

# Q1

2020 FIRST QUARTER



HEXAGON

# FIRST QUARTER 2020 REPORT

NOK 1 000 EXCEPT PER SHARE DATA	Q1 2020	Q1 2019	PERCENT CHANGE
<b>GROUP RESULTS</b>			
Revenue	825.2	821.8	0 %
Operating profit before depreciation (EBITDA)	36.8	150.3	-76 %
Operating profit (EBIT)	-24.0	92.2	-126 %
Profit before tax	81.2	66.1	23 %
Profit after tax	62.1	68.4	-9 %
<b>SEGMENT RESULTS</b>			
<b>AGILITY FUEL SOLUTIONS</b>			
Revenue	459.9	443.9	4 %
EBITDA	40.5	53.5	-24 %
EBIT	13.4	26.4	-49 %
<b>HEXAGON PURUS</b>			
Revenue	89.6	90.2	-1 %
EBITDA	-37.3	-12.8	-190 %
EBIT	-52.0	-24.2	-115 %
<b>HEXAGON MOBILE PIPELINE &amp; OTHER</b>			
Revenue	129.4	144.5	-11 %
EBITDA	11.0	15.3	-28 %
EBIT	3.9	8.1	-52 %
<b>HEXAGON RAGASCO LPG</b>			
Revenue	152.7	166.6	-8 %
EBITDA	30.1	23.1	30 %
EBIT	21.1	14.5	46 %

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

In the first quarter of 2020, Hexagon Group generated NOK 825 (822) million in revenues and recorded an operating profit before depreciation (EBITDA) of NOK 37 (150) million. This was driven by solid performances in Hexagon Ragasco LPG, Agility Fuel Solutions and Hexagon Mobile Pipeline. This performance helped to absorb the impacts of the planned production stop of a major customer of Hexagon Purus' CNG Light-Duty Vehicles business, as well as initial COVID-19 impacts to the Group.

In the first quarter of 2019, EBITDA included the initial net gain on the Agility transaction of NOK 69 million.

We have to date three confirmed cases of COVID-19 infection among Hexagon personnel. The facility in Kassel, Germany was closed from March 23rd to April 20th due to temporary shutdowns of customers' operations. All US plants have been kept open, having received Essential Critical Worker status. The financial impacts of COVID-19 in the first quarter were limited and mostly contained to light duty vehicles and transit bus demand in Europe following temporary manufacturing shutdowns of several leading OEM companies.

For more detail on the Company's risks, responses, impacts and robustness in relation to the COVID-19 pandemic, please refer to The Outlook section and the company presentation accompanying this report.

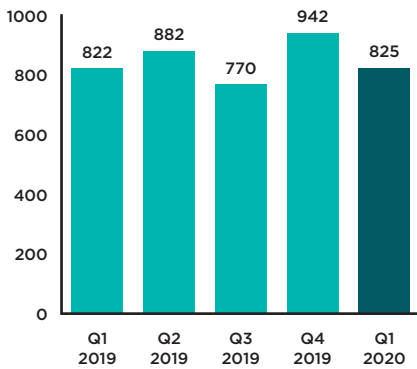
**Key developments**

- Mobile Pipeline was awarded an order for TITAN® XL modules for USD 1.7 million (approx. NOK 18 million) from a leading gas distributor in Mexico
- Mobile Pipeline was also awarded an order for X-STORE® modules to transport Renewable Natural Gas (RNG) from the production site to the gas grid in the U.K.
- Agility was awarded an order for USD 10 million (approx. NOK 105 million) in the U.S. to deliver transit bus compressed natural gas (CNG) fuel storage systems
- Hexagon successfully executed group wide contingency plans to manage potential own production, supplier and customer disruptions due to impacts of the COVID-19 pandemic

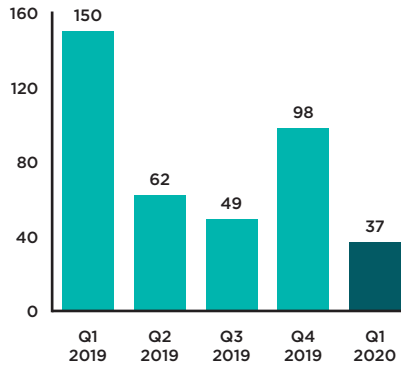
**Key developments after balance sheet date**

- The company announced the signing of a term sheet for a strategic cooperation and joint venture agreement with CIMC ENRIC, a leading Chinese manufacturer of energy equipment
- Purus was awarded an order from Everfuel to deliver new generation X-STORE modules to transport hydrogen to filling stations for fuel cell electric taxis and buses in Denmark
- After a successful capital increase, Norwegian Hydrogen AS, a consortium including Hexagon, will proceed with plans to develop production of green hydrogen for ferries and cruise ships in the Geirangerfjord

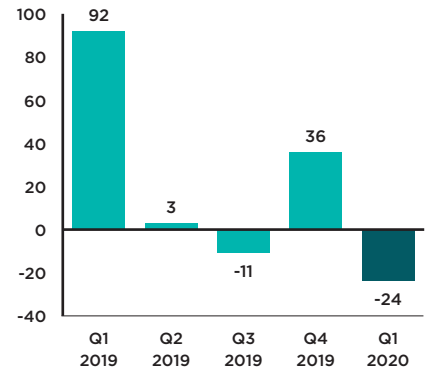
**REVENUE**  
MNOK



**EBITDA**  
MNOK

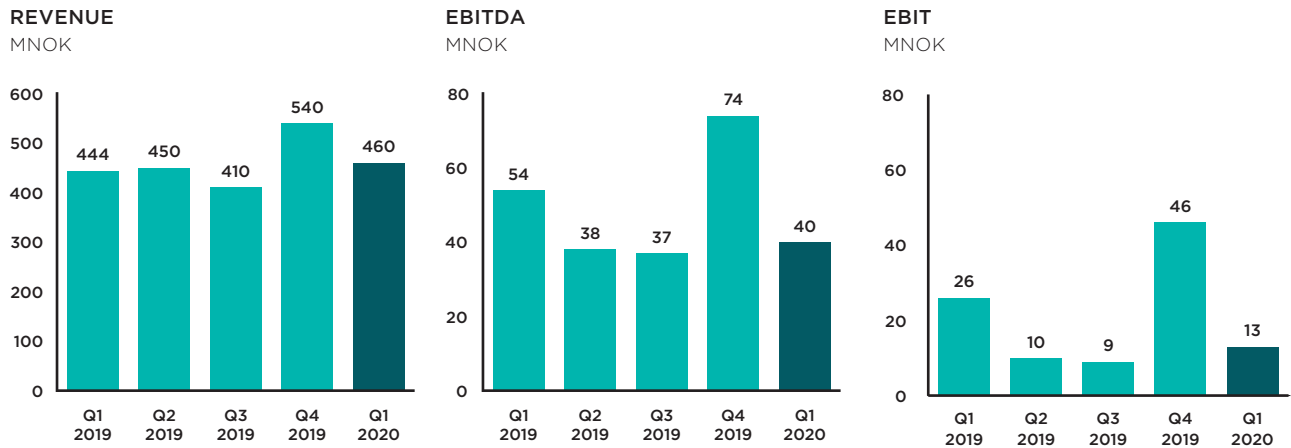


**EBIT**  
MNOK



## AGILITY FUEL SOLUTIONS (MEDIUM & HEAVY-DUTY VEHICLES)

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



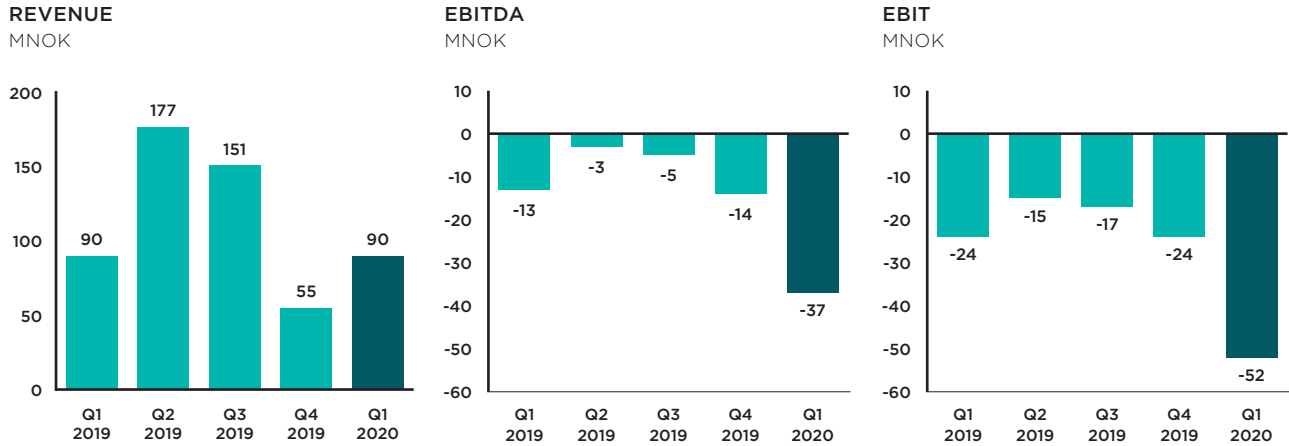
Agility recorded revenues for the quarter of NOK 460 (444) million compared with the corresponding period last year. EBITDA was NOK 40 (54) million compared with the corresponding period last year. Year-over-year growth was confined to the Medium-Duty sector with sales to UPS. These results were positively impacted by favorable USD to NOK exchange rates which partly offset the impacts of expected reductions in underlying year-over-year revenues from the North American Truck and Refuse sectors. Truck revenues are expected to pick up within the second quarter. The Refuse sector was heated in the first half of 2019 and is expected to remain at lower volumes in the first half of the year, compared to 2019. The European Transit Bus sector remained strong, while North America was softer. Both developments were as expected.

The internal reorganization of e-mobility and g-mobility businesses had a marginal impact to the comparability of results for Agility this quarter, versus the same period last year. The effects of this reorganization in 2020 included the transfer of Hexagon Purus' European bus business into Agility, offset by the transfer from Agility's Medium and Heavy-Duty hydrogen and EV systems businesses to Hexagon Purus.

In the quarter, Agility was awarded an order for USD 10 million (approx. NOK 105 million) in the U.S. to deliver transit bus compressed natural gas (CNG) fuel storage systems. This underlines the continuing competitiveness of g-mobility applications within the Heavy and Medium Duty sector.

## HEXAGON PURUS (HYDROGEN & CNG LIGHT-DUTY VEHICLES)

Hexagon Purus 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 90 (90) million and EBITDA was NOK -37 (-13) million in the first quarter of 2020.

Purus was awarded an order from Everfuel to deliver next generation X-STORE modules used to transport hydrogen for use by fuel cell electric taxis and buses in Denmark.

The CNG Light-Duty Vehicle (LDV) business recorded revenues of NOK 39 (71) million and EBITDA of NOK -2 (9) million. The European bus business now moved into Agility, had NOK 23 million of revenue in the first quarter 2019. Revenues in the first quarter 2020 remained low due to lower call-offs from VW group following its planned shutdown and relocation of its CNG vehicle assembly line, in addition to some effects from COVID-19 related measures. This disruption will continue in the second quarter.

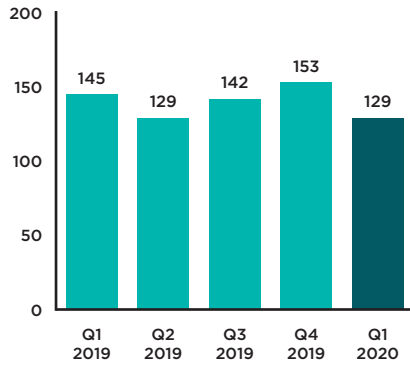
After a successful capital increase, Norwegian Hydrogen AS, a consortium including Hexagon, is proceeding with plans to develop production and storage of green hydrogen for ferries and cruise ships in the Geirangerfjord in Norway.

The Hydrogen and EV business generated NOK 45 (19) million of revenues in the first quarter, which included NOK 33 million from the Heavy-Duty hydrogen and EV systems e-mobility businesses newly transferred from Agility. Hexagon MasterWorks, newly transferred this quarter from the Mobile Pipeline & Other segment, generated revenues of NOK 6 million. The e-mobility revenues were primarily from battery electric vehicle (BEV) systems for a major U.S.-based customer. The e-mobility EBITDA for the quarter was NOK -35 (-22) million. This was driven by continued organizational build-up to develop Hexagon's leading position within e-mobility applications.

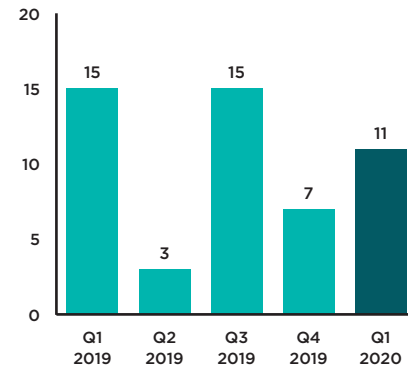
## HEXAGON MOBILE PIPELINE & OTHER

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

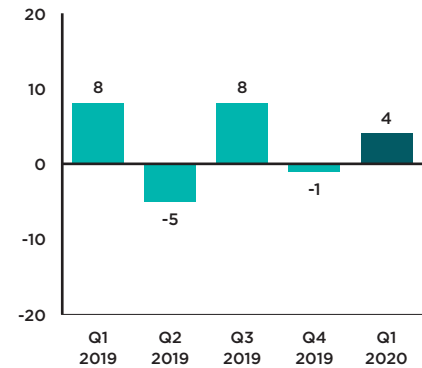
**REVENUE**  
MNOK



**EBITDA**  
MNOK



**EBIT**  
MNOK



Revenues amounted to NOK 129 (145) million with EBITDA of NOK 11 (15) million in the first quarter. Revenues are more diversified in terms of customer concentration and applications other than onshore oil and gas in North America. Revenue streams include leasing and requalification services. A program of cost initiatives implemented in the second half of 2019 has taken full effect in 2020.

Hexagon continues to grow its position in the emerging RNG market. In North America, deliveries of TITAN®53 into this market made up a significant share of Q1 revenues.

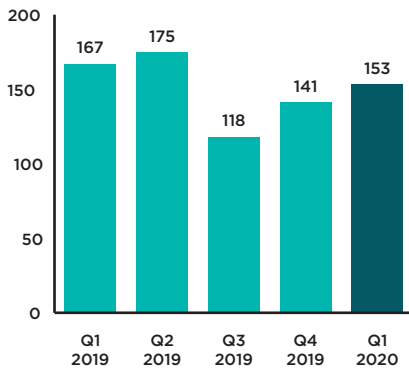
Additionally, Mobile Pipeline was awarded an order for X-STORE® modules to transport Renewable Natural Gas (RNG) from the production site to the gas grid in the U.K. RNG is the fast track emission reduction source and will play an important role in the green energy mix, especially in Europe and North America.

Mobile Pipeline was awarded orders for TITAN® XL modules for USD 1.7 million (approx. NOK 18 million) from a leading gas distributor in Mexico. This represents the Company's first sale in Mexico since 2017. With the opening up of the South Texas-Guadalupe pipeline and further build out of infrastructure inland, we expect demand in this region to increase once again.

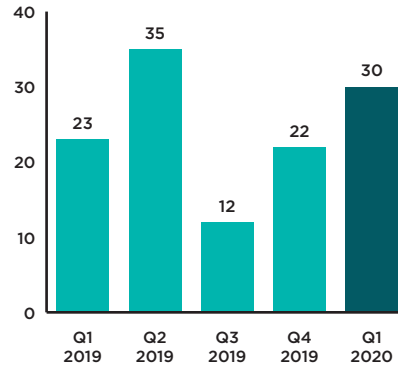
## HEXAGON RAGASCO LPG

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

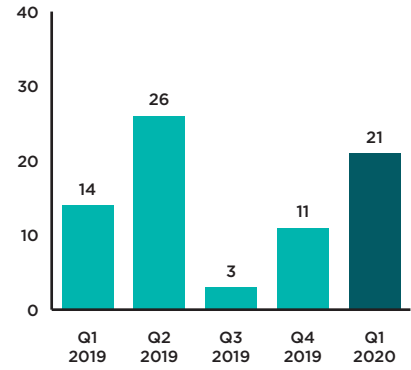
**REVENUE**  
MNOK



**EBITDA**  
MNOK



**EBIT**  
MNOK



Revenues were NOK 153 (167) million with an EBITDA of NOK 30 (23) million in the first quarter of 2020. As a significant portion of revenues is in USD or EUR, and most of the cost base is in NOK, there is a favourable impact to the results for the quarter.

First quarter sales included a solid contribution from European customers, up 40% versus first quarter 2019, including increased activity in the UK. Furthermore, year-over-year deliveries increased to Middle Eastern and Latin American customers, and sales of replacement parts were also significant. Meanwhile, there were few deliveries to Asia Pacific in the quarter.

Our major customer in Bangladesh has approximately 0.5 million cylinders remaining to purchase from the four-year, 1.4 million cylinders frame agreement entered in November 2016. The COVID-19 pandemic is currently having a significant impact on ability to trade with Bangladesh and therefore delays are to be expected.

## THE GROUP

Hexagon recorded a net profit after tax of NOK 62 (68) million in the first quarter of 2020. Net financial items were NOK 106 (-26) million driven by positive foreign exchange fluctuation effects of NOK 153 (-1) million, and interest and other charges of NOK -47 (-24) million. Other charges included NOK -23 million from the mark-to-market position on the interest swap related to the bond.

The effects of translation to NOK of USD/EUR positions on the balance sheet (20%/17% increase from 31<sup>st</sup> December 2019 rates for USD/NOK respectively), including the bond currency swap (from NOK to USD), has contributed to most of this non-cash impact.

At quarter-end the balance sheet amounted to NOK 5,498 (4,636) million and the Group's equity ratio was 43% (45%). The reduction was driven primarily by upward restatement of balance sheet items due to the weakening NOK versus USD and EUR.

## AFTER BALANCE SHEET DATE

On 12 May 2020 the company announced the signing of a term sheet for a strategic cooperation and joint venture agreement with CIMC ENRIC, a leading Chinese manufacturer of energy equipment (3899.HK), headquartered in Shenzhen, People's Republic of China and listed on the Hong Kong stock exchange. This alliance will serve the fast-growing demand of the Chinese market for safe, lightweight and cost-efficient compressed Hydrogen storage solutions. The strategic cooperation will support the transition to zero emission transportation also in Southeast Asia. The Parties intend to jointly establish facilities for manufacturing of cylinders and assembly of systems to serve the Chinese and Southeast Asian markets.

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

## OUTLOOK

Hexagon has prepared COVID-19 contingency plans by site, based on local requirements. These plans are developed by local contingency teams and encompass our response to own production, supplier or customer disruption. The Group has also prepared corporate and business area financial contingency plans based on three levels of severity and we are closely monitoring the COVID-19 situation, including developments and decisions being made in areas where we do business.

Accordingly, we have adopted several measures to help prevent the spread of the COVID-19 virus, including:

- Development of contingency plans, including expected actions by team members and alternative work arrangements in accordance with recommendations from the World Health Organization, Centers for Disease Control and Prevention and other local regulations
- Ensuring team members (including family members) report previously visited regions or countries and take appropriate quarantine and/or social distancing actions
- Suspension of non-essential travel, including air travel; essential travel must be approved by local management on a case-by-case basis

- Avoidance of larger meetings, events and crowds; team members will use online meeting platforms whenever possible
- Implementation of social distancing guidelines
- Ensuring team members practice good hand hygiene and avoid hands close to the face; installation of additional sanitizing stations and heightened cleaning protocols

Based on the above contingency efforts and our robust balance sheet and liquidity position, the Company can withstand the impacts of the currently foreseeable scenarios of this pandemic. The Company is not able to accurately predict the final outcome from COVID-19 related effects but will remain vigilant and employ further counter measures to mitigate such effects, if and when required.

The strong momentum towards a low-carbon economy is driving the transition to cleaner energy carriers, such as natural gas, RNG, hydrogen and batteries. This momentum is expected to continue post COVID-19 disruption as attention is put back on climate change, renewable energy and new green technologies which all spur growth in jobs and economies. 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. This includes more than 40 diversified hydrogen development projects. While we observe market delays within light-duty, we see strengthening momentum in heavy-duty activities. Substantial organizational investments are being made to develop the company's capabilities and capacities in this segment. These investments impact the short and medium-term profitability.

Agility continues to benefit from increased adoption of cleaner energy alternatives, especially natural gas and RNG. The recent long-term agreement with UPS secures growth of Agility's Medium-Duty Vehicle business as well as supporting its Heavy-Duty business. Many of Agility's key customers, and Agility as their supplier, are designated essential infrastructure/user providers in the United States and can therefore continue normal operations under quarantine legislation. The Transit Bus sector in Europe, where stringent EU regulations drive demand for low and zero-emission solutions remains strong, albeit with some COVID-19 related customer disruption in the second quarter.



Hexagon expects continued significant, but temporary reduction in CNG light-duty volumes to continue over the next quarter due to Volkswagen's relocation of its CNG car assembly line from Zwickau to Wolfsburg, Germany. However, there continues to be some production in Germany to supply demand at SEAT's assembly operations in Spain.

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® business. This is an important diversification, given the oil-related macro impacts to the softening US onshore oil & gas activity.

Hexagon Ragasco continues to grow its positions in Africa, Asia, Latin America and the Middle East, to supplement stable 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.*

Oslo, 19 May 2020

The Board of Directors of Hexagon Composites ASA

# FINANCIAL STATEMENTS GROUP

<b>INCOME STATEMENT</b>	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.12.2019</b>
(NOK 1 000)	Unaudited	Unaudited	Audited
Revenue from contracts with customers	817 870	816 047	3 404 209
Rental income	7 285	5 740	11 915
<b>Total revenue</b>	<b>825 156</b>	<b>821 788</b>	<b>3 416 124</b>
Cost of materials	455 618	399 038	1 673 120
Payroll and social security expenses	248 906	199 039	853 706
Other operating expenses	83 850	142 775	599 209
Gain / Fair value adjustment earn-out	0	-69 386	-69 625
<b>Total operating expenses before depreciation</b>	<b>788 374</b>	<b>671 465</b>	<b>3 056 409</b>
<b>Operating profit before depreciation (EBITDA)</b>	<b>36 782</b>	<b>150 323</b>	<b>359 715</b>
Depreciation and impairment	60 766	58 096	239 606
<b>Operating profit (EBIT)</b>	<b>-23 984</b>	<b>92 226</b>	<b>120 109</b>
Profit/loss from investments in associates and joint ventures	-436	-419	-749
Other financial items (net)	105 582	-25 691	-8 114
<b>Profit/loss before tax</b>	<b>81 162</b>	<b>66 116</b>	<b>111 246</b>
Tax	19 039	-2 305	3 755
<b>Profit/loss after tax</b>	<b>62 123</b>	<b>68 421</b>	<b>107 491</b>
Earnings per share	0.36	0.40	0.62
Diluted earnings per share	0.37	0.40	0.71

<b>COMPREHENSIVE INCOME STATEMENT</b>	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.12.2019</b>
(NOK 1 000)			
Profit/loss after tax	62 123	68 421	107 491
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Exchange differences arising from the translation of foreign operations	154 317	-12 407	7 964
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>154 317</b>	<b>-12 407</b>	<b>7 964</b>
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Actuarial gains/losses for the period	0	0	-899
Income tax effect of actuarial gains/losses for the period	0	0	198
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>0</b>	<b>0</b>	<b>-701</b>
<b>Total comprehensive income, net of tax</b>	<b>216 441</b>	<b>56 014</b>	<b>114 754</b>

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.12.2019</b>
(NOK 1 000)	Unaudited	Unaudited	Audited
<b>ASSETS</b>			
Property, plant and equipment	922 672	778 594	804 099
Right-of-use assets	310 045	301 151	283 817
Intangible assets	2 427 426	2 012 852	2 073 294
Investment in associates and joint ventures	2 506	981	651
Other non-current assets	215 077	1 799	179 951
<b>Total non-current assets</b>	<b>3 877 725</b>	<b>3 095 378</b>	<b>3 341 811</b>
Inventories	880 996	687 605	783 669
Receivables	617 988	633 385	520 426
Contract assets (accrued revenue)	6 293	6 286	3 962
Bank deposits, cash and similar	114 814	213 174	177 651
<b>Total current assets</b>	<b>1 620 091</b>	<b>1 540 450</b>	<b>1 485 708</b>
<b>Total assets</b>	<b>5 497 816</b>	<b>4 635 828</b>	<b>4 827 519</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital	1 270 018	1 253 509	1 270 018
Other equity	1 102 515	824 235	882 975
<b>Total equity</b>	<b>2 372 533</b>	<b>2 077 744</b>	<b>2 152 993</b>
Interest-bearing long-term liabilities	1 522 952	1 289 914	1 298 058
Lease liabilities	298 538	305 439	246 929
Other non-current liabilities	405 723	210 973	285 512
<b>Total non-current liabilities</b>	<b>2 227 212</b>	<b>1 806 325</b>	<b>1 830 499</b>
Interest-bearing current liabilities	16 101	5 979	2 857
Contract liabilities (incl. prepayments from customers)	63 803	96 301	94 540
Other current liabilities	818 167	649 478	746 630
<b>Total current liabilities</b>	<b>898 071</b>	<b>751 759</b>	<b>844 027</b>
<b>Total liabilities</b>	<b>3 125 283</b>	<b>2 558 084</b>	<b>2 674 526</b>
<b>Total equity and liabilities</b>	<b>5 497 816</b>	<b>4 635 828</b>	<b>4 827 519</b>
<b>CONDENSED CASH FLOW STATEMENT</b>	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.12.2019</b>
(NOK 1 000)			
Profit before tax	81 162	66 116	111 246
Depreciation and write-downs	60 766	58 096	239 606
Change in net working capital	-189 344	-155 291	-202 923
<b>Net cash flow from operations</b>	<b>-47 416</b>	<b>-31 078</b>	<b>147 929</b>
Net cash flow from investment activities	-36 425	-1 106 753	-1 274 430
Net cash flow from financing activities	-10 248	1 178 773	1 128 868
<b>Net change in cash and cash equivalents</b>	<b>-94 089</b>	<b>40 942</b>	<b>2 367</b>
Net currency exchange differences	31 252	-2 574	478
Cash and cash equivalents at start of period	177 651	138 531	138 531
Cash and cash equivalents acquisition	0	36 275	36 275
<b>Cash and cash equivalents at end of period</b>	<b>114 814</b>	<b>213 174</b>	<b>177 651</b>
Available unused credit facility	733 461	864 774	784 320

CONDENSED STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	OWN SHARES	SHARE PREMIUM	OTHER PAID IN CAPITAL	TRANSLATION DIFFERENCES	OTHER EQUITY	TOTAL
(NOK 1 000)							
<b>Balance 01.01.2019</b>	<b>16 663</b>	<b>-237</b>	<b>727 639</b>	<b>29 738</b>	<b>126 587</b>	<b>639 673</b>	<b>1 540 063</b>
Profit/loss after tax						68 421	68 421
Other income and expenses					-12 407		-12 407
Share-based payment				2 496			2 496
Increase share capital	1 666		475 505				477 172
Movement in own shares etc		39				1 961	2 000
<b>Balance 31.03.2019</b>	<b>18 329</b>	<b>-197</b>	<b>1 203 145</b>	<b>32 233</b>	<b>114 180</b>	<b>710 055</b>	<b>2 077 744</b>
<b>Balance 01.01.2019</b>	<b>16 663</b>	<b>-237</b>	<b>727 639</b>	<b>29 738</b>	<b>126 587</b>	<b>639 673</b>	<b>1 540 063</b>
Profit/loss after tax						107 491	107 491
Other income and expenses					7 964	-701	7 263
Dividends							
Share-based payment				19 005			19 005
Increase share capital	1 666		475 505				477 171
Movement in own shares		39				1 961	2 000
<b>Balance 31.12.2019</b>	<b>18 329</b>	<b>-197</b>	<b>1 203 144</b>	<b>48 743</b>	<b>134 551</b>	<b>784 424</b>	<b>2 152 993</b>
<b>Balance 01.01.2020</b>	<b>18 329</b>	<b>-197</b>	<b>1 203 144</b>	<b>48 743</b>	<b>134 551</b>	<b>784 424</b>	<b>2 152 993</b>
Profit/loss after tax						62 123	62 123
Other income and expenses					154 317		154 317
Share-based payment				3 009			3 099
Movement in own shares							
Increase share capital							
<b>Balance 31.03.2020</b>	<b>18 329</b>	<b>-197</b>	<b>1 203 144</b>	<b>51 842</b>	<b>288 688</b>	<b>810 547</b>	<b>2 372 533</b>

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	31.03.2020	31.03.2019	31.12.2019
(NOK 1 000)	Unaudited	Unaudited	Audited
<b>AGILITY FUEL SOLUTIONS</b>			
Sales of goods external customers	459 657	437 629	1 822 994
Sales of services and funded development	0	0	0
Internal transactions	220	6 313	21 193
<b>Total revenue from contracts with customers</b>	<b>459 876</b>	<b>443 943</b>	<b>1 844 187</b>
Segment operating profit before depreciation (EBITDA)	40 461	53 510	202 160
Segment operating profit (EBIT)	13 448	26 397	91 329
Segment assets	3 280 072	2 690 992	2 796 506
Segment liabilities	579 504	536 571	541 845
<b>HEXAGON PURUS (HYDROGEN &amp; CNG LIGHT-DUTY VEHICLES)</b>			
Sales of goods external customers	78 264	75 615	414 012
Sales of services and funded development	2 635	11 144	43 475
Internal transactions	8 716	3 424	15 176
<b>Total revenue from contract with customers</b>	<b>89 615</b>	<b>90 183</b>	<b>472 664</b>
Segment operating profit before depreciation (EBITDA)	-37 256	-12 836	-35 168
Segment operating profit (EBIT)	-52 025	-24 226	-80 221
Segment assets	1 149 037	897 676	964 741
Segment liabilities	1 313 580	858 176	1 015 463

<b>BUSINESS SEGMENT DATA</b>	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.12.2019</b>
<b>HEXAGON MOBILE PIPELINE &amp; OTHER</b>			
Sales of goods external customers	106 542	114 445	474 091
Sales of services and funded development	10 596	13 911	57 816
Internal transactions	5 111	10 705	26 210
<b>Total revenue from contract with customers</b>	<b>122 249</b>	<b>139 061</b>	<b>558 117</b>
Rental income	7 102	5 477	10 854
<b>Total revenue</b>	<b>129 351</b>	<b>144 538</b>	<b>568 971</b>
Segment operating profit before depreciation (EBITDA)	10 956	15 313	39 748
Segment operating profit (EBIT)	3 892	8 146	10 109
Segment assets	752 707	549 286	663 576
Segment liabilities	1 178 941	911 536	1 054 537
<b>HEXAGON RAGASCO LPG</b>			
Sales of goods external customers	152 672	163 991	592 099
Sales of services and funded development	0	17	67
Internal transactions	49	2 576	8 313
<b>Total revenue from contract with customers</b>	<b>152 721</b>	<b>166 584</b>	<b>600 479</b>
Segment operating profit before depreciation (EBITDA)	30 127	23 113	91 875
Segment operating profit (EBIT)	21 147	14 463	54 501
Segment assets	555 905	453 794	486 571
Segment liabilities	431 780	339 520	388 715

# NOTES

## NOTE 1: INTRODUCTION

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

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

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

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

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 19 May 2020.

## NOTE 2: INTEREST-BEARING DEBT

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

	LONG-TERM BANK LOAN	BOND LOAN	SHORT-TERM LOAN	TOTAL INTEREST- BEARING DEBT
<b>Balance 01.01.2020</b>	<b>198 580</b>	<b>1 000 000</b>	<b>2 857</b>	<b>1 301 437</b>
Secured bank loans	51 858	0	13 244	65 102
Bond HEX	0	0	0	0
Other loans	172 514	0	0	172 514
<b>Balance 31.03.2020</b>	<b>422 953</b>	<b>1 100 000</b>	<b>16 101</b>	<b>1 539 054</b>

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.

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 March 2020 was NOK -186,2 million and is included in the line Other loans.

Movements in the quarter on Long-term Secured bank loans and Other loans are purely related to non-cash foreign exchange translation impacts. Other Loans relate to the cross-currency swap applied to the Bond. Movements in the quarter on short-term loans were primarily related to drawings on the secured group treasury facility including any foreign currency translation effects.

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



**NOTE 3: ESTIMATES**

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The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognized as assets and liabilities, income and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group's accounting policy and the main sources of uncertainty are the same as for the consolidated accounts for 2019.

**NOTE 4: SHARE-BASED PAYMENTS**

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

5 April 2017 Hexagon Composites ASA issued 1 450 000 call options to senior executives and managers in the Group at NOK 27 per share. 7 September 2017 additional 190 000 call options were added to this program. The options may be exercised in part or in full within three weeks following the official announcement of the financial results for the fourth quarter of 2019, first quarter of 2020 or second quarter of 2020. During first quarter of 2020, 1 125 000 of these options have been exercised at weighted average share price of NOK 35.99.

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

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

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

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

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

The fair value of the options, RSUs and PSUs are calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost associated with the share options, RSUs and PSUs scheme were NOK 3.0 million in Q1 2020. The unamortized fair value of all outstanding instruments at 31 March 2020 is estimated to NOK 30.6 million, share options (1 580 000), RSUs (149 994) and PSUs (maximum 1 002 425).

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

**NOTE 5: EVENTS AFTER THE BALANCE SHEET DATE**

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Regarding new Performance Share Units see note 4.

On 12 May 2020 the company announced the signing of a term sheet for a strategic cooperation and joint venture agreement with CIMC ENRIC, a leading Chinese manufacturer of energy equipment (3899.HK), headquartered in Shenzhen, People's Republic of China and listed on the Hong Kong stock exchange. This alliance will serve the fast-growing demand of the Chinese market for safe, lightweight and cost-efficient compressed Hydrogen storage solutions. The strategic cooperation will support the transition to zero emission transportation also in Southeast Asia. The Parties intend to jointly establish facilities for manufacturing of cylinders and assembly of systems to serve the Chinese and Southeast Asian markets.



The highly focused coronavirus has spread to large parts of the world, including Europe, Norway and USA. As we all have experienced, the World Health Organization (WHO) has declared the coronavirus outbreak a pandemic. The health authorities in all countries have implemented far-reaching measures to prevent the spread of the disease and reduce the pressure on the health services. The measures seem to have had the intended short term effects. In some areas, including Norway, health authorities are now gradually easing the restrictions to some extent. With continuous focus on measures and hygiene, daily activities are expecting to gradually become normalized.

At the time of preparation and resolution of quarterly accounts, we don't have the full overview of the long term consequences for our markets, businesses and operations. For further description of status, measures and assessments made, we refer to other sections of the first quarter 2020 report.

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

## KEY FIGURES GROUP

KEY FIGURES GROUP	31.03.2020	31.03.2019	31.12.2019
EBITDA in % of operating revenue	4.5 %	18.3 %	10.5 %
EBIT in % of operating revenue	-2.9 %	11.2 %	3.5 %
EBITDA <sup>4</sup> (rolling last 4 quarters) / Capital Employed %	6.6 %	12.8 %	10.4 %
EBIT <sup>4</sup> (rolling last 4 quarters) / Capital Employed %	0.1 %	7.1 %	3.5 %
Net working capital / Operating revenue <sup>4</sup> (rolling last 4 quarters) %	29.5 %	29.4 %	26.8 %
Interest coverage I <sup>1)</sup>	4.5	4.6	2.6
Interest coverage II <sup>2)</sup>	11.3	12.0	5.7
NIBD / EBITDA <sup>4</sup> (rolling last 4 quarters)	5.0	2.5	3.1
Equity ratio	43.2 %	44.8 %	44.6 %
Equity / Capital employed	63.9 %	61.6 %	62.4 %
Return on equity (annualised)	0.9 %	15.1 %	5.8 %
Return on assets (annualised)	0.7 %	9.3 %	4.8 %
Liquidity ratio I	1.8	2.0	1.8
Liquidity reserve <sup>3)</sup>	848 275	1 077 948	961 971
Liquidity reserve <sup>3)</sup> / Operating revenue <sup>4</sup> (rolling last 4 quarters) %	24.8 %	36.0 %	28.2 %
Earnings per share	0.34	0.40	0.63
Diluted earnings per share	0.35	0.40	0.71
Cash flow from operations per share	-0.26	-0.18	0.82
Equity per share	12.94	11.34	11.75

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

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

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

4) Unaudited proforma estimates used for Agility in 2018

## KEY FIGURES SEGMENTS

KEY FIGURES SEGMENTS	31.03.2020	31.03.2019	31.12.2019
<b>AGILITY FUEL SOLUTIONS</b>			
EBITDA in % of operating income	8.8 %	12.1 %	11.0 %
EBIT in % of operating income	2.9 %	5.9 %	5.0 %
<b>HEXAGON PURUS</b>			
EBITDA in % of operating income	-41.6 %	-14.2 %	-7.4 %
EBIT in % of operating income	-58.1 %	-26.9 %	-17.0 %
<b>HEXAGON MOBILE PIPELINE &amp; OTHER</b>			
EBITDA in % of operating income	8.5 %	10.6 %	7.0 %
EBIT in % of operating income	3.0 %	5.6 %	1.8 %
<b>HEXAGON RAGASCO LPG</b>			
EBITDA in % of operating income	19.7 %	13.9 %	15.3 %
EBIT in % of operating income	13.8 %	8.7 %	9.1 %

## SHAREHOLDER INFORMATION

A total of 30,756,343 (34,499,979) shares in Hexagon Composites ASA (HEX.OL) were traded on Oslo Børs (OSE) during first quarter 2020. The total number of shares in Hexagon Composites ASA at 31 March 2020 was 183,290,648 (par value NOK 0.10). During the quarter, the share price moved between NOK 19.86 and NOK 38.65, ending the quarter on NOK 25.00. The price at 31 March gives a market capitalization of NOK 4,582.3 million for the Company.

20 LARGEST SHAREHOLDERS PER 18 MAY 2020	NUMBER OF SHARES	SHARE OF 20 LARGEST	SHARE OF TOTAL	TYPE	COUNTRY
MITSUI & CO LTD	45 833 321	32.96 %	25.00 %	Ordinary	Japan
FLAKK COMPOSITES AS	20 000 000	14.38 %	10.91 %	Ordinary	Norway
CLEARSTREAM BANKING S.A.	15 750 635	11.33 %	8.59 %	Nominee	Luxembourg
MP PENSJON PK	12 704 237	9.14 %	6.93 %	Ordinary	Norway
BRØDR. BØCKMANN AS	8 702 722	6.26 %	4.74 %	Ordinary	Norway
KTF FINANS AS	5 000 000	3.60 %	2.72 %	Ordinary	Norway
NØDINGEN AS	5 000 000	3.60 %	2.72 %	Ordinary	Norway
LANNEBO SMÅBOLAG	4 200 000	3.02 %	2.29 %	Ordinary	Sweden
VERDIPAPIRFONDET ALFRED BERG GAMBA	3 669 963	2.64 %	2.00 %	Ordinary	Sweden
FLAKK ROLLON AS	2 340 504	1.68 %	1.27 %	Ordinary	Norway
VERDIPAPIRFONDET ALFRED BERG NORGE	2 159 785	1.55 %	1.17 %	Ordinary	Sweden
VERDIPAPIRFOND ODIN NORGE	2 110 164	1.52 %	1.15 %	Ordinary	Norway
SKANDINAVISKA ENSKILDA BANKEN AB	1 914 706	1.38 %	1.04 %	Ordinary	Sweden
HEXAGON COMPOSITES ASA	1 692 915	1.22 %	0.92 %	Ordinary	Norway
STOREBRAND NORGE I VERDIPAPIRFOND	1 488 863	1.07 %	0.81 %	Ordinary	United Kingdom
VERDIPAPIRFONDET NORDEA KAPITAL	1 468 265	1.06 %	0.80 %	Ordinary	United Kingdom
VERDIPAPIRFONDET ALFRED BERG AKTIV	1 457 612	1.05 %	0.79 %	Ordinary	Sweden
FLAKK INVEST AS	1 300 000	0.93 %	0.70 %	Ordinary	Norway
VERDIPAPIRFONDET NORDEA AVKASTNING	1 164 602	0.84 %	0.63 %	Ordinary	United Kingdom
VERDIPAPIRFONDET EIKA SPAR	1 105 421	0.79 %	0.60 %	Ordinary	Norway
<b>Total 20 largest shareholders</b>	<b>139 063 715</b>	<b>100.00 %</b>	<b>75.78 %</b>		
Remaining	44 226 933		24.22 %		
<b>Total</b>	<b>183 290 648</b>		<b>100,00 %</b>		

## 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 19 May 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



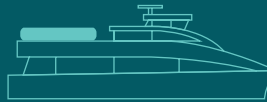
Heavy-Duty Trucks



Distribution



Ground storage



Marine & other

## AGILITY FUEL SOLUTIONS



Heavy-Duty Trucks



Transit Buses

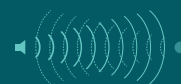


Refuse Trucks

## MOBILE PIPELINE & OTHER



Distribution



Hexagon Digital Wave

## HEXAGON RAGASCO

Leisure activities, household and industrial applications

