



HEXAGON

Q4

2019 FOURTH QUARTER

FOURTH QUARTER 2019 REPORT

NOK MILLION	Q4 2019	Q4 2018	PERCENT CHANGE	31.12.2019	31.12.2018	PERCENT CHANGE
GROUP RESULTS						
Revenue	942.0	426.8	121%	3 416.2	1 486.5	130%
Operating profit before depreciation (EBITDA)	99.1	55.2	80%	360.7	234.5	54%
Operating profit (EBIT)	36.5	19.2	90%	121.1	140.2	-14%
Profit before tax	5.3	42.5	-88%	112.2	168.7	-33%
Profit after tax	11.4	23.2	-51%	108.0	141.5	-24%
SEGMENT RESULTS						
AGILITY FUEL SOLUTIONS						
Revenue	539.7			1,844.2		
EBITDA	73.8			202.2		
EBIT	46.1			91.3		
HEXAGON PURUS						
Revenue	123.3	90.2	37%	540.8	293.4	84%
EBITDA	-12.8	0.6	-2,346%	-34.2	-48.8	30%
EBIT	-25.4	-21.5	-18%	-81.1	-90.6	10%
HEXAGON MOBILE PIPELINE & OTHER						
Revenue	153.3	229.2	-33%	569.0	595.6	-4%
EBITDA	6.5	27.5	-76%	39.7	48.7	-18%
EBIT	-1.1	22.8	-105%	10.1	31.9	-68%
HEXAGON RAGASCO LPG						
Revenue	140.8	116.5	21%	600.5	644.7	7%
EBITDA	22.2	13.1	69%	91.9	133.3	-31%
EBIT	11.1	6.7	65%	54.5	108.6	-50%

All subsequent numbers in parentheses refer to comparative figures for the same period last year. Comparable figures for the new segment are prepared on proforma basis.

In the fourth quarter of 2019 Hexagon Group generated NOK 942.0 (426.8) million in revenues and recorded an operating profit before depreciation (EBITDA) of NOK 99.1 (55.2) million. This was driven by strong performances in Agility Fuel Solutions and Hexagon Purus' CNG Light-Duty Vehicles business as well as Hexagon Ragasco. In the fourth quarter of 2019 depreciation and amortization increased to NOK 62.6 (35.9) million, primarily related to the inclusion of both tangible and intangible amortization from the Agility acquisition.

In the fourth quarter of 2018, EBITDA included a positive impact of NOK 18.4 million from a reversal of an earn-out obligation related to the xperion acquisition in 2016.

Reported Hexagon Group revenues for the year 2019 increased by 130% to NOK 3,416.2 million compared with 1,486.5 million in 2018 and reported EBITDA was NOK 360.7 (234.5) million. This was primarily driven by strong performances in Agility Fuel Solutions, which has been consolidated entirely after the acquisition on 4 January 2019, and Hexagon Purus' CNG Light-Duty Vehicles business. The acquisition of Agility entailed a total profit impact for the full year of NOK 44.2 million. EBITDA for the year 2018 included a positive impact of NOK 108.5 million related to a reversal of an earn-out obligation related to the xperion acquisition. EBITDA for the year 2018 included a positive impact of NOK 108.5 million related to a reversal of an earn-out obligation related to the xperion acquisition.

PROFORMA GROUP RESULTS INCL. AGILITY FUEL SOLUTIONS	Q4 2019	Q4 2018	PERCENT CHANGE	31.12.2019	31.12.2018	PERCENT CHANGE
NOK million						
Revenue	942.0	842.8	12%	3,416.2	2,880.6	19%
Adjusted Operating profit before interest, tax, depreciation and amortization (EBITDA)	101.1**	97.3*	4%	316.5**	287.8*	10%
Gain net of all Agility transaction related charges / Earn-out / Legacy unvested stock compensation in Agility	-2.0	9.1		44.2	74.9	
Operating profit before interest, tax, depreciation and amortization (EBITDA)	99.1	106.4	-7%	360.7	362.7	-1%

* Excl. a positive impact of a reduction of an earn-out obligation related to the xperion acquisition in 2016 and legacy unvested stock compensation charges in Agility

** Excl. a gain from the Agility acquisition net of all transaction related charges

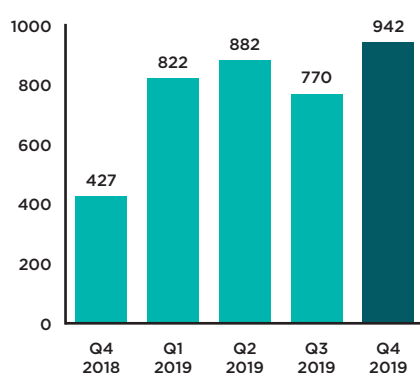
Key developments

- Agility entered into a three-year exclusive agreement with UPS with a total estimated value of USD 65 to 95 million (approx. NOK 600 to 900 million)
- Awarded fuel systems order for twelve hydrogen buses by Solaris
- Selected by CaetanoBus for delivery of two fuel systems for hydrogen buses
- Received RNG order for TITAN® modules from new customer, U.S. Gain, with value of USD 1.4 million (approx. NOK 13 million)
- Awarded Mobile Pipeline® order from NG Advantage with value of USD 4.2 million (approx. NOK 38 million)
- A consortium, including Hexagon, was granted NOK 37.6 million to deliver hydrogen to ferries and cruise ships in the Geirangerfjord

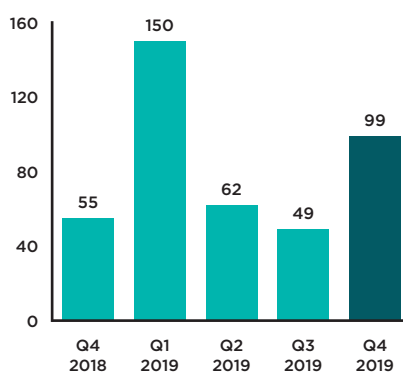
Key developments after balance sheet date

- Hexagon was informed about a FCEV project cancellation by an automotive OEM for reasons unrelated to Hexagon

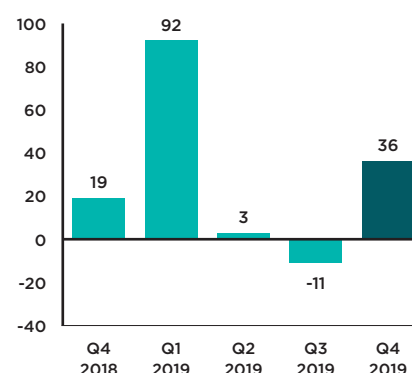
REVENUE
MNOK



EBITDA
MNOK



EBIT
MNOK

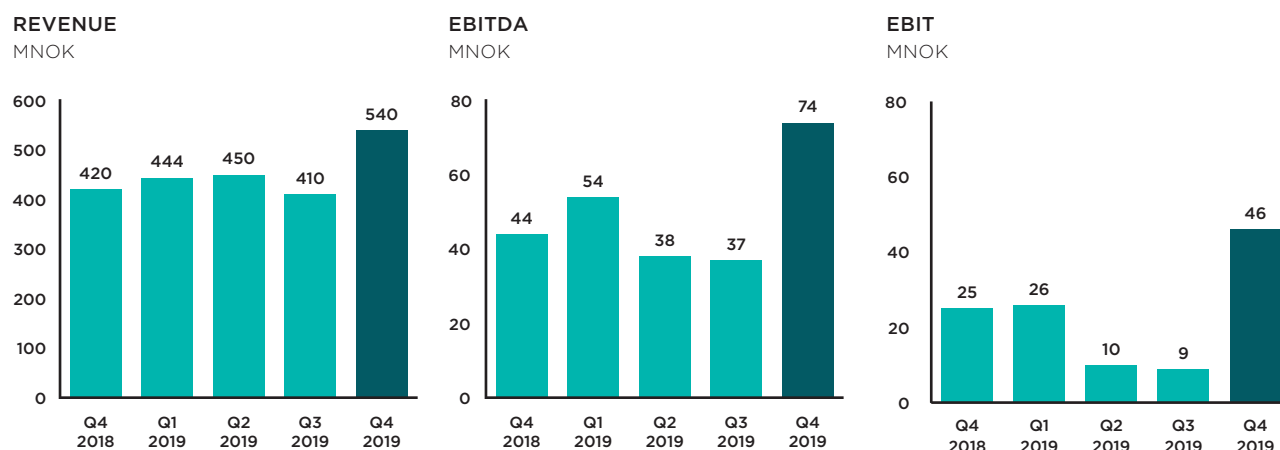


SEGMENT RESULTS

AGILITY FUEL SOLUTIONS

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

Figures for 2018 are prepared on proforma basis.



Agility's revenues for the quarter increased to NOK 539.7 million compared with proforma NOK 419.9 million in the corresponding period last year. EBITDA was NOK 73.8 million, compared with proforma NOK 44.4 million in the corresponding period last year. This was driven by strong growth in the European Transit Bus segment and the Electric Vehicle segment. The improved small fleet activity in the US Heavy-Duty Truck segment continued, while the Medium-Duty segment supported by UPS volumes grew substantially. The Refuse Truck segment recorded lower volumes, on the back of a skewed first half 2019.

In October, Agility signed an exclusive three-year agreement with UPS to supply compressed natural gas (CNG) fuel systems for medium and heavy-duty trucks as well as terminal tractors. The agreement represents a total value of USD 65 million to USD 95 million (approx. NOK 600 to 900 million).

UPS plans to purchase more than 6,000 natural gas-powered trucks beginning in 2020 and running through 2022. This three-year commitment by UPS represents a USD 450 million investment in expanding UPS' alternative fuel and advanced technology vehicle fleet as well as supporting infrastructure. It will help reduce UPS' carbon footprint and is expected to have a positive influence on CNG market growth in North America.

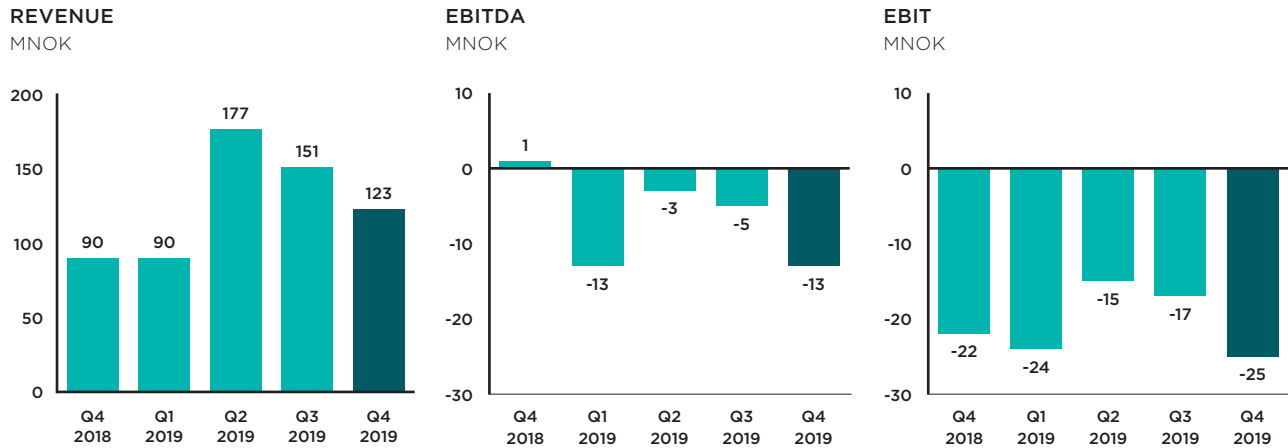
In October, Agility was awarded an order to supply twelve fuel systems for Solaris' new hydrogen bus model, with delivery in the third quarter of 2020.

Furthermore, Agility was awarded an order to supply two fuel storage systems for a new hydrogen bus model from CaetanoBus, a leading Portuguese bus manufacturer. The systems were delivered in 2019.

For the full year 2019 revenues for the segment amounted to NOK 1,844.2 (1,413.1) million and EBITDA was NOK 202.2 (106.8) million.

HEXAGON PURUS (HYDROGEN & CNG LIGHT-DUTY VEHICLES)

Hexagon Composites is a leading global provider of high-pressure composite cylinders and solutions for a wide range of hydrogen applications as well as CNG-fueled Light-Duty Vehicles.



Revenues for the Hexagon Purus segment amounted to NOK 123.3 (90.2) million and EBITDA was NOK -12.8 (0.6) million in the fourth quarter of 2019.

The CNG Light-Duty Vehicle (LDV) business recorded another solid quarter with revenues of NOK 113.5 (54.9) million and EBITDA of NOK 24.2 (14.1) million.

The Hydrogen business generated NOK 9.8 (35.3) million of revenues in the fourth quarter. Revenues were primarily generated from development programs. The Hydrogen related EBITDA for the quarter was NOK -37.0 (-13.6) million. This was driven by continued organizational build-up to develop Hexagon's leading position within hydrogen mobility applications.

In December the Hellesylt Hydrogen Hub, a consortium of leading players in the hydrogen field, including Hexagon, was awarded NOK 37.6 million under the Norwegian PILOT-E funding scheme. The project aims at developing hydrogen production and infrastructure for ferries and cruise ships in the Geirangerfjord. The ambition is to achieve zero-emission operations in the Geirangerfjord, one of two World Heritage Fjords in Norway, by producing green hydrogen locally.

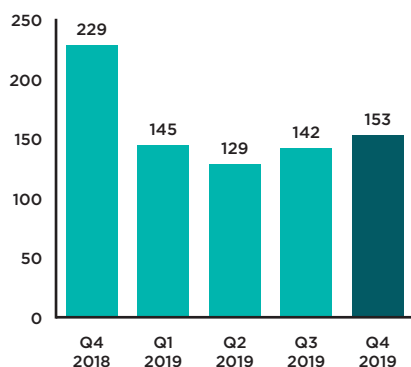
For the full year 2019, revenues for the segment amounted to NOK 540.8 (293.4) million of which NOK 465.1 (193.3) million was generated from the CNG LDV business and NOK 75.8 (100.1) million from the Hydrogen business. Lower Hydrogen Distribution sales impacted the revenues in 2019.

EBITDA for the full year was NOK -34.2 (-48.8) million of which NOK -107.6 (-55.2) million was related to the Hydrogen business.

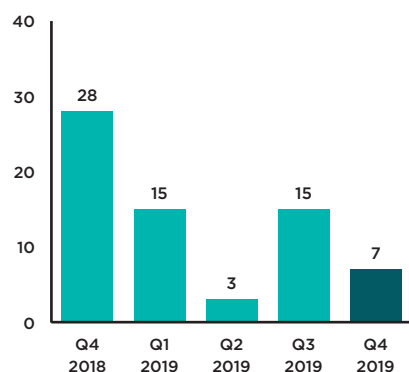
HEXAGON MOBILE PIPELINE & OTHER

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

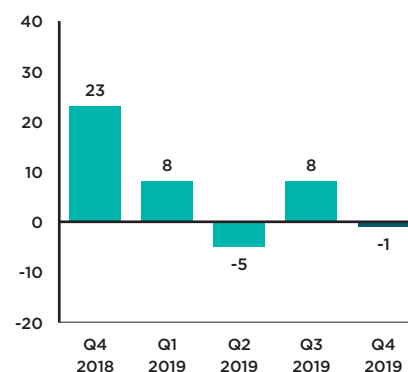
REVENUE
MNOK



EBITDA
MNOK



EBIT
MNOK



Revenues amounted to NOK 153.3 (229.2) million with EBITDA of NOK 6.5 (27.5) million in the fourth quarter.

In October Hexagon received an order for TITAN® gas transport modules by U.S. Gain, a leader in development, procurement and distribution of Renewable Natural Gas (RNG)/biogas and CNG in the U.S. The order has an estimated value of USD 1.4 million (approx. NOK 13 million).

Hexagon continues to grow its position in the emerging RNG market. RNG is the fast track emission reduction source and will play an important role in the green energy mix.

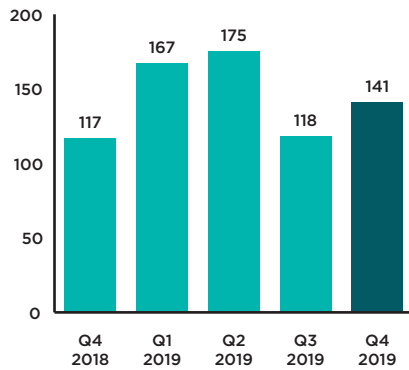
In November the company was awarded an order for TITAN® gas transport modules by NG Advantage, a leading provider of virtual pipeline services in the U.S. The order has an estimated value of USD 4.2 million (approx. NOK 38 million).

For the full year the revenues were NOK 569.0 (595.6) million and EBITDA amounted to NOK 39.7 (48.7) million. Sales volumes were primarily driven by demand from North America and Europe. The reduction in traditional oil & gas and energy intensive applications were partly compensated by positive development in the RNG and industrial gases segments.

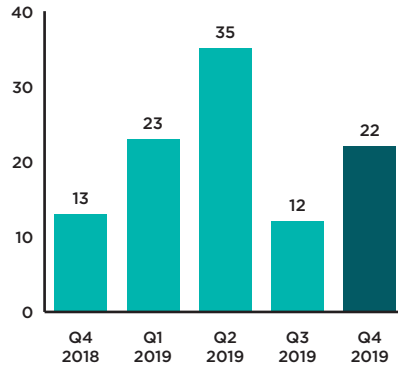
HEXAGON RAGASCO LPG

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

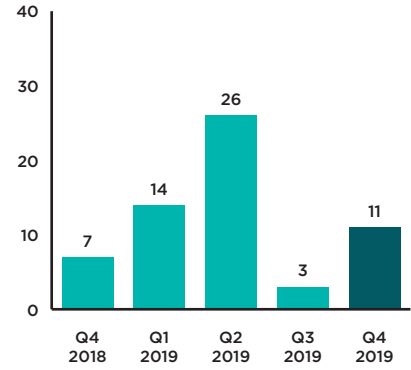
REVENUE
MNOK



EBITDA
MNOK



EBIT
MNOK



Revenues were NOK 140.8 (116.5) million with an EBITDA of NOK 22.2 (13.1) million in the fourth quarter of 2019.

In the fourth quarter sales were primarily made to Bangladesh and European markets. New market entries into Oman and Jordan were celebrated in the quarter.

The production facility at Raufoss, Norway was temporarily shut down at the end of the year for planned maintenance work. Production was re-started on the 1st of January 2020.

Revenues for the year 2019 amounted to NOK 600.5 (644.7) million and EBITDA was NOK 91.9 (133.3) million. Revenues and margins were unfavourably impacted by lower demand from Europe as well as market development costs.

THE GROUP

Hexagon recorded a net profit after tax of NOK 11.4 (23.2) million in the fourth quarter of 2019. Net financial items were NOK -31.3 (7.9) million driven by negative foreign exchange fluctuation effects of NOK -10.1 (12.1) million and interest and other charges of NOK -21.2 (-4.2) million.

Net profit after tax for the full year 2019 was NOK 108.0 (141.5) million. Net financial items were NOK -8.1 (10.6) million driven by positive foreign exchange fluctuation effects of NOK 78.9 (20.5) million and interest and other charges of NOK -87.0 (-9.9) million for the full year.

At quarter-end the balance sheet amounted to NOK 4,653.6 (2,616.3) million and the Group's equity ratio was 46.3% (58.9%).

AFTER BALANCE SHEET DATE

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

OUTLOOK

The strong momentum towards a low-carbon economy is driving the transition to cleaner energy carriers, such as natural gas, RNG, hydrogen and batteries. With an extensive portfolio of gas mobility (g-mobility) and electric mobility (e-mobility) solutions, Hexagon is well positioned as a globally leading clean technology provider.

Hexagon is focusing its efforts along three axes; g-mobility, e-mobility and world class manufacturing. Since January 2020 the company has combined all its e-mobility activities in Hexagon Purus to develop its leading position and pursue zero-emission opportunities in the growing e-mobility market, including more than 50 hydrogen development projects. Substantial organizational investments are being made to develop the company's capabilities and capacities. These investments impact the short and medium-term profitability.

Agility continues to benefit from increased adoption of cleaner energy alternatives and the cost advantages of natural gas. The long-term agreement with UPS secures growth of Agility's Medium-Duty Vehicle business. Refuse Truck volumes in the first quarter are expected to be on par with the fourth quarter 2019. The Transit Bus segment remains strong, particularly in Europe, where stringent EU regulations drive demand for low- and zero-emissions solutions.

Hexagon expects a significant but temporary slowdown in the European CNG light-duty market over the next two quarters due to Volkswagen's relocation of its CNG car assembly line from Zwickau to Wolfsburg, Germany.

The demand for the company's Mobile Pipeline® products is driven by conversion from petroleum fuels to cleaner CNG and RNG. RNG is recognized as the fastest and most effective solution currently available to reduce greenhouse gas emissions. It is expected to contribute to increased demand and a more diverse customer mix for Hexagon's Mobile Pipeline®. This is an important diversification given the softening of the US onshore oil & gas activity.

Hexagon Ragasco continues to grow its positions in Asia and the Middle East, which is expected to balance a continued relatively weak European demand.

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.

FINANCIAL STATEMENTS GROUP

INCOME STATEMENT	Q4 2019	Q4 2018	31.12.2019	31.12.2018
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Audited
Revenue from contracts with customers	938 746	426 235	3 404 261	1 485 417
Rental income	3 229	519	11 915	1 103
Total revenue	941 975	426 753	3 416 176	1 486 521
Cost of materials	460 402	193 197	1 673 120	696 970
Payroll and social security expenses	227 393	118 359	837 328	397 030
Other operating expenses	155 078	78 486	614 662	266 550
Gain / Fair value adjustment earn-out	0	-18 443	-69 625	-108 549
Total operating expenses before depreciation	842 873	371 597	3 055 484	1 252 000
Operating profit before depreciation (EBITDA)	99 102	55 156	360 692	234 520
Depreciation, amortization and impairment	62 618	35 948	239 606	94 318
Operating profit (EBIT)	36 485	19 208	121 085	140 202
Profit/loss from investments in associates and joint ventures	90	15 469	-749	17 965
Other financial items (net)	-31 286	7 872	-8 107	10 560
Profit/loss before tax	5 289	42 549	112 229	168 727
Tax	-6 092	19 322	4 203	27 265
Profit/loss after tax	11 381	23 227	108 026	141 462
Earnings per share (NOK)			0,63	0,86
Diluted earnings per share (NOK)			0,72	0,92

COMPREHENSIVE INCOME STATEMENT	31.12.2019	31.12.2018
(NOK 1 000)		
Profit/loss after tax	108 026	141 462
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Exchange differences arising from the translation of foreign operations	7 309	38 740
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	7 309	38 740
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Actuarial gains/losses for the period	-899	-786
Income tax effect of actuarial gains/losses for the period	198	181
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-701	-605
Total comprehensive income, net of tax	114 634	179 597

STATEMENT OF FINANCIAL POSITION	31.12.2019	31.12.2018
(NOK 1 000)	Unaudited	Audited
ASSETS		
Property, plant and equipment	830 658	358 457
Right-of-use assets	283 817	0
Intangible assets	2 046 989	615 544
Investment in associates and joint ventures	651	993 777
Other non-current assets	1 041	367
Total non-current assets	3 163 155	1 968 146
Inventories	783 669	295 207
Receivables	525 191	200 974
Contract assets (accrued revenue)	3 962	13 486
Bank deposits, cash and similar	177 651	138 531
Total current assets	1 490 473	648 198
Total assets	4 653 628	2 616 343
EQUITY AND LIABILITIES		
Paid-in capital	1 270 018	773 803
Other equity	882 855	766 260
Total equity	2 152 873	1 540 063
Interest-bearing long-term liabilities	1 253 721	516 163
Lease liabilities	246 317	0
Other non-current liabilities	145 695	121 621
Total non-current liabilities	1 645 732	637 784
Interest-bearing current liabilities	2 857	5 769
Lease liabilities short-term	48 315	0
Contract liabilities (incl. prepayments from customers)	94 540	47 185
Other current liabilities	709 310	385 543
Total current liabilities	855 022	438 496
Total liabilities	2 500 755	1 076 280
Total equity and liabilities	4 653 628	2 616 343

CONDENSED CASH FLOW STATEMENT	31.12.2019	31.12.2018
(NOK 1 000)		
Profit before tax	112 229	168 727
Depreciation and write-downs	239 606	94 318
Change in net working capital	-199 116	-108 444
Net cash flow from operations	152 719	154 601
Net cash flow from investment activities	-1 277 753	-224 920
Net cash flow from financing activities	1 127 401	32 060
Net change in cash and cash equivalents	2 367	-38 258
Net currency exchange differences	478	4 204
Cash and cash equivalents at start of period	138 531	171 605
Cash and cash equivalents acquisition	36 275	980
Cash and cash equivalents at end of period	177 651	138 531
Available unused credit facility	787 320	1 568 751

CONDENSED STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	OWN SHARES	SHARE PREMIUM	OTHER PAID IN CAPITAL	TRANSLATION DIFFERENCES	OTHER EQUITY	TOTAL
(NOK 1 000)							
Balance 01.01.2018	16 663	-117	727 639	16 888	87 847	563 521	1 412 441
Implementation of IFRS 15						2 204	2 204
New balance 01.01.2018	16 663	-117	727 639	16 888	87 847	565 725	1 414 645
Profit/loss after tax						141 462	141 462
Other income and expenses					38 740	-605	38 135
Dividends						-49 639	-49 639
Share-based payment				12 850		13 285	26 135
Movement in own shares		-120				-30 556	-30 676
Balance 31.12.2018	16 663	-237	727 639	29 738	126 587	639 673	1 540 063

Balance 01.01.2019	16 663	-237	727 639	29 738	126 587	639 673	1 540 063
Profit/loss after tax						108 026	108 026
Other income and expenses					7 309	-701	6 608
Share-based payment				19 005			19 005
Movement in own shares		39				1 961	2 000
Increase share capital	1 666		475 505				477 172
Balance 31.12.2019	18 329	-197	1 203 145	48 742	133 896	748 959	2 152 873

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

BUSINESS SEGMENT DATA	Q4 2019	Q4 2018	31.12.2019	31.12.2018
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Audited
AGILITY FUEL SOLUTIONS				
Sales of goods external customers	533 910	NA	1 822 994	NA
Sales of services and funded development	0	NA	0	NA
Internal transactions	5 813	NA	21 193	NA
Total revenue from contracts with customers	539 723	NA	1 844 187	NA
Segment operating profit before depreciation (EBITDA)	73 809	NA	202 160	NA
Segment operating profit (EBIT)	46 078	NA	91 329	NA
Segment assets			2 799 649	NA
Segment liabilities			545 242	NA
HEXAGON PURUS (HYDROGEN & CNG LDV)				
Sales of goods external customers	102 574	70 876	414 012	229 421
Sales of services and funded development	16 618	16 512	43 527	48 153
Internal transactions	4 129	2 822	83 290	15 789
Total revenue from contract with customers	123 320	90 210	540 829	293 363
Segment operating profit before depreciation (EBITDA)	-12 843	572	-34 191	-48 819
Segment operating profit (EBIT)	-25 405	-21 506	-81 144	-90 595
Segment assets			998 975	782 716
Segment liabilities			1 035 497	716 795

BUSINESS SEGMENT DATA	Q4 2019	Q4 2018	31.12.2019	31.12.2018
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Audited
HEXAGON MOBILE PIPELINE & OTHER				
Sales of goods external customers	131 051	215 930	474 091	551 655
Sales of services and funded development	14 577	7 894	57 468	21 200
Internal transactions	4 629	5 030	26 210	22 439
Total revenue from contract with customers	150 256	228 854	557 770	595 294
Rental income	3 048	342	11 202	342
Total revenue	153 304	229 196	568 971	595 636
Segment operating profit before depreciation (EBITDA)	6 538	27 515	39 748	48 711
Segment operating profit (EBIT)	-1 120	22 755	10 109	31 870
Segment assets			666 101	370 893
Segment liabilities			1 057 063	906 308
HEXAGON RAGASCO LPG				
Sales of goods external customers	138 846	113 537	592 099	634 281
Sales of services and funded development	16	468	67	2 079
Internal transactions	1 891	2 512	8 313	8 348
Total revenue from contract with customers	140 752	116 516	600 479	644 708
Segment operating profit before depreciation (EBITDA)	22 196	13 101	91 875	133 300
Segment operating profit (EBIT)	11 130	6 745	54 501	108 560
Segment assets			483 271	403 254
Segment liabilities			342 695	301 184

NOTES

NOTE 1: INTRODUCTION

The condensed consolidated interim financial statements for fourth quarter 2019, which ended 31 December 2019, comprise Hexagon Composites ASA and its subsidiaries (together referred to as "The Group").

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of The Group for the year which ended 31 December 2018.

For a more detailed description of accounting principles see the consolidated financial statements for 2018.

The accounting principles used in the preparation of these interim accounts are the same as those applied to the consolidated financial statements for 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

These condensed consolidated interim financial statements were approved by the Board of Directors on 11 February 2020.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The prior year figures were not adjusted. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. As part of the initial application of IFRS 16, the Group decided to apply the relief option, which permits to adjust the right-of-use asset by the amount of any provision for onerous leases recognized in the balance sheet immediately before the date of initial application. In addition, The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adopting IFRS 16 as at 1 January 2019 (increase/(decrease) is as follows (NOK 1 000):

ASSETS

Right-of-use assets	251 791
Property, plant & equipment	-7 798
Total assets	243 993

LIABILITIES

Lease liabilities IFRS 16	244 709
Other current liabilities	-716
Total liabilities	243 993

Agility was acquired 4 January 2019 and their right-of-use assets and lease liabilities are not included.

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased item was not capitalized, and the lease payments were recognized as other operating expenses in profit or loss on a straight-line basis over the lease term. Any prepayments were recognized under Trade payables and other current liabilities. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

- Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

- Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of NOK 251 791 thousand were recognized and presented separately in the statement of financial position. This includes the lease assets recognized previously under finance leases of NOK 7 798 thousand that were reclassified from Property, plant and equipment.
- Additional lease liabilities of NOK 244 709 thousand presented as lease liabilities were recognized.
- Provision for onerous contracts for a specific leasing contract on NOK 716 thousand were derecognized from other current liabilities and correspondingly adjusted towards the right-of-use asset.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

- Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of future lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase

option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below NOK 50 000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

c) Amounts recognized in the statement of financial position and profit or loss IFRS 16.53

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period (NOK 1 000):

	RIGHT-OF-USE ASSETS	LEASE LIABILITIES ¹
As at 1 January 2019	251 791	250 478
Additions	87 222	90 645
Depreciation expense	-55 196	0
Interest expense	0	8 381
Payments	0	-54 872
As at 31 December 2019	283 817	294 632

1) Lease liabilities NOK 294 632 comprise of long-term lease liabilities NOK 246 317 and short-term lease liabilities NOK 48 315. Lease liabilities includes interest disclosed within current liabilities.

NOTE 2: INTEREST-BEARING DEBT

The following shows material changes in interest-bearing debt during 2019 (NOK 1 000):

	LONG-TERM BANK LOAN	BOND LOAN	SHORT-TERM LOAN	TOTAL INTEREST- BEARING DEBT
Balance 01.01.2019	516 163	0	5 768	521 931
Secured bank loans	-326 249	0	4 143	-322 106
Bond HEX	0	1 100 000	0	1 100 000
Other loans	0	0	-3 932	-3 932
Balance 31.03.2019	189 914	1 100 000	5 979	1 295 893
Secured bank loans	1 244	0	-5 651	-4 407
Bond HEX	0	0	0	0
Balance 30.06.2019	191 158	1 100 000	328	1 291 486
Secured bank loans	8 758	0	-328	8 430
Bond HEX	0	0	0	0
Balance 30.09.2019	199 917	1 100 000	0	1 299 917
Secured bank loans	-1 337		2 857	1 520
Bond HEX				0
Balance 31.12.2019	198 580	1 100 000	2 857	1 301 437

The loan financing facility is a Senior Secured bilateral facility with DNB Bank. The overall size of the facility is NOK 1 billion, comprising a main multi-currency revolving credit and overdraft facility of NOK 600 million and an optional ancillary facility of NOK 400 million. Movements in 2019 on the bank loans were primarily due to refinancing of debt or foreign exchange translation differences.

The unsecured bond for NOK 1 100 million was issued to complete the long-term financing of the Agility transaction. The bond is listed on the Oslo Stock Exchange. The company entered into a cross-currency swap to effectively convert the NOK denominated bond loan into USD. The fixed USD denominated balance on entering into the swap was USD 120.3 million. The swap has a term concurrent with the bond loan. The value of the swap as of 31 December 2019 was NOK 44,9 million.

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

NOTE 3: ACQUISITION OF AGILITY FUEL SOLUTIONS IN 2019

With effect from 4 January 2019 Hexagon Composites acquired the remaining 50% of the shares of Agility Fuel Solutions and its subsidiaries. Agility Fuel Solutions is reported as a separate segment in the Hexagon Group from the acquisition date.

Agility has production facilities in Salisbury, North Carolina, Lincoln, Nebraska and Fontana, California (US) and Raufoss (Norway) with technology centers in Lincoln, Nebraska and Wixom, Michigan (US) and Kelowna, British Columbia (Canada). Agility maintains sales offices in North America, South America, India, the United Kingdom and Norway. The Agility Group reports financial results as a separate business area, fully consolidated into Hexagon's accounts.

The fair value of the identifiable assets and liabilities of Agility Group as at the date of acquisition were:

AGILITY FUEL SOLUTIONS	FAIR VALUE RECOGNIZED ON ACQUISITION
(NOK 1 000)	
ASSETS	
Property, plant and equipment	449 858
Intangible assets	508 415
Cash	36 275
Inventories	347 781
Deferred tax assets	24 013
Trade accounts receivable	350 813
Other current assets	28 935
Total assets	1 746 091
LIABILITIES	
Long term liabilities	81 676
Short term liabilities	306 987
Deferred tax liabilities	119 421
Total equity and liabilities	508 084
Net identifiable assets and liabilities at fair value	1 238 007
Goodwill*	910 926
Purchase consideration	2 148 933
50% Purchase consideration transferred / Paid in cash	1 074 467
ANALYSIS OF CASH FLOWS ON ACQUISITION:	
Net cash acquired with the subsidiary	36 275
Cash paid	-1 074 467

* Additional clarifications of the purchase price allocation are required. Therefore, there may be subsequent adjustments with corresponding adjustment to goodwill prior to 4 January 2020 (1 year after the transaction).

The fair value of the Agility Group was NOK 2 149 million of which Hexagon Composites ASA Group's 50% share was NOK 1 074 million. According to IFRS, excess value related to Hexagon Composites ASA Groups 50% share as of 4 January 2019 is presented as gain in a separate line in the financial statements included in operating profit. The net accounting gain was MNOK 69.4 after transaction costs of MNOK 16.4.

In the Group's profit for 2019, Agility Group is included from the acquisition date.

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the Agility Group with the Hexagon Group. The goodwill is not deductible for income tax purposes.

Transaction costs of NOK 16.4 million are part of operating cash flows in the statement of cash flows.

NOTE 4: 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 2018.

NOTE 5: SHARE-BASED PAYMENTS

1 April 2016 Hexagon Composites ASA issued 925,000 call options to senior executives and managers in the Group at NOK 20 per share. These options were fully exercised during the first quarter 2019.

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

22 May 2018 Hexagon Composites ASA issued 1,200,000 call options to senior executives and managers in the Group at NOK 20,85 per share, provided that the share price on the date of exercise is minimum NOK 25.36 per share. The options may be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2020, first quarter of 2021 or second quarter of 2021.

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

12 April 2019 Hexagon Composites ASA provisionally awarded 2,492,438 Performance Share Units (PSUs) to senior executive management in the Group. The PSUs are non-transferable and will vest on 11 February 2022 subject to satisfaction of the applicable vesting conditions. The actual number of PSUs to be allocated will depend on 2019 performance and attain minimum zero and maximum 2,492,438. 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.

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

The fair value of the options, 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 these programs were NOK 19.0 million YTD 31 December. The cost in the fourth quarter were NOK 4.8 million. The fair value of all outstanding share options (2,705,000), PSUs (2,235,906) and RSUs (149,994) is estimated to NOK 37.9 million per 31 December 2019.

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

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

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

KEY FIGURES GROUP

KEY FIGURES GROUP	31.12.2019	31.12.2018
EBITDA in % of operating revenue	10.6 %	15.8 %
EBIT in % of operating revenue	3.5 %	9.4 %
EBITDA ⁴ (rolling last 4 quarters) / Capital Employed %	10.5 %	11.4 %
EBIT ⁴ (rolling last 4 quarters) / Capital Employed %	3.5 %	6.8 %
Net working capital / Operating revenue ⁴ (rolling last 4 quarters) %	28.1%	16.2 %
Interest coverage I ¹⁾	2.6	18.3
Interest coverage II ²⁾	5.8	24.0
NIBD / EBITDA ⁴ (rolling last 4 quarters)	3.1	1.6
Equity ratio	46.3 %	58.9 %
Equity / Capital employed	62.4 %	74.7 %
Return on equity (annualised)	5.9 %	9.6 %
Total return (annualised)	5.0 %	7.1 %
Liquidity ratio I	1.7	1.5
Liquidity reserve (NOK 1 000) ³⁾	961 971	1 568 751
Liquidity reserve ³⁾ / Operating revenue ⁴ (rolling last 4 quarters) %	28.2 %	105.5 %
Earnings per share (NOK)	0.63	0.86
Diluted earnings per share (NOK)	0.72	0.92
Cash flow from operations per share (NOK)	0.88	0.94
Equity per share (NOK)	11.75	9.24

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

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

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

4) Unaudited proforma estimates used for Agility in 2018

KEY FIGURES SEGMENTS

KEY FIGURES SEGMENTS	31.12.2019	31.12.2018
AGILITY FUEL SOLUTIONS		
EBITDA in % of operating income	11.0%	NA
EBIT in % of operating income	5.0 %	NA
HEXAGON PURUS (HYDROGEN & CNG LDV)		
EBITDA in % of operating income	-6.3 %	-16.6 %
EBIT in % of operating income	-15.0 %	-30.9 %
HEXAGON MOBILE PIPELINE & OTHER		
EBITDA in % of operating income	7.0 %	8.2 %
EBIT in % of operating income	1.8 %	5.4 %
HEXAGON RAGASCO LPG		
EBITDA in % of operating income	15.3 %	20.7 %
EBIT in % of operating income	9.1 %	16.8 %

SHAREHOLDER INFORMATION

A total of 17,398,258 (6,089,835) shares in Hexagon Composites ASA (HEX.OL) were traded on Oslo Børs (OSE) during fourth quarter 2019. The total number of shares in Hexagon Composites ASA at 31 December 2019 was 183,290,648 (par value NOK 0.10). In the quarter, the share price moved between NOK 26.80 and NOK 37.40, ending the quarter on NOK 36.35. The price at 31 December gave a market capitalization of NOK 6,662.6 million for the company.

20 LARGEST SHAREHOLDERS PER 10 FEBRUARY 2020	NUMBER OF SHARES	SHARE OF 20 LARGEST	SHARE OF TOTAL	TYPE	COUNTRY
mitsui & co ltd	45,833,321	32.35%	25.01%	Ordinary	JPN
FLAKK ROLLON AS	20,337,837	14.36%	11.10%	Ordinary	NOR
CLEARSTREAM BANKING S.A.	12,805,486	9.04%	6.99%	Nominee	LUX
MP PENSJON PK	12,682,072	8.95%	6.92%	Ordinary	NOR
BRØDR. BØCKMANN AS	9,000,000	6.35%	4.91%	Ordinary	NOR
FLAKK COMPOSITES AS	7,002,667	4.94%	3.82%	Ordinary	NOR
NØDINGEN AS	5,000,000	3.53%	2.73%	Ordinary	NOR
VERDIPAPIRFOND ODIN NORGE	4,422,530	3.12%	2.41%	Ordinary	NOR
LANNEBO SMÅBOLAG	4,173,097	2.95%	2.28%	Ordinary	SWE
VERDIPAPIRFONDET ALFRED BERG GAMBA	3,669,963	2.59%	2.00%	Ordinary	SWE
VERDIPAPIRFONDET ALFRED BERG NORGE	2,159,785	1.52%	1.18%	Ordinary	SWE
HEXAGON COMPOSITES ASA	1,974,882	1.39%	1.08%	Ordinary	NOR
STOREBRAND NORGE I VERDIPAPIRFOND	1,956,591	1.38%	1.07%	Ordinary	UK
FLAKK	1,931,248	1.36%	1.05%	Ordinary	NOR
SKANDINAVISKA ENSKILDA BANKEN AB	1,615,683	1.14%	0.88%	Ordinary	SWE
JPMORGAN CHASE BANK, N.A., LONDON	1,540,000	1.09%	0.84%	Nominee	UK
VERDIPAPIRFONDET EIKA SPAR	1,485,171	1.05%	0.81%	Ordinary	NOR
VERDIPAPIRFONDET ALFRED BERG AKTIV	1,457,612	1.03%	0.80%	Ordinary	SWE
VERDIPAPIRFONDET NORDEA KAPITAL	1,443,265	1.02%	0.79%	Ordinary	UK
OHMAN SWEDEN MICRO CAP	1,178,378	0.83%	0.64%	Ordinary	SWE
Total 20 largest shareholders	141,669,588	100.00%	77.29%		
Remaining	41,621,060		22.71%		
Total	183,290,648		100.00%		

FORWARD LOOKING STATEMENTS

This quarterly report (the “Report”) has been prepared by Hexagon Composites ASA (“Hexagon” or the “Company”). The Report has not been reviewed or registered with, or approved by, any public authority, stock exchange or regulated market place. The Company makes no representation or warranty (whether express or implied) as to the correctness or completeness of the information contained herein, and neither the Company nor any of its subsidiaries, directors, employees or advisors assume any liability connected to the Report and/or the statements set out herein. This Report is not and does not purport to be complete in any way. The information included in this Report may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions. The forward-looking statements contained in this Report, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or its advisors or any of their parent or subsidiary undertakings or any such person’s affiliates, officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Report or the actual occurrence of the forecasted developments. The Company and its advisors assume no obligation to update any forward-looking statements or to conform these forward-looking statements to the Company’s actual results. Investors are advised, however, to inform themselves about any further public disclosures made by the Company, such as filings made with the Oslo Stock Exchange or press releases. This Report has been prepared for information purposes only. This Report does not constitute any solicitation for any offer to purchase or subscribe any securities and is not an offer or invitation to sell or issue securities for sale in any jurisdiction, including the United States. Distribution of the Report in or into any jurisdiction where such distribution may be unlawful, is prohibited. This Report speaks as of 11 February 2020, and there may have been changes in matters which affect the Company subsequent to the date of this Report. Neither the issue nor delivery of this Report shall under any circumstance create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that the affairs of the Company have not since changed, and the Company does not intend, and does not assume any obligation, to update or correct any information included in this Report. This Report is subject to Norwegian law, and any dispute arising in respect of this Report is subject to the exclusive jurisdiction of Norwegian courts with Oslo City Court as exclusive venue. By receiving this Report, you accept to be bound by the terms above.



HEXAGON PURUS

HYDROGEN APPLICATIONS, CNG LIGHT-DUTY VEHICLES AND BATTERY ELECTRIC DRIVETRAIN



CNG Light-Duty Vehicles



Fuel Cell Electric Vehicles



Transit Buses



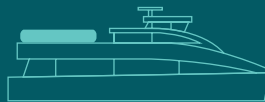
Heavy-Duty Trucks



Distribution



Ground storage



Marine & other

AGILITY FUEL SOLUTIONS



Heavy-Duty Trucks



Transit Buses



Refuse Trucks

MOBILE PIPELINE & OTHER



Distribution



Hexagon Digital Wave

HEXAGON RAGASCO

Leisure activities,
household and
industrial
applications

