

Q1 2021

Jon Erik Engeset, CEO
David Bandele, CFO

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Agenda

- Q1 highlights and key market developments
- Summary Group highlights and financials
- Outlook
- Q & A
- Appendix: Segment financials & other material



Q1 2021

Converting strong pipeline into major long-term agreements and orders

USD 90 million in order intake for RNG/CNG fuel systems YTD

Strong rebound & positive outlook for Mobile Pipeline[®]

EUR 200 million LTA with Nikola for H2 tank serial production

USD 85 million LTA with Certarus

Hexagon Purus signed Joint Venture agreements with CIMC Enric for China and Southeast Asia

Extended & expanded strategic alliance with Mitsui & Co

Q1 2021 – ahead of schedule

Revenues excl. Purus

NOK **690** million
(NOK 802 million Q1'20)

EBITDA excl. Purus

NOK **87** million
(NOK 82 million Q1'20)

Hexagon Purus

Revenues NOK **57** million
EBITDA NOK **-62** million

ESG Highlights (annualized)

Avoidance of

730,000

metric tons of CO2
equivalent emissions¹⁾

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

13%

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



More than

30

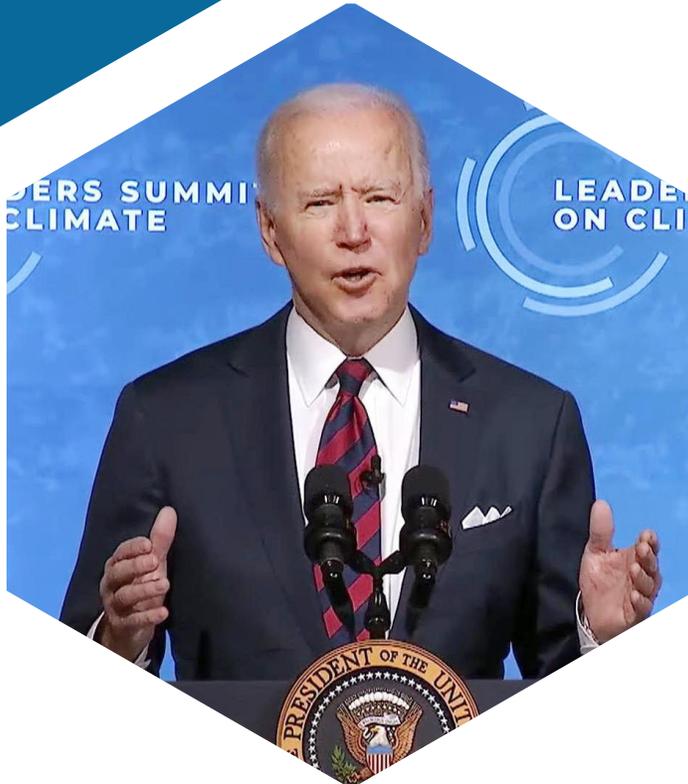
nationalities in the workforce

COVID- 19 Impact

- 122 cases to-date, one fatality
- All production facilities have remained open during the quarter
- Supply chain disruptions
 - Global semi-conductor shortage
 - Long lead-times on key components, e.g. battery cells



Increased global commitment & pace



The US resumes leadership

- Domestic goal to **cut emissions by >50% within 2030** from 2005 levels
- Unveiled **USD 2 trillion green infrastructure package**
- **>50% of the world's economy committed** to limit warming to 1.5-degree C.

“We recognize the importance of public sector investment, particularly in green infrastructure... One estimate placed the needed incremental investments at over USD 2.5 trillion for the United States alone. Private capital will need to fill most of that gap.”
- Janet Yellen, Treasury Secretary

RNG technology
classified as
mitigating



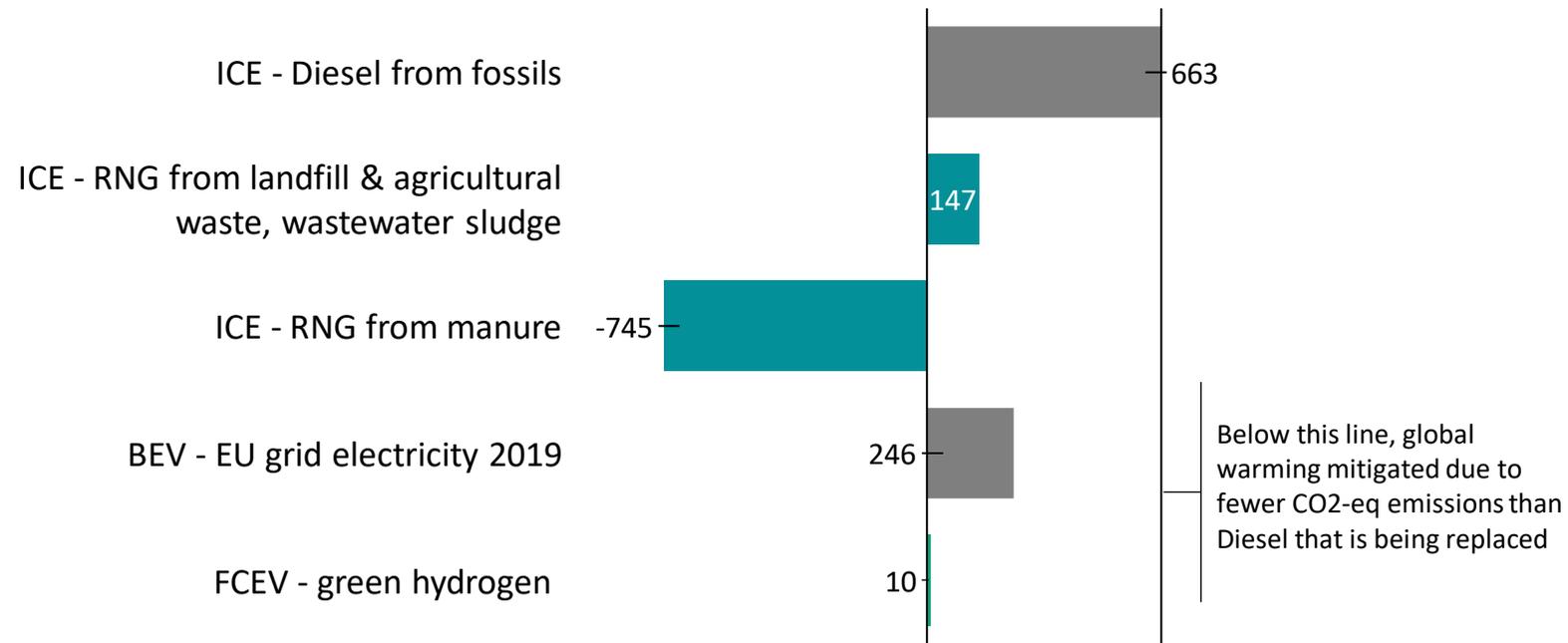
EU taxonomy – Delegated act

- **Renewable natural gas (RNG) qualifies** as contributing substantially to **climate change mitigation**
- **Positive impact on RNG investments**
- **Natural gas carved out**
 - Subject to separate procedure and Delegated Act expected in December 2021

RNG will be part of the energy transformation in Europe

RNG from manure is the only energy carrier with negative CO₂-eq emission potential

Well-to-wheel CO₂-eq emissions, in g/km for class 7 truck

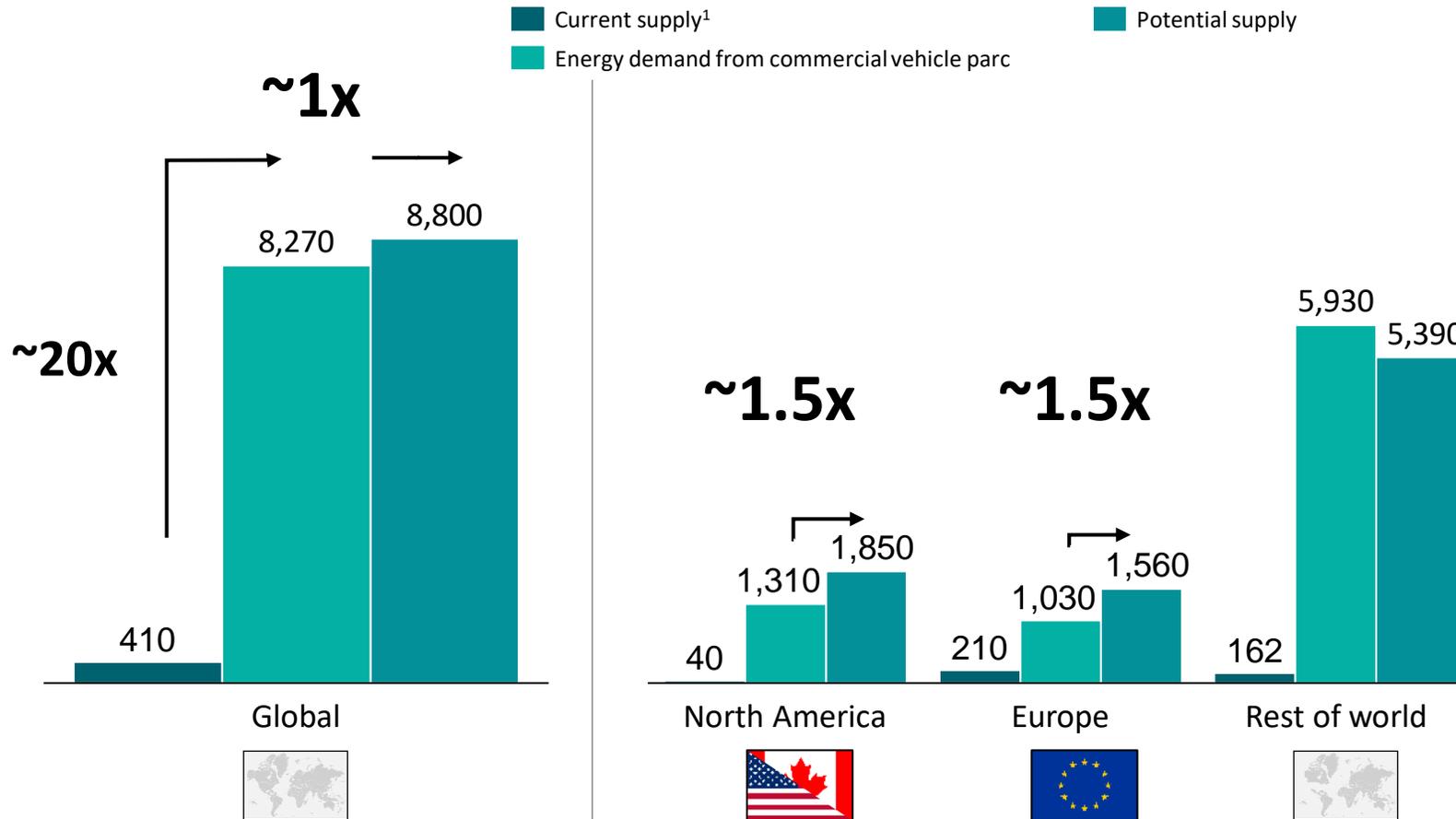


RNG usage reduces global warming by capturing methane otherwise emitted to the atmosphere.

Methane causes 30x more global warming than burning methane into CO₂¹.

No supply constraints of RNG for commercial vehicles

Biomass supply for RNG production and commercial vehicle energy demand, TWh¹



20x

Potential for biomethane supply ramp-up using sustainable sources.

~1.5x

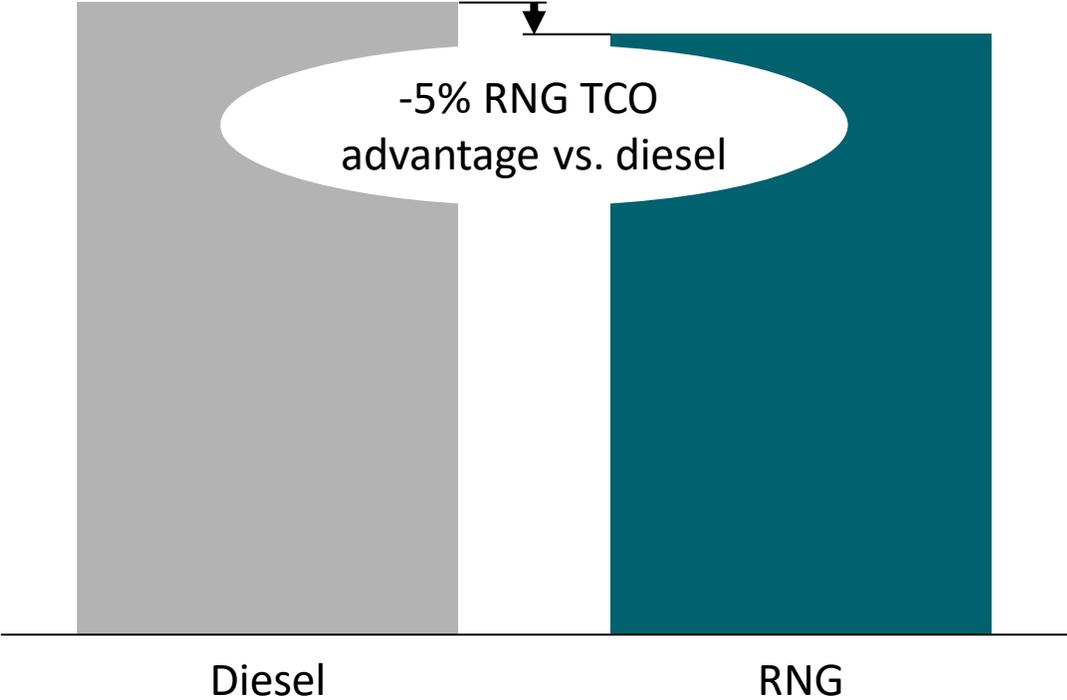
Potential supply in NA & Europe compared to expected commercial vehicle RNG energy demand.

11 Source: Third party consultant, 1. Considers all biomass for either bio-gas or bio-methane production, 2018 figures.



RNG reduces total cost of ownership for truck operators

California example



RNG
is cost competitive vs. diesel
with today's incentive
schemes in the EU and US



Strong RNG momentum in the commercial vehicles space

NGTNews | Next-Gen Transportation

RNG Provided Over Half of On-Road Fuel Used in Natural Gas Vehicles

By Michael Bates - April 14, 2021

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Decarbonize Transport with Renewable Natural Gas

Affordable and proven natural gas vehicle technology fueled with biomethane (RNG) collected at local landfills, wastewater treatment plants, commercial food waste facilities, and agricultural digesters can yield a carbon-negative lifecycle emissions result.

2020 NGV Fuel Use
646 Million GGE Total
In 2020, **53%** of all on-road fuel used in



Anheuser-Busch Transitioning Dedicated Fleet to Renewable Natural Gas as Part of Ongoing Leadership in Sustainable Logistics

AUGUST 12, 2020



U.S. Amazon's fleet will refuel low & negative carbon biogas at 15 states

April 19, 2021



Madrid Transit (EMT) awards purchase orders for 520 CNG buses

April 27, 2021
GGM
Leave a comment

Renewed emphasis

UPS deploys more than 11,000 low-emission vehicles based on technologies that work best for the needs of each delivery route.



Transport Topics

Roger Gilroy | Senior Reporter
April 26, 2021 11:15 AM, EDT

Renewable Natural Gas Gains Momentum as Trucking Fuel



The Washington Post

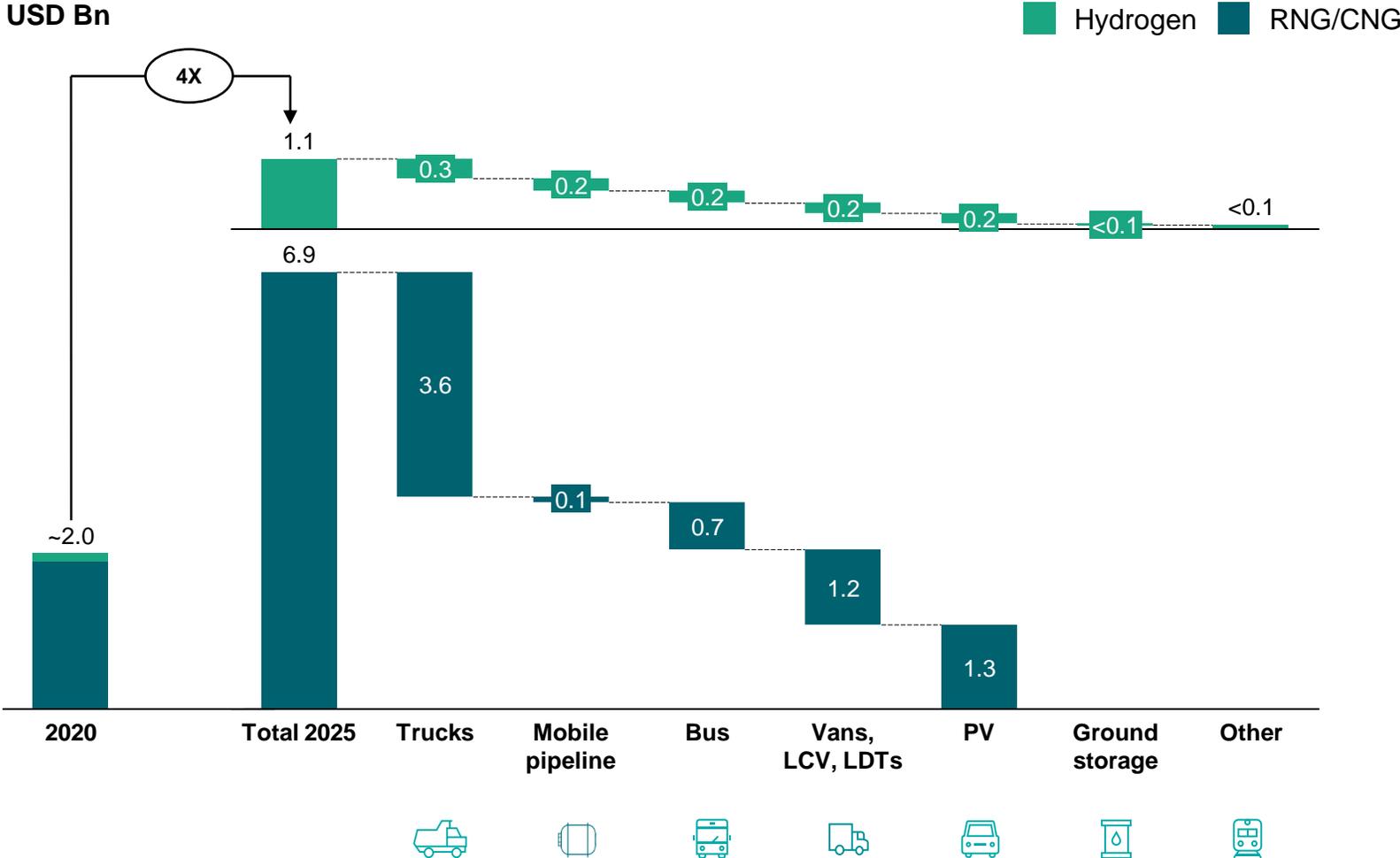
Democracy Dies in Darkness

Senate votes to restore Obama-era limits on methane gas emissions

The measure still must pass the House before being sent to the president's desk. It marks Democrats' first use of the 1996 Congressional Review Act.



Addressable market expected to grow four times next five years



Scalability



Leading engineering and production capabilities

- Escalating demand fills current capacity
- Capacity being added in the US, Germany and China
- Given our established footprint, limited incremental CAPEX needed to achieve significant volume increases at very attractive returns
 - Bottleneck in scaling of human resources
- A global production system allows cross border optimization and sourcing
- No other player enjoys Hexagon's scale and synergy potential

Ahead of schedule

g-mobility

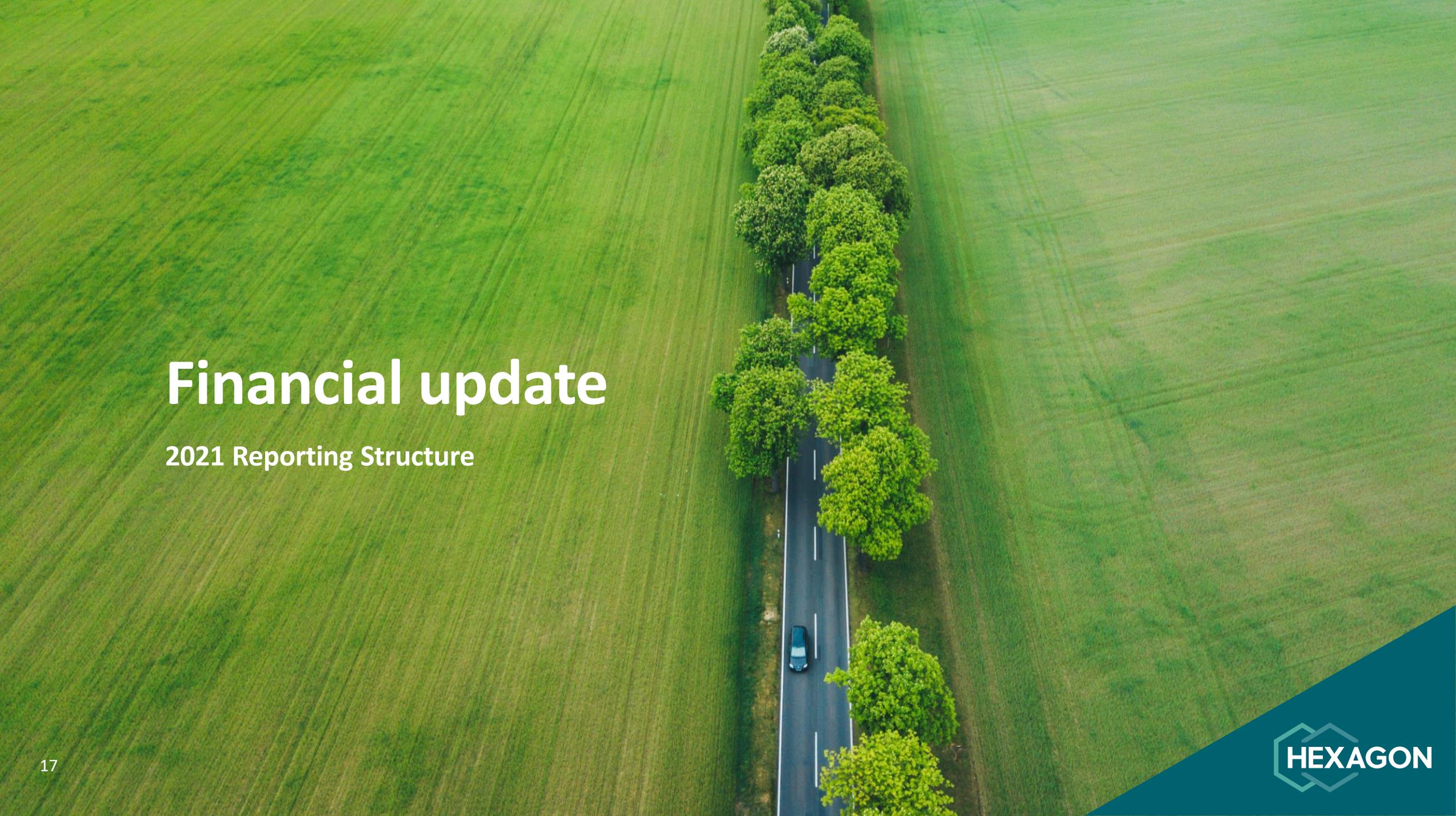
Hexagon Agility targets significant RNG-driven growth

e-mobility

Hexagon Purus claims leadership position for hydrogen & battery electric solutions

World-class manufacturing

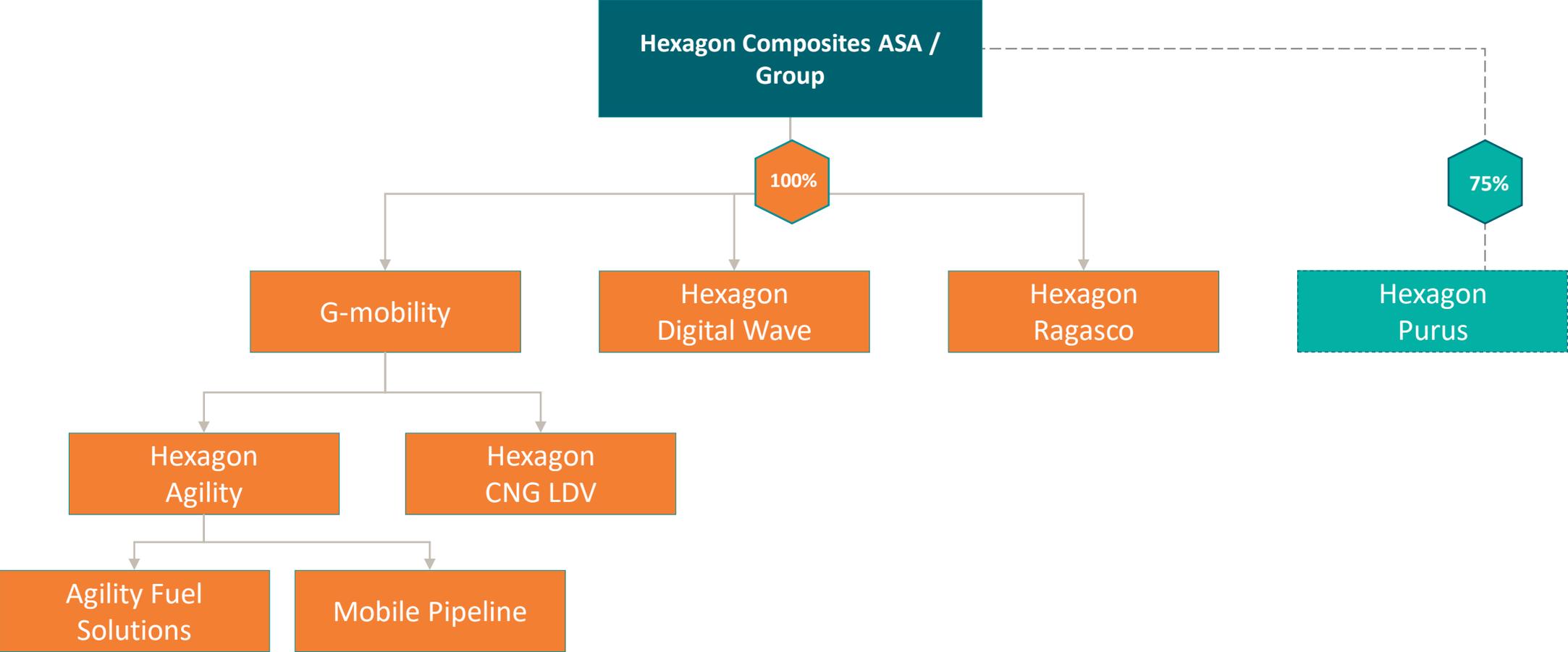
Hexagon's global production system ready for scale

An aerial photograph of a vast green agricultural field. A paved road with white lane markings runs vertically through the center of the field. A line of lush green trees borders the road. A small blue car is visible on the road. The overall scene is bright and green, suggesting a healthy agricultural environment.

Financial update

2021 Reporting Structure

Reporting structure from 1 January 2021



Q1 2021 Financials

Hexagon (excl. Purus)

Highlights from Q1 2021

- **Ahead of schedule and strong order book for remainder of the year**
- **Solid NOK 527m revenue in g-mobility**
 - Strong order intake on Heavy-Duty Truck; RNG a significant driver in US
 - Temporarily reduced volumes in Light-Duty due to semiconductor shortage
 - Light quarter for Mobile Pipeline, but secured USD 15m order for Q2
- **Strong NOK 34m EBITDA in Hexagon Ragasco**
 - Realized production efficiencies
 - Finalizing technology and initiating pilot programs for the new SMART cylinder concept with major customers in Europe
- **Hexagon Digital Wave**
 - Executing development of pipeline of digital product/services
- **Hexagon Purus – publicly listed subsidiary**
 - Strong order backlog including a EUR 200m LTA with Nikola in April
 - 75% ownership investment valued at ~ NOK 6bn
 - NOK 1.1bn of cash reserves

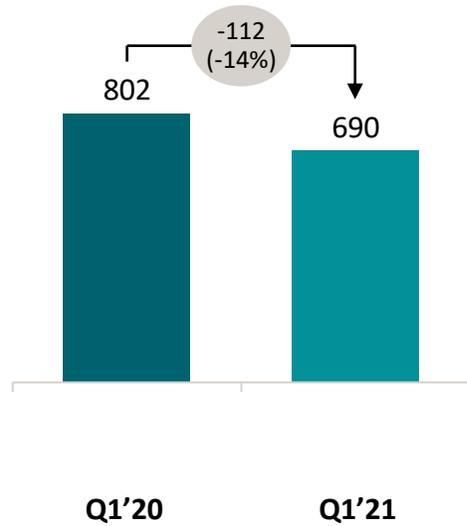


Financial highlights Q1 2021

Hexagon (excl. Purus)

Revenue

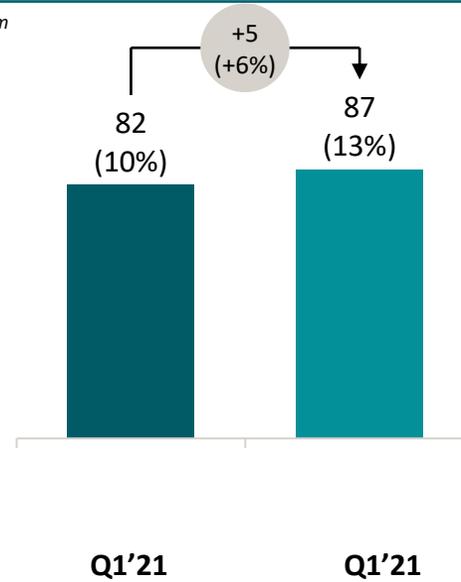
NOKm



- Overall strong underlying sustainability driven demand in Heavy-Duty automotive sector
- Y-o-Y revenue shortfall due to FX headwinds of NOK 50m+ and Mobile Pipeline overhang from COVID last year of NOK 50m+
- Strong order intake across the board for Q2 onwards

EBITDA

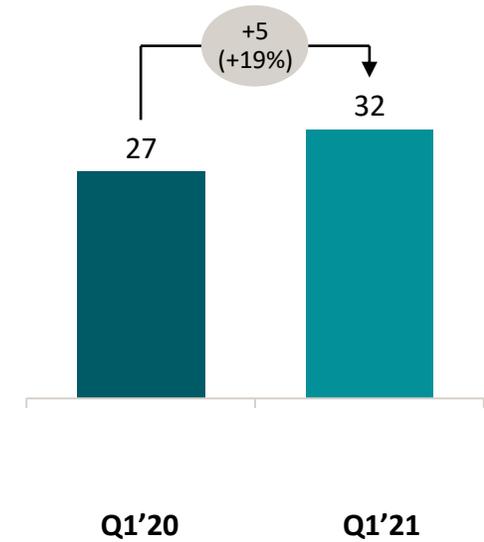
NOKm



- Favorable mix, production efficiencies and cost control resulted in higher profitability

EBIT

NOKm

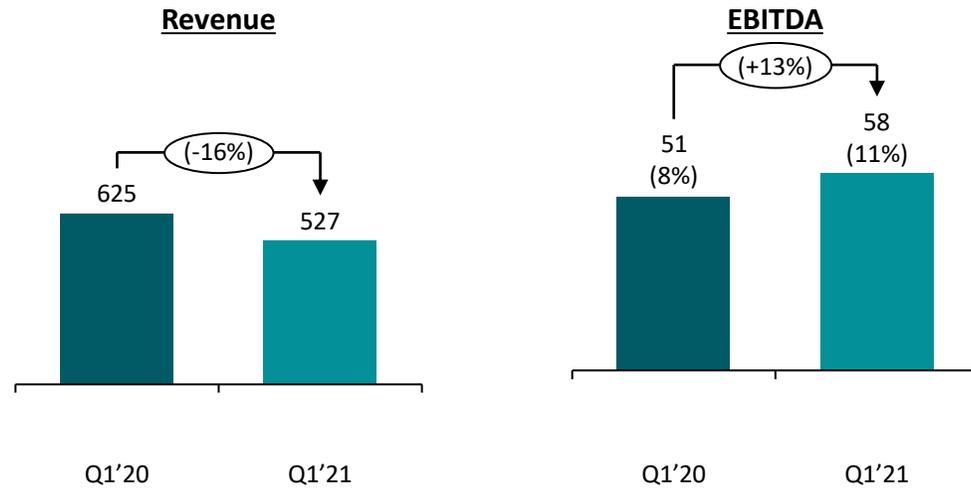


- Similar depreciation and amortization levels

Hexagon g-mobility segment | Q1 2021

Hexagon g-mobility*

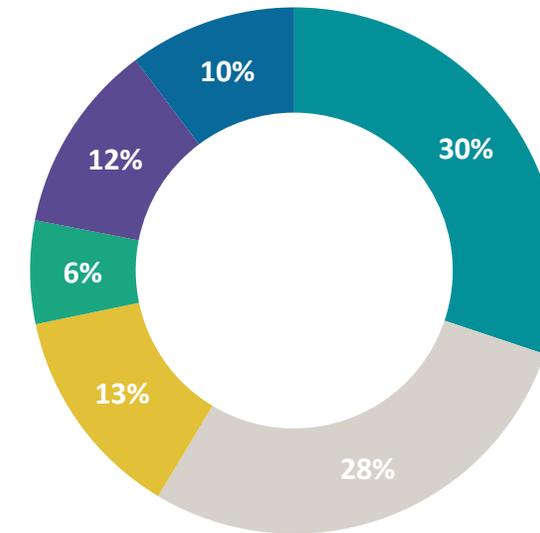
NOKm



- Solid quarter for EBITDA while gearing up for strong Q2 and rest of year
- Hexagon Agility saw strong US Truck and EU Transit demand. Achieved operational synergies in the new combined business area
- Light-Duty results robust despite impacts of semi-conductor shortage; high activity towards Hexagon Purus

Revenue Share YTD Q1'21

Before eliminations

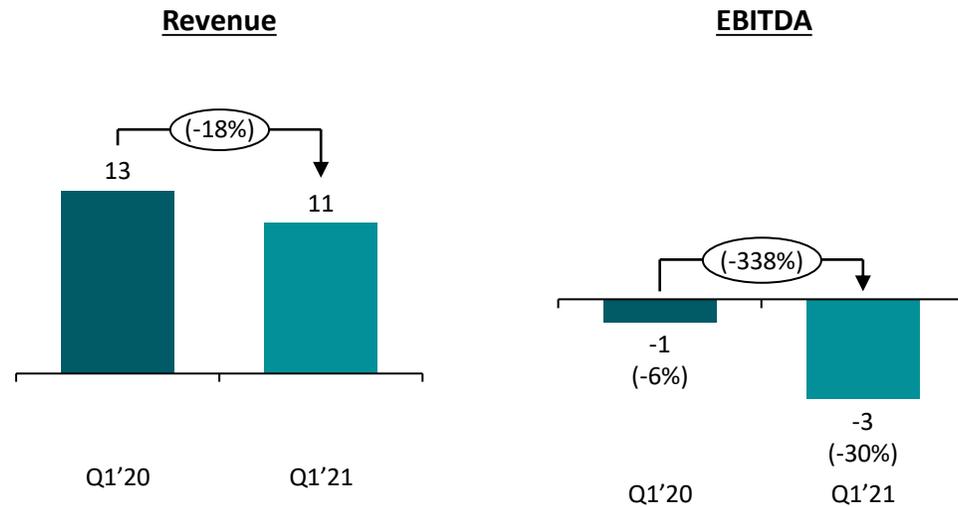


- Heavy-Duty/Medium-Duty Truck
- Transit Bus
- Refuse Truck
- Heavy-Duty/Medium-Duty Other
- Light-Duty Vehicles
- Mobile Pipeline



Hexagon Digital Wave* | Q1 2021

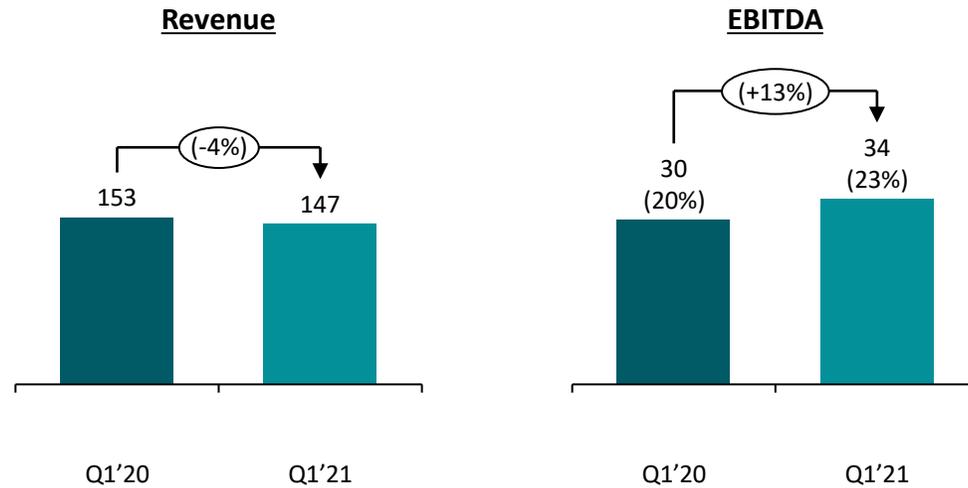
NOKm



- Strong SCBA Life extension sales offset by delay in Ultrasonic Examinations (UE) sales from Q1 to Q2
- Investment in organization to develop digitalization products pipeline

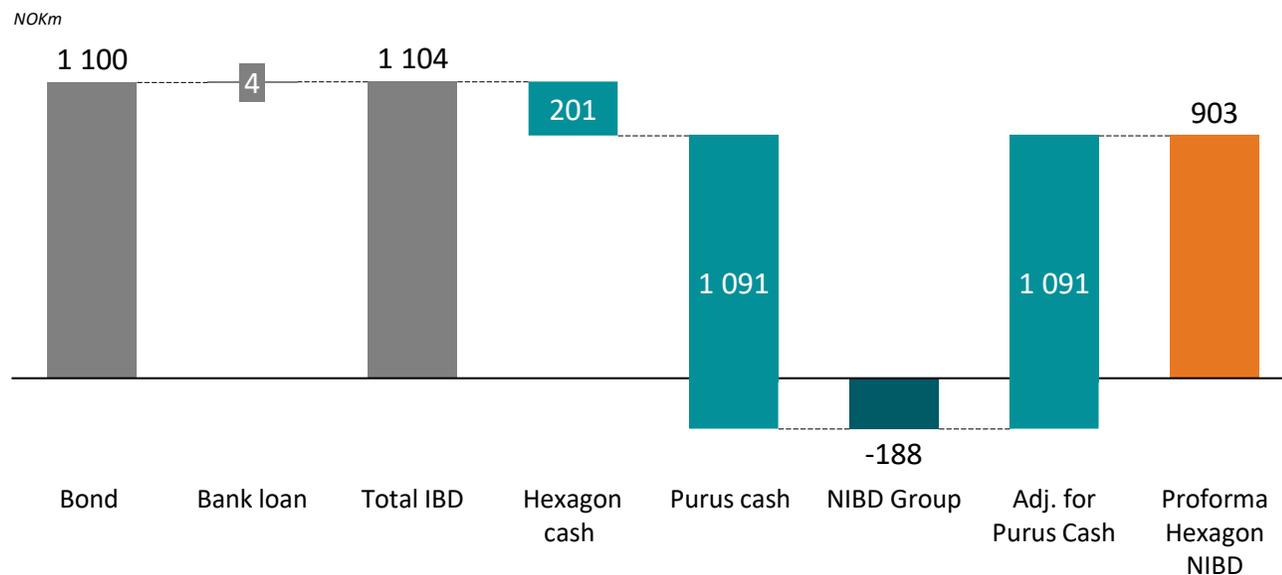
Hexagon Ragasco* | Q1 2021

NOKm



- Strong demand from the Nordics and Switzerland
- High production efficiencies result in improved margin

Hexagon proforma leverage | Q1 2021



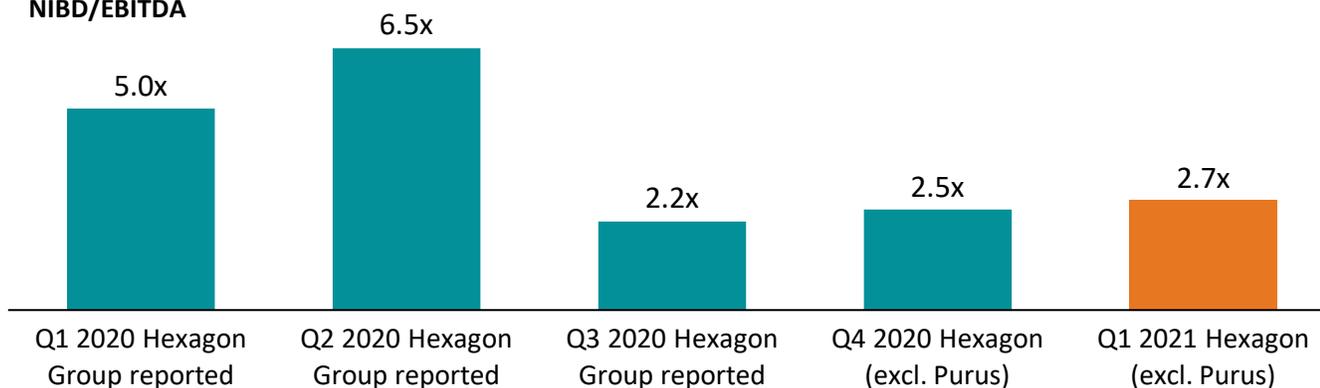
- As of Q1 2021, Hexagon has a total NIBD of NOK 0.9 bn

- Total IBD of 1.1 bn and cash of NOK 0.2 bn
- Unsecured Bond NOK 1.1 bn. Maturing March 2023
- Secured Bank facility of NOK 0.6 bn, substantially undrawn

- Hexagon Purus currently debt free and holds cash of NOK 1.1 bn

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

NIBD/EBITDA

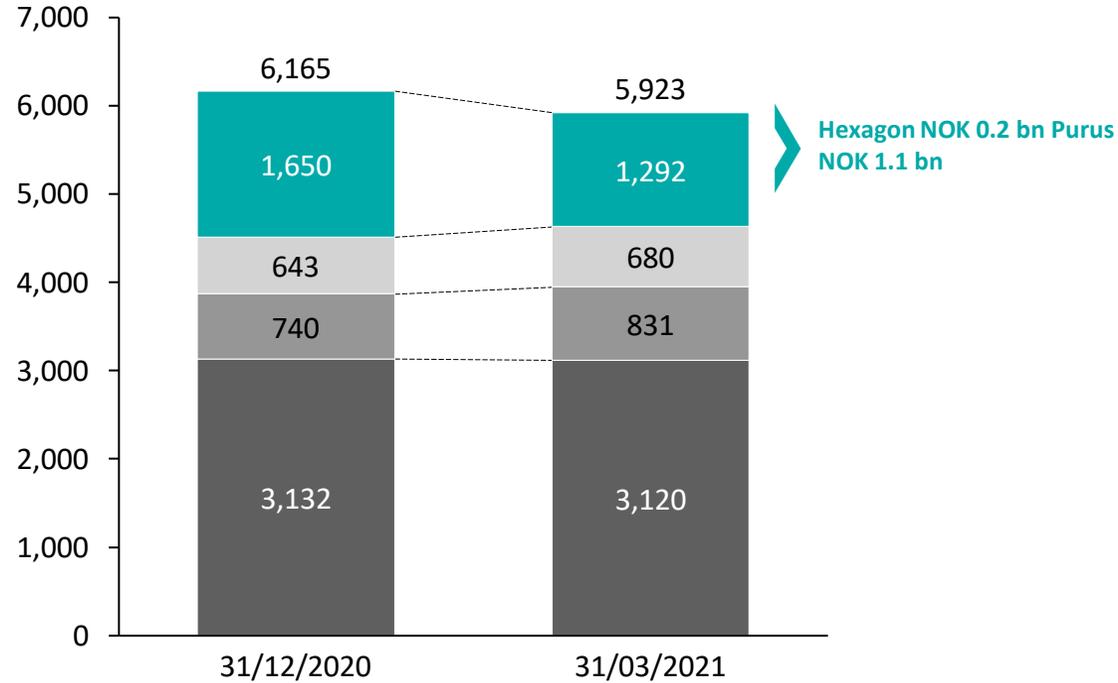


Q1 2021 Financials

Hexagon Group

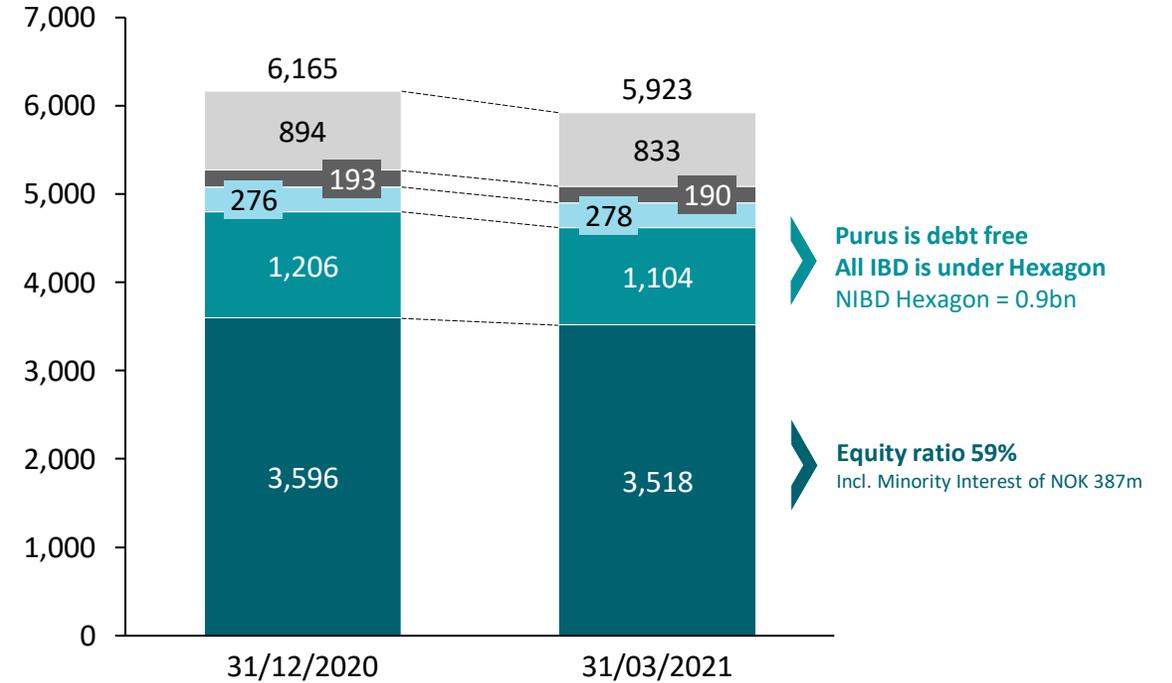
Hexagon Group Balance sheet | Q1 2021 vs Q4 2020

Assets
NOKm



■ Cash ■ Inventory
■ Receivables ■ Fixed assets

Liabilities & Equity
NOKm



■ Other current liabilities ■ Equity
■ Other long term liabilities
■ Lease liabilities from right of use assets
■ Interest bearing debt

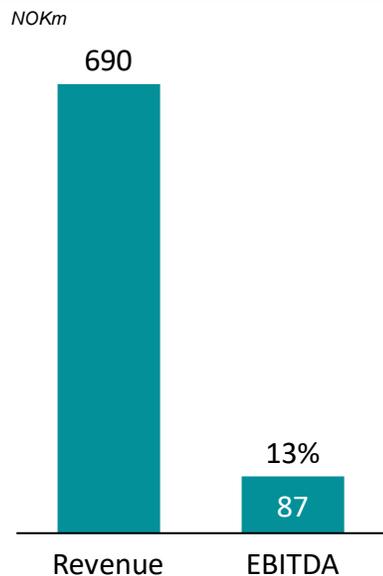
Stronger balance sheet after listing and private placement of Hexagon Purus

**The bond was issued in NOK and the company entered into a currency swap hedging arrangement converting the instrument to USD and is therefore accounted for as USD and subject to non-cash FX translation movements; Interest bearing debt is stated excluding NOK 77m of related mark to market positions classified as non-current assets at the end of Q4 and not netted in liabilities*

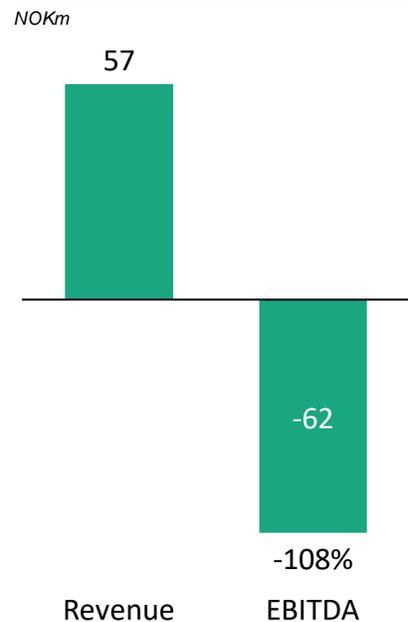


Overall summary | Q1 2021

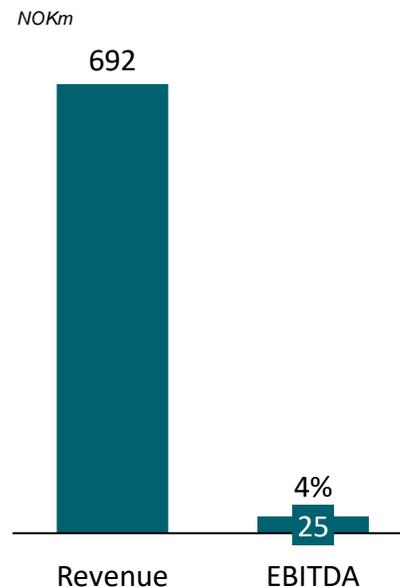
Hexagon (excl. Purus)



Hexagon Purus



Hexagon Group*



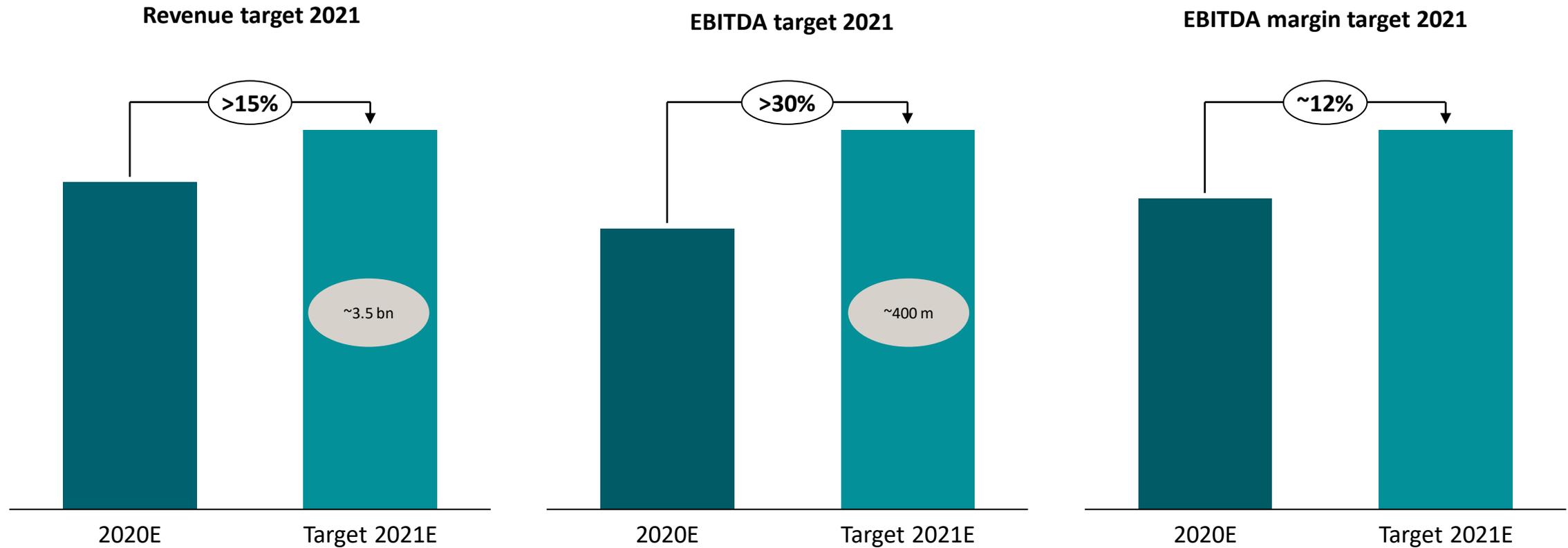
- Solid opening quarter for Hexagon as it gears up for significantly stronger rest of year in automotive and mobile pipeline businesses
- Heavy Duty US Truck and European Transit Bus business powers ahead
- Strong EBITDA generation from Hexagon Ragasco provides a solid platform for smart cylinder and other growth initiatives
- Hexagon Digital Wave funding product development growth organically
- Hexagon Purus' opex and capex investment requirements are self-funded and ring-fenced from Hexagon's external financing obligations

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

Outlook & 2021 Full year guidance

Hexagon (excl. Purus) 2021 targets*

Substantial and profitable growth



Hexagon (excl. Purus) 2021 Guidance | as at Q1 2021

Hexagon (excl. Purus): Q2 – Q4 expected to be strong but headwind related to semi-conductor shortage in LDV may not be fully recouped within 2021

		CURRENT 2021 EXPECTED PERFORMANCE TO TARGET	OPPORTUNITIES	RISKS
HEXAGON	HEXAGON AGILITY	<ul style="list-style-type: none"> Continued sustainability driven adoption 	<ul style="list-style-type: none"> Productivity improvements 	<ul style="list-style-type: none"> Prolonged Covid-19 recovery
	HEXAGON CNG LDV	<ul style="list-style-type: none"> Semi-conductor shortage impact continues to Q2 	<ul style="list-style-type: none"> Indonesia and India 	<ul style="list-style-type: none"> Prolonged shortage of electronic components
	HEXAGON RAGASCO	<ul style="list-style-type: none"> Strong underlying demand 	<ul style="list-style-type: none"> Further orders in newer geographies 	<ul style="list-style-type: none"> Delays to expected orders in newer geographies
	HEXAGON DIGITAL WAVE	<ul style="list-style-type: none"> Investing in opex to extend existing profitable business 		

Hexagon Agility Medium & Heavy- Duty Vehicles



Very strong ESG driven demand

- **Strong orderbook for Q2 and Q3**
- **Growing demand for Heavy-Duty Truck**
 - USD 44 million in new orders from major logistics supplier
 - Improved adoption among small fleet owners
 - New customer order from Certarus
- **Continued positive demand for European Bus**
- **Refuse and US Bus segments expected to pick up in second half of 2021**

Hexagon Agility Mobile Pipeline



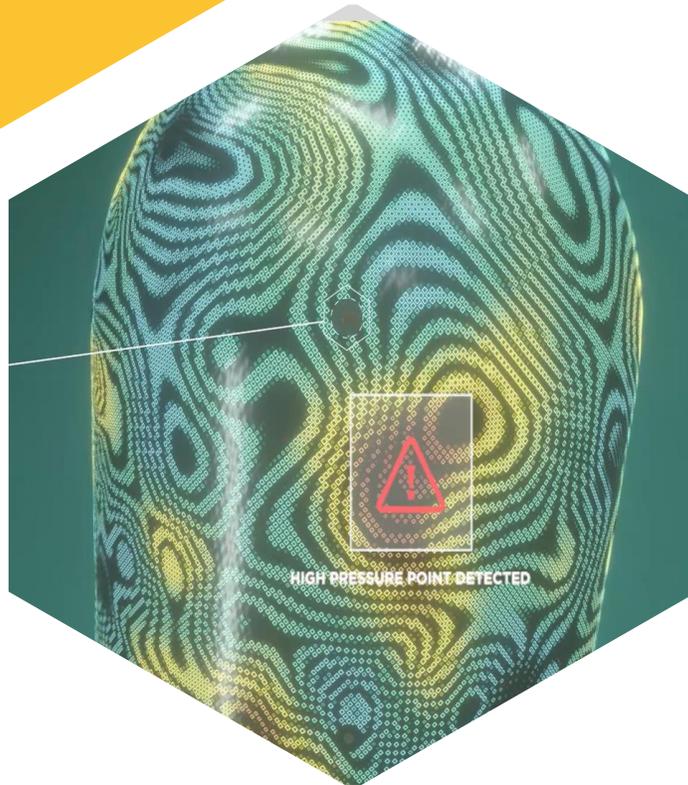
Rebound in volumes this year

- **Strong backlog and good visibility for remainder of 2021**
 - Oil & gas, RNG, industrial gas and mobile refuelling units
 - Decarbonization and sustainability targets drive demand
- **Signed USD 85 million LTA with Certarus**
 - **Initial order for Hexagon Agility of USD 19 million to be delivered in Q2**



CNG Light-Duty Vehicles

- **Semiconductor shortage continues to affect volumes**
- Pick-up in volumes expected in the second half of 2021, albeit from a lower level



Developing our centre of excellence for Smart Technologies

- Expanding the expertise to **digitalize Hexagon's products and solutions**, including developing new revenue models
 - Developing **factory installed sensor technology**
 - **Strong ESG benefits** – life extension of products
- Global semi-conductor shortage causing some delays
- **Investing in organization and product development** to realize future opportunities



Seasonally strong demand from Europe

- Strong demand from European leisure market
- **Significant order from South Asia** with delivery in Q2
- Introductory order from **German regional LPG marketer** with delivery in Q2
- Introductory order from **Tier 1 Southeast Asian LPG** marketer with delivery in Q3
- Smart cylinders pilot program on track and receiving good response from key European customers

What are the 3 big things to look out for?

RNG uptake as fast-track alternative fuel to lower harmful emissions for commercial vehicles

Smart Cylinder digitalization of LPG product offering to accelerate adoption of Type-4 tanks versus steel

Smart systems digitalization and real-time monitoring of all high-pressure Type-4 tanks driven by Modal Acoustic Emissions technology

2021 onwards

2022 onwards

2025 onwards

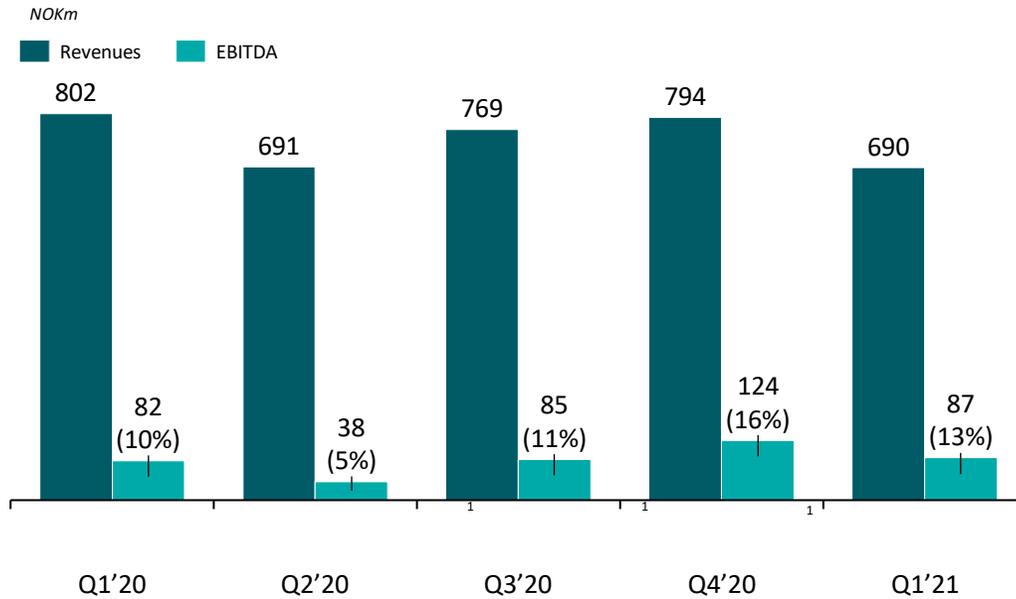
A woman with a ponytail, wearing a white shirt, is walking away from the camera on a city street. The scene is set during sunset or sunrise, with warm, golden light. The background is blurred, showing buildings and other people. A white hexagonal grid pattern is overlaid on the entire image. The text "Clean air everywhere" is centered in white.

Clean air everywhere

Appendix

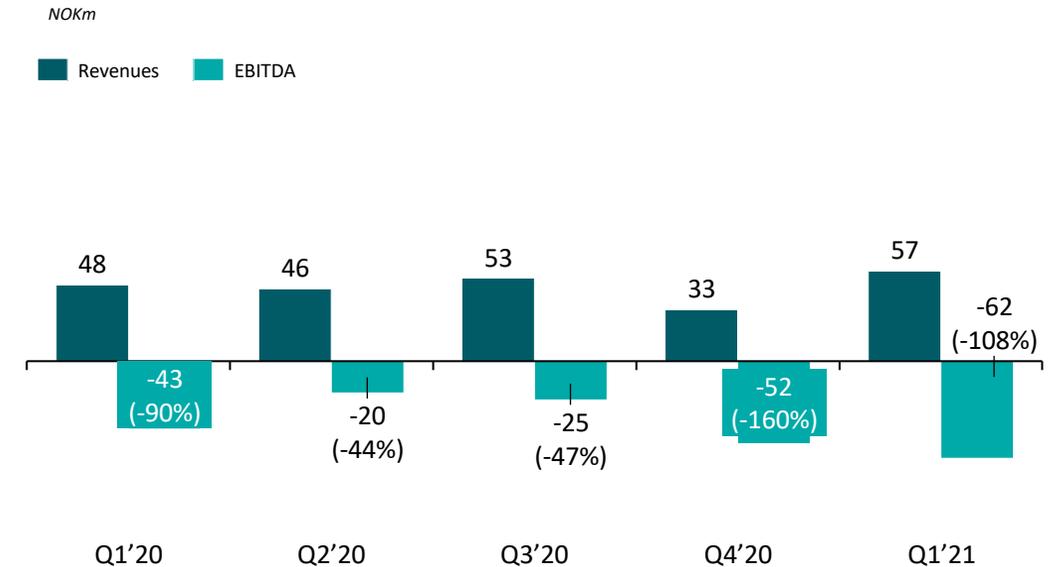
Hexagon proforma financial highlights (1/3)

Hexagon (excl. Purus)*



- Hexagon (excl. Purus) provides clean solutions with strong ESG benefits
 - g-mobility: (renewable) natural gas clean mobility solutions
 - Ragasco: Portable LPG cylinders for household and leisure applications
 - Digital Wave: smart technology for monitoring and testing of cylinder systems and creating circular economy by extending life expectancy

Hexagon Purus (e-mobility)*

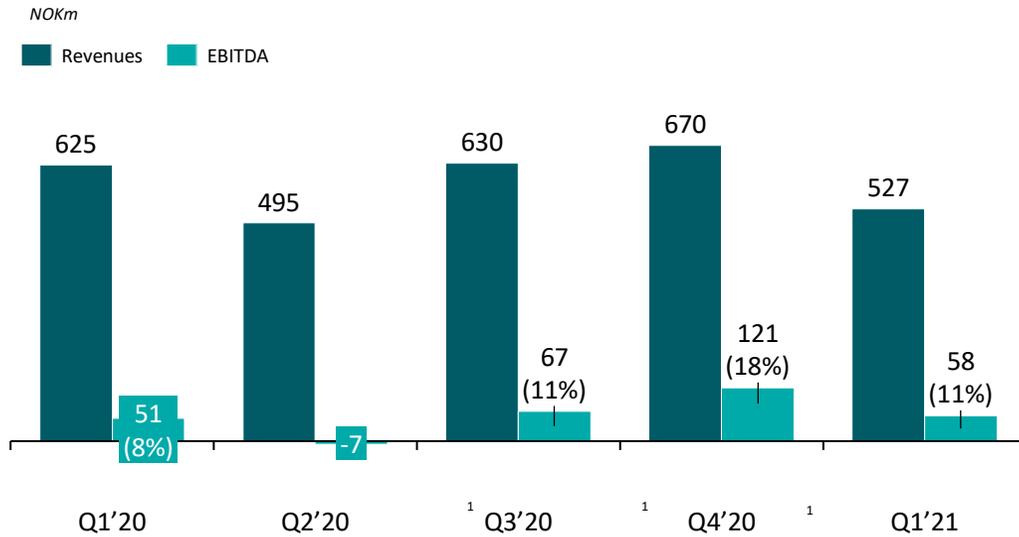


- Hexagon Purus provides clean and sustainable fuel solutions for battery electric and hydrogen vehicles



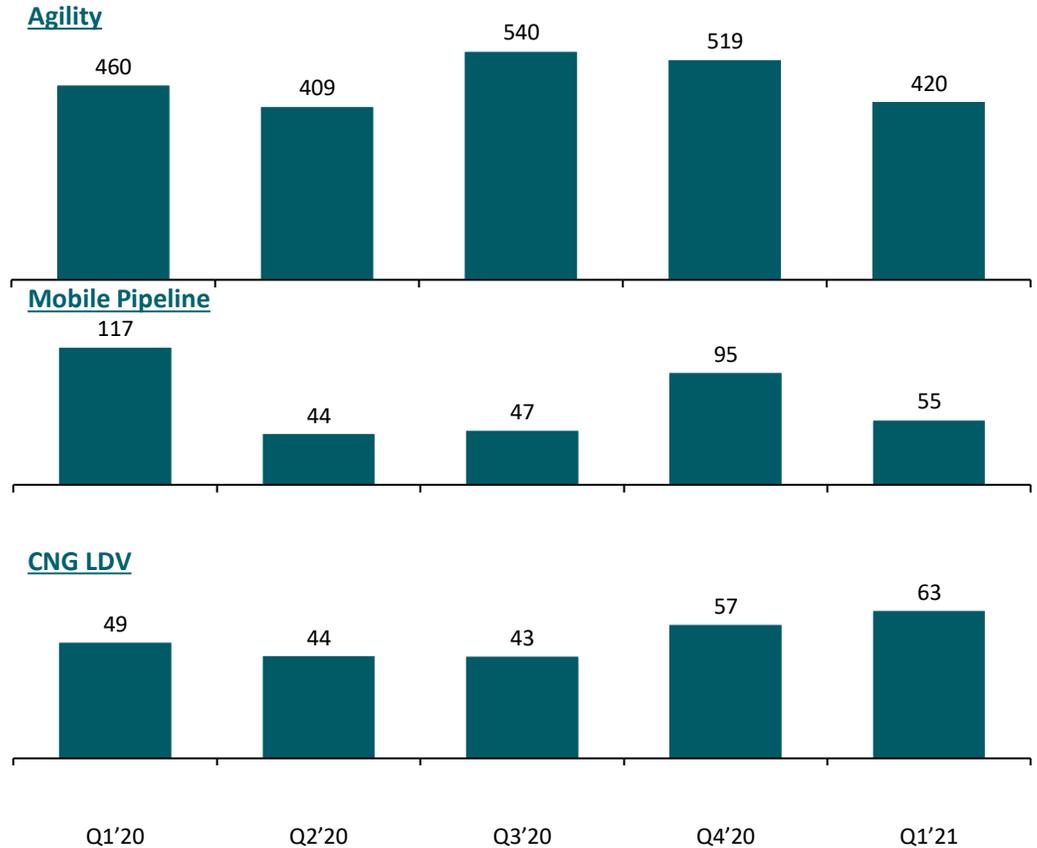
Segment proforma financial highlights (2/3)

Hexagon g-mobility*



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

Hexagon g-mobility revenue split (before eliminations)* NOKm



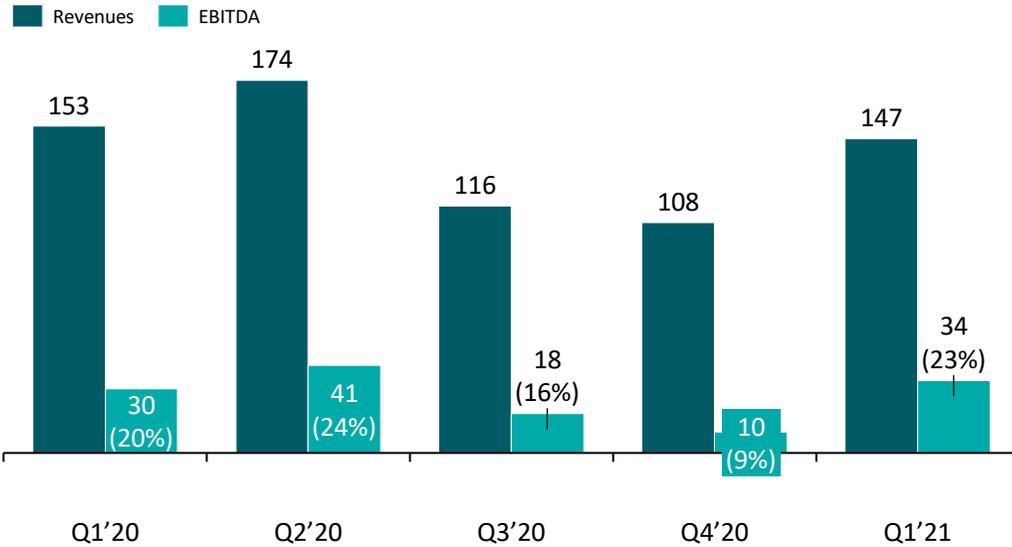
■ Revenues



Segment proforma financial highlights (3/3)

Hexagon Ragasco as reported

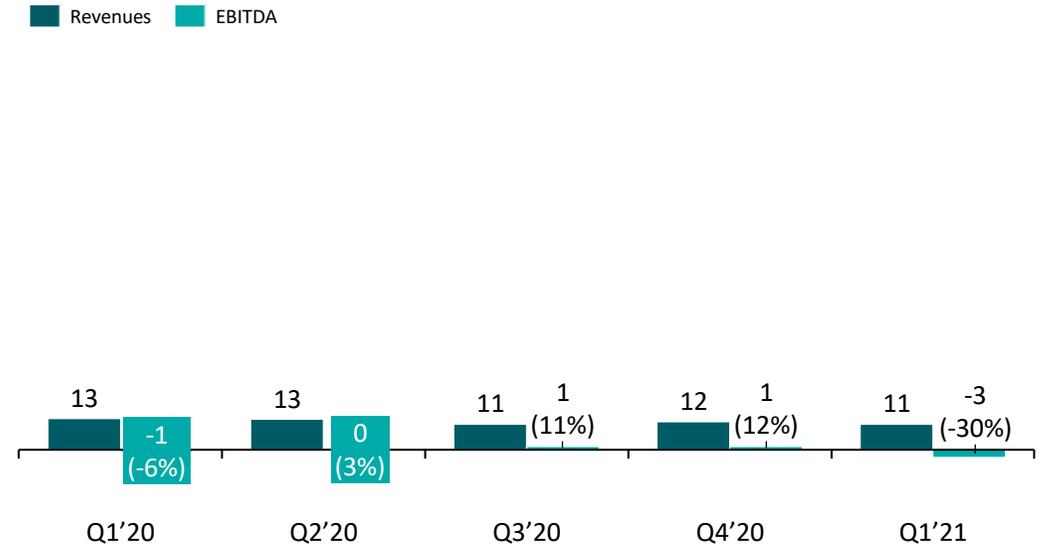
NOKm



- World leading provider of LPG composite cylinders
- Delivered over 18 million cylinders worldwide
- Strategic agenda include IoT and digitalization providing connectivity and driving value chain transformation

Hexagon Digital Wave*

NOKm



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



Consolidated financial statements | P&L

Hexagon Composites ASA

Income Statement (NOK 1 000)	Q1 2021	Q1 2020	31.12.2020	31.12.2019
Revenue from contracts with customers	692 295	817 870	3 070 865	3 404 209
Other operating income	182	7 285	9 511	11 915
Total revenue	692 478	825 156	3 080 375	3 416 124
Cost of materials	294 896	405 137	1 500 976	1 673 120
Payroll and social security expenses	254 442	248 906	941 425	853 706
Other operating expenses	117 713	134 331	448 348	599 209
Gain / Fair value adjustment earn-out				-69 625
Total operating expenses before depreciation	667 050	788 374	2 890 750	3 056 409
Operating profit before depreciation (EBITDA)	25 427	36 782	189 626	359 715
Depreciation and impairment	63 886	60 766	248 340	239 606
Operating profit (EBIT)	-38 459	-23 984	-58 714	120 109
Profit/loss from investments in associates and joint ventures	-702	-436	-1 885	-749
Net financial items	-48 949	105 582	7 757	-8 114
Profit/loss before tax	-88 110	81 162	-52 841	111 246
Tax	4 949	19 039	99 740	3 755
Profit/loss after tax	-93 059	62 123	-152 582	107 491

Consolidated financial statements | Balance sheet & cash flow

Hexagon Composites ASA

BALANCE SHEET (NOK 1 000)	31.03.2021	31.12.2020
ASSETS		
Property, plant and equipment	766 691	747 266
Right-of-use assets	268 303	257 337
Intangible assets	2 004 261	2 105 569
Investment in associates and joint ventures	2 064	2 142
Non-current current assets	78 973	79 848
Total non-current assets	3 120 292	3 192 161
Inventories	830 666	740 639
Trade receivables	679 324	624 978
Contract assets (incl. prepayments)	370	814
Cash and short-term deposits	1 292 138	1 649 882
Total current assets continuing operation	2 802 498	3 016 313
Total assets	5 922 789	6 208 474
EQUITY AND LIABILITIES		
Paid-in capital	2 171 451	2 165 590
Other equity	959 664	1 014 975
Equity attributable to equity holders of the parent	3 131 116	3 180 565
Non controlling interests	387 263	411 221
Total equity	3 518 379	3 591 786
Interest-bearing long-term liabilities	1 103 935	1 206 127
Lease liabilities	229 652	237 266
Other non-current liabilities	189 616	261 999
Total non-current liabilities	1 523 203	1 705 392
Interest-bearing current liabilities	0	0
Lease liabilities short-term	47 879	25 198
Contract liabilities (incl. prepayments from customers)	89 020	53 371
Other current liabilities	744 309	832 726
Total current liabilities	881 208	911 296
Total liabilities	2 404 411	2 616 688
Total equity and liabilities	5 922 789	6 208 474

CONDENSED CASH FLOW (NOK 1 000)	31.03.2021
Profit before tax from continuing operations	-88 110
Depreciation and write-downs	63 886
Change in net working capital and other	-152 794
Net cash flow from operations	-177 018
Net cash flow from investment activities	-47 383
Net cash flow from financing activities	-131 743
Net change in cash and cash equivalents	-356 144
Net currency exchange differences	-1 600
Discontinued operations	0
Cash and cash equivalents at start of period	1 649 882
Cash and cash equivalents at end of period	1 292 138

Investor relations information



EXCHANGE

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



MARKET CAP

NOK ~8bn

MARKET CAPITALIZATION¹



INVESTOR BASE

~6,000

SHAREHOLDERS

> 50%
International
ownership



2021 FINANCIAL CALENDAR

	2021												2022		
Q2 2021															
Q3 2021															
Q4 2021															

Key dates marked with diamonds: 12-aug (Q2 2021), 04-nov (Q3 2021), 17-feb (Q4 2021).



EQUITY ANALYST COVERAGE

CARNEGIE

- MIKKEL NYHOLT-SMEDSENG

SEB

- ANDERS ROSENLUND
- HERMAN LIA

SPAREBANK 1 MARKETS

- THOMAS NAESS



INVESTOR RELATIONS CONTACTS

HIVA GHIRI

VICE PRESIDENT, INVESTOR RELATIONS
E-MAIL: HIVA.GHIRI@HEXAGONGROUP.COM
DIRECT: +47 958 667 90

DAVID BANDELE

CHIEF FINANCIAL OFFICER
E-MAIL: DAVID.BANDELE@HEXAGONGROUP.COM
DIRECT: +47 920 914 83