

Q2 2024

Knut Flakk, Chair of the Board
David Bandele, CFO

15 August 2024



Disclaimer and important notice

This company presentation (the "Presentation") has been prepared by Hexagon Composites ASA ("Hexagon" or the "Company"). The Presentation has not been reviewed or registered with, or approved by, any public authority, stock exchange or regulated market place. The Company makes no representation or warranty (whether express or implied) as to the correctness or completeness of the information contained herein, and neither the Company nor any of its subsidiaries, directors, employees or advisors assume any liability connected to the Presentation and/or the statements set out herein. This presentation is not and does not purport to be complete in any way. The information included in this Presentation may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or its advisors or any of their parent or subsidiary undertakings or any such person's affiliates, officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. The Company and its advisors assume no obligation to update any forward-looking statements or to conform these forward-looking statements to the Company's actual results. Investors are advised, however, to inform themselves about any further public disclosures made by the Company, such as filings made with the Oslo Stock Exchange or press releases. This Presentation has been prepared for information purposes only. This Presentation does not constitute any solicitation for any offer to purchase or subscribe any securities and is not an offer or invitation to sell or issue securities for sale in any jurisdiction, including the United States. Distribution of the Presentation in or into any jurisdiction where such distribution may be unlawful, is prohibited. This Presentation speaks as of 15 August 2024, and there may have been changes in matters which affect the Company subsequent to the date of this Presentation. Neither the issue nor delivery of this Presentation shall under any circumstance create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that the affairs of the Company have not since changed, and the Company does not intend, and does not assume any obligation, to update or correct any information included in this Presentation. This Presentation is subject to Norwegian law, and any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Norwegian courts with Oslo City Court as exclusive venue. By receiving this Presentation, you accept to be bound by the terms above.

Our Vision
Clean Air Everywhere

Our Purpose
Driving Energy Transformation

Our Values
Integrity and Drive



Contributing to the green energy transition

In the first half of 2024, our solutions enabled the avoidance of

537,790

metric tons of CO₂ equivalents

*Equal to removing ~120,000
petroleum cars off the road for
one year*

Hexagon's **near-term** and **net-zero** greenhouse gas emissions reductions targets were validated in July 2024.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Key highlights

Q2 was a solid quarter with significant margin growth, and we are on track to meet our 2024 targets¹



Revenue

NOK **1,150** million



EBITDA

NOK **137** million



EBITDA margin

12 %

Key highlights

Important commercial milestones reached



**Hexagon Agility received
significant new orders**



**Hexagon Purus launches
the battery electric
TERN® Truck**



**Successful sale of
Hexagon Ragasco to
Worthington
Enterprises**

Key highlights

Hexagon Agility receives USD 57.7 million order from UPS, a frontrunner in the X15N natural gas engine

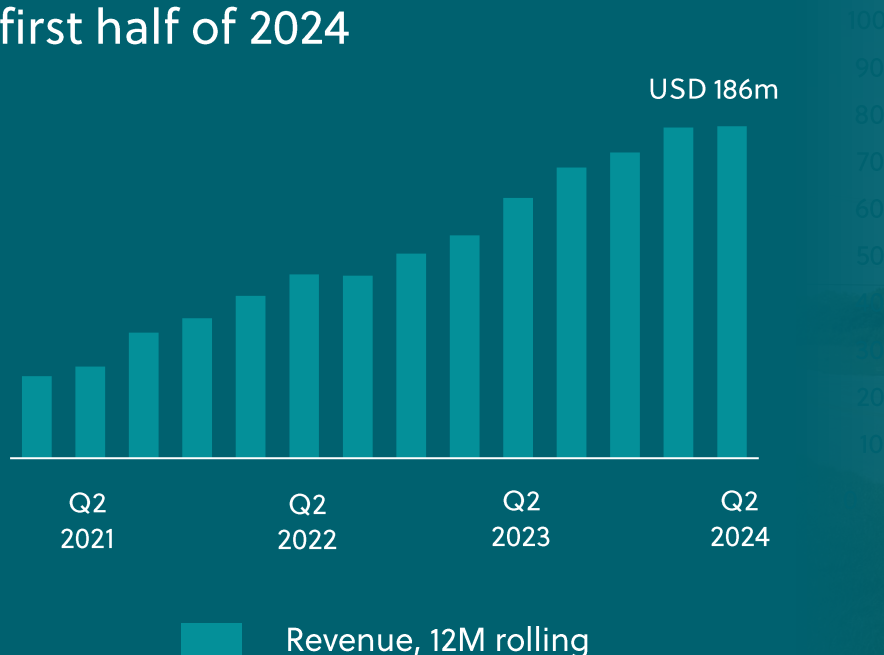
- New order with estimated value USD 57.7 million (approx. NOK 620 million)
- Renewed **master agreement for 3 years**
- Confirms continued momentum for renewable natural gas, despite a soft North American freight market.



Key highlights

Mobile Pipeline receives USD 12.8 million order from a global gas company – the largest single order to date for an industrial gas

- The order supports the diversification of Mobile Pipeline applications
- Delivered all-time high revenues in the first half of 2024



Key highlights

Hexagon Purus launched the TERN® truck



The Tern RC-8 is a groundbreaking heavy-duty battery electric truck tailored for regional & city use in North America



Tern trucks will be available exclusively through Hino's dealer network and will leverage that network for aftermarket service & support



Initial launch of Tern Trucks with selected dealers in California on the back of current strong zero-emission demand



Key highlight

Successful sale of Hexagon Ragasco to Worthington Enterprises

- We have developed Hexagon Ragasco to become the world leader in composite LPG cylinders with more than **22+** million cylinders sold to over **100** countries
- The transaction enables Hexagon Ragasco to grow in new geographies and verticals
- Substantially strengthens Hexagon's balance sheet and positions the Group for strong growth in high pressure systems



Q2 2024 Financials

- Higher heavy-duty Truck volumes
- Accelerated margin increase
- Strengthened balance sheet



Successful transactions in the second quarter



Hexagon Ragasco to Worthington Enterprises

- Agreement completed on 3 June
- Hexagon Ragasco sale at enterprise value of NOK 1 050m with earn-out component -50 million to +100 million
- Net gain of NOK 677 million
- Hexagon Ragasco reclassified and presented as discontinued operations



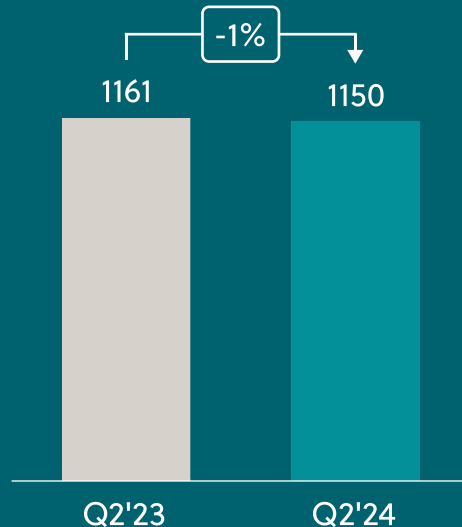
Acquired 49% of Worthington Enterprises' Sustainable Energy Solutions business

- Agreement signed and closed on 29 May
- SES acquisition of 49% for NOK 114 million
- SES classified as an associated company accounted for by use of the equity method

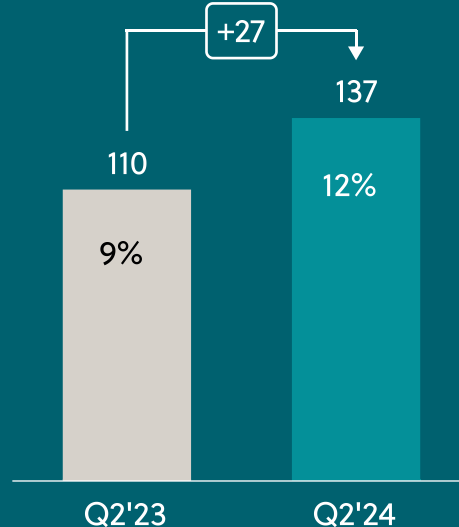
Q2 2024 Financial Highlights

Accelerated margin recovery sets up stronger second-half of year

Revenue
NOKm

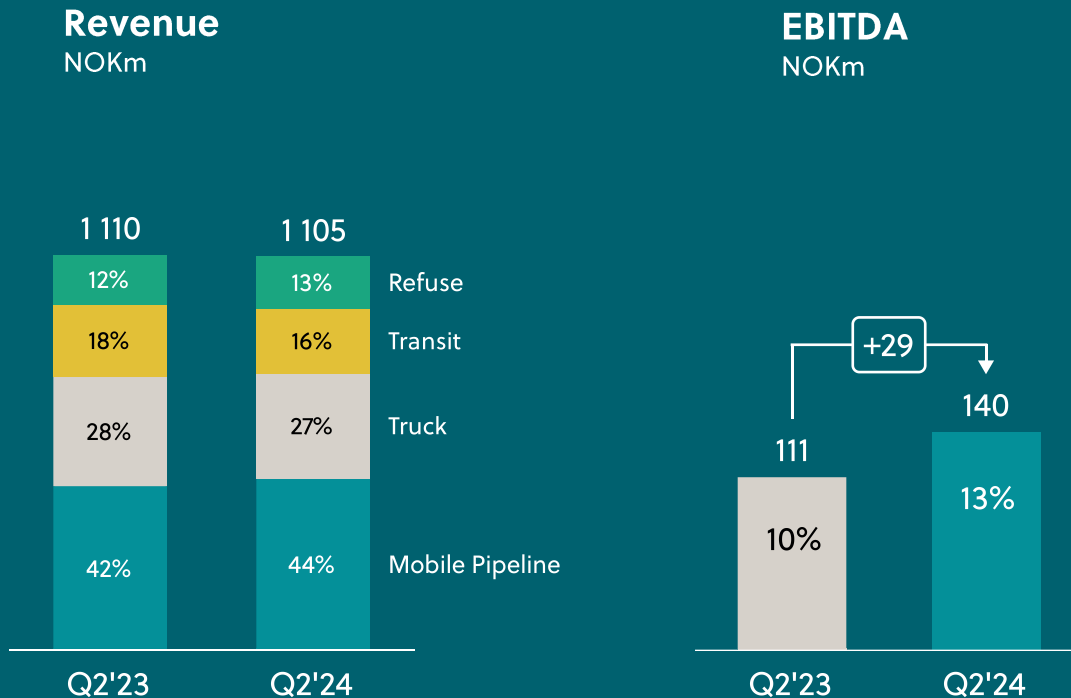


EBITDA
NOKm



- **Solid Group revenues of NOK ~1.15 billion**
- **Record-high EBITDA of NOK 137 million** excl. Hexagon Ragasco
- **Substantial margin increase to 12%**
- Net debt at 753 million, **leverage reduced to 1.6x** after sale of Hexagon Ragasco

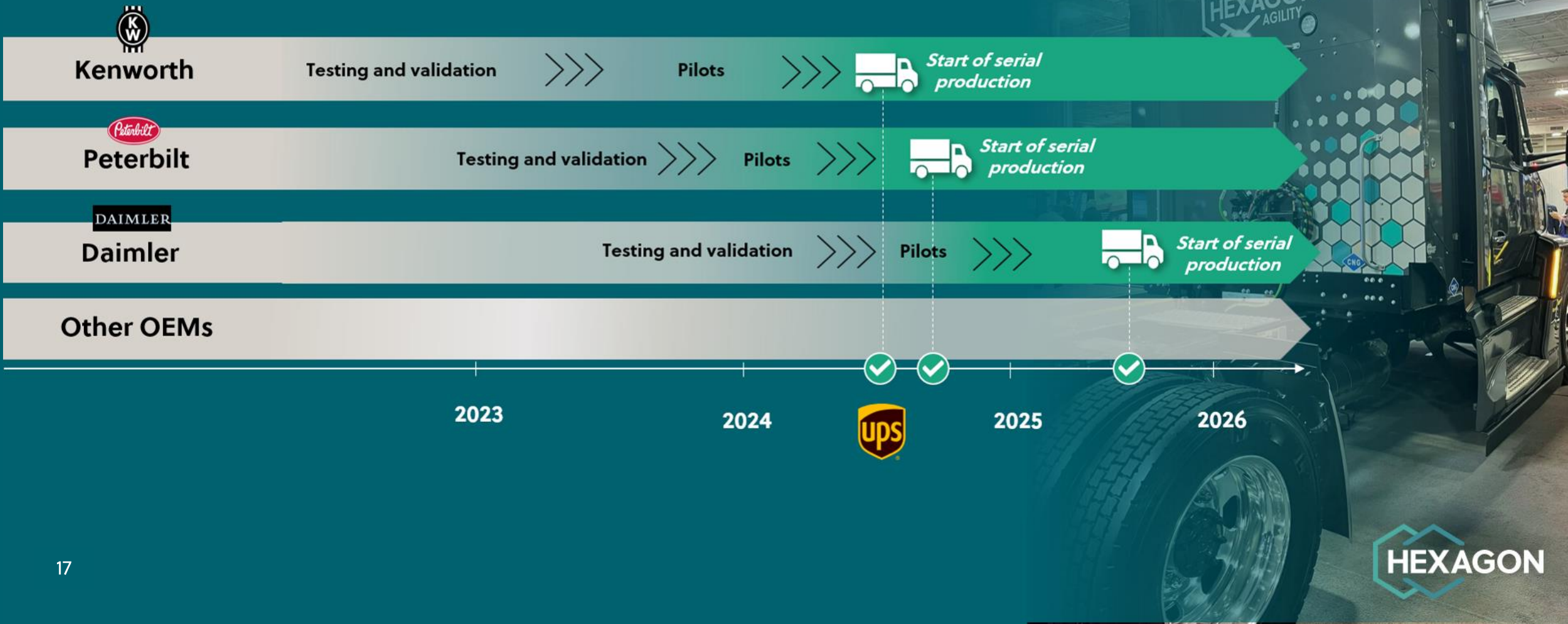
Margin appreciation from strong Mobile Pipeline and uptick in Truck volume



- **Strong** Mobile Pipeline revenue and performance
- **2.6x** pick-up in heavy-duty Truck sales vs. low Q1
- Recovering Truck volumes driving further **EBITDA margin gains**

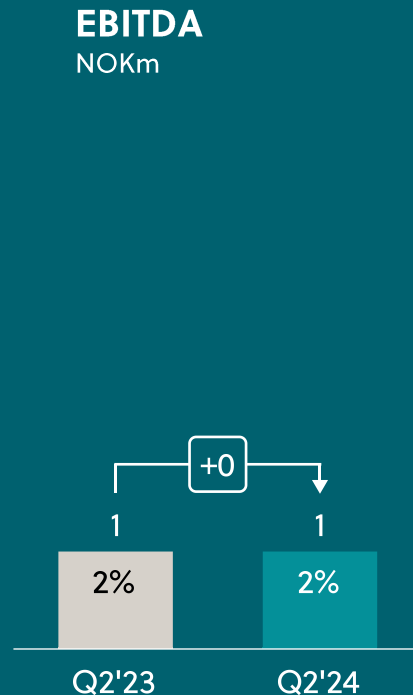
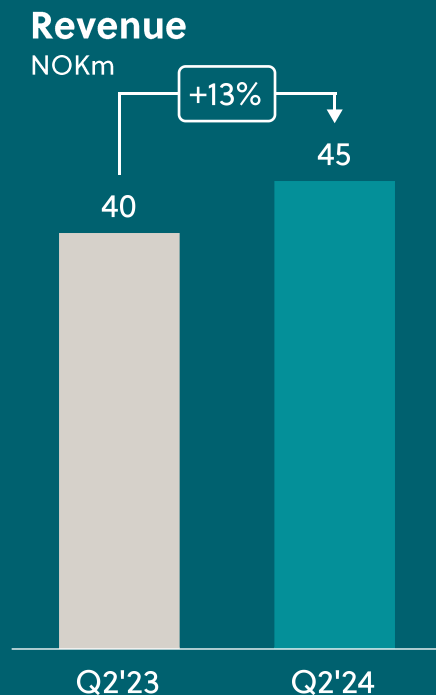
Hexagon Agility

Significant quoting activity with fleets for X15N Natural Gas engine powered trucks, with orders to follow



Hexagon Digital Wave

High activity in MAE Mobile Pipeline trailer testing



- Increased revenues by 13%
- Pick up in UE machine volumes from low Q1
- Modest profit due to continued growth opex year-over-year

Hexagon Group 2024 Financial Outlook

Guidance confirmed, adjusted for sale of Hexagon Ragasco



Mobile Pipeline

Strong growth with additional capacity available at end Q3; Includes sales to Hexagon Purus

Transit & Refuse truck

Lumpy Transit, steady Refuse truck

Truck

Increased order activity from end Q2 including demand for the new X15N engine launch in Q3; higher revenues in second half 2024 spearheaded by large UPS order



Cylinder testing and inspection technologies

Profitable performance expected in second half 2024

Revenue

- Truck sales increase significantly in second-half of 2024 boosted by UPS order
- On track for our targets adjusted for Hexagon Ragasco sale¹

EBITDA

- Margin appreciation in second-half of year, in line with increased truck volumes
- EBITDA levels on track for our targets adjusted for Hexagon Ragasco sale

**2024
NOK
~4.8 bn***

(2023:NOK 4.5bn¹)

**2024
NOK
>500m***

(2023:NOK 366m¹)

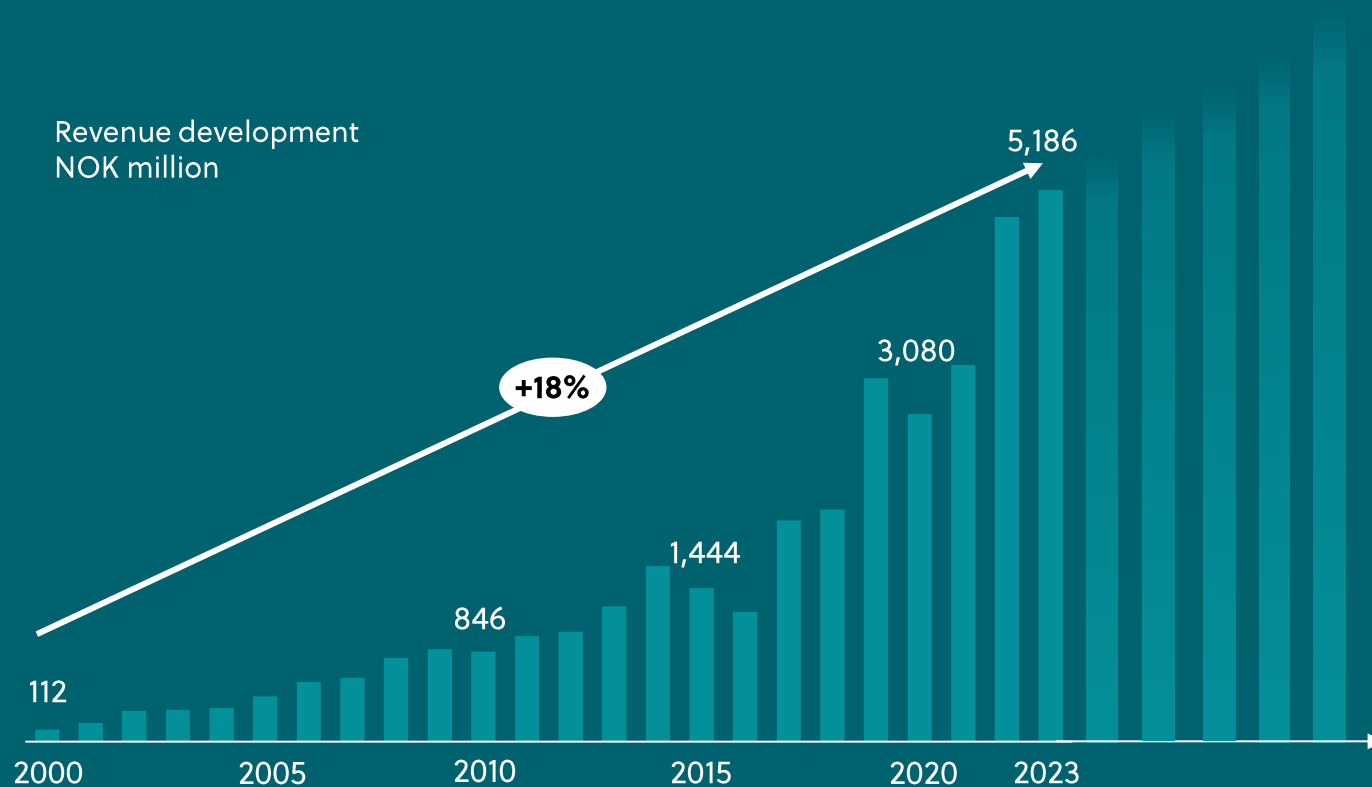
* Based on reasonable and current expectations as of 14 August 2024, excluding any material unforeseen impacts

¹) Comparative Hexagon excl.Ragasco numbers

An aerial photograph of a multi-lane highway bridge crossing a wide river. The river is filled with lily pads and is flanked by dense, lush green forests. A single blue car is visible on the bridge. The word "Outlook" is overlaid in white text on the left side of the bridge.

Outlook

What is at the core of Hexagon's success?



2000

Making **composites**
cost competitive

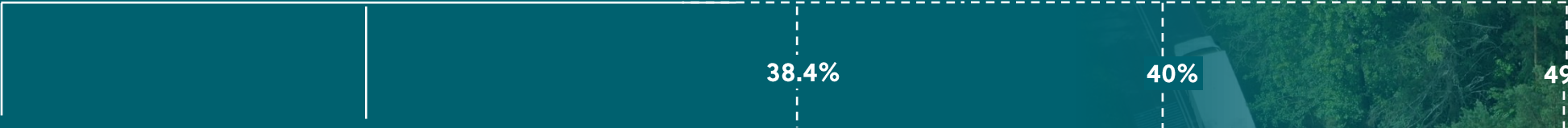
2024

Making **alternative fuel** systems
cost competitive

- To enable the green shift
- To stay ahead of the competition

Note: 2017 and 2018 include 50% of revenues from Agility Fuel Systems.

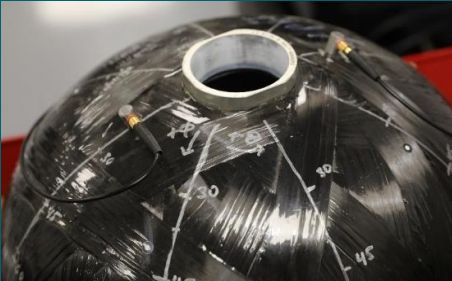
Strengthened portfolio, focused on high-pressure gas and alternative fuel solutions



Cryoshelter



Provider of renewable natural gas distribution systems and fuel systems for commercial vehicles



Frontrunner in cylinder testing and monitoring technology



Early-mover in hydrogen distribution systems and zero-emission fuel systems for commercial vehicles



Innovator of cryogenic tank technology for liquid natural gas and liquid hydrogen

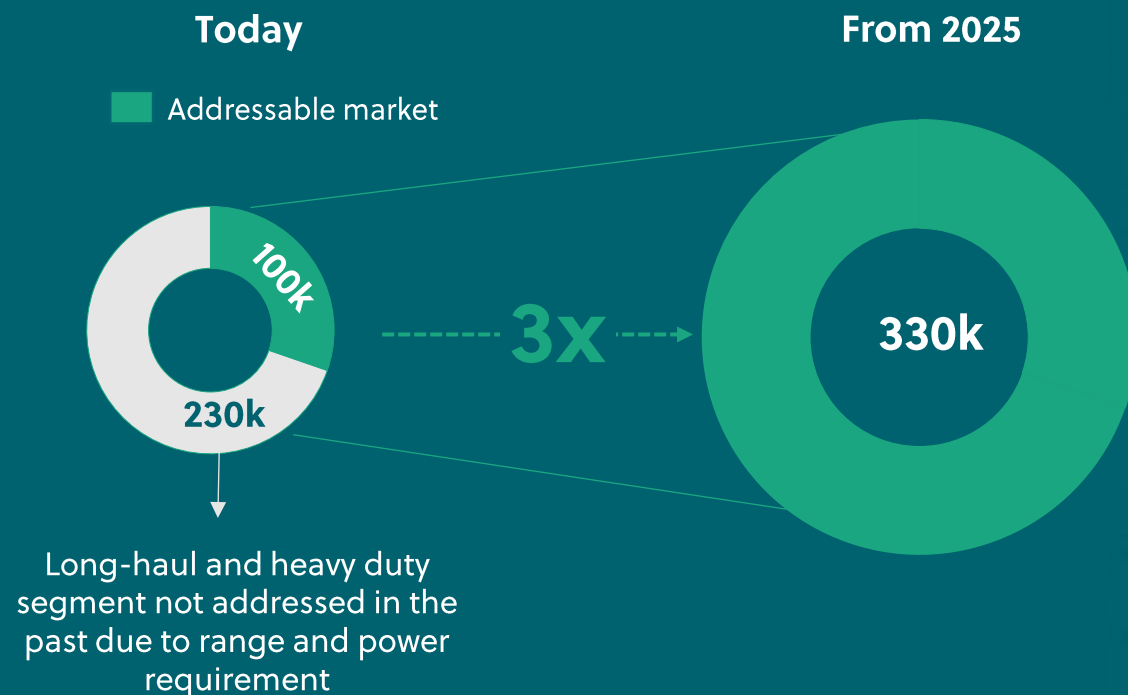


Provider of high-pressure cylinders and systems for clean energy storage and distribution

Hexagon Agility

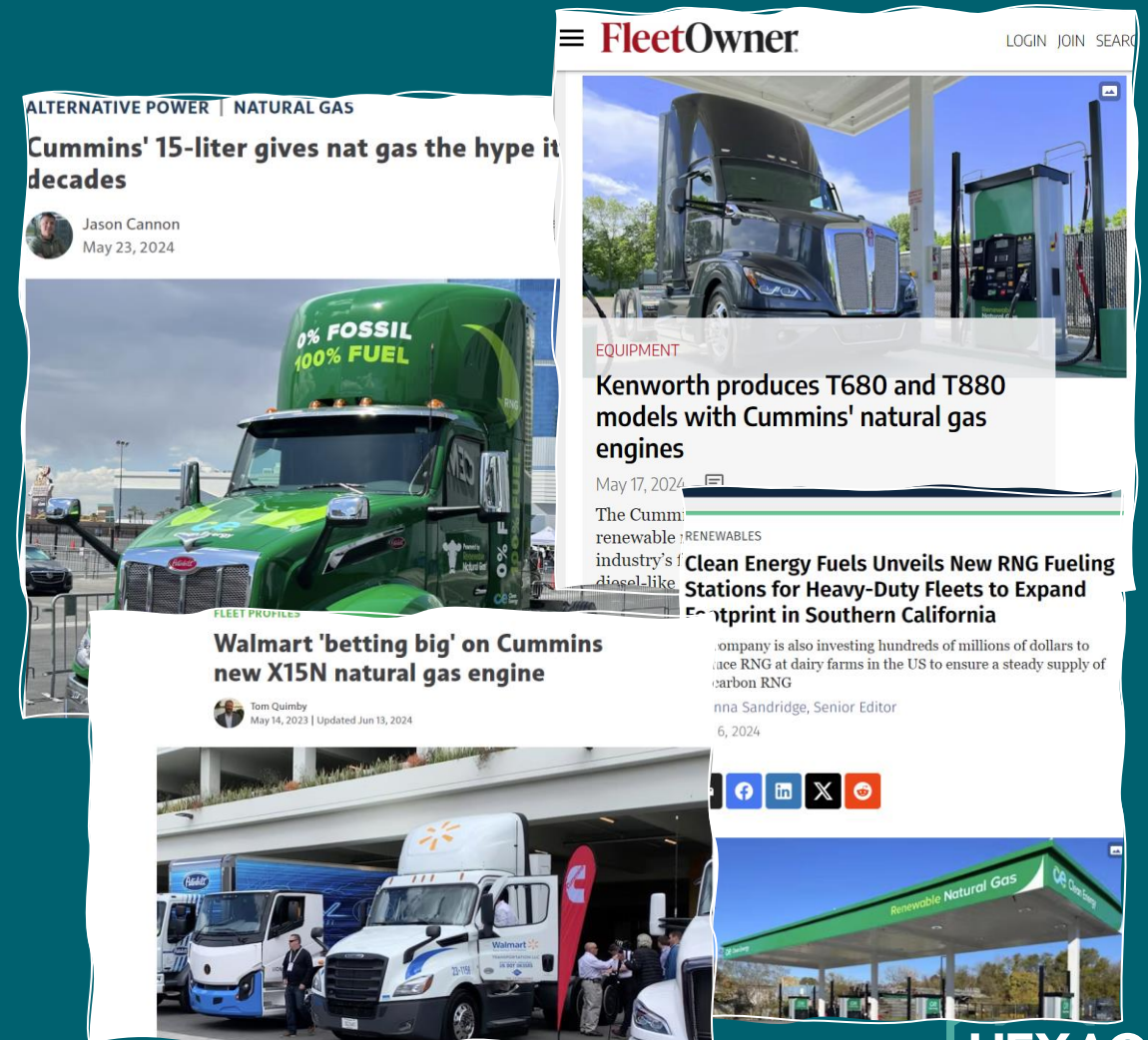
The X15N engine unlocks the long-haul segment, tripling our addressable market for fuel systems

US heavy-duty truck addressable market for natural gas solutions
(# trucks sold per year)



Continued momentum for X15N natural gas engine and RNG

- Cummins X15N engine with Hexagon Agility's high-capacity RNG fuel systems matches diesel on power, range and reliability
- Kenworth and Peterbilt confirmed production start of trucks with X15N in Q3 2024
- Heavy-duty fueling stations expansion, leading indicator of incoming powertrain demand



Hexagon Agility

Leading heavy-duty fleets rely on RNG to meet their sustainability targets



11,300

alternative fuel trucks

Target 100% renewable
natural gas by 2026



4,400

natural gas trucks

Invested in RNG fueling
stations

2040

Net-zero



6,500

natural gas trucks

Plans to purchase
975 million liter of RNG in
the next 7 years

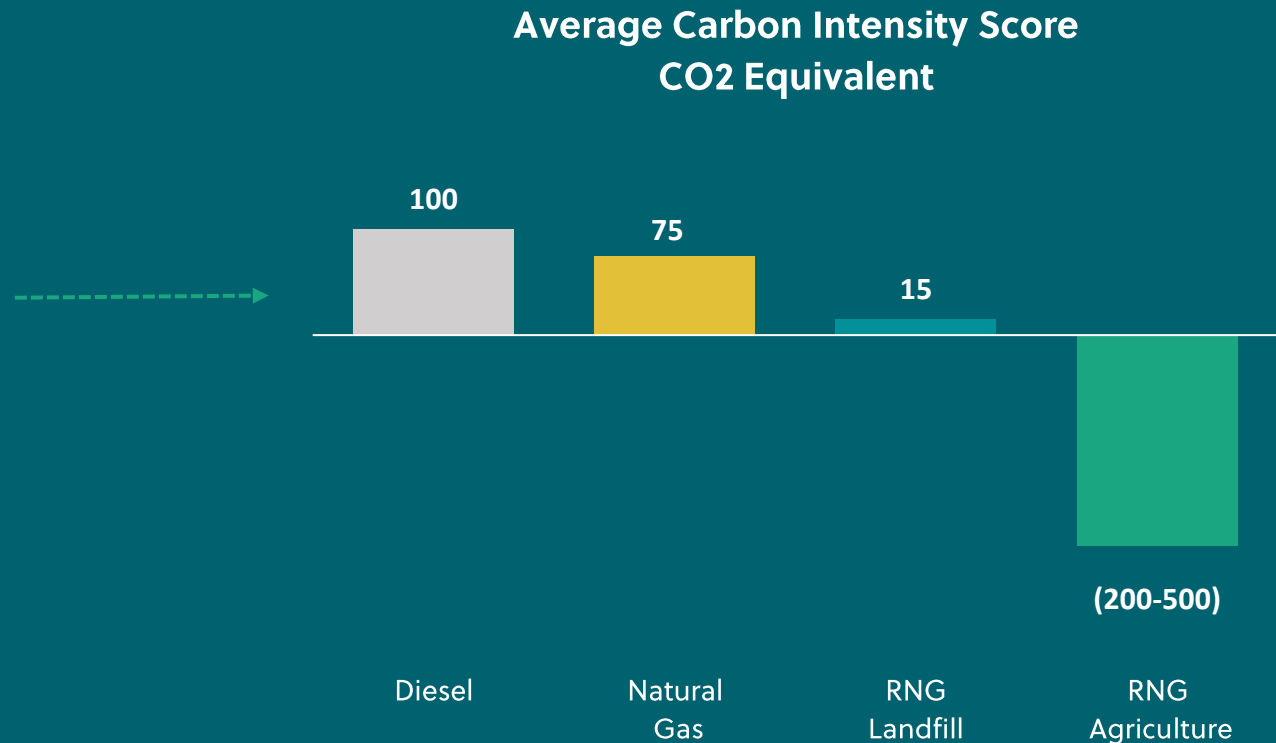
2050

Carbon neutral



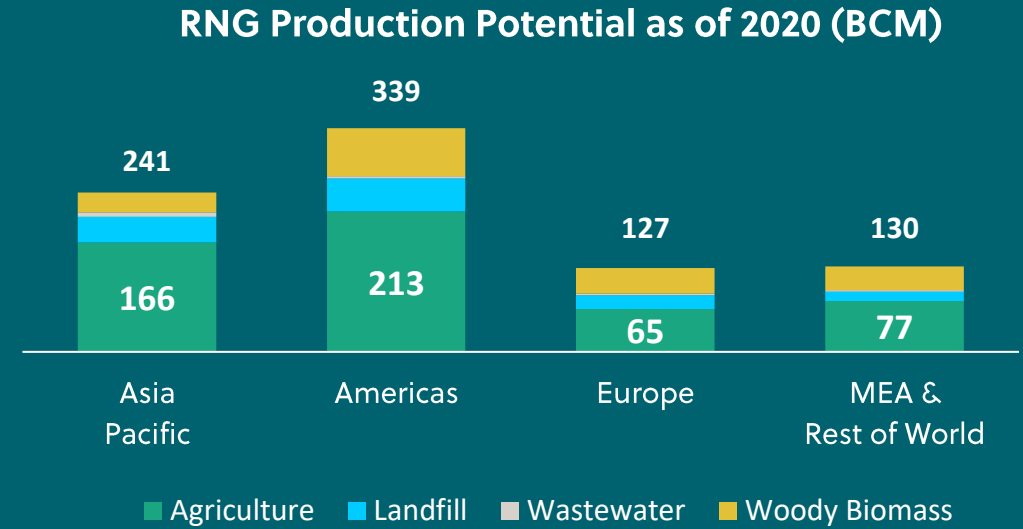
The adoption of renewable natural gas is accelerating

- In 2023, **79%** of on-road fuel used in natural gas vehicles was RNG, up from 69% the previous year.
- RNG has the **lowest carbon** intensity of any alternative fuel
- RNG is interchangeable with CNG and can decarbonize transportation, homes and industries.

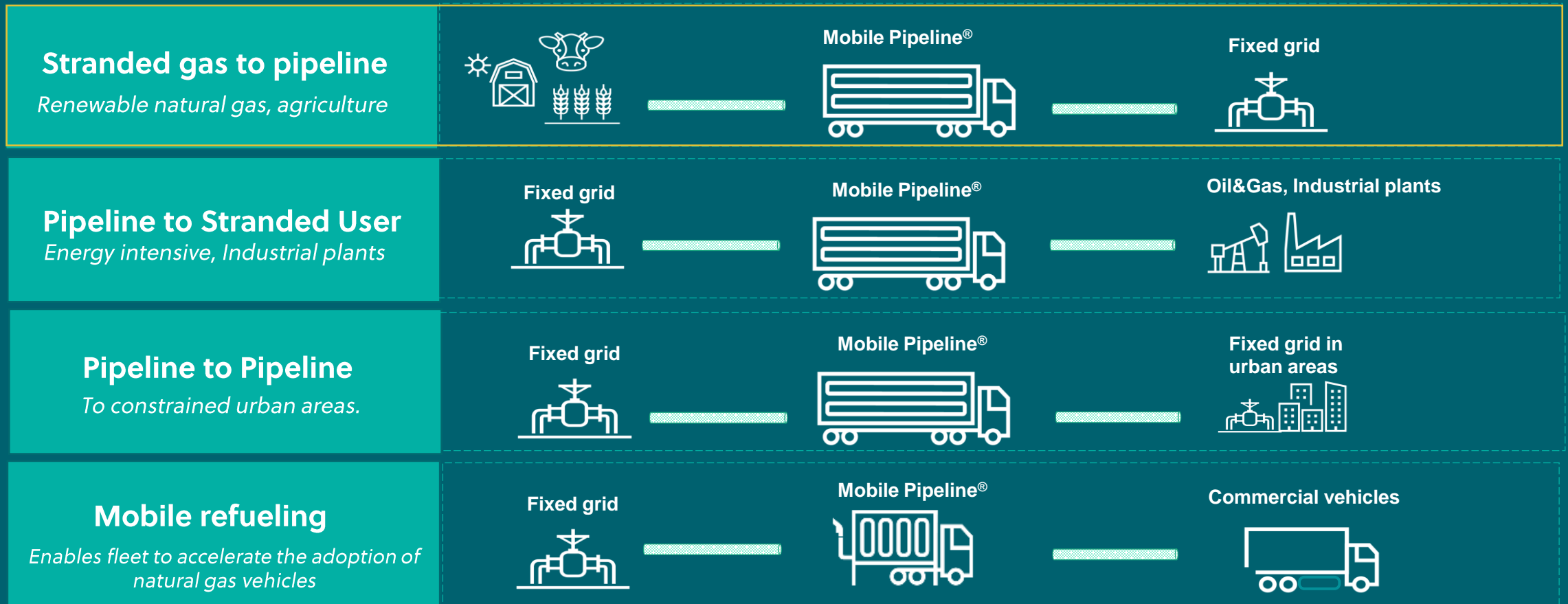


Less than 5% of the world's RNG potential is being produced today

- RNG is an abundant resource worldwide
- RNG from Agriculture has the lowest carbon intensity of all sources, and is the largest potential source of RNG
- **Agricultural production facilities are mostly located in rural areas with no gas grid**



Mobile Pipeline® is essential to renewable natural gas supply chains



Hexagon Agility

Mobile Pipeline has pioneered the market and enabled high-pressure gas to be transported and used competitively without a fixed pipeline



The world's largest composite cylinders.

2.5x

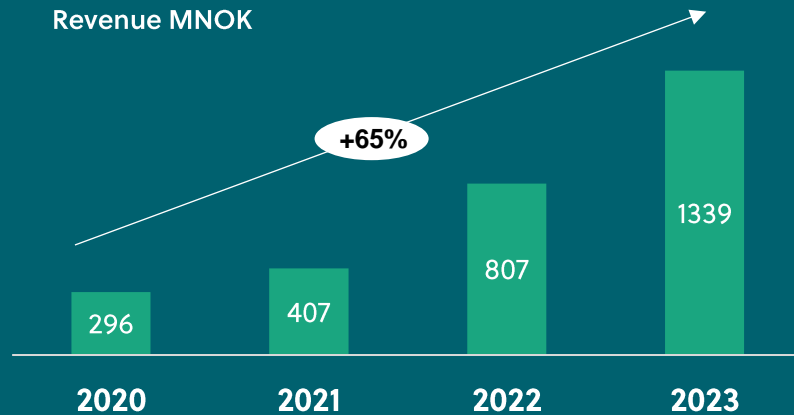
capacity per load compared
to steel

75%

lighter
compared to steel cylinders

Hexagon Agility

Strong growth in the past years and the largest fleet of composite modules in operation



2,000+
modules worldwide

Selected customers



~60%
market share in North America

Stranded RNG will drive geographic market expansion of Mobile Pipeline®

A world map with a light blue background and white outlines of continents. Four semi-transparent blue circles are placed over North America, South America, Europe, and Asia/Middle East. Each circle is connected by a thin blue line to a corresponding text box. The text boxes are also semi-transparent blue with white text.

Americas

- Sustainability targets drive RNG production and demand
- Decarbonization of energy intensive businesses
- Growing use of natural gas vehicles increases need for mobile refueling

Europe

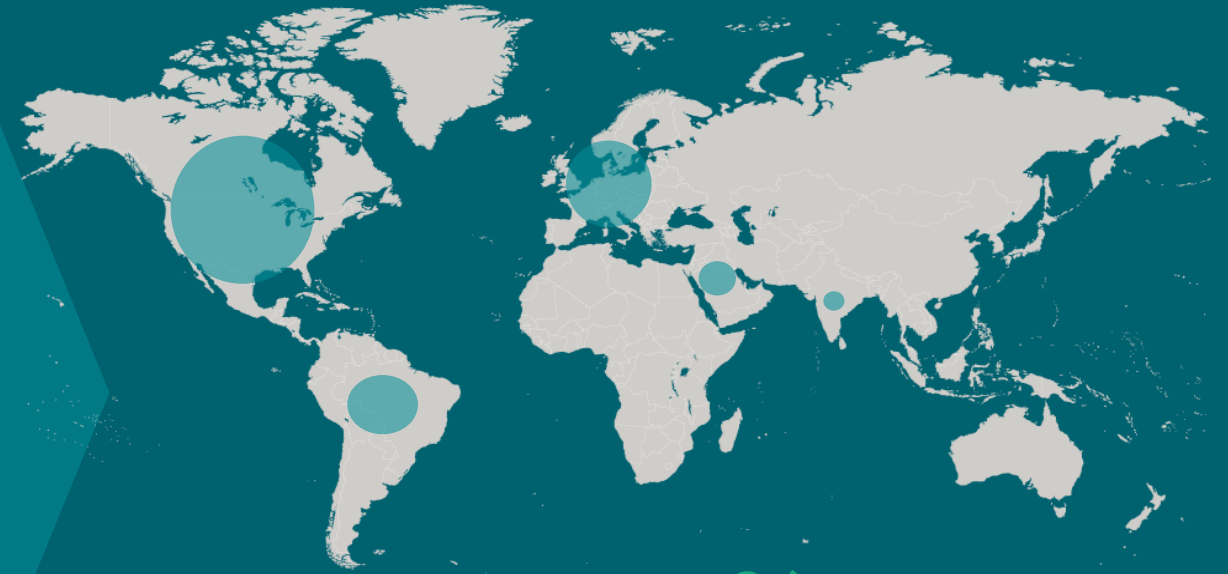
- Increased production of RNG due to environmental regulations and energy security

Asia / Middle East

- Natural gas needed for domestic use. Lack of pipeline infrastructure, with several stranded gas sources

Hexagon Agility

Increased capacity in Mobile Pipeline to meet future demand



+40%
**Mobile Pipeline
cylinder capacity**

Key takeaways

Established market leader serving large and demanding blue-chip customers

In pole position to capture significant growth from the renewable natural gas sector

On track to deliver on 2024 targets, adjusted for sale of Hexagon Ragasco

Q&A

Appendix

Investor relations information



Exchange

Ticker symbol: HEX
ISIN: NO0003067902
Exchange: Oslo Børs



Market cap

NOK ~6.8 bn¹
Market capitalization

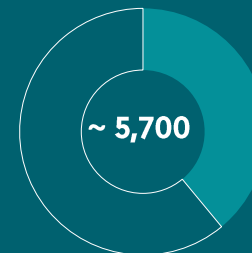


Investor base

Shareholders

~ 61%
International
ownership

~ 5,700



Financial calendar 2024

Q2'24	15 August
Q3'24	7 November
Q4'24	13 February



Equity analyst coverage

ABG
Carnegie
Danske Bank
DNB
Nordea
SEB
Sparebank 1

For details, please visit our [website](#)

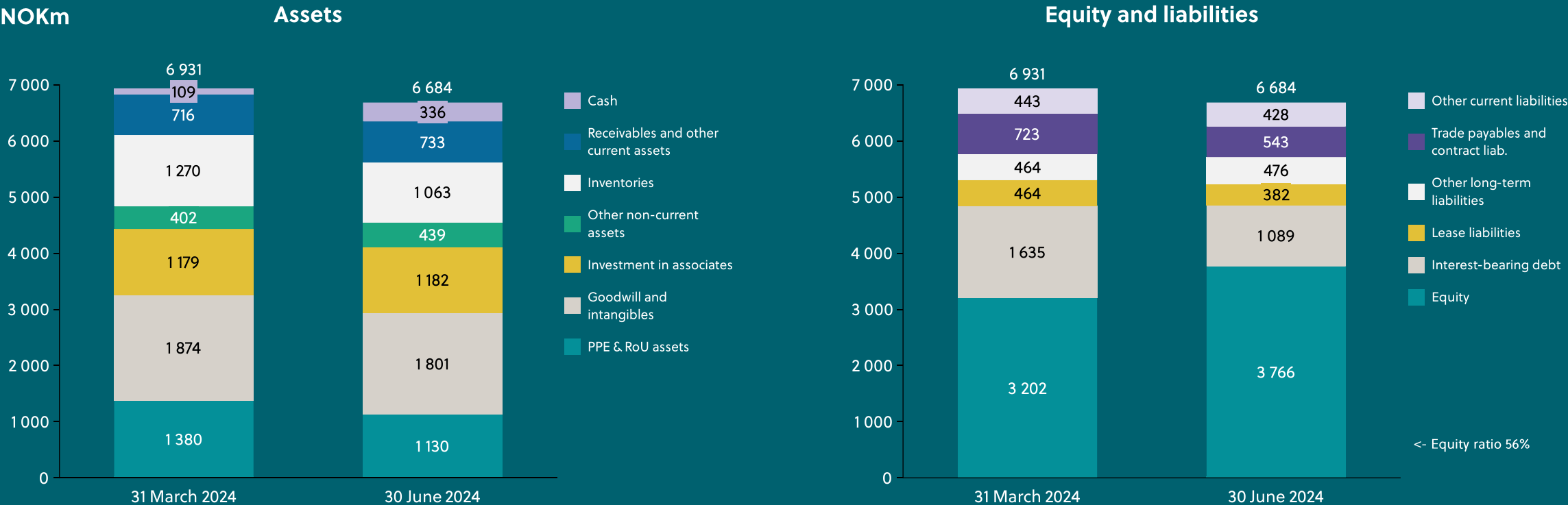


Investor relations contacts

Ingrid Aarsnes
Vice President, IR & ESG
Email: ingrid.aarsnes@hexagongroup.com
Direct: +47 950 38 364

David Bandele
Chief Financial Officer
Email: david.bandele@hexagongroup.com
Direct: +47 920 91 483

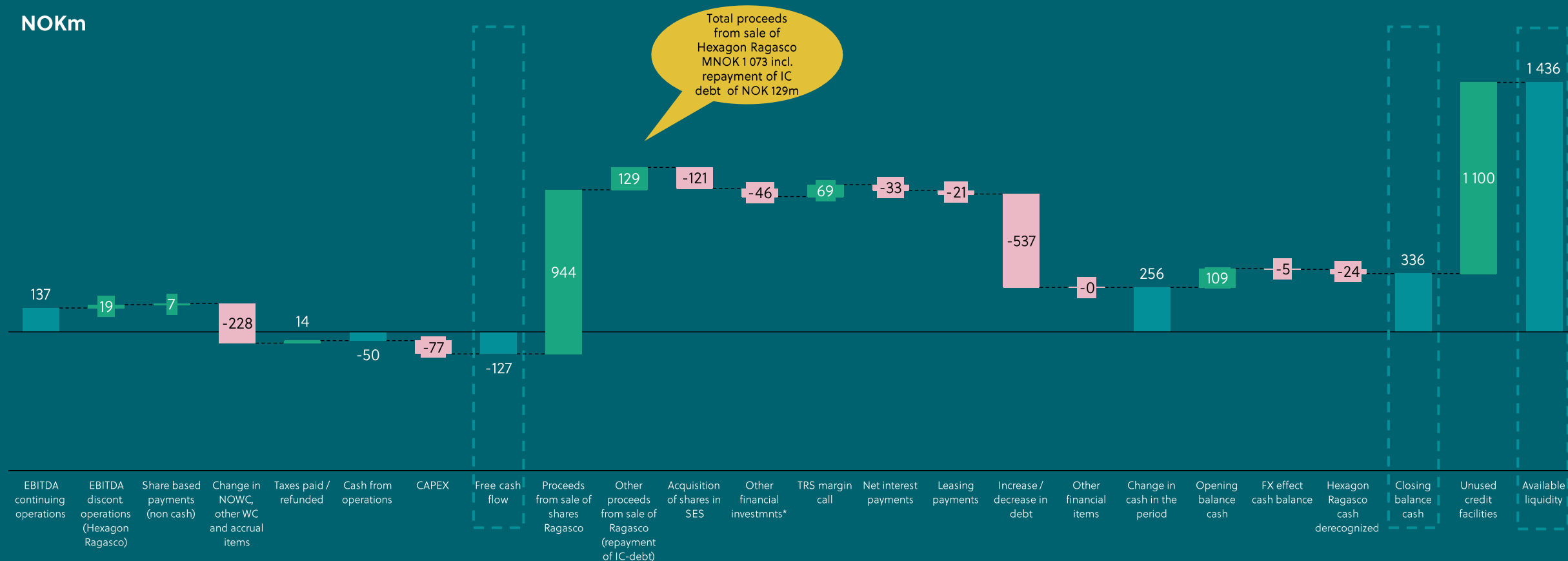
Hexagon Group | Balance sheet



Total balance sheet reduced from end of last quarter, impacted by the sale and derecognition of Hexagon Ragasco and the acquisition of SES. Proceeds from sale of Ragasco partly used to repay debt. Equity ratio significantly improved to 56% largely due to gain from sale of Ragasco of NOK 677m.

Hexagon Group | Cash flow Q2

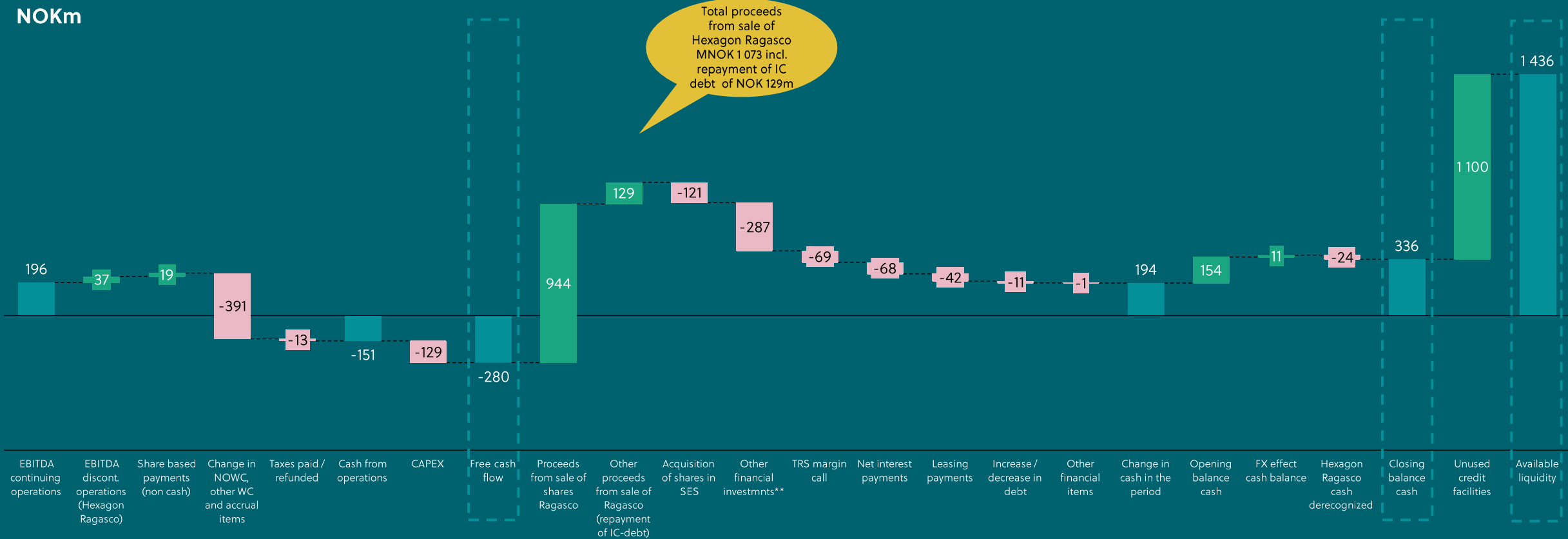
NOKm



Underlying operating profitability good, with increased working capital in Hexagon Agility leading to negative free cash flow in the quarter. Proceeds from sale of Ragasco partly used to repay debt of NOK 537m, leaving NOK 336m in cash and NOK 1 100m in unused credit facilities end of the quarter. Available liquidity was NOK 1 436m million as of period end.

Hexagon Group | Cash flow YTD per June

NOKm

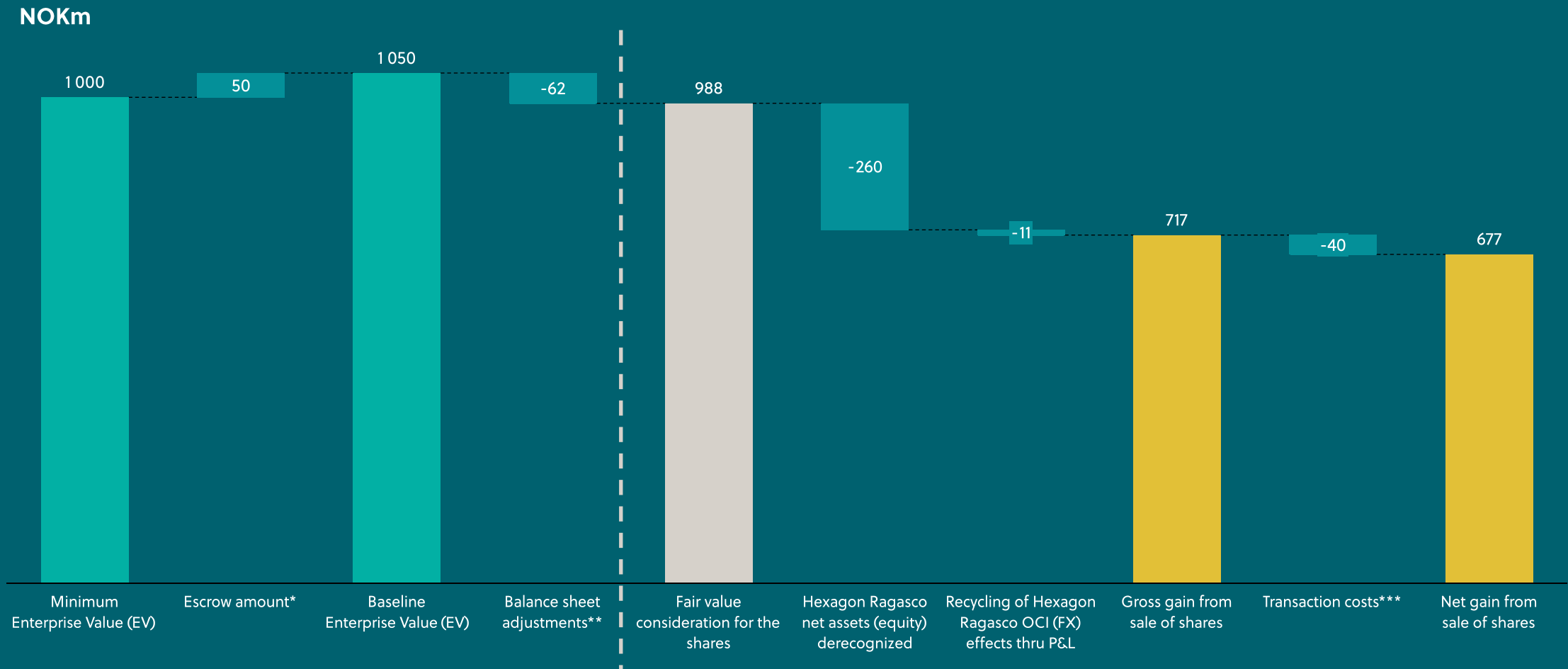


See Q2 comments. In addition, Other financial investments includes NOK 200m convertible bond investment in Hexagon Purus made in Q1 and convertible loans to Cryoshelter of NOK 82m

39 * NOWC = net operating working capital = inventories, account receivables, account payables, contract liabilities

** Other financial investments relate to convertible bond investment in Hexagon Purus in February (NOK 200m), loans to Cryoshelter (NOK 82m) and other minor investments (NOK 5)

Gain from sale of Hexagon Ragasco

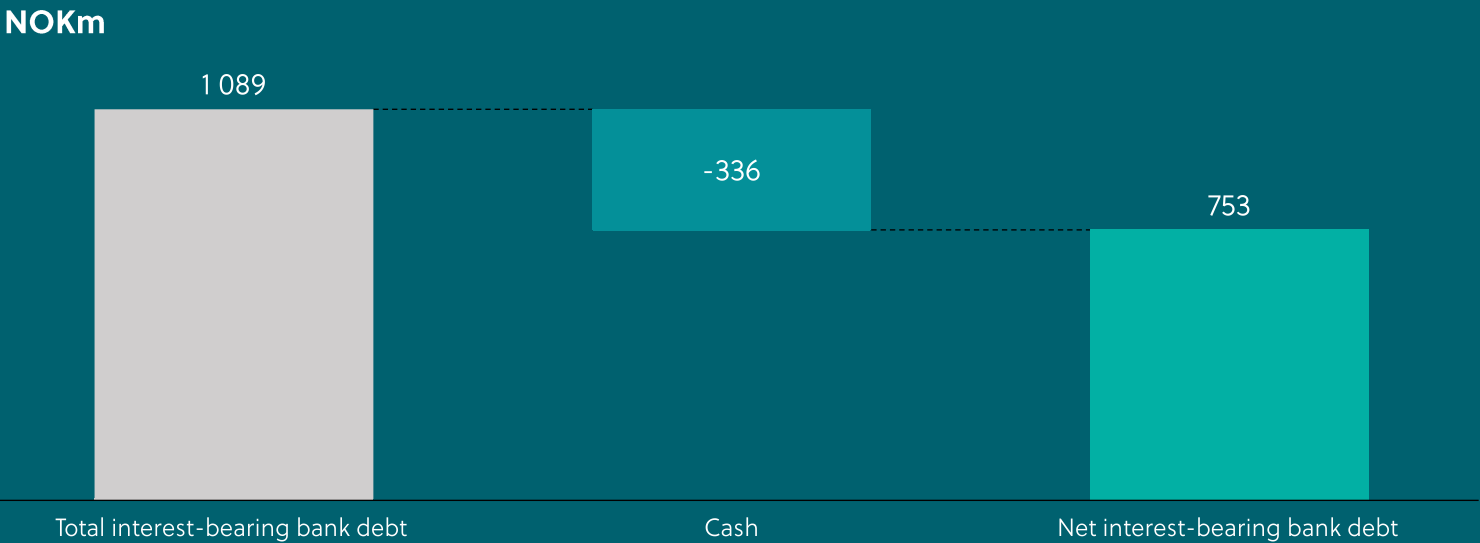


Re-presentation of historical Group financials with Hexagon Ragasco as discontinued operations (example of 2023 re-presented below)

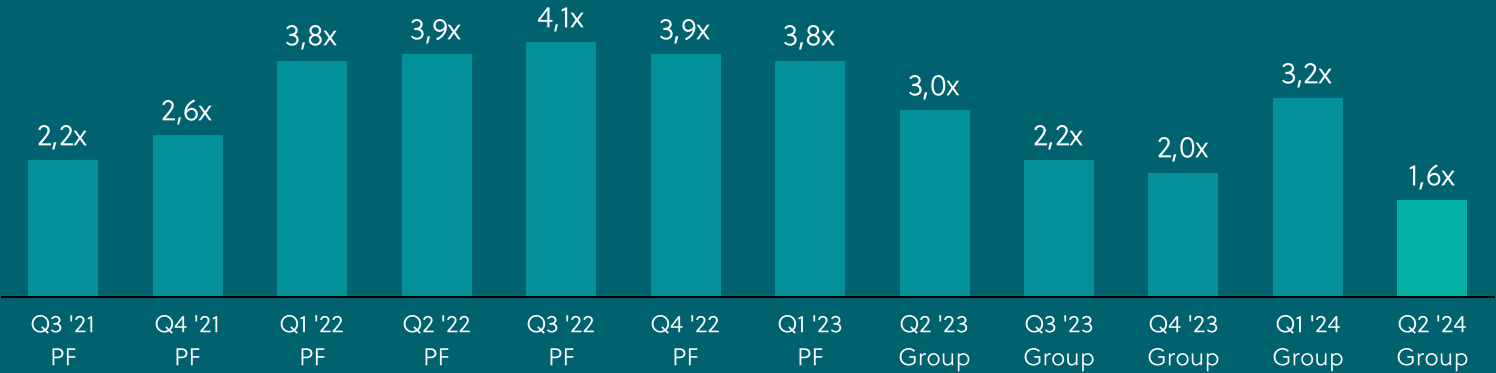
2023 P&L from reported to re-presented

NOKm		2023 Hexagon Group as reported	hereof Hexagon Ragasco fully consolidated	"Hexagon ex Ragasco" before elims.	Reversal group elim. w/ Ragasco	Hexagon Ragasco presented net as discont. operations	2023 Hexagon Group re-presented
Continuing operations	Revenues	5 186	679	4 507	19		4 526
	EBITDA	480	114	366			366
	EBITDA margin	9%	17%	8%			8%
	EBIT	221	76	145			145
	EBIT-margin	4%	11%	3%			3%
	Profit/loss from associates	- 177	0	- 177			- 177
	Impairment loss on associates	- 702	0	- 702			- 702
	Net financial items	- 276	7	- 283			- 283
	Profit before tax	- 933	83	- 1 016			- 1 016
	Profit after tax	- 941	73	- 1 014			- 1 014
Discontinued operations	Profit after tax from discont. ops. - Purus	- 302		- 302			- 302
	Profit after tax from discont. ops. - Ragasco					73	73
	Gain from deconsolidation - Purus	2 351		2 351			2 351
	Profit after tax from disc. operations	2 050		2 050			2 122
	Total profit after tax	1 109	73	1 036			1 109

Hexagon Group leverage



NIBD / EBITDA LTM

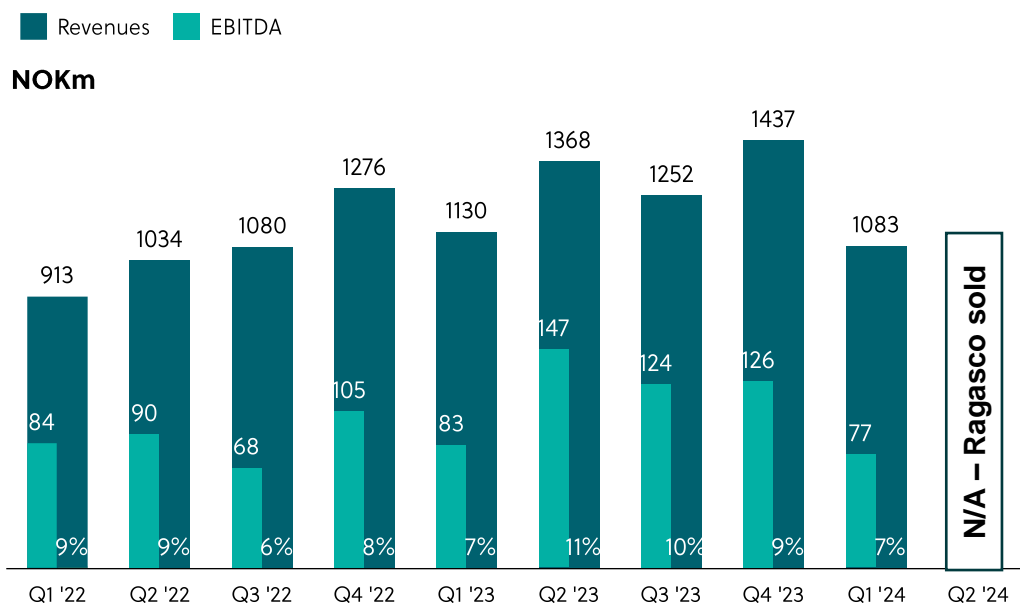


Comments

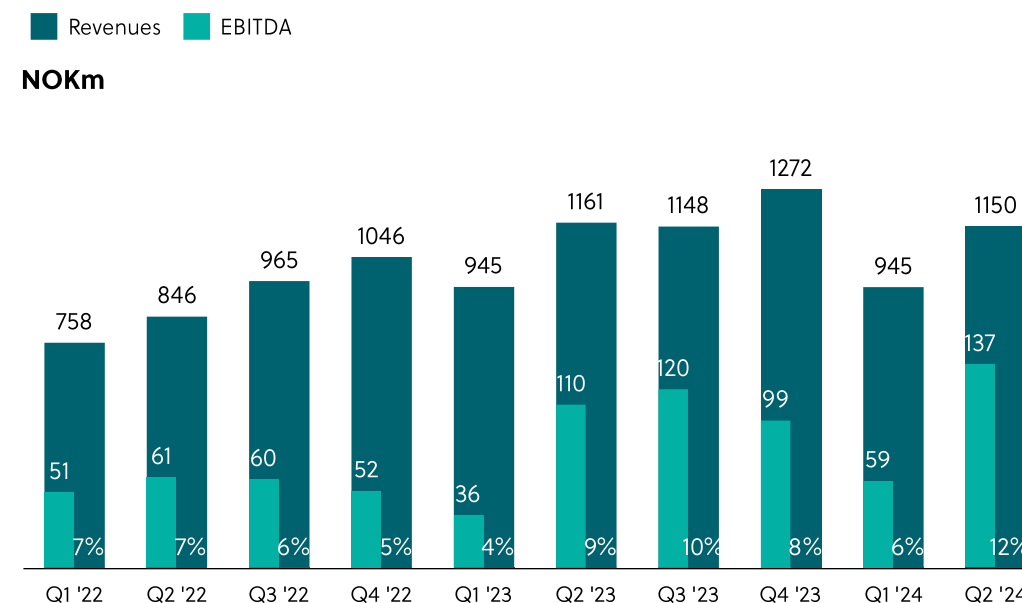
- Following the sale of Hexagon Ragasco, net-interest bearing bank debt is reduced to NOK 753 million as of Q2, compared to NOK 1 526 million end of Q1.
- NIBD reduced to 1.6x during the quarter.
- Available liquidity of NOK ~1.4 billion as at end of quarter

Hexagon proforma financial highlights (1/4)

Hexagon Group as reported (incl. Ragasco)



Hexagon Group continuing operations (excl. Ragasco)¹

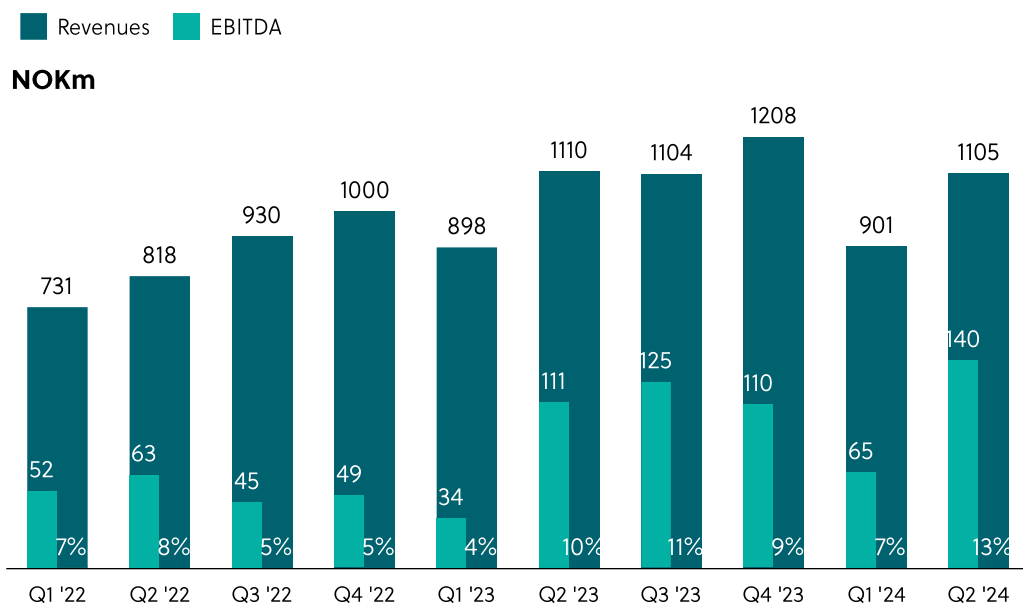


- **Hexagon Group (continuing operations) provides clean solutions with strong ESG benefits**
 - Hexagon Agility: (renewable) natural gas fuel systems for commercial vehicles and gas distribution solutions
 - Digital Wave: smart technology for monitoring and testing of cylinder systems and creating circular economy by extending life expectancy

¹) Hexagon Ragasco was sold to Worthington Enterprises on 3 June 2024 and has for accounting and comparability purposes been presented as discontinued operations. Historical financials for the Group have been re-presented to show continuing operations only. Continuing operations refer to the operating segments Hexagon Agility and Hexagon Digital Wave in addition to Corporate overhead functions.

Hexagon proforma financial highlights (2/4)

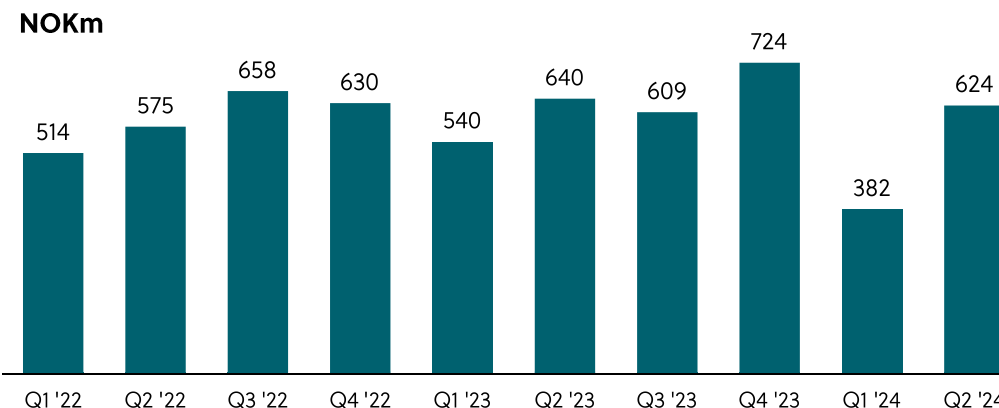
Hexagon Agility)



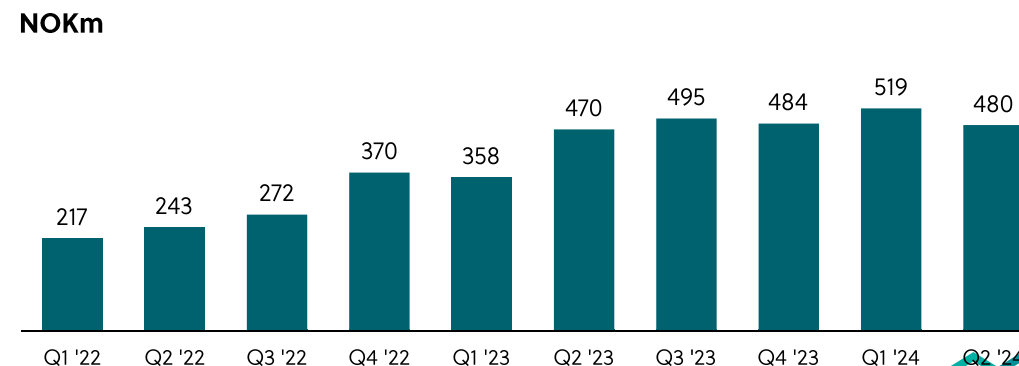
- **Hexagon Agility** provides (renewable) natural gas clean mobility solutions for Heavy and Medium Duty Vehicles, Mobile Pipeline, and Light-Duty Vehicles
- Global leading provider within markets including Heavy-Duty/ Medium-Duty Trucks, Refuse Truck, Transit Bus, Gas Transportation, Mobile Refueling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

Hexagon revenue split (after eliminations)

Fuel systems commercial vehicles (medium and heavy-duty vehicles)



Mobile Pipeline¹⁾



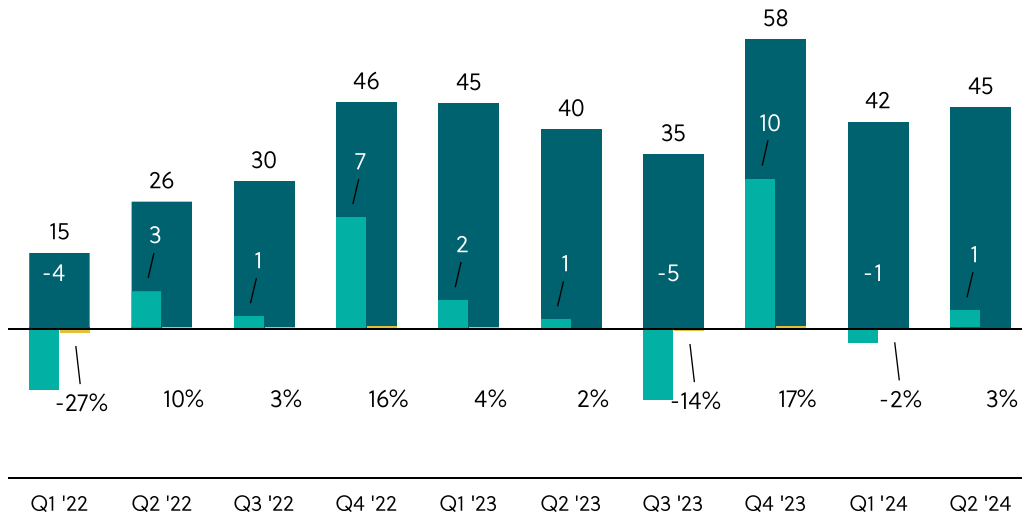
1) Including revenues previously referred to as Cylinders/Other. Historical figures re-presented for comparability purposes.

Hexagon proforma financial highlights (3/4)

Hexagon Digital Wave

Revenues EBITDA

NOKm

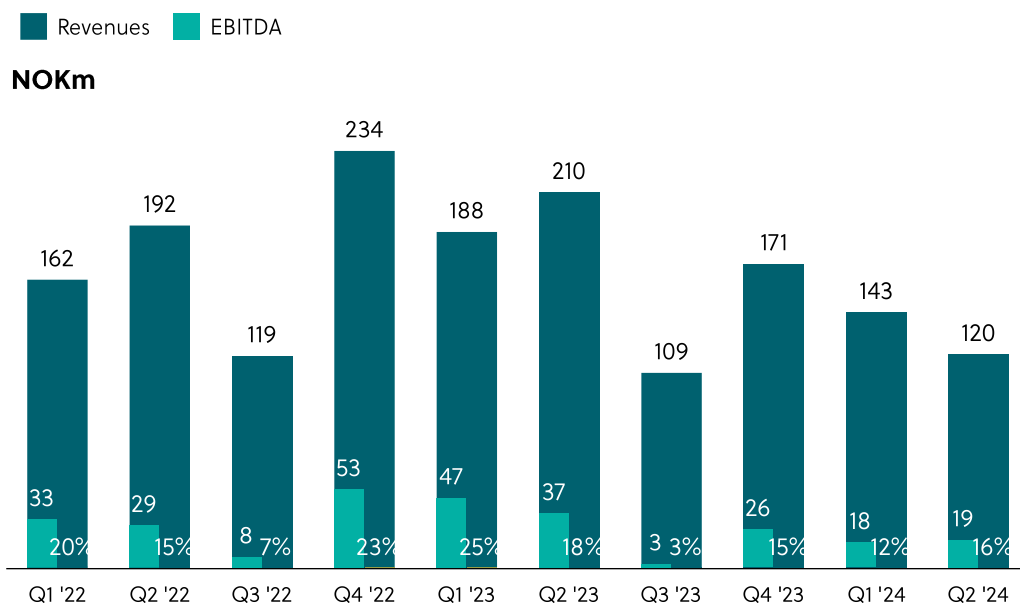


- Proprietary safety technology – Modal Acoustic Emission (MAE) technology for testing and certifying cylinders
- Strategic agenda include cylinder digitalization with real-time monitoring, testing and certification, creating a circular economy through enabling life extension

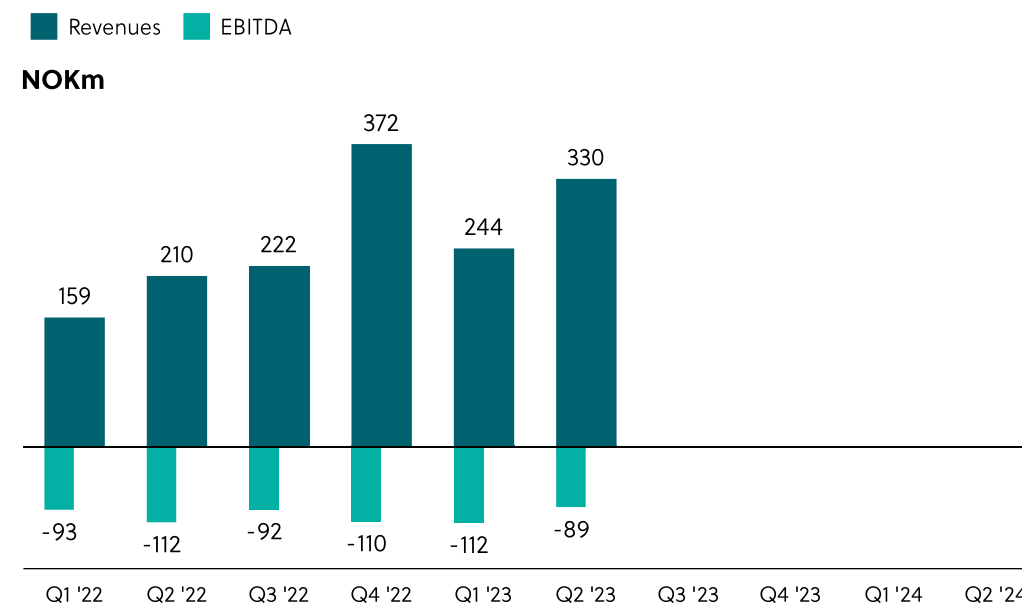


Hexagon proforma financial highlights (4/4)

Hexagon Ragasco (discontinued since 3 June 2024)¹



Hexagon Purus (discontinued since 29 June 2023)²



- World leading provider of LPG composite cylinders
- Delivered over 20 million cylinders worldwide
- Strategic agenda include IoT and digitalization providing connectivity and driving value chain transformation
- Sold to Worthington Enterprises on 3 June 2024 and presented as discontinued operations since.





Clean air everywhere