

An aerial photograph showing a wide river with a bridge crossing it. The bridge is a multi-lane road with white lane markings. A small blue car and a white truck are visible on the bridge. The riverbanks are covered in dense green forest. The water is a deep blue-green color. The text 'Q1 2024' is overlaid in large white letters on the left side of the image.

Q1 2024

A word from the CEO

Dear Shareholders,

Q1 results on par with 2023, business on track

Hexagon delivered Q1 revenues of NOK 1,083 (1,130) million and EBITDA of 77 (83) million. Hexagon Agility's Mobile Pipeline business was the main revenue driver for the quarter, delivering record results for the eighth quarter in a row. This offset a soft quarter for heavy-duty truck and LPG cylinder segments.

Sustained high demand for Mobile Pipeline

Over the last few years, our Mobile Pipeline business has been diversified mainly driven by the development of the renewable natural gas (RNG) industry. We expect the strong demand for Mobile Pipeline to continue in the coming quarters and look forward to adding around 40% more capacity in the second half of this year.

Heavy duty truck expected to ramp up in the second half of 2024

Heavy-Duty truck order activity was slow in the first quarter due to a general reduction in freight volumes and fleets awaiting the launch of the X15N engine.

Demand for natural gas trucks is expected to ramp up from the second half of 2024 as the X15N comes on-line. At the Advanced Clean Transportation (ACT) Expo in May, the world's largest event for the clean transportation industry, the spotlight will be on Truck OEMs that are featuring the X15N, many of which will be showcased with Hexagon Agility's fuel systems.

Hexagon Ragasco is changing the game in LPG

In year 2000, Hexagon Ragasco introduced composite LPG cylinders. Since then, more than 22 million cylinders have since been sold to 100+ countries. Now, in 2024, Hexagon Ragasco is changing the game once again.

In April, Hexagon Ragasco's Linktra® smart cylinder was launched by Linde nationwide in Norway. This first serial order of 20 000 Linktra cylinders is an important milestone. The Linktra® smart cylinder provides convenience for consumers and a direct connection with distributors. These attributes further incentivize the switch from steel to composite cylinders.



Looking ahead

In the US, Hexagon's largest market, government incentives and regulations have contributed to increased awareness and demand for clean energy solutions. In the transportation sector, the use of renewable natural gas (RNG) as a transportation fuel has increased by 92%, and in 2023 79% of all on-road fuel used in natural gas vehicles was RNG¹.

Hexagon's capacity expansion program is timed to meet the strong growth expected in the years to come and we reiterate our 2025 targets of more than NOK 6 billion in revenues and 15% EBITDA margin.

Best regards,

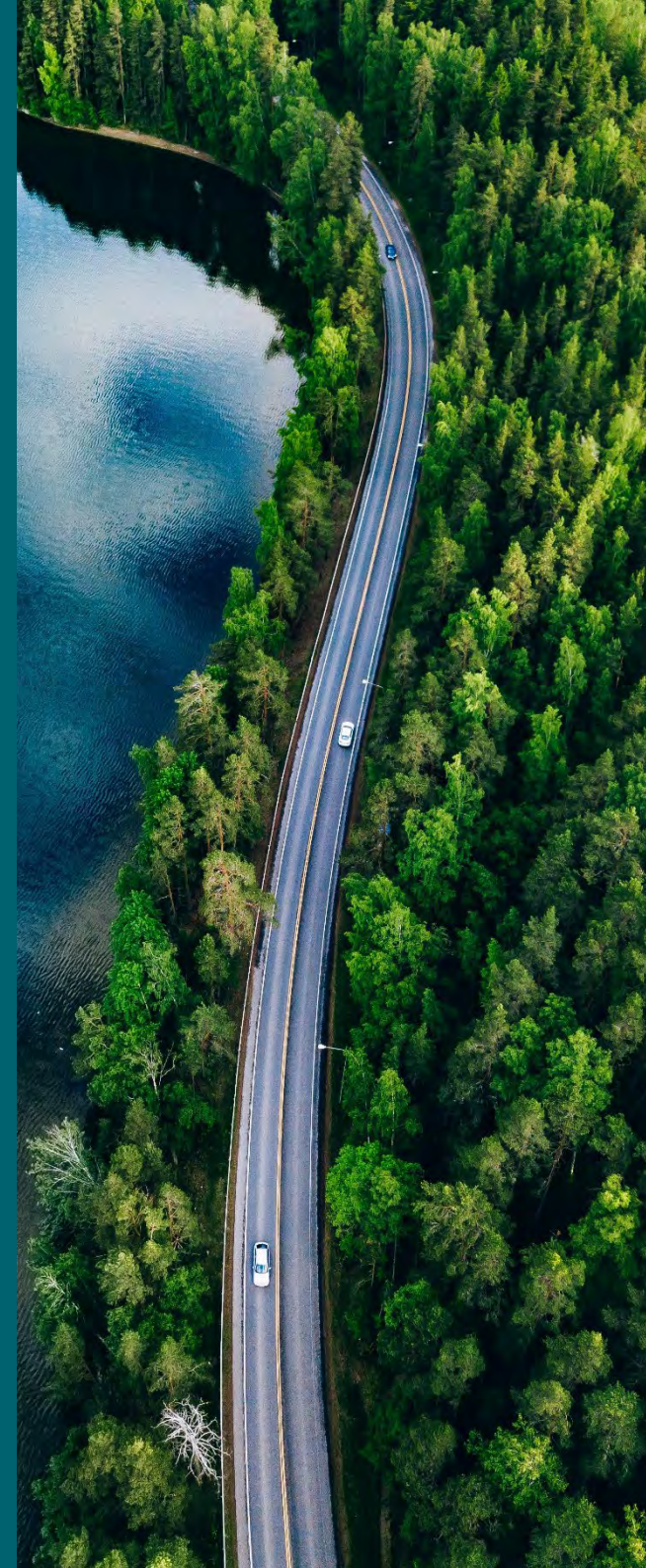
Jon Erik Engeset

CEO

¹) 2023 On-Road RNG Use Report from The Coalition for Renewable Natural Gas and The Transport Project

Highlights Q1 2024 and after balance sheet date

- Group revenues of **NOK ~1.1 billion** and **NOK 77 million in EBITDA** for the quarter
- Continued strong momentum and record-high revenues in Hexagon Agility's Mobile Pipeline business, offset by slower development in the fuel system business
- Capital raise of **NOK 1 000 million** in Hexagon Purus in February, whereof Hexagon Composites invested **NOK 200 million** in convertible bonds
- Debt facilities renewed on 30 April with additional financial flexibility



Key figures continuing operations¹⁾

	First quarter			Year to date			Full year	
(NOK millions)	2024	2023	2022	2024	2023	2022	2023	2022
Hexagon Agility								
Revenue	901	898	731	901	898	731	4 321	3 478
EBITDA	65	34	52	65	34	52	381	209
EBITDA margin	7%	4%	7%	7%	4%	7%	9%	6%
Hexagon Ragasco								
Revenue	143	188	162	143	188	162	679	706
EBITDA	18	47	33	18	47	33	114	123
EBITDA margin	13%	25%	20%	12%	25%	20%	17%	17%
Hexagon Digital Wave								
Revenue	42	45	15	42	45	15	179	116
EBITDA	- 1	2	- 4	- 1	2	- 4	8	7
EBITDA margin	- 2%	4%	- 27%	- 2%	4%	- 27%	4%	6%
Corporate functions and eliminations ¹⁾								
Revenue	- 3	- 2	5	- 3	- 2	5	8	3
EBITDA	- 5	0	3	- 5	0	3	- 23	9
Hexagon Group								
Revenue	1 083	1 130	913	1 083	1 130	913	5 186	4 303
EBITDA	77	83	84	77	83	84	480	348
EBITDA margin	7%	7%	9%	7%	7%	9%	9%	8%

¹⁾ Corporate functions and eliminations refer to holding- and non-operating entities in the Group and inter-segment eliminations within the Group.

1) Historical income statement figures for the Group have been re-presented due to the classification of Hexagon Purus as discontinued operations following the deconsolidation effective as of 29 June 2023. See also note 13 and 14.

Financial summary

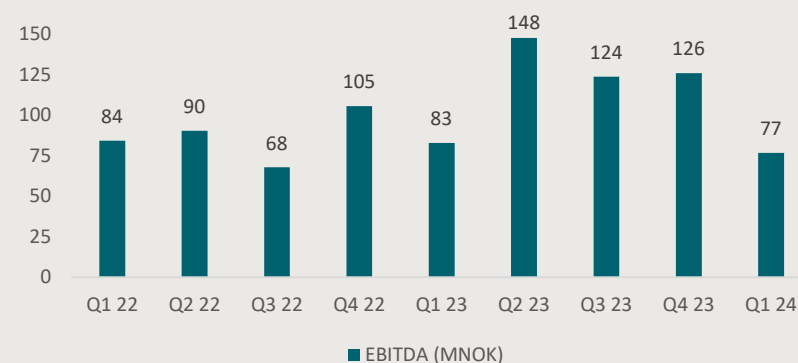
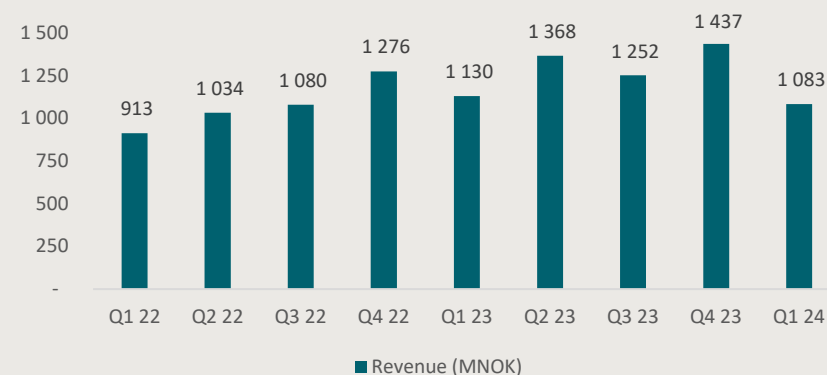
Hexagon Group

Following the deconsolidation of Hexagon Purus effective 29 June 2023 and the subsequent classification of Hexagon Purus as discontinued operations, historical financial figures for Hexagon Group have been re-presented for full comparability of profit/losses from continuing operations. Historical financials for Hexagon Group are thus equivalent to the financials previously reported and referred to as Hexagon excluding Hexagon Purus. As such, Hexagon Purus is no longer considered an operating segment within the Group. Continuing operations comprise the Hexagon Agility, Hexagon Ragasco and Hexagon Digital Wave segments.

Operating results from continuing operations

In the first quarter of 2024, Hexagon Group reported combined revenues of NOK 1 083 (1 130) million. Excluding positive FX translation effects of approximately NOK 25 million, underlying revenues declined by approximately 6% compared to the same period last year. Strong Mobile Pipeline sales were offset by a soft quarter elsewhere.

EBITDA for the Group in the first quarter was NOK 77 (83) for an EBITDA margin of 7% (7%). The Group margin was impacted by weaker performances in Hexagon Ragasco and Hexagon Digital Wave, while Hexagon Agility margins improved compared to last year largely due to the strong performance within the Mobile Pipeline distribution business. See segment results section for further details.



Profit/loss from continuing operations

Profit/loss after taxes from continuing operations in the first quarter was NOK -158 million, compared to NOK -17 million in the same period last year. The negative profit in the first quarter this year was primarily explained by Hexagon's equity-accounted investment in Hexagon Purus and negative fair value effects of its total return swap instrument in Hexagon Purus.

Share of profit/loss from associated companies (Hexagon Purus and Cryoshelter Bio-LNG) amounted to NOK -75 (-3) million in the quarter, of which Hexagon Purus represented NOK -68 million. As Hexagon Purus was classified as a subsidiary up until 29 June 2023 (deconsolidation date), there are no equity-method effects of Hexagon Purus in the same period last year. See also note 12 for further details related to investments in associated companies.

Other financial items were net NOK -111 (-40) million in the quarter. On 29 June 2023, Hexagon entered into a total return swap (TRS) representing 5% of the shares in Hexagon Purus. The TRS is accounted for as a financial derivative, and due to the share price development in Hexagon Purus during the first quarter, NOK 75 million was recognized as a financial expense in the quarter. Furthermore, net interest expenses amounted to NOK -40 (-45) million in the quarter. See also note 4 for a further breakdown of other financial items.

Profit/loss from discontinued operations

Profit/loss from discontinued operations relate solely to Hexagon Purus' profit after tax in the first quarter last year which amounted to NOK -154 million. As Hexagon Purus was deconsolidated as subsidiary on 29 June 2023, there are no figures for discontinued operations in the first quarter of 2024.

Total profit/loss

Total profit after taxes for the first quarter of 2024 is concurrent with profit after taxes from continuing operations, which came in at NOK -158 million explained by the same factors as above. Total profit after taxes in the first quarter of 2023 was NOK -171 million and included the results from continuing operations and discontinued operations (Hexagon Purus).

Balance sheet and cash flow

At the end of the first quarter, the Group balance sheet amounted to NOK 6 931 million compared to NOK 6 428 million at year-end 2023. The increase in total assets during the quarter is due to Hexagon's 200 million convertible bond investment in Hexagon Purus, as well as positive currency translation effects from assets of US- and European based subsidiaries.

Interest-bearing debt amounted to NOK 1 635 million at the end of the quarter compared to NOK 1 108 million at year-end 2023. Net Interest-bearing debt, after netting with cash deposits of NOK 109 million, was NOK 1 526 million. Hexagon's current debt facilities with its banking partners mature in December 2024 and all interest-bearing debt has thus been classified and presented as short term. Hexagon renewed its debt facilities on 30 April, strengthening the financial flexibility and liquidity of the Group.

Net cash flow from operating activities in the first quarter was negative by NOK -100 million, impacted by higher net operating working capital in Hexagon Agility and Hexagon Ragasco.

Net cash flow from investing activities was negative by NOK 427 million driven by the convertible bond investment in Hexagon Purus of NOK 200 million, collateral payments on the total return swap of NOK 137 million, capital expenditures of NOK 53 million and loans to Cryoshelter Bio-LNG of NOK 40 million.

Net cash flow from financing activities was NOK 465 million from existing debt- and overdraft facilities. Interest payments were NOK 39 million while leasing payments amounted to NOK 21 million. The reported cash flow statement for the first quarter of last year is not comparable with the current first quarter cash flow as Hexagon Purus' cash flows are included in last year's reported cash flows.

Key developments during the quarter

- In January, Hexagon Agility received a new order of USD 19 million from REV LNG for delivery of Mobile Pipeline ® TITAN 53 modules.
- In January, Hexagon Purus successfully raised NOK 1 000 million in a convertible bond private placement whereof Hexagon Composites subscribed for NOK 200 million.

Key developments after the quarter

- On 30 April, Hexagon renewed its Senior Secured bilateral loan financing facility with DNB Bank and Danske Bank. The overall size of the committed facility increased by NOK 500 million, to NOK 2 200 million, comprising a term loan of NOK 1 100 million, an overdraft facility of NOK 250 million, and a multi-currency revolving credit facility (RCF) of NOK 850 million. The main tenor is for 3 years with extension of 1 +1 years available in relation to the RCF.

Segment results

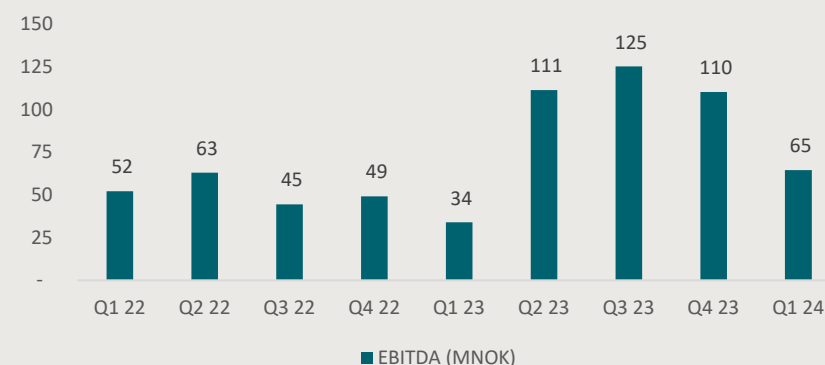
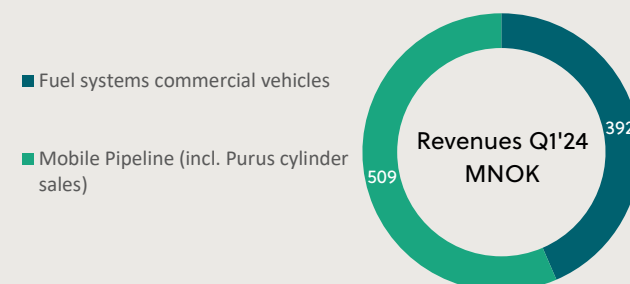
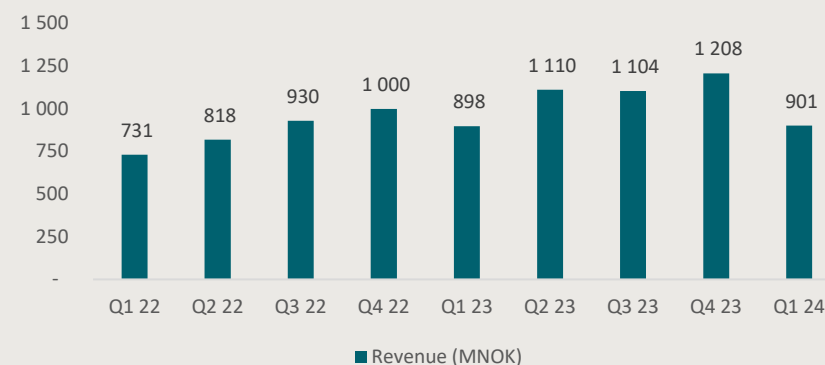
Hexagon Agility

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

In the first quarter of 2024, Hexagon Agility recorded combined revenues of NOK 901 (898) million. Adjusting for favorable FX translation effects of approximately NOK 24 million, underlying revenue development was negative by approximately 2%. The revenue development is explained by temporary slower order activity within the truck business due to the Cummins 15-liter (X15N) engine launch for the second half of the year, as well as lower freight volumes. The Mobile Pipeline gas distribution business, however, delivered yet another quarter of strong production throughput and record-high revenues, compensating for the shortfall within the fuel system business.

EBITDA for the first quarter was NOK 65 (34) million, representing an EBITDA margin of 7%, compared to 4% in the same quarter last year. Although EBITDA improved compared to the same period last year, profitability was impacted negatively by the low truck volumes, offset by favorable volume and price effects in the Mobile Pipeline distribution business.

As orders for the new X15N engine are expected to ramp up in the second half of the year, Hexagon Agility expects the slower demand in the fuel system business to improve throughout 2024 and beyond. So far, two of the top-four North-American truck OEMs (Original Equipment Manufacturers), Kenworth and Peterbilt, have opened order books for trucks powered by the new engine, with a third flagging start of production in 2025. The engine itself will be in serial production by mid-2024.



Hexagon Ragasco

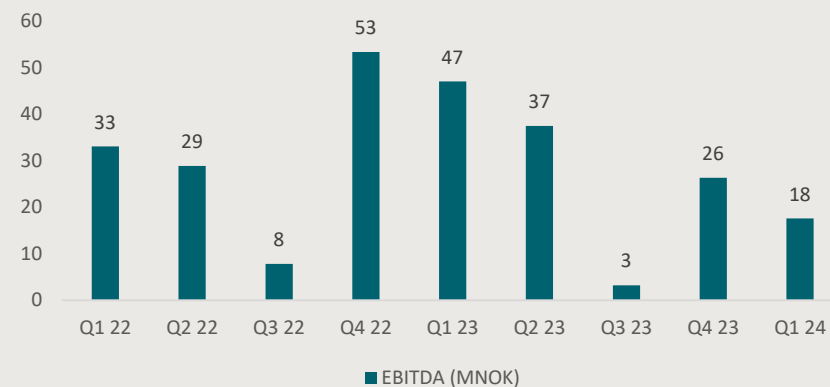
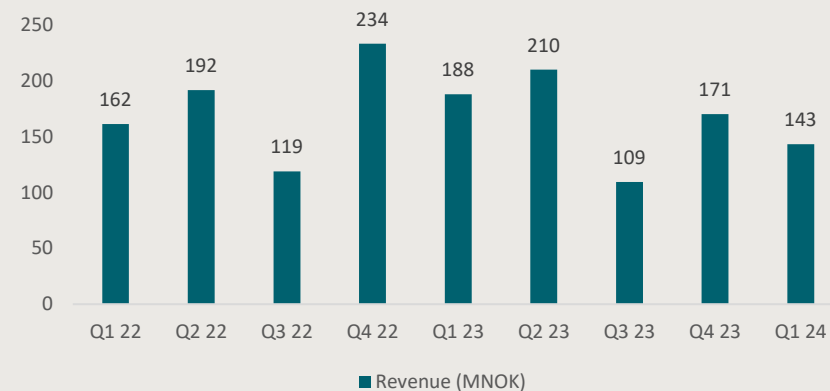
Hexagon Ragasco is the world's leading manufacturer of composite liquified petroleum gas (LPG) cylinders for leisure, household, and industrial applications.

In the first quarter of 2024, Hexagon Ragasco reported revenues of NOK 143 (188) million. The lower revenues compared to Q1 2023 are mainly a result of a slower European market where customers are destocking following several years of relatively high inventory build-up. Volumes and sales activity in the Middle East were positive during the quarter.

Due to the soft revenue development in the quarter, EBITDA for the first quarter ended at NOK 18 (47) million, for a margin of 13% (25%), largely attributable to lower volumes.

Hexagon Ragasco sees a brighter rest of the year backed by a seasonally higher second quarter as well as significant scheduled deliveries to Gasco – Saudi Arabia's largest LPG distributor – under the long-term agreement signed last year. Additional larger volumes are expected in Africa and Oceania. In Europe it is expected that customers will normalize their purchasing pattern from the second half of the year.

In April 2024, Hexagon Ragasco and Linde, the leading global industrial gas company and premier LPG marketer in Norway, launched the smart cylinder, Linktra® nationwide in Norway. Hexagon Ragasco believes the smart cylinder will become the mainstream LPG cylinder in the future, allowing users to have full control of the LPG gas level and distributors to have real time data to optimize logistics and product availability. The partnership with Linde is an important milestone in this transformation.



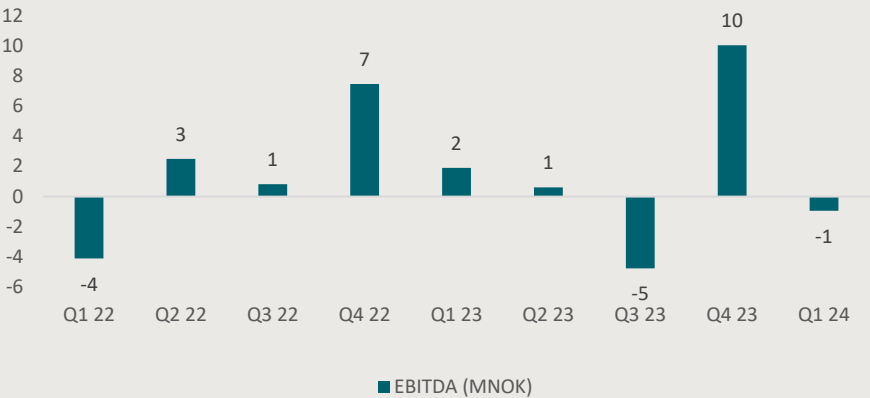
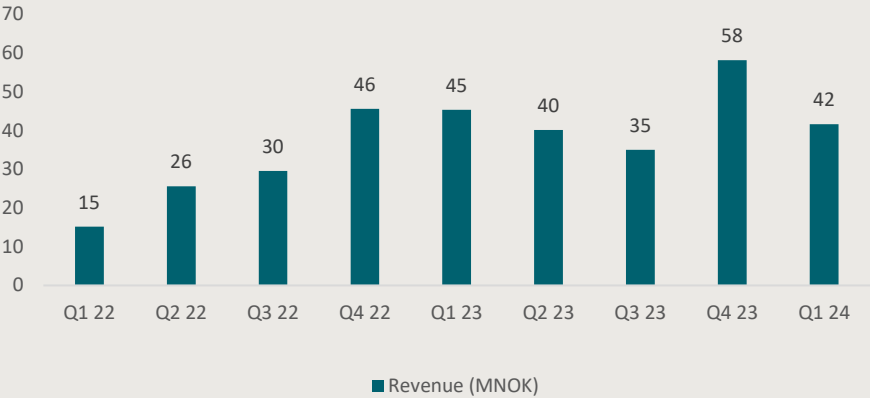
Hexagon Digital Wave

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

In the first quarter of 2024, Hexagon Digital Wave recorded revenues of NOK 42 (45) million, largely due to slower activity within the UE (Ultrasonic Examination) machine business. The MAE (Modal Acoustic Emission) testing business, however, continued its positive momentum.

Due to lower volumes and activity within the UE business, EBITDA for the first quarter was NOK -1 million, compared to 2 million last year.

In January 2024, Hexagon Digital Wave announced it had signed a long-term agreement with its long-standing customer, Linde Gas & Equipment, for UE testing equipment and services globally. This confirms UE testing's competitive advantage over hydrostatic testing.



Investment in Hexagon Purus

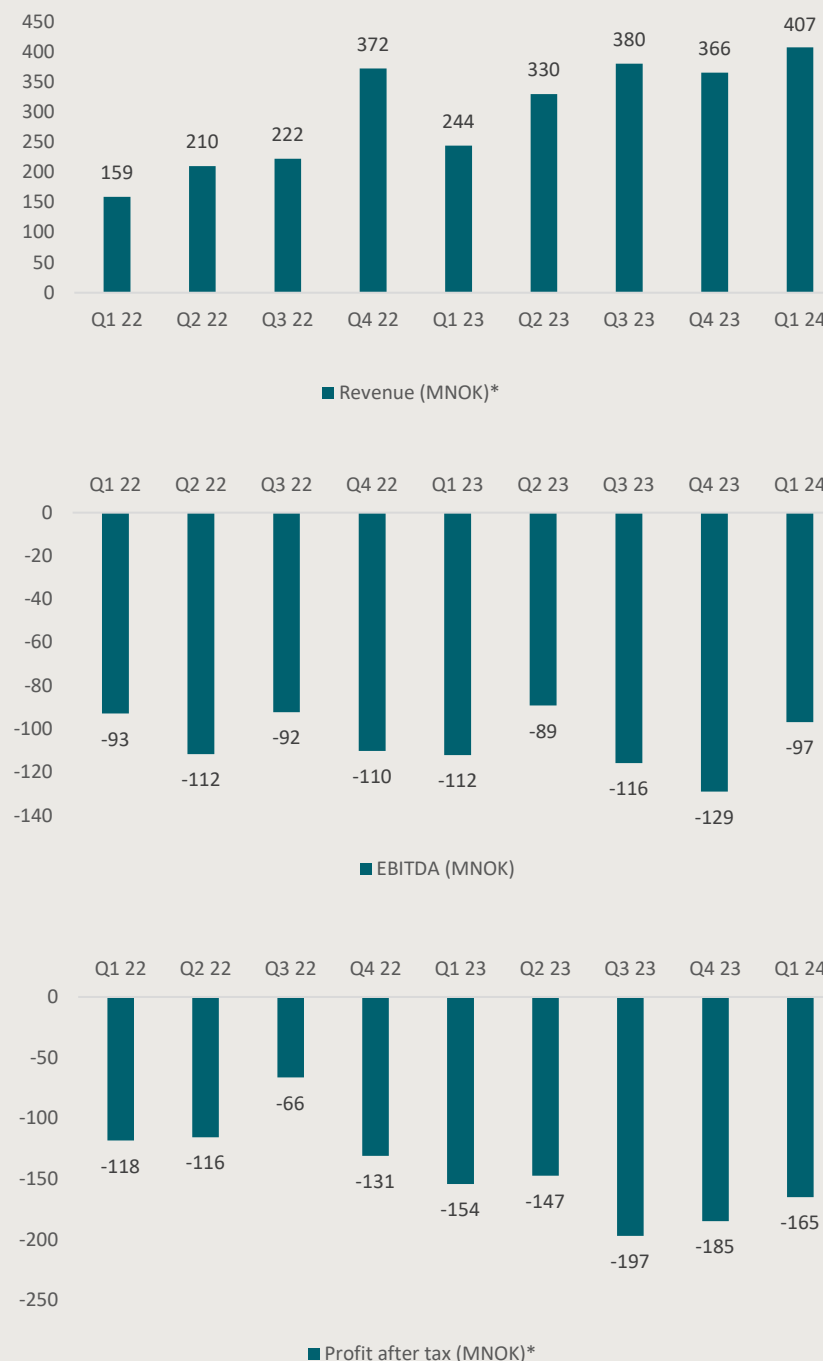
Hexagon Purus is a global leader in key technologies needed for zero emission mobility. The company is listed on the Oslo Stock Exchange (ticker: HPUR), with Hexagon holding a 38.4 per cent ownership since 29 June 2023.

Effective 29 June 2023, Hexagon Purus was deconsolidated as a subsidiary of the Hexagon Group and presented as discontinued operations. Historical financial results of Hexagon Purus which were consolidated in the Hexagon Group up to and including Q2 2023 have been classified as a separate item under "Discontinued operations" in the income statement. See also note 13 and 14. Since 29 June 2023, Hexagon's investment in Hexagon Purus has been classified as an associated company and accounted for under the equity method in the Hexagon group accounts.

In the first quarter of 2024, Hexagon Purus generated revenues of NOK 407 (244) million, representing 67% growth compared to the same quarter last year. EBITDA ended at NOK -97 (-112) million due to continued significant operational investments.

Profit after tax in the first quarter ended at NOK -165 (-154) million. Hexagon's share of the losses in Hexagon Purus amounted to NOK 68 million in the first quarter. See also note 12 for further information.

For further details pertaining to the operational and financial development of Hexagon Purus, please refer to Hexagon Purus fourth quarter report published 3 May 2024 on www.hexagonpurus.com/investors.



* The financial figures in the graphs are Hexagon Purus standalone financials irrespective of how the company has been classified in the group accounts of Hexagon

Outlook

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

Global regulations support the energy transition. In addition to far-reaching programs, such as REPower EU and the US Inflation Reduction Act, a number of federal and regional programs addressing transportation are also being implemented.

Segments

Hexagon Agility's Heavy-Duty truck order activity is slower than last year due to an overall reduction in freight volumes and customers awaiting the launch of the X15N engine in the second half of the year. Demand is expected to ramp-up steadily from the second half of 2024, with a significant upturn from 2025. The Company's addressable market for Natural Gas driven long-haul trucks is expected to increase threefold due to the X15N engine. Hexagon's current capacity expansion program is timed to support and meet the strong growth through 2025 and beyond.

For the Mobile Pipeline business, production capacity for 2024 is almost fully booked. However, significantly increased capacity is scheduled to come online in September 2024 which will allow for increased deliveries. The sustained high demand is driven by economic competitiveness of Renewable Natural Gas and CNG relative to conventional energy like diesel, and customers' decarbonization targets combined with the lack of pipeline infrastructure.

The new Hexagon Ragasco cylinder developed exclusively for Gasco in Saudi Arabia will go into production in the coming quarters. Additional large orders are expected from Africa and Oceania during the year, and the European market is expected to normalize after some soft quarters due to destocking by distributors.

The strategic review of Hexagon Ragasco that was announced in late 2023 is expected to be concluded by the end of June 2024.

The demand for Hexagon Digital Wave's Modal Acoustic Emission (MAE) requalification services will be strong for the rest of 2024 and the UE business is expected to pick up after a slow Q1.

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

Risks and uncertainties

The Hexagon Composites Group is active in sales and purchasing in many geographies and markets. Exports represent a considerable part of the Group's sales. Currency risk is the Group's largest financial risk factor, and the Company employs forward currency contracts in addition to natural hedges to mitigate these risks. In the Board's view there are no major changes to the risk composition for the Group compared with 2023. The Group is by nature exposed to the general macro climate factors, including those resulting in post-pandemic global supply chain disruptions, and how these directly or indirectly impact the business positively or negatively. For additional information about risks and uncertainties we refer to Hexagon Composites' 2023 annual report. It is not expected that the above exposures and risks will have a material effect on the Group or its financial position in the next reporting period.

Aalesund, 7 May 2024

The Board of Directors of Hexagon Composites ASA

Condensed Interim Financial Statements for the Group

Consolidated statement of income

(NOK 1000)	Note	Q1 2024	Q1 2023	2023
		Unaudited	Unaudited	Audited
Revenue from contracts with customers	3	1 081 449	1 127 744	5 176 638
Other operating income	3	508	1 281	5 286
Rental income	3	1 423	889	4 383
Total revenue and other income		1 083 380	1 129 914	5 186 307
Cost of materials		537 807	588 470	2 756 797
Payroll and social security expenses	11	295 979	306 572	1 281 017
Other operating expenses		172 970	152 110	668 759
Total operating expenses		1 006 756	1 047 151	4 706 573
Operating profit before depreciation and amortization (EBITDA)		76 625	82 763	479 734
Depreciation, amortization, and impairment	5, 6	67 933	61 474	258 575
Operating profit (EBIT)		8 692	21 289	221 159
Share of profit/loss of investments in associated companies	12, 13	- 75 468	- 3 449	- 176 574
Impairment loss on associated companies	12	0	0	- 702 000
Other financial items (net)	4	- 111 059	- 39 845	- 275 562
Profit/loss before taxes from continuing operations		- 177 835	- 22 004	- 932 977
Income tax expenses		- 20 096	- 4 689	8 205
Profit/loss after taxes from continuing operations		- 157 739	- 17 315	- 941 182
Profit/loss after taxes from discontinued operations (Hexagon Purus)	13, 14	0	- 154 151	2 049 703
Profit/loss after taxes		- 157 739	- 171 466	1 108 520
of which attributable to equity holders of the parent		- 157 739	- 122 962	- 1 205 668
of which attributable to non-controlling interests		0	- 48 504	- 97 148
Earnings per share in NOK				
Basic		- 0.79	- 0.85	5.53
Diluted		- 0.79	- 0.85	5.33

Consolidated statement of comprehensive income

(NOK 1000)	Note	Q1 2024	Q1 2023	2023
Profit/loss after taxes		- 157 739	- 171 466	1 108 520
Other comprehensive income				
Translation differences when translating foreign activities		102 876	163 598	141 639
Translation differences related to deconsolidated subsidiary reclassified to profit or loss	13	0	0	- 118 307
Share of other comprehensive income of joint ventures and associates	12	30 068	0	- 21 590
Net total of items that may be reclassified to profit or loss in subsequent periods		132 943	163 598	1 741
Actuarial gains/losses for the period (net after tax)		0	0	- 1 433
Net total of items that will not be reclassified to profit or loss in subsequent periods		0	0	- 1 433
Total other comprehensive income		132 943	163 598	308
Attributable to:				
Equity holders of the parent		132 943	138 207	- 33 267
Non-controlling interests		0	25 391	33 575
Total comprehensive income		- 24 795	- 7 868	1 108 828
Attributable to:				
Equity holders of the parent		- 24 795	15 244	1 172 401
Non-controlling interests		0	- 23 113	- 63 573

Consolidated statement of financial position

(NOK 1000)

	Note	31.03.2024	31.03.2023	31.12.2023
		Unaudited	Unaudited	Audited
ASSETS				
Property, plant, and equipment	5	1 006 723	1 528 415	947 938
Right-of-use assets	5	372 991	515 031	365 624
Intangible assets	6	1 874 199	2 725 488	1 785 606
Investment in associated companies	12, 13	1 179 391	47 611	1 225 107
Other non-current financial assets	10	380 860	151 279	125 667
Other non-current assets		2 343	5 342	2 269
Deferred tax assets		19 013	0	19 013
Total non-current assets		4 835 519	4 973 167	4 471 225
Inventories		1 269 730	1 641 520	1 110 406
Trade receivables		528 550	920 615	551 356
Contract assets		0	10 622	0
Other current assets		187 828	248 758	140 760
Bank deposits, cash and similar		109 276	1 649 991	154 350
Total current assets		2 095 384	4 471 505	1 956 872
Total assets		6 930 903	9 444 672	6 428 096

(NOK 1000)

	Note	31.03.2024	31.03.2023	31.12.2023
		Unaudited	Unaudited	Audited
EQUITY AND LIABILITIES				
Paid-in capital		919 937	2 238 364	907 242
Other equity		2 281 915	1 194 723	2 306 791
Equity attributable to equity holders of the parent		3 201 852	3 433 087	3 214 033
Non-controlling interests	13	0	781 234	0
Total equity		3 201 852	4 214 321	3 214 033
Interest-bearing liabilities (non-current)	9	0	1 994 692	0
Lease liabilities (non-current)	7	383 032	509 764	387 260
Other financial liabilities (non-current)	8	0	301 765	0
Pension liabilities		1 472	2 180	1 591
Deferred tax liabilities		116 497	180 617	131 018
Provisions (non-current)		9 338	7 662	8 594
Total non-current liabilities		510 339	2 996 679	528 462
Interest-bearing liabilities (current)	9	1 635 213	159 738	1 108 468
Lease liabilities (current)	7	80 899	91 274	61 867
Trade payables		491 907	506 577	384 015
Contract liabilities		231 387	824 112	332 658
Other financial liabilities (current)	8, 10	399 724	124 455	376 909
Income tax payable		43 931	79 095	65 835
Other current liabilities		259 626	334 622	287 840
Provisions (current)		76 026	113 799	68 011
Total current liabilities		3 218 712	2 233 672	2 685 601
Total liabilities		3 729 051	5 230 351	3 214 063
Total equity and liabilities		6 930 903	9 444 672	6 428 096

Consolidated statement of cash flows

(NOK 1000)

	Note	Q1 2024	Q1 2023	2023
Operating cash flows				
Profit before taxes from continuing operations		- 177 835	- 22 004	- 932 977
Profit before taxes from discontinued operations	14	0	- 154 702	2 046 718
Profit before taxes		- 177 835	- 176 706	1 113 741
Gain from deconsolidation of Hexagon Purus	13	0	0	- 2 351 302
Depreciation, amortization and impairment	5, 6	67 933	89 275	317 331
Share of profit/loss of investments in associated companies		75 468	3 449	176 574
Impairment loss on associated companies		0	0	702 000
Net interest expense	4	40 334	49 332	189 791
Share based payment expenses	11	12 614	12 218	57 919
Changes in net operating working capital ¹⁾		- 129 898	58 110	88 431
Other adjustments to operating cash flow		11 646	- 2 931	88 607
Net cash flow from operating activities		- 99 738	32 747	383 090
- of which from continuing operations		- 99 738	152 021	674 004
- of which from discontinued operations (Hexagon Purus)		0	- 119 274	- 290 914
Investing cash flows				
Purchase of property, plant & equipment	5	- 50 350	- 147 386	- 424 045
Purchase of intangible assets	6	- 2 423	- 17 699	- 43 195
Interest received		2 965	9 012	32 017
Settlement of contingent considerations related to acquisitions		0	0	- 85 963
Total return swap cash collateral payments		-137 015	0	0
Sale of shares in associated companies	12	0	0	274 029
Investment in associated companies	12	0	0	- 29 305
Other investments		- 240 405	- 11 686	- 78 320
Net cash flow from investing activities		- 427 227	- 167 759	- 354 781
- of which from continuing operations		- 427 227	- 62 084	15 168
- of which from discontinued operations		0	- 105 675	- 369 949

1) Changes in net operating working capital consist of net changes in inventories, trade receivables, contract assets, trade payables and contract liabilities.

Consolidated statement of cash flows (cont.)

(NOK 1000)

	Note	Q1 2024	Q1 2023	2023
Financing cash flows				
Net repayment (-) / proceeds (+) from interest bearing loans	9	526 061	701 972	189 073
Interest payments on interest-bearing liabilities		- 39 278	- 51 911	- 170 964
Repayment of lease liabilities (incl. Interests)	7	- 21 300	- 28 590	- 101 052
Net proceeds from share capital increase (subsidiary)		0	484 519	576 180
Net proceeds from purchase (-) and sale (+) of treasury shares		0	- 13 671	- 63 722
Net cash flow from financing activities		465 483	1 092 319	429 516
- of which from continuing operations		- 465 483	- 151 343	- 870 192
- of which from discontinued operations		0	1 243 662	1 299 708
Changes in cash and cash equivalents				
Net change in cash and cash equivalents		- 61 483	957 307	457 825
Net currency exchange differences		16 409	- 20 862	- 43 609
Cash and cash equivalents in Hexagon Purus derecognized due to deconsolidation 29 June 2023	13	0	0	-973 413
Cash and cash equivalents at start of period		154 350	713 547	713 547
Cash and cash equivalents at end of period		109 276	1 649 991	154 350
- of which from continuing operations		109 276	283 609	154 350
- of which from discontinued operations		0	1 366 382	0
Liquidity overview				
Available unused credit facilities continuing operations		62 684	335 733	588 745
- of which from continuing operations		62 684	318 642	588 745
- of which from discontinued operations			17 091	0
Liquidity reserve		171 961	1 985 724	743 095
- of which from continuing operations		171 961	602 251	743 095
- of which from discontinued operations		0	1 383 473	0

Consolidated statement of changes in equity

(NOK 1 000)	Note	Share capital	Treasury shares	Share premium	Other capital reserves	Foreign currency translation reserve	Other equity	Equity - holders of parent	Non-controlling interests	Total equity
As of 1 January 2023		20 162	- 65	2 075 999	132 346	281 136	482 327	2 991 905	476 901	3 468 806
Profit/loss after tax for the period							- 122 962	- 122 962	- 48 504	- 171 466
Other comprehensive income for the period	13					138 207		138 207	25 391	163 598
Total comprehensive income						138 207	- 122 962	15 244	- 23 113	- 7 868
Share-based payments					9 867		1 608	11 475	743	12 218
Movement in treasury shares etc.			56				- 13 727	- 13 671		- 13 671
Share capital increase in subsidiary							260 942	260 942	239 058	500 000
Transaction cost related to capital increase in subsidiary							- 17 676	- 17 676	- 8 170	- 25 846
Share capital increase in other subsidiaries									10 365	10 365
Convertible bonds – equity component	9						190 363	190 363	87 989	278 352
Convertible bonds – transaction cost equity component	9						- 5 495	- 5 495	- 2 540	- 8 034
As of 31 March 2023		20 162	- 9	2 075 999	142 213	419 343	775 380	3 433 087	781 234	4 214 321
As of 1 January 2023		20 162	- 65	2 075 999	132 346	281 136	482 327	2 991 905	476 901	3 468 806
Profit/loss after tax for the period							1 233 085	1 233 085	- 97 148	1 135 937
Other comprehensive income for the period	13					- 10 244	- 23 024	- 33 267	33 575	308
Total comprehensive income						-10 244	1 182 644	1 172 401	- 63 573	1 108 828
Share-based payments					48 328		6 559	54 887	3 032	57 919
Movement in treasury shares etc.			- 73				- 63 649	- 63 722		- 63 722
Share capital increase in subsidiary							260 942	260 942	239 058	500 000
Transaction cost related to capital increase in subsidiary							- 17 793	- 17 793	- 8 224	- 26 018
Share capital increase in other subsidiaries									102 198	102 198
Convertible bonds – equity component	9						190 363	190 363	87 989	278 352
Convertible bonds – transaction cost equity component	9						- 5 495	- 5 495	- 2 540	- 8 034
Dividend in kind	13			- 1 369 455				- 1 369 455		- 1 369 455
Derecognition of non-controlling interests related to deconsolidation of subsidiary	13								- 834 841	- 834 841
As of 31 December 2023		20 162	- 138	706 544	180 674	270 893	2 035 899	3 214 033	0	3 214 033

(NOK 1 000)	Note	Share capital	Treasury shares	Share premium	Other capital reserves	Foreign currency translation reserve	Other equity	Equity - holders of parent	Non-controlling interests	Total equity
As of 1 January 2024		20 162	- 138	706 544	180 674	270 893	2 035 899	3 214 033	0	3 214 033
Profit/loss after tax for the period							- 157 739	- 157 739	0	- 157 739
Other comprehensive income for the period	13					102 876	30 068	132 943	0	132 943
Total comprehensive income						102 876	- 127 671	- 24 795	0	- 24 795
Share-based payments					12 614			12 614		12 614
Movement in treasury shares etc.			81				- 81	0		0
As of 31 March 2024		20 162	- 57	706 544	193 288	373 769	1 908 146	3 201 852	0	3 201 852

Note 1: General information and basis for preparation

The condensed consolidated interim financial statements for the first quarter of 2024, which ended 31 March 2024, 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 2023.

For a more detailed description of accounting principles see the consolidated financial statements for 2023, available on the Company's website www.hexagongroup.com/investors

The accounting principles used in the preparation of these interim accounts are the same as those applied to the consolidated financial statements for 2023.

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 7 May 2024.

Note 2: Estimates

The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognized as assets and liabilities, income, and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group's accounting policy and the main sources of uncertainty are the same as for the consolidated accounts for 2023.

Note 3: Business segment data

(NOK 1000)

	Q1 2024 Unaudited	Q1 2023 Unaudited	2023 Audited
Hexagon Agility			
Sale of cylinders, systems, and equipment (at point in time)	756 420	792 846	3 885 528
Sale of systems, services, and funded development (transferred over time)	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	143 374	104 275	428 174
Other operating income	0	130	2 700
Total revenue from contract with customers	899 793	897 251	4 316 402
Rental income	1 419	1 040	4 102
Total revenue and other operating income	901 212	898 291	4 320 503
Segment operating profit before depreciation (EBITDA)	64 605	33 909	380 903
Segment operating profit (EBIT)	13 576	- 13 106	181 586
Segment assets	4 385 011	4 678 893	4 166 566
Segment liabilities	1 669 397	2 113 425	1 596 489
Hexagon Ragasco			
Sale of cylinders, systems, and equipment (at point in time)	143 194	187 605	675 084
Sale of systems, services, and funded development (transferred over time)	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	0	667	3 399
Other operating income	186	26	220
Total revenue from contract with customers	143 380	188 298	678 703
Rental income	0	0	0
Total revenue and other operating income	143 380	188 298	678 703
Segment operating profit before depreciation (EBITDA)	17 586	47 080	114 209
Segment operating profit (EBIT)	6 983	37 931	75 576
Segment assets	585 757	640 034	568 928
Segment liabilities	331 339	409 461	318 431

(NOK 1000)	Q4 2022	2023	2023
	Unaudited	Unaudited	Audited
Hexagon Digital Wave			
Sale of cylinders, systems, and equipment (at point in time)	40 350	36 160	160 893
Sale of systems, services, and funded development (transferred over time)	0	0	0
Sales of cylinders, systems, and equipment to group- and associated companies	976	8 473	15 485
Other operating income	322	707	2 340
Total revenue and other operating income	41 648	45 340	178 718
Rental income	0	0	0
Total revenue	41 648	45 340	178 718
Segment operating profit before depreciation (EBITDA)	- 944	1 900	7 813
Segment operating profit (EBIT)	- 3 480	301	1 044
Segment assets	138 769	115 233	122 689
Segment liabilities	73 369	47 789	57 427

Due to the deconsolidation of Hexagon Purus as of 29 June 2023, Hexagon Purus is no longer regarded as a separate segment within the Hexagon Group. Hexagon Purus financials are presented as discontinued operations in note 14. See also note 13 for further information related to the deconsolidation of Hexagon Purus.

Note 4: Other financial items (net)

(NOK 1000)	Q1 2024	Q1 2023	2023
Interest income	2 965	4 336	19 301
Interest expenses	- 36 837	- 43 444	- 161 157
Interest expenses on lease liabilities (IFRS 16)	- 6 463	- 5 588	- 22 850
Net interest expenses	- 40 334	- 44 695	- 164 706
TRS derivative gain/loss	- 75 264	0	- 124 609
Other derivatives gains/losses	8 739	- 9 272	1 398
Foreign exchange gains/losses	- 4 066	15 140	12 043
Other financial expenses/income (net)	- 135	- 1 016	312
Other financial items (net)	- 111 059	- 39 845	- 275 562

Note 5: Tangible assets

(NOK 1000)	2024			2023		
	Property, plant, and equipment	Right of use assets	Total 2024	Property, plant, and equipment	Right of use assets	Total 2023
Carrying value as of 1 January	947 938	365 624	1 313 562	1 336 307	473 233	1 809 539
Additions continuing operations	50 350	8 842	59 192	52 194	31 796	83 991
Additions discontinued operations (Hexagon Purus)	0	0	0	95 192	6 639	101 832
Disposals / expirations	0	0	0	0	0	0
Depreciations from continuing operations	- 33 858	- 18 407	- 52 265	- 30 058	- 16 154	- 46 212
Depreciations from discontinued operations, Hexagon Purus (note 14)	0	0	0	- 9 358	- 6 793	- 16 150
Impairments from continuing operations	0	0	0	0	0	0
Impairments from discontinued operations, Hexagon Purus (note 14)	0	0	0	0	0	0
Currency translation differences	42 294	16 931	59 225	84 138	26 309	110 447
Derecognition from deconsolidation of Hexagon Purus (note 13)	0	0	0	0	0	0
Carrying value as of 31 March	1 006 723	372 991	1 379 714	1 528 415	515 031	2 043 446

Note 6: Intangible assets

(NOK 1000)	2024				2023			
	Goodwill	Customer relationships	Other intangible assets ¹⁾	Total 2023	Goodwill	Customer relationships	Other intangible assets ¹⁾	Total 2022
Carrying value as of 1 January	1 232 880	252 447	300 279	1 785 606	1 717 097	363 924	489 833	2 570 853
Additions continuing operations	0	0	2 423	2 423	0	0	7 701	7 701
Additions discontinued operations (Hexagon Purus)	0	0	0	0	0	0	9 998	9 998
Amortizations from continuing operations	0	- 6 535	- 9 132	- 15 668	0	- 7 608	- 7 653	- 15 261
Amortizations from discontinued operations, Hexagon Purus (note 14)	0	0	0	0	0	- 5 209	- 6 442	- 11 652
Currency translation differences	72 223	15 365	14 249	101 837	117 986	24 552	21 312	163 849
Derecognition from deconsolidation of Hexagon Purus (note 13)	0	0	0	0	0	0	0	0
Carrying value as of 31 March	1 305 103	261 277	307 819	1 874 199	1 835 083	375 658	514 748	2 725 488

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

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

Note 7: Lease liabilities

(NOK 1000)	2024	2023
Carrying value as of 1 January	449 127	551 592
New lease liabilities recognized in the period - continuing operations	8 842	31 796
New lease liabilities recognized in the period - discontinued operations (Hexagon Purus)	0	6 639
Cash payments for the principal portion of the lease liability	- 14 837	- 19 656
Cash payments for the interest portion of the lease liability	- 6 463	- 8 934
Interest on lease liabilities - continuing operations	6 463	5 482
Interest on lease liabilities - discontinued operations (Hexagon Purus)	0	3 452
Currency translation differences	20 798	30 666
Derecognition from deconsolidation of Hexagon Purus	0	0
Carrying value as of 31 March	463 931	601 037

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

Note 8: Other financial liabilities

(NOK 1000)	Carrying value 01.01.2024	Fair value adjustment	Additions in the period	Settlements /payments in the period	Reclass. from non- current to current	Currency translation	Derecognition from deconsolidation of Hexagon Purus	Carrying value 31.03.2024
Cross currency swap (fair value)	0	0			0			0
Total non-current other financial liabilities	0	0	0	0	0	0	0	0
Cross currency swap (fair value)	252 299	84 567						336 866
Other current financial liabilities (TRS)	124 609	75 264	0	- 137 015	0	0		62 858
Total current other financial liabilities	376 909	159 830	0	- 137 015	292 088	0	0	399 724

The table above and below shows the movements of current and non-current other financial liabilities in the period. As Hexagon Purus was fully consolidated as a subsidiary in the first quarter of 2023, the comparable table for 2023 below includes thus movements related to Hexagon Purus.

(NOK 1000)	Carrying value 01.01.2023	Fair value adjustment	Additions in the period	Settlements /payments in the period	Reclass. from non- current to current	Currency translation	Derecognition from deconsolidation of Hexagon Purus	Carrying value 31.03.2023
Cross currency swap (fair value)	216 885	84 879						301 765
Contingent liabilities from business combinations (fair value)	39 789				- 39 789	0		0
Total non-current other financial liabilities	256 675	84 879	0	0	- 39 789	0	0	301 765
Deferred payment from business combination (amortized cost)	45 776			0		3 832		49 608
Contingent liabilities from business combinations (fair value)	29 275			0	39 789	5 782	0	74 847
Total current other financial liabilities	75 051	0	0	0	39 789	9 614	0	124 455

Deferred payments and contingent liabilities are related to the acquisition of Wystrach and Wyrent in 2021 within the Hexagon Purus Group. The remaining liabilities related to this acquisition were derecognized from the Hexagon Group accounts following the deconsolidation of Hexagon Purus as of 29 June 2023.

Note 9: Interest-bearing liabilities

(NOK 1000)	2024			2023			
	Non-current bank loans	Current bank loans	Total 2024	Non-current bond loans	Non-current bank loans	Current bank loans	Total 2023
Liabilities as of 1 January	0	1 108 468	1 108 468	0	1 482 140	234 674	1 716 814
<i>Financing activities with cash settlement:</i>							
- New liabilities		526 061	526 061	800 000		25 063	825 063
- Transaction costs			0	- 23 091			- 23 091
- Repayment of liabilities			0			- 100 000	- 100 000
<i>Financing activities without cash settlement:</i>							
- Reclassification 1st year's instalments			0				
- Reclassifications non-current to current ¹⁾			0				0
- Equity component of convertible bond (less transaction costs)			0	- 270 318			- 270 318
- Currency translation differences			0		3 811		3 811
- Other transactions without cash settlement		684	684	857	1 292		2 149
- Derecognition from deconsolidation of Hexagon Purus ²⁾			0	0	0	0	0
Liabilities as of 31 March	0	1 635 213	1 635 213	507 448	1 487 243	159 738	2 154 429

1) Hexagon's debt facilities with its banking partners, DNB and Danske Bank mature in December 2024, and have thus been classified and presented as current. Hexagon renewed its debt facilities on 30 April 2024.

The principal loan financing facility in Hexagon Composites ASA is a Senior Secured bilateral facility with DNB Bank and Danske Bank. The overall size of the committed facility as of the end of the current period was NOK 1 700 million, comprising a term loan of NOK 1 100 million, an overdraft facility of NOK 250 million, a multi-currency revolving credit facility (RCF) of NOK 350 million. As of quarter-end, total drawings amounted to NOK 1 637 million after excluding amortized transaction costs of 2 million. Following the renewal of the debt facilities on 30 April, the overall size of the committed facility increased by NOK 500 million, to NOK 2 200 million, comprising a term loan of NOK 1 100 million, an overdraft facility of NOK 250 million, and a multi-currency revolving credit facility (RCF) of NOK 850 million. The main tenor is for 3 years with extension of 1 +1 years available in relation to the RCF.

All financial covenants related to the financing facility agreement were compliant per quarter-end.

2) As a result of the deconsolidation of Hexagon Purus as described in note 13, Hexagon Purus' interest-bearing debt as of 29 June, consisting mainly of the debt component of a NOK 800 million convertible bond, was derecognized from the group accounts of Hexagon Composites, and is thus only present in the comparable table for Q1-2023.

Note 10: 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 reassessing 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 2023 to the end of the current quarter of 2024. 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 the current balance sheet date and 31.12.2023.

		31 March 2024		31 December 2023	
(NOK 1000)	Level	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:					
Other non-current financial assets ¹⁾	2	380 860	380 860	125 667	125 667
Other current financial assets		0	0	0	0
Total financial assets		380 860	380 860	125 667	125 667
Financial liabilities:					
Non-current contingent liabilities	3	0	0	0	0
Other non-current financial liabilities	3	0	0	0	0
Current interest-bearing liabilities	2	1 635 213	1 637 316	1 108 468	1 111 255
Other current financial liabilities ²⁾	2	399 724	399 724	376 909	376 909
Total financial liabilities		2 034 937	2 037 040	1 484 376	1 488 164

1) Other non-current financial assets relate largely to convertible bond investment of NOK 200.0, loans to Cryoshelter BioLNG of NOK 145.0 million measured at amortized cost and the fair value on interest rate swaps of NOK 30.1 million.

2) Other current financial liabilities relate to the fair value of a cross-currency swap of NOK 336.9 and the fair value of a total return swap (TRS) of NOK 62.9 million.

On 29 June 2023, Hexagon Composites entered into a total return swap (TRS) with financial exposure to 13 839 872 shares in Hexagon Purus ASA, representing 5% of the total outstanding shares in Hexagon Purus ASA. The total return swap gives Hexagon Composites financial exposure to any change in the fair value of the underlying 13 839 872 shares from the initial amount of NOK 19.80 per share. The TRS is classified as a financial derivative with changes in fair value to be recognized through profit or loss. At the end of the quarter, the fair value of the TRS was NOK -199.9 million. The carrying value of the TRS as of 31 March 2024 was NOK 62.9 million net of cash collateral payments (margin calls) of NOK 137 million made during the first quarter 2024.

Note 11: 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 unit programs (PSUs)

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

Restricted share unit 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.

Share based payment programs	PSUs (maximum)	RSUs
Outstanding 1 January 2024	8 476 437	524 527
Granted during the year	5 443 690	0
Instruments exercised	- 1 024 375	0
Instruments lapsed/cancelled/adjusted	- 157 932	-12 151
Outstanding 31 March 2024	12 737 820	512 376
Exercise price (NOK) (in the case of new shares issued)	0.10	0.10
Expected lifetime (years)	3	3
Weighted average exercised share price (NOK) during the year	18.46	NA

The fair value of the PSUs and RSUs is 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 11.5 million including social security costs YTD per 31 March 2024. The fair value of all unamortized outstanding PSUs (maximum 12,737,820) and RSUs (512,376) is estimated to NOK 110.5 million per 31 March 2024.

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 -4.3 million YTD per 31 March 2024. Remaining unamortized accrual is estimated to MNOK 0.0 million as of 31 March 2024.

For share-based payment in Hexagon Purus ASA, which are a part of the profit and loss (discontinued operations) of Hexagon Group up to and including 30.06.2023, see quarterly financials at hexagonpurus.com.

Note 12: Investments in associated companies

List of associated companies	Country	Business segment	Acquisition / recognition	Ownership 31.03.2023	Ownership 31.12.2023	Ownership 31.03.2024	Accounting method
Hexagon Purus ASA ¹⁾	Norway	Other	29.06.2023	68.4% ¹⁾	38.4%	38.4%	Equity method
Cryoshelter BioLNG GmbH	Austria	Agility	01.08.2022	40.0%	40.0%	40.0%	Equity method

1) Hexagon Purus was consolidated as a subsidiary up until 29 June 2023. Since 29 June 2023, Hexagon Purus has been accounted for as an associated company applying the equity method following loss of control and deconsolidation of the company as a subsidiary effective on the same date.

Income statement reconciliation

	Hexagon Purus		Cryoshelter Bio-LNG		Total	
(NOK 1000)	2024	2023	2024	2023	2024	2023
Share of profit after tax	- 61 769		- 6 811	- 2 810	- 68 580	- 2 810
PPA amortizations associated companies	- 6 224		- 664	- 639	- 6 888	- 639
Total profits/losses from investments in associates per 31 March	- 67 993		- 7 475	- 3 449	- 75 468	- 3 449

Balance sheet reconciliation

	Hexagon Purus		Cryoshelter Bio-LNG		Other associates ¹⁾		Total	
(NOK 1000)	2024	2023	2024	2023	2024	2023	2024	2023
Carrying value as of 1 January	1 225 107		0	20 243	0	33 029	1 225 107	53 272
Share of profit after tax incl. PPA amortizations	- 67 993		- 7 475	- 3 449		- 1 947	- 75 468	- 5 396
Share of other comprehensive income	30 068						30 068	
Currency translation effects			- 317	- 206		- 59	- 317	- 265
Carrying value as of 31 March	1 187 182		- 7 791	16 588	0	31 023	1 179 391	47 611
Fair value (if there is a quoted market) as of 31 March	664 351							

1) Other associates relate to associated companies of Hexagon Purus. As a result of the deconsolidation of Hexagon Purus effective 29 June 2023, these associated companies were derecognized from the group accounts of Hexagon Composites and are thus not a part of the 2024 figures.

Hexagon Purus – initial recognition as associated company in Q2 2023

Following loss of control and deconsolidation of Hexagon Purus as a subsidiary effective from 29 June 2023, Hexagon Composites' investment in Hexagon Purus is being accounted for as an associated company applying the equity method. On 29 June 2023, following the dividend-in-kind decision, Hexagon Composites' ownership in Hexagon Purus was effectively reduced to 43.4%. The initial recognition and measurement of Hexagon Purus under the equity method amounted to NOK 2 379 million, representing 43.4% of the fair market value of Hexagon Purus on 29 June. Furthermore, on 29 June, Hexagon Composites sold 13.8 million Hexagon Purus shares and simultaneously entered into a total return swap (TRS) representing 5% of the total outstanding shares in Hexagon Purus. The transaction was closed at NOK 19.80 per share for a total consideration of NOK 274 million. Based on the substance of the agreements and the circumstances for the sale, the sale of shares associated with the TRS agreements was accounted for as a reduction in ownership of an associate. Since the sale of shares under the TRS agreement was made subsequently on the same date as the loss-of-control event, the sale represented a zero-gain transaction. From 29 June and onwards, Hexagon Composites accounts for 38.4% of the profits/losses in Hexagon Purus via the equity method in addition to amortizations of fair value/PPA-adjustments. See also note 13 for further information related to the deconsolidation of Hexagon Purus. The table below shows the purchase price allocation of Hexagon Purus as of 29 June 2023.

(NOK 1000)	Hexagon Purus	Hexagon share		
	100% basis			
Ownership %		38.4%		
Number of shares	276 797 456	106 296 223		
Share price (NOK / share)	19.80	19.80		
Market value of equity as of 29 June 2023	5 480 590	2 104 665		
Book values as of initial recognition 29 June 2023				
Non-current assets	1 917 324	736 294		
Current assets	1 900 183	729 712		
Non-current liabilities	738 189	283 481		
Current liabilities	731 115	280 764		
Book value of equity as of 29 June 2023	2 348 204	901 761		
Fair value/PPA-adjustments:	3 132 386	1 202 904		
- hereof intangible assets	778 206	298 848	25%	Lifetime: 7 – 15 years
- hereof goodwill	2 354 180	904 056	75%	Lifetime: Indefinite

Hexagon Purus – impairment testing

During the second half of 2023 and in the first quarter of 2024, Hexagon Purus experienced a significant decline in its market value. As of 31 March, the Hexagon Purus share price closed at NOK 6.25/share, translating to a fair value of Hexagon's share in Hexagon Purus of NOK 664 million. Compared to the share price as of the date of Hexagon's initial fair value recognition of Hexagon Purus as an associated company of NOK 19.80/share as of 29 June 2023, this represents a 68 per cent decline. Comparable peer companies within the hydrogen and battery sector have experienced similar share price developments in the same period.

In the fourth quarter of 2023, Hexagon performed an impairment test of its investment in Hexagon Purus based on a value-in-use calculation. The impairment test carried out resulted in an impairment of NOK 702 million and an adjusted carrying value of NOK 1 225 million as of 31 December 2023. Taking into account Hexagon's equity method accounting of Hexagon Purus in the first quarter of 2024, the carrying value as of 31 March 2024 ended at NOK 1 187 million. As of the end of the first quarter of 2024, Hexagon reassessed its impairment test carried out in the fourth quarter of 2023 and concluded that the underlying assumptions for the impairment still stand. Consequently, no further impairments or reversal of impairments have been made.

Key assumptions for calculating value in use are related to estimates for revenues, EBITDA margins, discount rates and growth rates beyond the forecast period. A 7-year forecast period until 2030 with an extrapolation towards 2033 (total of 10 years) has been used, concurrent with the forecast period used in the determination of intangible assets and goodwill in the purchase price allocation of Hexagon Purus as of 29 June 2023. Hexagon Purus' business plan projections imply significant growth. However, as a reflection of the overall equity market's increased implicit risk towards Hexagon Purus, Hexagon has for impairment test purposes incorporated somewhat higher risk factors to Hexagon Purus' revenue growth rates towards 2030 both within the hydrogen and the battery electric mobility sector, as well as somewhat lower profit margins in the same forecast period. For subsequent periods beyond the 7-year forecast horizon, the Group has prudently phased in a declining growth rate towards an expected average growth rate for the economy in general. A weighted average cost of capital (post-tax) of 10.8 per cent has been used as a discount rate for free cash flows. Although Hexagon Purus expects to break-even at EBITDA level during 2025, free cash flows are still expected to be negative a couple of years beyond 2025 due to capital expenditures and working capital requirements. As such, a significant portion of the estimated value-in-use amount lies in the terminal value which is dependent upon the size of the company and its free cash flow generation at the end of the forecast period. Despite future cash flows are inherently uncertain, Hexagon management expects Hexagon Purus will capitalize and deliver on its business plan, and that the current carrying value represents a fair estimate of the value of the Company, including prudent risk adjustments.

Note 13: Deconsolidation of Hexagon Purus

Loss of control

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

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

Deconsolidation effects

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

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

Hexagon Purus is classified as an associated company and accounted for using the equity method effective from 29 June 2023 and onwards. See note 12 for further details on the equity method accounting of Hexagon Purus.

Note 14: Discontinued operations

The after-tax profit or loss from discontinued operations relate to Hexagon Purus which was deconsolidated as of 29 June 2023. See also note 13 for further information. As Hexagon Purus represented a separate major line of business and a separate segment within the Hexagon Group prior to deconsolidation, the component represented a discontinued operation and is thus presented as such up to and including Q2 2023. The profit or loss from discontinued operations (Hexagon Purus) as incorporated into Hexagon Group accounts is shown in the table below.

In the second half of 2023, Hexagon Purus has been accounted for as an associated company under the equity method (see note 12) and is thus no longer fully consolidated in Hexagon's group accounts. Therefore, there are no figures in the table below for Hexagon Purus in the column for Q1 2024. Reference is also made to Hexagon Purus' Q3 and Q4 2023 report for further information related to Hexagon Purus' quarterly financials.

(NOK 1000)	Q1 2024	Q1 2023	2023
	N/A – not consolidated	Consolidated 100%	Consolidated 100% up to 29 June 2023
Total revenue and other operating income		243 977	573 544
Cost of materials		156 157	334 830
Payroll and social security expenses		139 426	295 899
Other operating expenses		60 405	143 846
Total operating expenses before depreciation		355 989	774 575
Operating profit before depreciation and amortization (EBITDA)		- 112 012	- 201 031
Depreciation, amortization, and impairment		27 801	58 756
Operating profit (EBIT)		- 139 813	- 259 787
Profit/loss from investments in associated companies		- 1 947	- 4 402
Other financial items (net)		- 12 941	- 40 395
Profit/loss before taxes from discontinued operations		- 154 702	- 304 584
Income tax expenses		- 550	- 2 984
Profit/loss after taxes from discontinued operations		- 154 151	- 301 600
Gain from deconsolidation of Hexagon Purus before taxes (see note 13)			2 351 302
Income tax on gain from deconsolidation of Hexagon Purus			0
Gain from deconsolidation of subsidiary Hexagon Purus after taxes			2 351 302
Profit/loss after taxes from discontinued operations according to income statement		- 154 151	2 049 703

Note 15: Events after the balance sheet date

- On 30 April, Hexagon renewed its Senior Secured bilateral loan financing facility with DNB Bank and Danske Bank. The overall size of the committed facility increased by NOK 500 million, to NOK 2 200 million, comprising a term loan of NOK 1 100 million, an overdraft facility of NOK 250 million, and a multi-currency revolving credit facility (RCF) of NOK 850 million. The main tenor is for 3 years with extension of 1 +1 years available in relation to the RCF.

Share information

A total of 21,321,439 shares (Q4'23: 10,449,581 shares) in Hexagon Composites ASA were traded on the Oslo Stock exchange during the first quarter of 2024. In the quarter, the share price moved between NOK 18.03 (NOK 24.30) and NOK 29.48 (NOK 28.88), ending the quarter at NOK 18.81, giving a market capitalization of NOK 3.8 billion (NOK 5.8 billion) for the Company. For further investor information, refer to the investor section on www.hexagongroup.com.

Terminology

BAR

Unit of pressure. 1 millibar = 100 N/m²

BIOGAS

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

BIO-LPG

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

BEV

Battery Electric Vehicle

CHASSIS

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

CHG

Compressed Hydrogen Gas

CNG

Compressed Natural Gas

CO₂

Carbon Dioxide

COMPOSITE

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

EBIT

Earnings before interests and taxes

EBITDA

Earnings before interest, taxes, depreciation, and amortization

EV

Electric Vehicle

FCEV

Fuel Cell Electric Vehicle

GHG

Greenhouse Gas

GVW

Gross Vehicle Weight

HDV

Heavy-Duty Vehicle

H₂

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

JOINT VENTURE

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

LDV

Light-Duty Vehicle

LNG

Liquefied Natural Gas

LPG

Liquefied Petroleum Gas (propane gas)

MOBILE PIPELINE®

Gas distribution products

NGV

Natural Gas Vehicle

OEM

Original Equipment Manufacturer

X-STORE®

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

RNG

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

SCBA CYLINDER

Self-contained breathing apparatus

SCM3

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

TITAN®

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

TUFFSHELL®

High-pressure CNG cylinder for heavy duty vehicles

TYPE 1

Steel cylinder

TYPE 2

Steel cylinder, composite-reinforced

TYPE 3

Composite cylinder with metal liner

TYPE 4

Composite cylinder with polymer liner

U.S. DOT

U.S. Department of Transportation

Forward looking statements

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