

# Q3 2022



# A word from the CEO

Dear Shareholders,

Demand for our products and services remains strong. In the third quarter 2022, Group revenues exceeded NOK 1.2 billion, up 42% year-over-year. These results are backed by solid regulatory support for biomethane (renewable natural gas, RNG) and hydrogen in both Europe and the U.S. – and further growth in the global alternative fuels market.

We continue to have high production and sales activities year-to-date with significant new contracts for hydrogen distribution and renewable natural gas fuel systems and expect to meet our 2022 revenue target.

## Challenging operating conditions

However, the high costs of production due to the supply chain disruptions and input price increases have impacted our profitability.

We address the cost increases through productivity programs, as well as step by step pass through of pricing. However, the mitigating effects are lagging the cost increases. Some raw material prices have come down from their peak, and we expect to see these affect our component input prices in two to three quarters.

## Biomethane/Renewable Natural Gas (RNG) retains regulatory support

The biggest climate investment in U.S. history, the U.S. Inflation Reduction Act, was signed into law on 16 August 2022. This USD 370 billion investment in energy and climate change in the U.S. includes a series of tax incentives<sup>1</sup> that are designed to drive both supply and demand in the market for clean alternative fuels

Meanwhile, in Europe, under the umbrella of the REPower EU initiative, the European Commission and industry leaders (European Biogas Association) launched the Biomethane Industry Partnership (BIP) in September. The BIP establishes a formal link between the REPower EU biomethane target and the Transport sector. Hexagon became an active member of the European Biogas Association earlier this year and is engaged in the BIP Transport Committee.

A recent U.S./European joint study<sup>2</sup> confirmed that biomethane offers the biggest opportunity to reduce well-to-wheel greenhouse gas emissions - and is the only transport fuel with a negative carbon intensity.



## Revenue growth across businesses

Hexagon Agility demonstrated 25% growth year-over-year in the third quarter 2022. It continues to benefit from high underlying demand driven by heavy- and medium-duty truck segment and Mobile Pipeline's compressed (renewable) natural gas (CNG/RNG) distribution solutions.

While the third quarter is seasonally a slower quarter for Hexagon Ragasco, sales volumes this quarter increased 26% compared to the third quarter last year.

Hexagon Purus continued to deliver on business plan, more than doubling its revenues in the third quarter 2022 compared to third quarter 2021.

Hexagon Digital Wave delivered 67% growth year-over-year for the first nine months. The demand for the products and services from this high-tech business arm is driven by the global market growth for compressed gases.

## Looking ahead

The governmental commitments to decarbonization of transportation in the U.S. and Europe, as well as in other leading regions including China, will drive a strongly growing demand for Hexagon's products and services in the years ahead. Effectuated price increases and lower input prices in some categories will contribute to improved margins, while the geopolitical uncertainties, energy crisis in Europe, continued high inflation and risk of recession make near term forecasting challenging. On balance we prepare for modest growth in 2023 followed by renewed strong growth from 2024 onwards.

Best regards,

**Jon Erik Engeset**

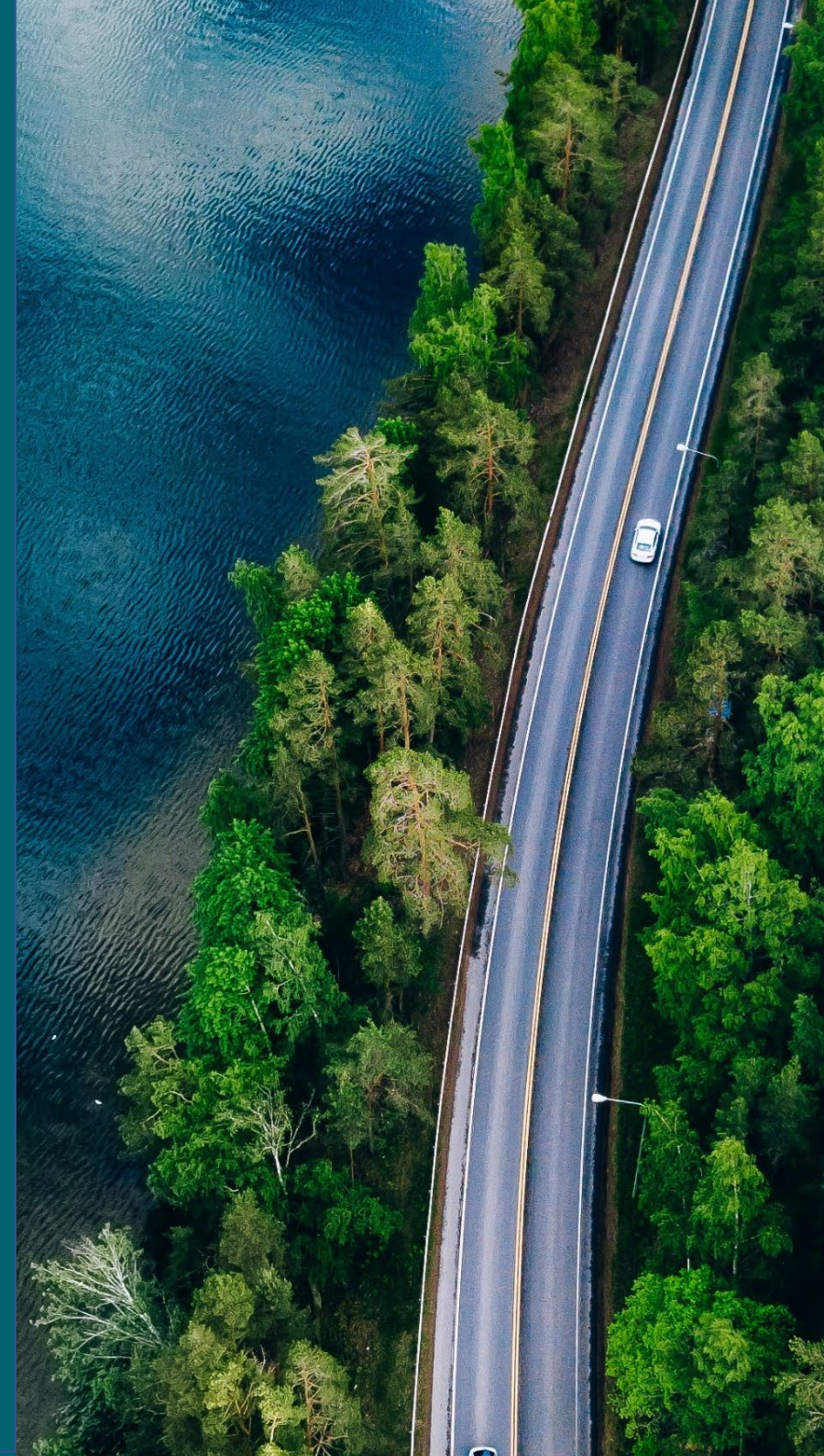
President & CEO, Hexagon Group

<sup>1</sup> The Extension of Alternative Fuel Tax Credit, the Clean Fuels Production Credit, and the Energy Investment tax credit.

<sup>2</sup> Decarbonization potential of on-road fuel and powertrains in the EU and U.S.: a well-to-wheels assessment

## Highlights Q3 2022

- Hexagon Group revenues with 42 % growth year-over-year supported by strong underlying growth of 31 % and significant FX tailwinds
- High costs of production due to supply chain disruptions and input price increases impacted profitability
- Significant new orders for Mobile Pipeline®, Hydrogen Distribution and Mobile Refuelling
- Hexagon Digital Wave continuing its strong growth path



# Key figures

(NOK millions)	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<b>Hexagon Agility</b>				
Revenue	930	742	2 479	1 805
EBITDA	45	98	160	199
EBIT	0	63	33	84
<b>Hexagon Ragasco</b>				
Revenue	119	86	473	407
EBITDA	8	4	70	72
EBIT	-2	-5	42	46
<b>Hexagon Digital Wave</b>				
Revenue	30	19	70	42
EBITDA	1	0	-1	-8
EBIT	-1	-1	-5	-11
<b>Corporate/eliminations<sup>1)</sup></b>				
Revenue	2	2	5	9
EBITDA	14	8	13	5
EBIT	10	4	-1	-8
<b>Hexagon excl. Hexagon Purus</b>				
Revenue	1 080	848	3 027	2 264
EBITDA	68	110	242	269
EBIT	7	61	70	111
<b>Hexagon Purus<sup>2)</sup></b>				
Revenue	222	103	592	249
EBITDA	-92	-80	-297	-211
EBIT	-116	-96	-366	-245
<b>Eliminations<sup>3)</sup></b>				
Revenue	-59	-76	-180	-157
EBITDA	0	0	1	-1
EBIT	0	0	1	0
<b>Hexagon Group</b>				
Revenue	1 243	875	3 439	2 356
EBITDA	-24	30	-54	58
EBIT	-109	-35	-296	-134

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

2) Hexagon Purus is a separate segment within the Hexagon Group and is similar to the Hexagon Purus (ticker HPUR) listed on the Euronext Growth

3) Eliminations refers to eliminations between entities within Hexagon excl. Purus and entities within Hexagon Purus

# Financial summary

## Hexagon Group excluding Hexagon Purus

In the third quarter of 2022, Hexagon (excluding Hexagon Purus) generated NOK 1 080 (848) million in revenues driven by a continued strong demand for Hexagon's products and solutions, coupled with some price increase effects and favorable FX tailwinds of approximately NOK 97 million. EBITDA for the quarter came in at NOK 68 (110) million, representing an EBITDA margin of 6 % (13 %), resulting from significantly higher costs of production due to inflation and supply chain challenges, while FX effects are not significant at EBITDA level. Although price increases have been implemented in all business areas, the revenue effect of these are not fully captured in certain segments, especially in Hexagon Agility, due to long-term contract structures and a longer order-to-sales process. Hexagon Ragasco experienced a seasonally low volume quarter, however improving year-over-year profitability, while Hexagon Digital Wave delivered strong volume growth.

Year-to-date, Hexagon (excluding Hexagon Purus) generated NOK 3 027 (2 264) million in revenues, representing 34 % growth driven mostly by similar factors as for the third quarter. Adjusted for FX tailwinds of approximately NOK 171 million year-to-date, revenues grew by 26% year-over-year. EBITDA year-to-date came in at NOK 242 (269) million, representing an EBITDA margin of 8 % (12 %).

Hexagon Agility entered 2022 with a record-high orderbook and strong growth in the heavy-and medium (HD) duty business as well as the Mobile Pipeline distribution business. Revenues year-to-date amounted to NOK 2 479 million (1 805) million. Several price increases are put into effect during 2022, but due to the significant order backlog and the longer order-to-sales timeframe in the HD business, these price increases will not fully materialize before Q1 2023.

Hexagon Ragasco year-to-date revenues amounted to NOK 473 (407) million, representing a positive 16% growth. Hexagon Ragasco has successfully managed to pass on and match incurred inflationary cost prices to its customers, which is also the main driver of the growth in topline. Sales volumes were in line with last year's levels, where volumes in Europe and the Middle East were notably higher, offset by lower sales in Asia Pacific and Scandinavia. There has also been a distinct pick-up in volumes to

North America, driven in part by higher demand for Hexagon Ragasco cylinders in fork-lift truck applications.

Hexagon Digital Wave continued its positive growth path and reported revenues of NOK 70 (42) million for the first nine months, driven by the growing Compressed Natural Gas (CNG)/Renewable Natural Gas (RNG) and industrial gas market pushing demand for Hexagon Digital Wave's services. New applications and markets are opening as the technology continues to be trialed in various sectors.

## Hexagon Purus

In the third quarter of 2022, Hexagon Purus generated NOK 222 (103) million in revenues and recorded an EBITDA of NOK -92 (-80) million. Revenue growth was driven primarily by continued strength in the hydrogen distribution segment. The strong momentum in the zero emission market sectors targeted by Hexagon Purus, and the Company's accelerated business plan execution, support continued investments in personnel and infrastructure, entailing negative profitability. Hexagon Purus remains fully consolidated in the Hexagon Group accounts, with Hexagon currently retaining a 73% ownership.

## Hexagon Group including Hexagon Purus

In the third quarter of 2022, Hexagon Group including Hexagon Purus, generated NOK 1 243 (875) million in revenues and an EBITDA of NOK -24 (30) million. The negative EBITDA result in the Hexagon Group is driven by Hexagon Purus.

Due to the consolidation of Hexagon Purus, Hexagon Group recorded a net loss after tax of NOK -81 (-65) million in the quarter. Profit/loss from associated companies amounted to NOK 60 (0) million and includes a non-cash accounting gain of NOK 63 million resulting from a reclassification and fair value recognition of the shares in Norwegian Hydrogen following a capital raise in the Company, offset by NOK -3 (0) in share of profits from associates.

Other financial items were NOK -28 (-15) million driven by net interest expenses of NOK -23 (-19) million, foreign exchange fluctuation effects of NOK -21 (9) million, unrealized gain/loss on derivatives of NOK 16 (-5) million and other financial expenses of NOK -1 (0) million.

Tax charges were NOK 4 (15) million. The tax charges do not include any credits for carried-forward tax losses within Hexagon Purus as conditions for deferred tax asset recognition are, prudently, not yet deemed to be met.

At quarter-end, the Group balance sheet amounted to NOK 8 100 (6 138) million. The increase in total assets year-over-year is to a large extent explained by the significant currency translation effects due to the depreciation in value of NOK versus USD, together with the acquisition of Wystrach, and private placement in Hexagon Purus. In addition, there is an increased level of working capital due to growth and pandemic-related impact to global supply chains also heavily inflated by the currency effects. The Group's equity ratio decreased from 56% to 46% quarter-over-quarter due to the above factors as well as the negative net profit contribution from Hexagon Purus in the period.

## Key developments during third quarter

### New orders for hydrogen distribution systems for Hexagon Purus

- EUR 11.3 million order to deliver high-performance hydrogen distribution systems to a leading global industrial gas company
- EUR 5.2 million order to deliver hydrogen distribution systems to an industrial gas company in Germany
- Second follow-on order of EUR 13 million for hydrogen distribution systems and mobile refueling stations from ZE PAK Group

### Closing on Cryoshelter investment

On August 1, Hexagon closed on the transaction to acquire 40 % of the Austrian-based cryogenic tank technology company, Cryoshelter. Upon close, Cryoshelter was demerged into two companies, Cryoshelter BioLNG and Cryoshelter LH2, where Hexagon Composites ASA made an initial investment of EUR 2.4 million in the liquid natural gas business Cryoshelter BioLNG, and where Hexagon Purus ASA made an initial investment of EUR 3.4 million in the liquid hydrogen business Cryoshelter LH2. Both entities are accounted for as associated companies in the Group accounts as of 1 August 2022. Hexagon is committed to support Cryoshelter in the development and commercialization of its disruptive technology both financially and strategically, and the

Group is pleased to also have secured options to acquire remaining shares of both entities over the next 3-10 years.

## Effects of the war in Ukraine

Hexagon does not have operations or employees in Ukraine, but it does have a sales and distribution subsidiary for its LPG products in Russia. Hexagon has stopped all product shipments to Russia to ensure compliance with international sanctions. The Russian sales entity represented 0.5% of Group revenues in 2021 and the Company does not assess there to be any direct significant effects or risks to its net assets in Russia.

## Key developments after third quarter

### Revised full year 2022 guidance

On 14 October, Hexagon published revised financial guidance for 2022 for Hexagon excluding Purus. The revenues are expected to exceed the guided target of NOK 3.7 to 3.9 billion as they are mainly secured by 2022 backlog. Due to continued high costs of energy, materials, and components which Hexagon is unable to mitigate in the short term, the company has accordingly adjusted its EBITDA guidance for full year 2022 from approximately NOK 400 million to approximately NOK 325 million.

### New contracts

- Hexagon Purus entered into framework agreement to deliver hydrogen distribution systems in Europe for EUR 9.7 million
- Hexagon Agility received orders from a major heavy-duty fleet in North America of USD 27.1 million
- Hexagon Digital Wave signed a long-term agreement with Certarus for Modal Acoustic Emission technology to requalify Type-4 cylinders
- Hexagon Purus selected by CaetanoBus as preferred supplier of high-pressure hydrogen fuel systems for serially produced fuel cell transit buses. The estimated potential value over the lifetime of the frame agreement is approximately EUR 35 million
- Hexagon Agility received an order from Supergas Natural Ltd for Mobile Pipeline® modules of EUR 4.8 million

# Segment results

## Hexagon Agility

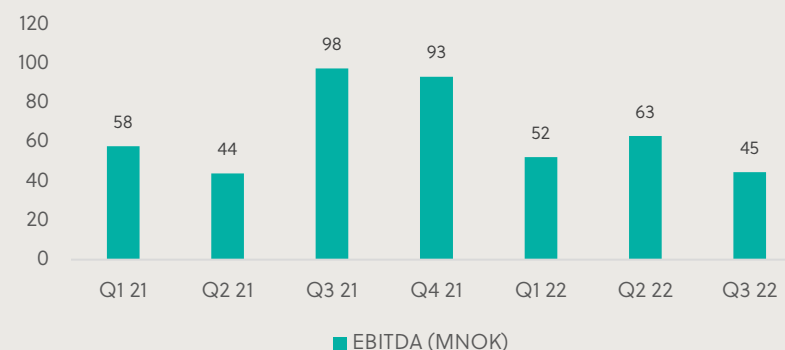
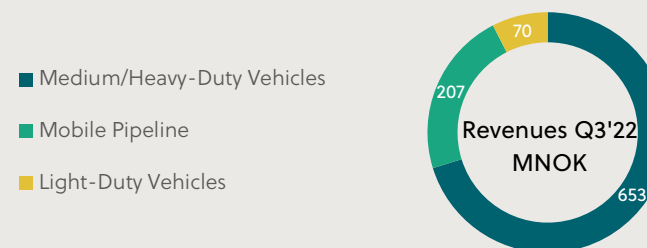
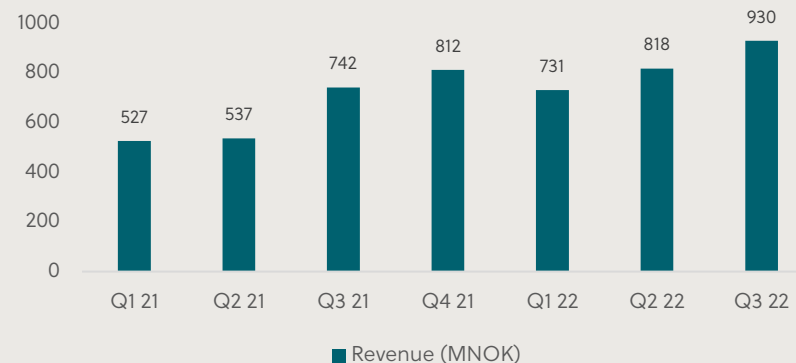
Hexagon Agility is a global provider of clean fuel solutions for commercial and passenger vehicles and gas transportation solutions.

Hexagon Agility recorded combined revenues for the third quarter of NOK 930 (742) million, representing a 25 % growth year-over-year inclusive of favorable currency effects of approximately NOK 93 million. Adjusted for FX, the underlying growth was 13%, driven by a continued positive development in the refuse truck segment and for Mobile Pipeline Compressed Natural Gas (CNG)/Renewable Natural Gas (RNG) distribution solutions.

EBITDA for the third quarter came in at NOK 45 (98) million, representing an EBITDA margin of 5 % compared to 13 % in the same period last year. The weakened profitability is explained by exceptionally high costs of production due to inflation with lagging sales price increases, a weaker light-duty vehicle market, in addition to some unfavorable mix effects from higher volumes in medium-duty versus heavy-duty vehicles.

Revenues year-to-date amounted to NOK 2 479 (1 805) million. Although FX tailwinds represents approximately NOK 166 million year-to-date, the underlying growth shows a strong 28 %, which is largely volume driven. Price increases have been implemented and started to mitigate the inflationary cost prices in the Mobile Pipeline business in the second half of 2022 but the main effect of price increases in the medium- and heavy-duty segment will not materialize before first quarter 2023. Mobile Pipeline has benefitted primarily from higher volumes so far in 2022, resulting in almost a doubling of revenues year-over-year, from NOK 286 million last year to NOK 549 million this year.

EBITDA year-to-date for Hexagon Agility came in at NOK 160 (199) million, representing an EBITDA margin of 6 % (11%).



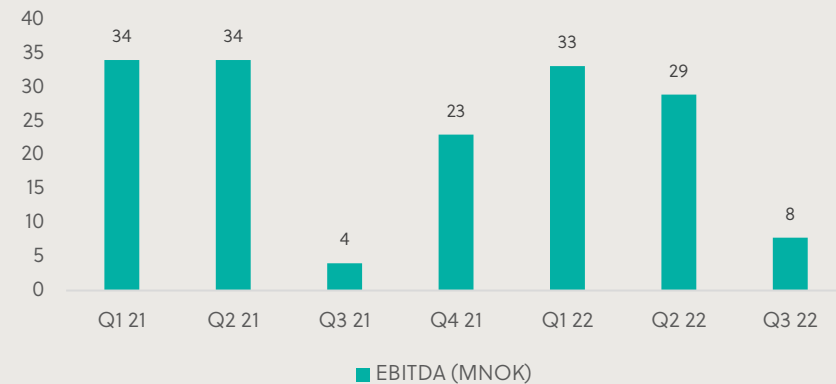
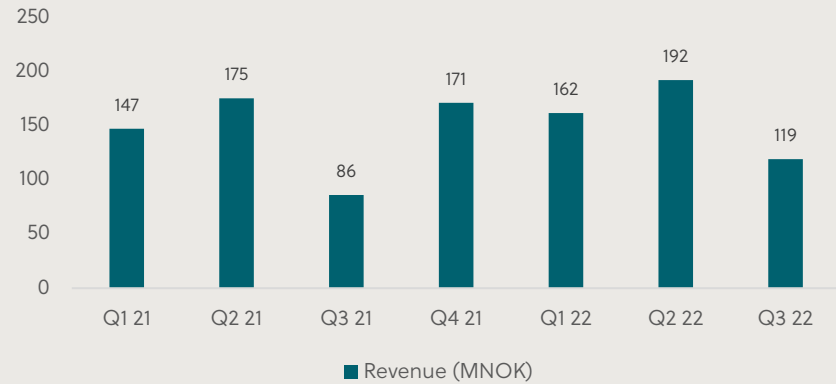
## Hexagon Ragasco

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

Hexagon Ragasco recorded revenues of NOK 119 (86) million and an EBITDA of NOK 8 (4) million in the third quarter. Q3 is a seasonally slower quarter for Hexagon Ragasco, however sales volumes were 26 % higher than the same period last year. Coupled with sales price increases effectuated so far this year, the business generated 39% growth in revenues compared to the same period last year. The positive revenue development also contributed to an improved EBITDA versus last year due to better utilization of fixed costs, despite high energy costs.

On a year-to-date basis, Hexagon Ragasco delivered revenues of NOK 473 (407) million and an EBITDA of NOK 70 (72) million. Revenue growth of 16 % is largely explained by sales price increases implemented in the first half of 2022, while volumes are flat year-over-year. Hexagon Ragasco has been able to pass on incurred inflationary cost prices to its customers, thereby protecting its margins in absolute terms. This, in combination with significantly higher electricity costs in Norway and supply chain challenges creating production inefficiencies, resulted in a lower EBITDA margin of 15 % year-to-date versus 18 % last year.

So far this year, Hexagon Ragasco has seen a positive development in sales volumes in Europe, the Middle East and North America compared to last year, in addition to several introductory orders from new customers in new markets. The positive development in sales for Forklift Truck applications in North America also continued throughout the third quarter, driven by an improved price competitiveness for composite cylinders versus aluminum. The positive sales development in certain markets were however, offset by reduced volume in the Asia Pacific and Scandinavia.





## Hexagon Digital Wave

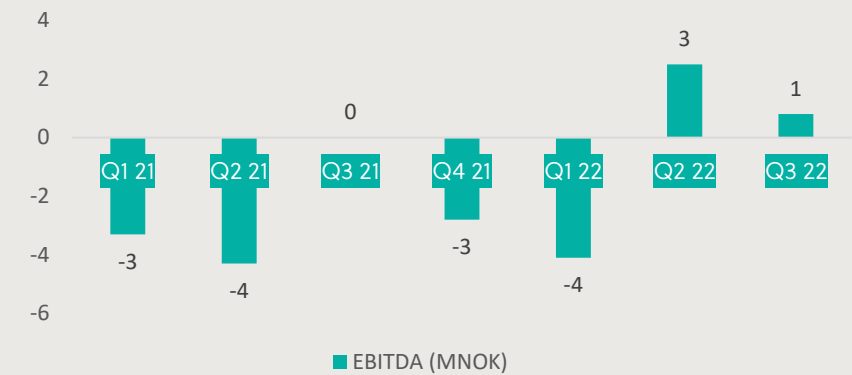
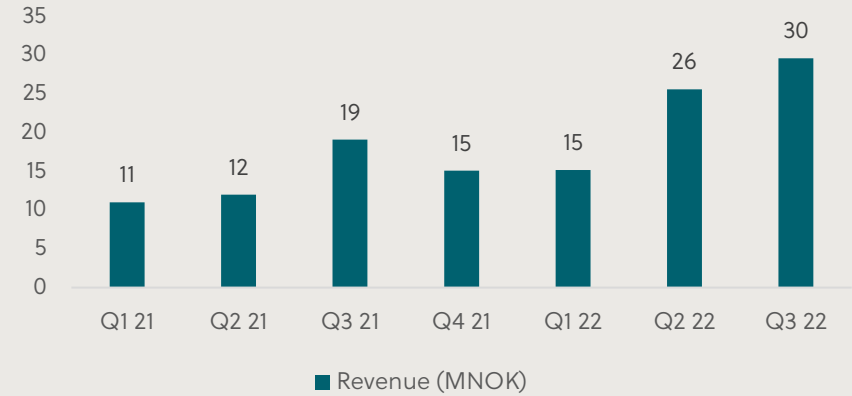
Hexagon Digital Wave offers innovative cylinder testing and monitoring technologies that reduce down-time and inspection costs while improving inspection accuracy.

Hexagon Digital Wave continued its positive trend in the third quarter and posted revenues of NOK 30 (19) million, generated by positive demand for Ultrasonic Emissions (UE) machines and Modal Acoustic Emissions (MAE) requalification services, which are the Company's key revenue sources. Despite continued operational investments and ramp-up in labor and fixed costs during the quarter, Hexagon Digital Wave generated another positive quarterly EBITDA, coming in at NOK 1 (0) million.

Year-to-date revenues in Hexagon Digital Wave came in at NOK 70 (42) million representing a growth of 67% year-over-year.

EBITDA year-to-date came in slightly negative at NOK -1 (-8) million, due to positive volume and product margin effects being offset by higher costs of operational growth investments. The business is still in a ramp-up phase and significant operating investments have been absorbed to ensure accelerated development of key technology and retaining first-mover market share. Additional operating investments are still necessary to support further growth.

Hexagon Digital Wave is at the start of what is expected to be a significant growth phase, as Hexagon takes lead in digitalizing its industry.



## Hexagon Purus

Hexagon Purus is a global leader in key technologies needed for zero emission mobility. The company is listed on Euronext Growth (HPUR.OL), with Hexagon retaining a 73.3 per cent ownership.

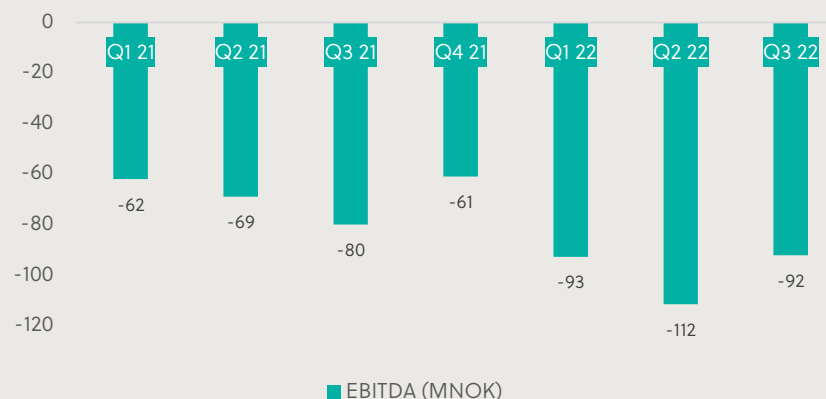
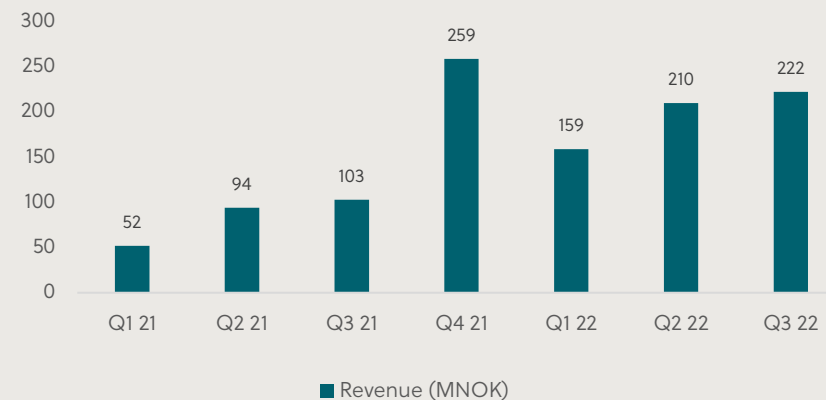
In the third quarter of 2022, Hexagon Purus generated NOK 222 (103) million in revenue and recorded operating profit before depreciation (EBITDA) of NOK -92 (-80) million. Demand and order intake for hydrogen distribution systems has been very strong in 2022, contributing NOK 143 million in revenues in Q3. Prior to acquiring the Company in Q4 2021, Wystrach was a large external customer of Hexagon Purus, resulting in incomparable revenue figures this year versus last year.

EBITDA loss in the third quarter widened as expected in absolute terms. Higher personnel and other operating expenses due to operational investments and ramp-up in all operating areas explains the increased loss compared to last year.

During the year, Hexagon Purus signed a series of inaugural and follow-on orders for its hydrogen distribution systems, supporting a strong forecasted Q4 and continued strong momentum heading into 2023.

On a year-to-date basis Hexagon Purus generated NOK 592 (249) million in revenues. EBITDA year-to-date amounted to NOK -297 (-211) million.

Please also refer to the separate third quarter 2022 Board of Directors Report for Hexagon Purus ASA published 1 November 2022.



## Outlook

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

The war in Ukraine continues to impact global supply chains. This combined with increases in input prices create challenging operating conditions. Hexagon continues to adapt to the changing environment. The company is closely monitoring and managing adverse effects to mitigate the margin pressure and expects to improve margins in 2023, barring any further unforeseen disruptions.

Hexagon continues to see healthy demand across its businesses. Further development in regulations and changes in industry dynamics are expected to significantly support additional long-term clean energy technology opportunities. The diversified portfolio and extensive industrial track record, provide a resilient platform for the future.

On the regulatory side, The REPowerEU Plan presented by the European Commission in March, aims to end Europe's dependence on Russian fossil fuels before 2030. The Plan will reduce dependence on Russian fossil fuels by fast-forwarding the clean energy transition and adapting industry and infrastructure to different energy sources and suppliers. According to the European Commission, additional investments of EUR 210 billion are needed between now and 2027, including EUR 37 billion for biomethane production, EUR 27 billion for hydrogen infrastructure and EUR 10 billion to import sufficient LNG and pipeline gas. In September, the European Commission and industry leaders, represented by the European Biogas Association, launched the Biomethane Industry Partnership (BIP). The BIP establishes a formal link between the REPower EU biomethane target and the Transport sector.

In the U.S., the biggest climate investment in its history, the U.S. Inflation Reduction Act, was signed into law on 16 August 2022. The Inflation Reduction Act introduced in July, aims to bring down costs and boosts energy supply, cutting Inflation and substantially reducing greenhouse gas emissions. This USD 370 billion investment in energy and climate change in the U.S. includes a series of tax incentives that are designed to drive both supply and demand in the market for clean fuels in the transportation sector. This includes clean heavy-duty vehicles, like school and transit buses and garbage trucks.

The U.S. and EU initiatives are expected to contribute to driving Hexagon's addressable markets to new levels.

### Segments

For Hexagon Agility, demand remains healthy in the heavy and medium-duty and Mobile Pipeline CNG/RNG businesses. For the remainder of 2022, these businesses hold a strong orderbook and orders for 2023 are materializing. The demand is driven by increased adoption of clean fuels, sustainability regulations, subsidies, and growing consumer activism. The Transit bus segment in North America is expected to remain stable whilst the European bus segment, impacted by supply chain challenges and high European gas prices, is expected to be soft. The Refuse truck business is seeing growing demand with new orders. The Mobile Pipeline business continues to experience a strong market dominated by deliveries into the RNG segment, driven by lack of pipeline infrastructure combined with growing energy demands and environmental targets.

Hexagon Ragasco continues to experience high input costs for certain raw materials as well as energy and transportation costs. However, sales price increases effectuated earlier in the year are offsetting the impacts of higher material costs and additional price rises are planned to absorb the exceptional energy costs. The demand for LPG products remains healthy with introductory orders from new customers in new markets.

Hexagon Digital Wave has secured key service agreements and long-term agreements and anticipates sustained positive revenue impacts from its cylinder testing and monitoring technology. The Modal Acoustic Emissions requalification services remain in high demand with an increasing total installed base of cylinders in the market. In addition, demand for Ultrasonic Examination (UE) equipment is increasing. The company is in a growth and investment phase, with further positive impact on revenues expected in the longer term.

*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, 2 November 2022**

The Board of Directors of Hexagon Composites ASA

**Knut Flakk**  
Chair

**Kristine Landmark**  
Deputy Chair

**Katsunori Mori**  
Board member

**Liv Astri Hovem**  
Board member

**Hans Peter Havdal**  
Board member

**Liv Dingsør**  
Board member

**Sam Gabbita**  
Board member

**Jon Erik Engeset**  
Group President & CEO

# Condensed Interim Financial Statements Group

## Income statement

(NOK 1000)	Note	Q3 2022	Q3 2021	30.09.2022	30.09.2021	31.12.2021
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from contracts with customers	3	1 242 648	874 435	3 435 652	2 354 372	3 539 537
Rental income	3	159	745	3 238	1 346	3 354
<b>Total revenue</b>		<b>1 242 807</b>	<b>875 180</b>	<b>3 438 889</b>	<b>2 355 718</b>	<b>3 542 890</b>
Cost of materials		687 634	414 984	1 807 487	1 076 245	1 695 497
Payroll and social security expenses	10	377 853	268 388	1 078 755	778 458	1 101 298
Other operating expenses		201 791	162 238	606 434	443 421	637 512
<b>Total operating expenses</b>		<b>1 267 278</b>	<b>845 609</b>	<b>3 492 676</b>	<b>2 298 124</b>	<b>3 434 307</b>
<b>Operating profit before depreciation and amortization (EBITDA)</b>		<b>-24 471</b>	<b>29 571</b>	<b>-53 787</b>	<b>57 594</b>	<b>108 584</b>
Depreciation, amortization, and impairment	4,5	84 149	64 625	242 011	191 155	262 680
<b>Operating profit (EBIT)</b>		<b>-108 620</b>	<b>-35 055</b>	<b>-295 798</b>	<b>-133 561</b>	<b>-154 096</b>
Profit/loss from investments in associated companies	11	60 381	178	57 642	51	-2 957
Other financial items (net)		-28 310	-14 660	-47 397	-72 550	-144 691
<b>Profit/loss before tax</b>		<b>-76 549</b>	<b>-49 536</b>	<b>-285 553</b>	<b>-206 059</b>	<b>-301 744</b>
Tax expense		4 436	15 424	23 464	24 086	25 833
<b>Profit/loss after tax</b>		<b>-80 985</b>	<b>-64 960</b>	<b>-309 017</b>	<b>-230 145</b>	<b>-327 577</b>
<b>Attributable to:</b>						
Equity holders of the parent		-63 232	-37 331	-226 443	-155 256	-237 325
Non-Controlling interests		-17 753	-27 629	-82 574	-74 889	-90 252
<b>Profit/loss after tax</b>		<b>-80 985</b>	<b>-64 960</b>	<b>-309 017</b>	<b>-230 145</b>	<b>-327 577</b>
Earnings per share (NOK)		-0,40	-0,32	-1,54	-1,15	-1,64
Diluted earnings per share (NOK)		-0,40	-0,32	-1,54	-1,15	-1,64

## Comprehensive income statement

(NOK 1000)	Note	Q3 2022	Q3 2021	30.09.2022	30.09.2021	31.12.2021
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Profit/loss after tax		-80 985	-64 960	-309 017	-230 145	-327 577
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Items that will be reclassified through profit or loss in subsequent periods</b>						
Translation differences when translating foreign activities		158 018	26 769	351 214	35 128	26 410
Net total of items that will be reclassified through profit or loss in subsequent periods		<b>158 018</b>	<b>26 769</b>	<b>351 214</b>	<b>35 128</b>	<b>26 410</b>
<b>Items that will not be reclassified through profit or loss in subsequent periods</b>						
Actuarial gains/losses for the period (net after tax)		0	0	0	0	-287
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-287</b>
<b>Total comprehensive income for the period</b>		<b>77 033</b>	<b>-38 191</b>	<b>42 197</b>	<b>-195 017</b>	<b>-301 454</b>
<b>Attributable to:</b>						
Equity holders of the parent		86 265	-10 204	104 967	-119 448	-208 121
Non-Controlling interest		-9 232	-27 987	-62 770	-75 568	-93 334

# Statement of financial position

(NOK 1000)

	Note	30.09.2022	30.09.2021	31.12.2021
		Unaudited	Unaudited	Audited
<b>ASSETS</b>				
Property, plant, and equipment	4	1 374 350	852 462	1 010 625
Right-of-use assets	4	336 804	264 691	282 309
Intangible assets	5	2 730 591	2 043 841	2 384 524
Investment in associated companies	11	55 553	2 152	7 024
Other non-current financial assets	9	102 426	379	379
Other non-current assets		2 515	2 493	2 489
Deferred tax assets		13 678	1 775	13 678
<b>Total non-current assets</b>		<b>4 615 917</b>	<b>3 167 793</b>	<b>3 701 029</b>
Inventories		1 812 276	1 083 867	1 147 004
Trade receivables		749 572	707 755	880 396
Contract assets (incl. prepayments)		7 210	2 258	4 165
Other current financial assets		18	1 228	1 162
Other current assets		228 098	199 393	181 281
Bank deposits, cash and similar		687 204	976 131	600 209
<b>Total current assets</b>		<b>3 484 378</b>	<b>2 970 630</b>	<b>2 814 217</b>
<b>Total assets</b>		<b>8 100 295</b>	<b>6 138 423</b>	<b>6 515 246</b>

(NOK 1000)

	Note	30.09.2022	30.09.2021	31.12.2021
		Unaudited	Unaudited	Audited
<b>EQUITY AND LIABILITIES</b>				
Paid-in capital		2 217 337	2 181 911	2 194 303
Other equity		989 641	908 658	911 989
<b>Equity attributable to equity holders of the parent</b>		<b>3 206 978</b>	<b>3 090 570</b>	<b>3 106 291</b>
Non-controlling interests		480 354	337 748	378 010
<b>Total equity</b>		<b>3 687 333</b>	<b>3 428 318</b>	<b>3 484 301</b>
Interest-bearing liabilities (non-current)	8	1 488 645	1 072 915	1 166 057
Lease liabilities (non-current)	6	295 487	225 448	230 276
Other financial liabilities (non-current)	7	368 448	64 662	190 529
Pension liabilities		5 256	3 411	4 645
Deferred tax liabilities		279 757	185 587	247 160
Provisions (non-current)		7 248	4 402	11 686
<b>Total non-current liabilities</b>		<b>2 444 840</b>	<b>1 556 426</b>	<b>1 850 353</b>
Interest-bearing liabilities (current)	8	217 402	0	13 635
Lease liabilities (current)	6	53 835	50 496	62 455
Trade payables		618 488	465 826	392 747
Contract liabilities (incl. prepayments from customers)		439 561	172 975	277 658
Other financial liabilities (current)	7	75 551	0	0
Income tax payable		92 275	140 966	47 201
Other current liabilities		377 668	235 600	320 150
Provisions (current)		93 342	87 816	66 747
<b>Total current liabilities</b>		<b>1 968 122</b>	<b>1 153 679</b>	<b>1 180 592</b>
<b>Total liabilities</b>		<b>4 412 962</b>	<b>2 710 105</b>	<b>3 030 945</b>
<b>Total equity and liabilities</b>		<b>8 100 295</b>	<b>6 138 423</b>	<b>6 515 246</b>



## Cash flow statement

(NOK 1000)

	Note	30.09.2022	30.09.2021	31.12.2021
<b>Cash flow from operating activities</b>				
Profit before tax		-285 553	-206 059	-301 744
Depreciation, amortization and impairment	4,5	242 011	191 155	262 680
Net interest expense		45 272	40 189	52 166
Changes in net operating working capital <sup>(1)</sup>		-149 849	-305 846	-455 250
Other adjustments to operating cash flow		111 222	44 528	97 452
<b>Net cash flow from operating activities</b>		<b>-36 891</b>	<b>-236 033</b>	<b>-344 696</b>
Purchase of property, plant & equipment, net of proceeds from sale	4	-310 995	-183 905	-263 846
Purchase of intangible assets	5	-45 212	-34 376	-59 755
Interest received		8 214	1 825	4 394
Acquisition of subsidiaries, net of cash acquired		0	0	-146 189
Investment in associated companies	11	-58 354	0	-8 580
Other investments		-33 055	-1 915	-1 109
<b>Net cash flow from investing activities</b>		<b>-439 402</b>	<b>-218 372</b>	<b>-475 085</b>
Net repayment (-) / proceeds (+) from interest bearing loans	8	522 034	-143 165	-126 771
Interest payments on interest-bearing liabilities		-49 672	-37 231	-49 901
Repayment of lease liabilities (incl. Interests)	6	-60 926	-51 768	-70 716
Net proceeds from share capital increase (subsidiary)		157 817	0	0
Net proceeds from purchase (-) and sale (+) of own shares		-30 495	5 625	9 543
<b>Net cash flow from financing activities</b>		<b>538 758</b>	<b>-226 540</b>	<b>-237 846</b>
Net change in cash and cash equivalents		62 465	-680 944	-1 057 627
Net currency exchange differences		24 530	7 193	7 954
Cash and cash equivalents at start of period		600 209	1 649 882	1 649 882
<b>Cash and cash equivalents at end of period</b>		<b>687 204</b>	<b>976 131</b>	<b>600 209</b>
Available unused credit facility		381 941	600 000	582 605

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

## Statement of changes in equity

(NOK 1 000)	Share capital	Own shares	Share premium	Other paid-in capital	Translation differences	Other equity	Equity - holders of parent	Non-controlling interests	Total equity
<b>As of 1 January 2021</b>	<b>20 162</b>	<b>-185</b>	<b>2 075 999</b>	<b>69 615</b>	<b>64 906</b>	<b>953 444</b>	<b>3 183 939</b>	<b>411 899</b>	<b>3 595 838</b>
Profit for the period						-155 256	-155 256	-74 889	-230 145
Other income and expenses					36 397	-590	35 807	-679	35 128
Share-based payment				16 263		4 190	20 453	1 418	21 871
Movement in own shares etc.		58				5 567	5 625		5 625
<b>As of 30 September 2021</b>	<b>20 162</b>	<b>-127</b>	<b>2 075 999</b>	<b>85 877</b>	<b>101 303</b>	<b>807 355</b>	<b>3 090 570</b>	<b>337 748</b>	<b>3 428 318</b>

(NOK 1 000)	Share capital	Own shares	Share premium	Other paid-in capital	Translation differences	Other equity	Equity - holders of parent	Non-controlling interests	Total equity
<b>As of 1 January 2021</b>	<b>20 162</b>	<b>-185</b>	<b>2 075 999</b>	<b>69 615</b>	<b>64 906</b>	<b>953 444</b>	<b>3 183 939</b>	<b>411 899</b>	<b>3 595 838</b>
Profit for the period						-237 325	-237 325	-90 252	-327 577
Other income and expenses					29 492	-287	29 204	-3 081	26 123
Share-based payment				28 612		5 716	34 328	1 974	36 302
Movement in own shares etc.		100				9 442	9 543		9 543
Consideration shares issued in subsidiary in business combination						86 602	86 602	57 470	144 072
<b>As of 31 December 2021</b>	<b>20 162</b>	<b>-85</b>	<b>2 075 999</b>	<b>98 226</b>	<b>94 398</b>	<b>817 591</b>	<b>3 106 291</b>	<b>378 010</b>	<b>3 484 301</b>

On 23 November 2021 Hexagon Purus issued 4 444 430 consideration shares related to the acquisition of Wystrach. The share capital increase in Hexagon Purus ASA amounted to MNOK 144.1 in which controlling and non-controlling interests' relative share amounted to MNOK 86.2 and MNOK 57.5 respectively.

(NOK 1 000)	Share capital	Own shares	Share premium	Other paid-in capital	Translation differences	Other equity	Equity - holders of parent	Non-controlling interests	Total equity
<b>As of 1 January 2022</b>	<b>20 162</b>	<b>-85</b>	<b>2 075 999</b>	<b>98 226</b>	<b>94 398</b>	<b>817 591</b>	<b>3 106 291</b>	<b>378 010</b>	<b>3 484 301</b>
Profit for the period						-226 443	-226 443	-82 574	-309 017
Other income and expenses					331 409		331 409	19 804	351 214
Share-based payment				23 019		7 692	30 711	2 803	33 514
Movement in own shares etc.		15				-30 510	-30 495		-30 495
Share capital increase capital in Purus ASA <sup>1)</sup>							0	160 242	160 242
Transaction cost related to capital increase in Purus ASA <sup>1)</sup>						-4 496	-4 496	-1 638	-6 134
Share capital increase in other subsidiaries							0	3 709	3 709
<b>As of 30 September 2022</b>	<b>20 162</b>	<b>-69</b>	<b>2 075 999</b>	<b>121 245</b>	<b>425 807</b>	<b>563 834</b>	<b>3 206 978</b>	<b>480 354</b>	<b>3 687 333</b>

1) On 22 February 2022 the Hexagon Purus Group 1) issued 24 742 268 new shares in a private placement at the price of NOK 24.25 per share. Hexagon Composites was allocated 18 134 361 shares in the Private Placement and retains its ownership interest in the Company of 73.3%.

## Note 1: General information and basis for preparation

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The condensed consolidated interim financial statements for the third quarter 2022, which ended 30 September 2022, comprise Hexagon Composites ASA and its subsidiaries (together referred to as "the Group"). The company's headquarters are at Korsegata 4B, 6002 Aalesund, Norway. Hexagon Composites ASA is listed on the Oslo Stock Exchange under the ticker HEX.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of The Group for the year which ended 31 December 2021.

For a more detailed description of accounting principles see the consolidated financial statements for 2021, available on the Company's website [www.hexagongroup.com/investors](http://www.hexagongroup.com/investors)

The accounting principles used in the preparation of these interim accounts are the same as those applied to the consolidated financial statements for 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

These condensed consolidated interim financial statements were approved by the Board of Directors on 2 November 2022.

## Note 2: 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 2021.

## Note 3: Business segment data

(NOK 1000)

	Q3 2022 Unaudited	Q3 2021 Unaudited	30.09.2022 Unaudited	30.09.2021 Unaudited	31.12.2021 Audited
<b>Hexagon Agility</b>					
Sale of cylinders, systems, and equipment (at point in time)	878 655	673 035	2 329 561	1 666 700	2 413 077
Sale of systems, services, and funded development (transferred over time)	0	70	0	70	70
Internal transactions	51 474	68 078	146 999	137 668	202 693
<b>Total revenue from contract with customers</b>	<b>930 129</b>	<b>741 182</b>	<b>2 476 559</b>	<b>1 804 437</b>	<b>2 615 840</b>
Rental income	-134	564	2 537	800	1 695
<b>Total revenue</b>	<b>929 995</b>	<b>741 747</b>	<b>2 479 097</b>	<b>1 805 237</b>	<b>2 617 535</b>
Segment operating profit before depreciation (EBITDA)	44 569	97 544	159 822	199 373	292 655
Segment operating profit (EBIT)	-195	62 688	33 155	83 639	138 508
Segment assets			4 697 068	3 836 732	3 819 260
Segment liabilities			1 995 875	1 767 716	1 641 009
<b>Hexagon Ragasco</b>					
Sale of cylinders, systems, and equipment (at point in time)	118 127	85 013	468 434	405 669	575 643
Sale of systems, services, and funded development (transferred over time)	0	0	0	0	0
Internal transactions	980	666	4 170	1 824	2 495
<b>Total revenue from contract with customers</b>	<b>119 107</b>	<b>85 679</b>	<b>472 604</b>	<b>407 493</b>	<b>578 138</b>
Rental income	0	0	0	0	0
<b>Total revenue</b>	<b>119 107</b>	<b>85 679</b>	<b>472 604</b>	<b>407 493</b>	<b>578 138</b>
Segment operating profit before depreciation (EBITDA)	7 850	3 998	69 885	72 122	94 972
Segment operating profit (EBIT)	-1 529	-4 568	42 161	46 440	60 325
Segment assets			535 068	471 475	516 251
Segment liabilities			384 280	346 988	392 111

(NOK 1000)

	Q3 2022	Q3 2021	30.09.2022	30.09.2021	31.12.2021
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Hexagon Digital Wave</b>					
Sale of cylinders, systems, and equipment (at point in time)	23 397	14 748	55 371	35 867	48 155
Sale of systems, services, and funded development (transferred over time)	0	0	0	0	0
Internal transactions	6 198	4 314	15 029	6 267	9 029
<b>Total revenue from contract with customers</b>	<b>29 595</b>	<b>19 062</b>	<b>70 400</b>	<b>42 134</b>	<b>57 184</b>
Rental income	0	0	0	0	0
<b>Total revenue</b>	<b>29 595</b>	<b>19 062</b>	<b>70 400</b>	<b>42 134</b>	<b>57 184</b>
Segment operating profit before depreciation (EBITDA)	832	-232	-758	-7 896	-10 677
Segment operating profit (EBIT)	-598	-1 287	-4 774	-10 881	-14 826
Segment assets			112 060	81 056	83 882
Segment liabilities			157 874	101 959	113 013
<b>Hexagon Purus</b>					
Sale of cylinders, systems, and equipment (at point in time)	219 425	101 241	585 072	243 139	495 103
Sale of systems, services, and funded development (transferred over time)	1 218	1 261	2 580	2 276	3 441
Internal transactions	1 391	373	2 969	3 069	7 495
<b>Total revenue from contract with customers</b>	<b>222 034</b>	<b>102 875</b>	<b>590 621</b>	<b>248 484</b>	<b>506 039</b>
Rental income	336	400	905	400	1 679
<b>Total revenue</b>	<b>222 370</b>	<b>103 275</b>	<b>591 526</b>	<b>248 884</b>	<b>507 718</b>
Segment operating profit before depreciation (EBITDA)	-92 202	-80 156	-296 550	-210 682	-271 777
Segment operating profit (EBIT)	-116 060	-95 962	-366 204	-244 626	-324 874
Segment assets			2 635 552	1 865 259	2 101 745
Segment liabilities			846 933	424 680	686 347

## Note 4: Tangible assets

(NOK 1000)	2022			2021		
	Property, plant, and equipment	Right of use assets	Total 2022	Property, plant, and equipment	Right of use assets	Total 2021
<b>Carrying value as of 1 January</b>	<b>1 010 625</b>	<b>282 309</b>	<b>1 292 934</b>	<b>747 266</b>	<b>266 552</b>	<b>1 013 818</b>
Additions	310 995	71 701	382 696	183 905	42 618	226 523
Depreciations	-114 027	-55 576	-169 603	-92 843	-47 289	-140 132
Impairments	-594	0	-594	-919	0	-919
Currency translation differences	167 351	38 371	205 721	15 053	2 811	17 864
<b>Carrying value as of 30 September</b>	<b>1 374 350</b>	<b>336 804</b>	<b>1 711 154</b>	<b>852 462</b>	<b>264 691</b>	<b>1 117 153</b>

## Note 5: Intangible assets

(NOK 1000)	2022				2021			
	Goodwill	Customer relationships	Other intangible assets <sup>1)</sup>	Total 2022	Goodwill	Customer relationships	Other intangible assets <sup>1)</sup>	Total 2021
<b>Carrying value as of 1 January</b>	<b>1 572 788</b>	<b>387 773</b>	<b>423 963</b>	<b>2 384 524</b>	<b>1 369 859</b>	<b>337 887</b>	<b>326 610</b>	<b>2 034 356</b>
Additions	0	0	45 212	45 212	0	0	34 376	34 376
Amortisations	0	-35 193	-36 621	-71 814	0	-25 354	-24 749	-50 103
Currency translation differences	258 515	51 825	62 329	372 669	21 191	-5 460	9 481	25 211
<b>Carrying value as of 30 September</b>	<b>1 831 303</b>	<b>404 405</b>	<b>494 883</b>	<b>2 730 591</b>	<b>1 391 050</b>	<b>307 073</b>	<b>345 718</b>	<b>2 043 841</b>

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

Intangible assets are reviewed each quarter for impairment indicators, including market changes, technological development, order backlog and other changes that might potentially reduce the value of the assets. For goodwill, impairment tests are performed annually in the fourth quarter, or immediately in the case of an impairment indicator.

Goodwill is tested using the value in use approach determined by discounting expected future cash flows. If the impairment test reveals that an asset's carrying amount is higher than its value in use, an impairment loss will be recognized.

There are four CGUs in the Hexagon Group; 1) Hexagon Agility, 2) Hexagon Digital Wave, 3) Hexagon Purus, and 4) Hexagon Ragasco. During the quarter there were no indicators of impairment of intangible assets.

## Note 6: Lease liabilities

(NOK 1000)	2022	2021
<b>Carrying value as of 1 January</b>	<b>292 731</b>	<b>275 705</b>
New lease liabilities recognized in the period	71 701	42 618
Cash payments for the principal portion of the lease liability	-54 658	-45 285
Cash payments for the interest portion of the lease liability	-6 268	-6 483
Interest on lease liabilities	6 268	6 483
Currency translation differences	39 549	2 907
<b>Carrying value as of 30 September</b>	<b>349 322</b>	<b>275 944</b>

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

## Note 7: Other financial liabilities

(NOK 1000)	Carrying value 01.01.2022	Fair value adjustment	Additions in the period	Settlements in the period	Reclassifications	Currency translation	Carrying value 30.09.2022
Cross currency swap (fair value) <sup>1)</sup>	81 423	246 971	0	0	0	0	328 394
Deferred payment from business combination (amortized cost)	43 490	0	0	0	-45 056	-1 566	0
Contingent liabilities from business combinations (fair value)	65 616	0	0	0	-28 815	3 253	40 054
<b>Total non-current other financial liabilities</b>	<b>190 529</b>	<b>246 971</b>	<b>0</b>	<b>0</b>	<b>-73 871</b>	<b>4 819</b>	<b>368 448</b>
Cross currency swap (fair value)	0	0	0	0	0	0	0
Deferred payment from business combination (amortized cost)	0	0	0	0	45 056	1 025	46 081
Contingent liabilities from business combinations (fair value)	0	0	0	0	28 815	655	29 470
<b>Total current other financial liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73 871</b>	<b>1 680</b>	<b>75 551</b>

*1) If carrying value of cross currency swap is shown with a negative amount, this implies the swap being classified as a financial asset*

The table above and below shows the movements of current and non-current other financial liabilities in the period. Deferred payments and contingent liabilities are related to the acquisition of Wystrach and Wyrent as of November 11 2021. The fair value of the contingent liabilities is assessed each quarter. At the end of the reporting period, there have been no changes to the fair value assessment.

(NOK 1000)	Carrying value 01.01.2021	Fair value adjustment	Additions in the period	Settlements in the period	Reclassifications	Currency translation	Carrying value 30.09.2021
Cross currency swap (fair value) <sup>1)</sup>	-78 829	35 915	0	107 577	0	0	64 662
Deferred payment from business combination (amortized cost)	0	0	0	0	0	0	0
Contingent liabilities from business combinations (fair value)	0	0	0	0	0	0	0
<b>Total non-current other financial liabilities</b>	<b>-78 829</b>	<b>35 915</b>	<b>0</b>	<b>107 577</b>	<b>0</b>	<b>0</b>	<b>64 662</b>
Cross currency swap (fair value)	0	0	0	0	0	0	0
Deferred payment from business combination (amortized cost)	0	0	0	0	0	0	0
Contingent liabilities from business combinations (fair value)	0	0	0	0	0	0	0
<b>Total current other financial liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Note 8: Interest-bearing liabilities

The following table shows material changes in interest-bearing debt during 2022 and for the comparable period last year:

(NOK 1000)	2022			2021		
	Non-current	Current	Total 2022	Non-current	Current	Total 2021
<b>Liabilities 1 January</b>	<b>1 166 057</b>	<b>13 635</b>	<b>1 179 692</b>	<b>1 206 127</b>	<b>0</b>	<b>1 206 127</b>
<b><i>Financing activities with cash settlement:</i></b>						
- New liabilities	318 268	203 767	522 034	0	0	0
- Repayment of liabilities	0	0	0	-143 165	0	-143 165
<b><i>Financing activities without cash settlement:</i></b>						
- Exchange differences	2 438	0	2 438	-3 419	0	-3 419
- Other transactions without cash settlement	1 882	0	1 882	13 372	0	13 372
<b>Liabilities 30 September</b>	<b>1 488 645</b>	<b>217 402</b>	<b>1 706 047</b>	<b>1 072 915</b>	<b>0</b>	<b>1 072 915</b>

The principal loan financing facility in Hexagon Composites ASA is a Senior Secured bilateral facility with DNB Bank and Danske Bank. The overall size of the committed facility is NOK 1 700 million, comprising an overdraft facility NOK 250 million, a main multi-currency revolving credit (RCF) NOK 350 million and a Term Loan (NOK 1 100 million). On 30 September, Hexagon secured the additional credit facility available within its current financing arrangements, resulting in total committed facility per quarter end of NOK 2 025 million. In addition, the Group, through Hexagon Purus, has loans towards Volkesbank and Deutsche Bank including an overdraft facility of EUR 2.3 million. As of period end, there were no breaches of the financial covenant under the financing facility agreement. Movements in the year on Non-current and Current loans were primarily due to drawings on bank loans and overdraft facilities.



## Note 9: Financial instruments

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

### Fair value hierarchy

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

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

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

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

There were no transfers from one level to another in the measurement hierarchy from 2021 to the 3rd quarter of 2022. Hexagon Group has no items defined as level 1. Set out below is a comparison of the carrying amount and the fair value of financial instruments as of 30 September 2022.

(NOK 1000)	Level	30.09.2022		31.12.2021	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>					
Other non-current financial assets <sup>1)</sup>	3	102 426	102 426	379	379
Trade receivables		749 572	749 572	880 396	880 396
Forward exchange contracts	2	18	18	1 162	1 162
Bank deposits, cash, and cash equivalents		687 204	687 204	600 209	600 209
<b>Total financial assets</b>		<b>1 539 220</b>	<b>1 539 220</b>	<b>1 482 147</b>	<b>1 482 147</b>
<b>Financial liabilities:</b>					
Bank loans (incl. amortized costs)	2	1 488 645	1 495 214	1 166 057	1 173 877
Lease liabilities	2	349 322	349 322	292 731	292 731
Non-current contingent liabilities	3	40 054	40 054	65 616	65 616
Other non-current financial liabilities	3	328 394	328 394	124 913	124 913
Current interest-bearing liabilities	2	217 402	217 402	13 635	13 635
Current contingent and financial liabilities	3	75 551	75 551	0	0
Trade payables		618 488	618 488	392 747	392 747
<b>Total financial liabilities</b>		<b>3 117 856</b>	<b>3 124 425</b>	<b>2 055 699</b>	<b>2 063 519</b>

*1) Other non-current financial assets include an equity investment in Norwegian Hydrogen AS, following the loss of significant influence and derecognition of the investment as an associated company in Q3 2022. Hexagon Purus ASA currently holds a 15% shareholding in the Company and the investment is recognized at fair value of NOK 67,3 million following the valuation from the latest capital raise in the Company.*

## Note 10: Share based payment

### Share-based payment in Hexagon Composites ASA

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

### Performance share units programs (PSUs)

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

Performance share units programs (PSUs)	Issued 2019	Issued 2020	Issued 2021	Issued 2022
Maximum number	2 492 438	3 711 634	1 734 990	2 660 082
Exercise price (NOK)	0,10	0,10	0,10	0,10
Vesting period	3 years	3 years	3 years	3 years
Expiry	Exercised Q1 2022 <sup>1)</sup>	Q1 2023	Q1 2024	Q1 2025

*1) During the 1st quarter of 2022 1,078,628 PSUs have been exercised at the weighted average share price of NOK 28.11.*

### Restricted share units programs (RSUs)

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

Restricted share units programs (RSUs)	Issued 2019	Issued 2020	Issued 2021	Issued 2022
Number of RSUs	49 994	70 000	100 000	200 000
Exercise price (NOK)	0,10	0,10	0,10	0,10
Vesting period	3 years	3 years	3 years	3 years
Expiry	Exercised Q3 2022 <sup>1)</sup>	Q3 2023	Q3 2024	Q3 2025

*1) During the 3rd quarter of 2022 42,852 RSUs have been exercised at the weighted average share price of NOK 23.08.*

The fair value of the PSUs and RSUs was calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost associated with programs were NOK 22.2 million YTD 30.09.2022. The cost in the third quarter were NOK 8.8 million. The fair value of all outstanding PSUs (maximum 5,028,864) and RSUs (358,000) is estimated to NOK 58.5 million per 30 September 2022.

In addition to the above-mentioned instruments, the Company has issued bonus arrangements to certain executives within the Group. The bonus arrangements are dependent upon the share price development of Hexagon Purus ASA and is converted to a given number of cash settlement options in Hexagon Purus ASA, for the purpose of calculating quarterly fair values using the Black-Scholes model. These cash settlement arrangements involved total expenses of NOK 3.6 million YTD 30.09.2022. Expenses in the third quarter were NOK -1.8 million. Remaining unamortized accrual is estimated to MNOK 9.1 as of 30 September 2022. For share-based payment in Hexagon Purus ASA, see quarterly financials at [hexagonpurus.com](https://www.hexagonpurus.com).

## Note 11: Investments in associates

Company	Country	Business segment	Ownership share 01.01.2021	Ownership share 30.09.2021	Ownership share 31.12.2021	Ownership share 30.09.2022	Accounting method
Norwegian Hydrogen AS <sup>1)</sup>	Norway	Purus	21,0%	21,0%	17,7%	15,0%	Equity method <sup>1)</sup>
Cryoshelter LH2 GmbH <sup>2)</sup>	Austria	Purus	0,0%	0,0%	0,0%	40,0%	Equity method
Cryoshelter BioLNG GmbH <sup>2)</sup>	Austria	Agility	0,0%	0,0%	0,0%	40,0%	Equity method
CIMC Hexagon Hydrogen Energy Systems Ltd. <sup>3)</sup>	Hong Kong	Purus	0,0%	0,0%	0,0%	49,0%	Equity method
Hyon AS <sup>4)</sup>	Norway	Purus	33,3%	0,0%	0,0%	0,0%	Equity method

1) Classified as an associated company and accounted for using the equity method in the period 01.01 - 31.08.22. As of 01.09, the investment is classified as an equity instrument at fair value

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

3) Entity legally established in July 2022 and classified as an associated company effective from the same date

4) On 28.06.2021, Hexagon Purus ASA sold all shares in Hyon AS

### Income statement reconciliation

	Norwegian Hydrogen AS		Cryoshelter LH2 GmbH		Cryoshelter BioLNG GmbH		CIMC Hexagon Hydrogen Energy Systems Ltd.		Hyon AS		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Share of profit after tax	- 2 845	86	- 619	0	- 930	0	0	0	0	- 35	-4 394	51
PPA amortizations associated companies	0	0	- 581	0	- 542	0	0	0	0	0	-1 123	0
Gain on loss of significant influence	63 159	0	0	0	0	0	0	0	0	0	63 159	0
<b>Total profit/loss from investments in associates per 30.09</b>	<b>60 314</b>	<b>86</b>	<b>- 1 200</b>	<b>0</b>	<b>- 1 472</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>- 35</b>	<b>57 642</b>	<b>51</b>

### Balance sheet reconciliation

	Norwegian Hydrogen AS		Cryoshelter LH2 GmbH		Cryoshelter BioLNG GmbH		CIMC Hexagon Hydrogen Energy Systems Ltd.		Hyon AS		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Carrying value per 01.01</b>	<b>7 024</b>	<b>2 066</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7 024</b>	<b>2 066</b>
Purchase of shares	0	0	33 738	0	23 898	0	717	0	0	0	58 354	0
Share capital contribution	0	0	0	0	0	0	0	0	0	700	0	700
Share of profit after tax incl. PPA amortizations	- 2 845	86	- 1 200	0	- 1 472	0	0	0	0	- 35	- 5 517	51
Sale of shares	0	0	0	0	0	0	0	0	0	- 665	0	-665
Derecognition – loss of significant influence	- 4 179	0	0	0	0	0	0	0	0	0	- 4 179	0
Currency translation effects	0	0	- 59	0	- 70	0	0	0	0	0	-129	0
<b>Carrying value per 30.09</b>	<b>0</b>	<b>2 152</b>	<b>32 480</b>	<b>0</b>	<b>22 356</b>	<b>0</b>	<b>717</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55 553</b>	<b>2 152</b>

## Norwegian Hydrogen

Hexagon Purus ASA, a subsidiary of Hexagon Composites ASA, has been a shareholder of Norwegian Hydrogen AS since its inception in 2020. In December 2021, Norwegian Hydrogen conducted a capital raise in which Hexagon Purus' ownership was diluted from 21,0% to 17,7%. Despite having an ownership less than 20%, the Company has in the period from 01.01.22 to 31.08.2022 retained its classification of Norwegian Hydrogen as an associated company due to an assessment of still having significant influence in the entity. Important factors for this assessment have been Board of Directors representation and being the 2nd largest shareholder of the entity in the same period.

On 27.08.2022, Norwegian Hydrogen AS announced that Mitsui & Co. Ltd invests NOK 70 million in a private placement, and thus reducing Hexagon Purus' ownership from 17,7% to 15,0%. Following this private placement, the Company assessed that significant influence is no longer present, as the Company is now the 3<sup>rd</sup> largest shareholder and the fact that the new shareholder has received two additional seats in the Board of Directors, resulting in diluted decisional and strategical influence. The Company has consequently from this date reclassified the investment to a financial asset (equity instrument) measured at fair value. The fair value of Hexagon Purus' ownership in Norwegian Hydrogen, derived from the said capital raise, is NOK 67,3 million, resulting in an accounting gain of NOK 63,1 million, recognized in profit/loss from investments in associates in the income statement.

## Cryoshelter LH2 GmbH and Cryoshelter BioLNG GmbH

In April 2022, Hexagon announced an agreement to acquire a 40% stake in Cryoshelter GmbH, an Austria based company specialized in the development of cryogenic tank technology for liquid natural gas (LNG) and liquid hydrogen (LH2). Upon closing, Cryoshelter GmbH has been demerged into two separate legal entities, Cryoshelter BioLNG GmbH and Cryoshelter LH2 GmbH.

On 01.08.2022, Hexagon Composites made a EUR 2,4 (NOK 24) million investment and acquired 40% of the shares in Cryoshelter BioLNG GmbH, with options to acquire the remaining shares of the next 3-10 years. Hexagon Purus made a EUR 3,4 (NOK 34) million investment and acquired 40% of the shares in Cryoshelter LH2 GmbH, with options to acquire the remaining shares over the next 5-10 years. As of 01.08.2022, the said options do not give rise to any de-facto control and both investments are consequently accounted for by using the equity method effective from 01.08.2022. The table below shows the initial assessment of the purchase price allocation of the two entities per 01.08.2022.

<b>Purchase price allocation Cryoshelter*</b>	<b>Cryoshelter BioLNG GmbH</b>	<b>Cryoshelter LH2 GmbH</b>	<b>Total Cryoshelter</b>
Non-current assets	2 715	203	2 919
Current assets	2 351	5 150	7 502
Non-current liabilities	3 946	3 946	7 891
Current liabilities	21 603	2 951	24 554
<b>Equity as per 01.08.2022</b>	<b>- 20 482</b>	<b>- 1 543</b>	<b>- 22 025</b>
<b>Hexagon's share of equity (40%)</b>	<b>- 8 193</b>	<b>- 617</b>	<b>- 8 810</b>
Intangible assets (technology) <sup>1)</sup>	32 091	34 356	66 446
Goodwill	0	0	0
<b>Hexagon's purchase price</b>	<b>23 898</b>	<b>33 738</b>	<b>57 636</b>

\* Preliminary assessment

1) Lifetime of technology assets set to 10 years

## CIMC Hexagon Hydrogen Energy Systems Ltd.

In 2021, Hexagon Purus entered into an agreement with CIMC Enric, encompassing cylinder and systems production for Fuel Cell Electric Vehicles (FCEVs) and hydrogen distribution in China and Southeast Asia. In July 2022, CIMC Hexagon Energy Systems Ltd. was legally established and registered in Hong Kong, where Hexagon Purus HK Holding AS, a wholly owned subsidiary of Hexagon Purus ASA, subscribed for 49% of the shares and hold an equal amount of voting rights. CIMC Enric holds the remaining 51% of the shares. The entity is classified as an associate company and accounted for via the equity method as of 01.07.2022.

## Note 12: Events after the balance sheet date

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### Revised full year 2022 guidance

On 14 October, Hexagon published revised financial guidance for 2022 for Hexagon excluding Purus. The revenues are expected to exceed the guided target of NOK 3.7 to 3.9 billion as they are mainly secured by 2022 backlog. Due to continued high costs of energy, materials, and components which Hexagon is unable to mitigate in the short term, the company is accordingly adjusting its EBITDA guidance for full year 2022 from approximately NOK 400 million to approximately NOK 325 million.

### New contracts after balance sheet date

- Hexagon Purus entered into framework agreement to deliver hydrogen distribution systems in Europe for EUR 9.7 million
- Hexagon Agility received orders from a major heavy-duty fleet in North America of USD 27.1 million
- Hexagon Digital Wave signed a long-term agreement with Certarus for Modal Acoustic Emission technology to requalify Type-4 cylinders
- Hexagon Purus selected by CaetanoBus as preferred supplier of high-pressure hydrogen fuel systems for serially produced fuel cell transit buses. The estimated potential value over the lifetime of the frame agreement is approximately EUR 35 million
- Hexagon Agility received an order from Supergas Natural Ltd for Mobile Pipeline® modules of EUR 4.8 million

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

## Key figures and ratios

	YTD Q3 2022	YTD Q3 2021	31.12.2021
<b>Hexagon Group</b>			
EBITDA in % of total revenue	-1,6 %	2,4 %	3,1 %
EBIT in % of total revenue	-8,6 %	-5,7 %	-4,3 %
Equity ratio	45,5 %	55,9 %	53,5 %
Liquidity reserve *) (NOK 1 000)	1 069 144	1 576 131	1 182 814
Diluted earnings per share (NOK)	-1,54	-1,15	-1,61
Cash flow from operations per share (NOK)	-0,18	-1,13	-1,70
Equity per share (NOK)	18,29	17,00	17,28
<b>Hexagon Agility</b>			
EBITDA in % of total revenue	6,4 %	11,0 %	11,2 %
EBIT in % of total revenue	1,3 %	4,6 %	5,3 %
<b>Hexagon Ragasco</b>			
EBITDA in % of total revenue	14,8 %	17,7 %	16,4 %
EBIT in % of total revenue	8,9 %	11,4 %	10,4 %
<b>Hexagon Digital Wave</b>			
EBITDA in % of total revenue	-1,1 %	-18,7 %	-18,7 %
EBIT in % of total revenue	-6,8 %	-25,8 %	-25,9 %
<b>Hexagon Purus</b>			
EBITDA in % of total revenue	-50,1 %	-84,7 %	-53,5 %
EBIT in % of total revenue	-61,9 %	-98,3 %	-64,0 %

\*) Undrawn credit facility + bank deposits and cash. Use of undrawn credit facility can be limited by financial covenants

## Share information

A total of 14,744,874 shares (Q2: 23,400,995 shares) in Hexagon Composites ASA were traded on the Oslo Stock exchange during the third quarter of 2022. In the quarter, the share price moved between NOK 22.34 (NOK 25.68) and NOK 34.80 (NOK 38.68), ending the quarter at NOK 23.84, giving a market capitalization of NOK 4.8 billion (NOK 5.43 billion) for the Company. For further investor information, refer to the investor section on [www.hexagongroup.com](http://www.hexagongroup.com).

# Terminology

## BAR

Unit of pressure. 1 millibar = 100 N/m<sup>2</sup>

## BIOGAS

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

## BIO-LPG

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

## BEV

Battery Electric Vehicle

## CHASSIS

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

## CHG

Compressed Hydrogen Gas

## CNG

Compressed Natural Gas

## CO<sub>2</sub>

Carbon Dioxide

## COMPOSITE

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

## EBIT

Earnings before interests and taxes

## EBITDA

Earnings before interest, taxes, depreciation and amortization

## EV

Electric Vehicle

## FCEV

Fuel Cell Electric Vehicle

## GHG

Greenhouse Gas

## GVW

Gross Vehicle Weight

## HDV

Heavy-Duty Vehicle

## H<sub>2</sub>

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

## JOINT VENTURE

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

## LDV

Light-Duty Vehicle

## LNG

Liquefied Natural Gas

## LPG

Liquefied Petroleum Gas (propane gas)

## MOBILE PIPELINE®

Gas distribution products

## NGV

Natural Gas Vehicle

## OEM

Original Equipment Manufacturer

### X-STORE®

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

### RNG

Renewable Natural Gas Pipeline compatible gaseous fuel derived from biogenic or other renewable sources that has lower lifecycle carbon dioxide equivalent (CO<sub>2</sub>- eq) emissions than geological natural gas

### SCBA CYLINDER

Self-contained breathing apparatus

### SCM3

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

### TITAN®

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

### TUFFSHELL®

High-pressure CNG cylinder for heavy duty vehicles

### TYPE 1

Steel cylinder

### TYPE 2

Steel cylinder, composite-reinforced

### TYPE 3

Composite cylinder with metal liner

### TYPE 4

Composite cylinder with polymer liner

### U.S. DOT

U.S. Department of Transportation



# Forward looking statements

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