison of the carrying amount and the fair value of financial instruments as of 30.06.2023 and 31.12.2022.

(NOK 1000)	Level	30.06.2023		31.12.2022	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:					
Other non-current financial assets ¹⁾	2	92 258	92 258	141 429	141 429
Other current financial assets ²⁾	2	274 029	274 029	0	0
Total financial assets		366 287	366 287	141 429	141 429
Financial liabilities:					
Bank loans (incl. amortized transaction costs)	2	1 445 125	1 450 000	1 482 140	1 489 674
Lease liabilities	2	445 640	445 640	551 592	551 592
Non-current contingent liabilities	3	0	0	39 789	39 789
Other non-current financial liabilities	3	333 146	333 146	216 885	216 885
Current interest-bearing liabilities	2	0	0	234 674	234 674
Other current financial liabilities (amortized cost)	2	0	0	75 051	75 051
Total financial liabilities		2 223 910	2 228 786	2 600 132	2 607 666

1) Other non-current financial assets relate largely to loans granted to Cryoshelter BioLNG

2) Other current financial assets of NOK 274 million relate to the proceeds for the sale of 13,8 million shares in Hexagon Purus associated with a total return swap (TRS) entered into on 29 June 2023. Proceeds were received on 3 July 2023.

On 29 June 2023, Hexagon Composites entered into a total return swap (TRS) with financial exposure to 13 839 872 shares in Hexagon Purus ASA, representing 5% of the total outstanding shares in Hexagon Purus ASA. The total return swap gives Hexagon Composites financial exposure to any change in the fair value of the underlying 13 839 872 shares from the initial amount of NOK 19.80 per share. The TRS is classified as a financial derivative with changes in fair value to be recognized through profit or loss. As of the end of the quarter, there were no changes to the fair value of the TRS.

Note 10: Share based payment

Share-based payment in Hexagon Composites ASA

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

Performance share units programs (PSUs)

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

Performance share units programs (PSUs)	Issued 2020	Issued 2021	Issued 2022	Issued 2023
Maximum number	3 711 634	1 734 990	2 660 082	3 085 146
Exercise price (NOK) (in the case of new shares issued)	0.10	0.10	0.10	0.10
Vesting period	3 years	3 years	3 years	3 years
Expiry	Exercised Q1 2023 ¹⁾	Q1 2024	Q1 2025	Q1 2026

1) During the 1st half of 2023 905,887 PSUs have been exercised at the weighted average share price (incl. dividend) of NOK 33.30.

Restricted share units programs (RSUs)

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

Restricted share units programs (RSUs)	Issued 2020	Issued 2021	Issued 2022	Issued 2023
Number of RSUs	70 000	100 000	200 000	149 000
Exercise price (NOK) (in the case of new shares issued)	0.10	0.10	0.10	0.10
Vesting period	3 years	3 years	3 years	3 years
Expiry	Q3 2023	Q3 2024	Q3 2025	Q2 2026

The fair value of the PSUs and RSUs was calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost associated with programs were NOK 20.0 million YTD 30.06.2023. The cost for the second quarter was NOK 9.6 million. The fair value of all outstanding PSUs (maximum 6,236,504) and RSUs (483,500) is estimated to NOK 98.5 million per 30 June 2023. Following the dividend in kind on 29 June, the maximum number of PSUs and RSUs will be adjusted by 35% for PSUs and RSUs issued in 2021, 2022 and 2023 to preserve the value of the granted instruments. In addition to the above-mentioned instruments, the Company has issued bonus arrangements to certain executives within the Group. The bonus arrangements are dependent upon the share price development of Hexagon Purus ASA and is converted to a given number of cash settlement options in Hexagon Purus ASA, for the purpose of calculating quarterly fair values using the Black-Scholes model. These cash settlement arrangements involved total expenses of NOK 1.9 million YTD 30.06.2023. Expenses for the second quarter amounted to NOK -4.2 million. Remaining unamortized accrual is estimated to MNOK 4.9 million as of 30 June 2023.

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

Note 11: Investments in associates

Significant associated companies	Country	Business segment	Ownership 31.12.2022	Ownership 31.03.2023	Ownership 30.06.2023	Accounting method
Hexagon Purus ASA ¹⁾	Norway	Other			38,4%	Equity method
Cryoshelter BioLNG GmbH ²⁾	Austria	Agility	40,0%	40,0%	40,0%	Equity method

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

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

Income statement reconciliation

(NOK 1000)	Hexagon Purus		Cryoshelter BioLNG		Total	
	2023	2022	2023	2022	2023	2022
Share of profit after tax	0	0	- 5 715	0	- 5 715	0
PPA amortizations associated companies ¹⁾	0	0	- 1 316	0	- 1 316	0
Gain on loss of significant influence	0	0	0	0	0	0
Total profit/loss from investments in associates per 30.06	0	0	- 7 032	0	- 7 032	0

Balance sheet reconciliation

(NOK 1000)	Hexagon Purus		Cryoshelter BioLNG		Other associates		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Carrying value as of 01.01	0	0	20 243	0	33 029	7 024	53 272	7 024
Share of profit after tax incl. PPA amortizations	0	0	- 7 032	0	- 4 402	- 2 738	- 11 433	- 2 738
Share capital contributions	0	0	0	0	29 305	0	29 305	0
Initial fair value recognition upon classification as associated company (see also note 12)	2 378 695	0	0	0	0	0	2 378 695	0
Sale of shares	- 274 029						- 274 029	
Derecognition of associates following deconsolidation of Hexagon Purus (see also note 12)	0	0	0	0	- 57 804	0	- 57 804	0
Currency translation effects	0	0	- 343	0	- 128	0	- 470	
Carrying value as of 30.06	2 104 665	0	12 869	0	0	4 286	2 117 534	4 286

Hexagon Purus

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

Cryoshelter BioLNG GmbH

On 01.08.2022, Hexagon Composites made a EUR 2,4 (NOK 24) million investment and acquired 40% of the shares in Cryoshelter BioLNG GmbH, with options to acquire the remaining shares over the next 3-10 years. As the transaction took place in August 2022, there are thus no comparable figures for the Cryoshelter BioLNG per Q2 last year. The table below shows the purchase price allocation as of 01.08.2022.

Other associates

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

Overview of purchase price allocations related to associated companies

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

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

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

Note 12: Deconsolidation of Hexagon Purus

Loss of control

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

Following the above-mentioned events, Hexagon management made a reassessment of its control consideration in Hexagon Purus, and after considering all relevant facts and circumstances, management concluded that control was lost as of 29 June. Key factors pertaining to this conclusion were the reduced voting rights to 38,4% in itself coupled with an irrevocable public statement from the Board of Hexagon Composites which effectively limits Hexagon's Board influence and power in the Board of Purus to a non-controlling party for the foreseeable future. See the full statement from the Board of Hexagon Composites in the stock exchange announcement from 29 June, <https://newsweb.oslobors.no/message/594467>

Deconsolidation effects

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

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

As of the end of Q2 2023, Hexagon Purus is classified as an associated company and accounted for using the equity method effective from 29 June 2023 and onwards. See also note 11 for further information related to Hexagon Purus as an associated company.

Note 13: Discontinued operations

The after-tax profit or loss from discontinued operations relate to Hexagon Purus which was deconsolidated as of 29 June 2023. See also note 12 for further information related to the deconsolidation.

As Hexagon Purus represented a separate major line of business and a separate segment within the Hexagon Group prior to deconsolidation, the component represents a discontinued operation and is thus presented as such. The profit or loss from discontinued operations (Hexagon Purus) breaks down as follows:

(NOK 1000)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Total revenue and other operating income	329 567	210 109	573 544	369 156	963 925
Cost of materials	178 673	137 716	334 830	202 874	588 525
Payroll and social security expenses	156 472	100 414	295 899	195 044	443 496
Other operating expenses	83 441	83 515	143 846	175 586	337 408
Total operating expenses before depreciation	418 586	321 646	774 575	573 504	1 369 430
Operating profit before depreciation and amortization (EBITDA)	- 89 019	- 111 537	- 201 031	- 204 348	- 405 505
Depreciation, amortization, and impairment	30 955	23 732	58 756	45 796	95 089
Operating profit (EBIT)	- 119 974	- 135 269	- 259 787	- 250 144	- 500 594
Profit/loss from investments in associated companies	- 2 455	- 1 389	- 4 402	- 2 738	51 888
Other financial items (net)	- 27 453	13 223	- 40 395	9 983	7 808
Profit/loss before taxes from discontinued operations	- 149 882	- 123 435	- 304 584	- 242 899	- 440 898
Income tax expenses	- 2 434	838	- 2 984	- 185	- 9 380
Profit/loss after taxes from discontinued operations	- 147 449	- 124 273	- 301 600	- 242 714	- 431 518
Gain from deconsolidation of Hexagon Purus before taxes (see note 12)	2 351 302		2 351 302		
Income tax on gain from deconsolidation of Hexagon Purus	0		0		
Gain from deconsolidation of subsidiary Hexagon Purus after taxes	2 351 302		2 351 302		
Profit/loss after taxes from discontinued operations according to income statement	2 203 854	- 124 273	2 049 703	- 242 714	- 431 518

Note 14: Events after the balance sheet date

- In July, Hexagon Agility received inaugural order for Mobile Pipeline (®) TITAN 450 modules from an industry-leading U.S. energy company of USD 14.3 million.
- In July, Hexagon Agility received orders for Mobile Pipeline® and RNG fuel systems from a major refuse fleet in North America of USD 31 million in total.
- In August, Hexagon Agility received an order for Mobile Pipeline® TITAN 450 modules of USD 54 million from Certarus. This is the largest single order ever for Mobile Pipeline

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

Share information

A total of 8,967,733 shares (Q1: 11,78,349 shares) in Hexagon Composites ASA were traded on the Oslo Stock exchange during the second quarter of 2023. In the quarter, the share price moved between NOK 19.29 (NOK 21.75) and NOK 24.74 (NOK 30.28), ending the quarter at NOK 20.84, giving a market capitalization of NOK 4.2 billion (5.1 NOK billion) for the Company. For further investor information, refer to the investor section on www.hexagongroup.com.

Terminology

BAR

Unit of pressure. 1 millibar = 100 N/m²

BIOGAS

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

BIO-LPG

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

BEV

Battery Electric Vehicle

CHASSIS

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

CHG

Compressed Hydrogen Gas

CNG

Compressed Natural Gas

CO₂

Carbon Dioxide

COMPOSITE

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

EBIT

Earnings before interests and taxes

EBITDA

Earnings before interest, taxes, depreciation, and amortization

EV

Electric Vehicle

FCEV

Fuel Cell Electric Vehicle

GHG

Greenhouse Gas

GVW

Gross Vehicle Weight

HDV

Heavy-Duty Vehicle

H₂

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

JOINT VENTURE

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

LDV

Light-Duty Vehicle

LNG

Liquefied Natural Gas

LPG

Liquefied Petroleum Gas (propane gas)

MOBILE PIPELINE®

Gas distribution products

NGV

Natural Gas Vehicle

OEM

Original Equipment Manufacturer

X-STORE®

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

RNG

Renewable Natural Gas Pipeline compatible gaseous fuel derived from biogenic or other renewable sources that has lower lifecycle carbon dioxide equivalent (CO₂- eq) emissions than geological natural gas

SCBA CYLINDER

Self-contained breathing apparatus

SCM3

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

TITAN®

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

TUFFSHELL®

High-pressure CNG cylinder for heavy duty vehicles

TYPE 1

Steel cylinder

TYPE 2

Steel cylinder, composite-reinforced

TYPE 3

Composite cylinder with metal liner

TYPE 4

Composite cylinder with polymer liner

U.S. DOT

U.S. Department of Transportation

Forward looking statements

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