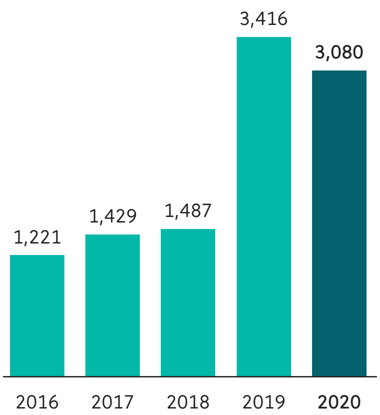
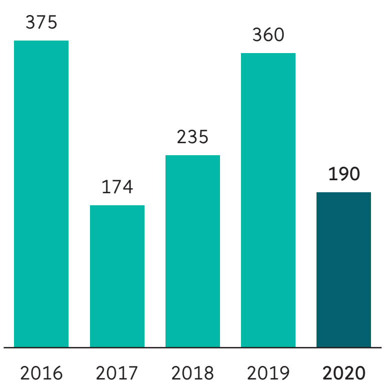
Navigated COVID-19 and well positioned for profitable growth in 2021

Hexagon Group reported revenues of NOK 3,080 million for the year 2020 compared with 3,416 million in 2019 and reported EBITDA was NOK 190 (360) million. Agility Fuel Solutions had a record year in total, despite the impacts of COVID-19, while Hexagon Ragasco recorded solid results given its resilience to the impacts of the global pandemic. The CNG Light-Duty Vehicles business experienced COVID 19 related shutdowns combined with the VW assembly relocation which led to approximately only 40% of sales volumes versus 2019. Hexagon Mobile pipeline has been impacted by COVID-19 throughout the year leading to lower volumes versus 2019.

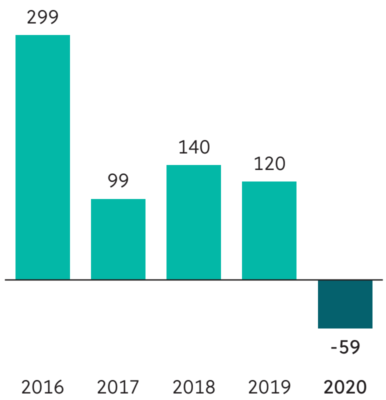
REVENUE
MNOK



EBITDA
MNOK



EBIT
MNOK



PRO FORMA FULL YEAR 2020 [1] NUMBERS FOR HEXAGON EX. PURUS [2]

NOK MILLION	Hexagon (ex. Purus) [4]	Hexagon Purus [2]	Hexagon Group [4]
Revenue	2,899	181	3,080
Adjusted Operating profit before interest, tax, depreciation and amortization (EBITDA)	340	-121	219
Transaction/strategic related gains/charges 3)	-18	-11	-29
Operating profit before interest, tax, depreciation and amortization (EBITDA)	322	-132	190

1) Aggregated and unaudited proforma numbers
2) Excluding the CNG Light-Duty vehicles business reported in Hexagon Purus in 2020 but carved-out effective 1.1.21
3) All costs related to strategic transactions/activities on new business combination.
4) Post eliminations

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

Effective start of 2020, the Hexagon Group reorganized such that all electric mobility (e-mobility) related businesses were contained within Hexagon Purus. This meant that Agility's Medium and Heavy-Duty hydrogen and battery electric vehicles businesses, as well as Hexagon Mobile Pipeline's MasterWorks e-mobility business were transferred to Hexagon Purus. The CNG Light-Duty gas-mobility (g-mobility) business remained a part of Hexagon Purus through 2020 and will be transferred to Hexagon in 2021.

Hexagon Purus remains fully consolidated in the Hexagon Group accounts after the successful spin-off in December 2020, with Hexagon retaining a 75% ownership. Proforma aggregated and unaudited full year 2020 numbers for Hexagon excluding and including Hexagon Purus on page 78.

Key developments in 2020

- Hexagon Purus (HPUR.OL) was successfully launched on the Euronext Growth exchange in Oslo, Norway with Hexagon retaining a 75% ownership stake
- Hexagon Purus raised NOK 750 million in gross proceeds through a private placement
- Hexagon Composites ASA raised approximately NOK 907 million in gross proceeds through a private placement on 24 August 2020
- Hexagon Purus was nominated by key Northeast Asian automotive leader for Fuel Cell Vehicles (FCEVs) for the serial supply of composite cylinders for their current zero-emission Fuel Cell Electric SUV. The scope of the nomination is over a two-year period with an estimated sales value of 25 million Euro (approx. NOK 268 million)
- Agility Fuel Solutions signed a master services agreement with a new major global logistics customer to deliver CNG fuel systems for medium and heavy-duty trucks
- Hexagon Purus entered a frame agreement with Everfuel for hydrogen transport in Europe with an estimated value of approximately EUR 14 million (approx. NOK 150 million)
- Hexagon Purus has been awarded a USD 5.2 million (approx. NOK 49 million) contract for high-performance Type 4 pressure vessels to a new major aerospace customer for its launch vehicle
- Agility was awarded an order for USD 10 million (approx. NOK 94million) in the U.S. to deliver transit bus compressed natural gas (CNG) fuel storage systems
- Mobile Pipeline was also awarded an order for X-STORE® modules to transport Renewable Natural Gas (RNG) from the production site to the gas grid in the UK
- Hexagon was granted USD 2.6 million (approx. NOK 24 million) in initial funding, under the U.S Department of Energy's (DOE) H2@Scale initiative, to research reduction in hydrogen and natural gas storage tank cost

Key developments after balance sheet date

- Signed joint venture agreements with CIMC Enric for China and Southeast Asiain March 2021
- Defined the new structure of Hexagon Agility, integrating Agility Fuel Solutions and Hexagon Mobile Pipeline® effective 1 January 2021
- In January 2021, the CNG LDV business was transferred from Hexagon Purus
- Hexagon Agility received an order for TITAN® 53 transport modules with a total estimated value of USD 5.7 million (approx. NOK 54 million)
- Hexagon Agility received two orders from major global logistics customer for CNG trucks, with an estimated value of USD 13.5 million (approx. NOK 127 million)
- Hexagon Agility and Hexagon Purus signed a USD 85 million (approx. NOK 718 million) multi-year agreement with Certarus for the supply of CNG and hydrogen distribution modules, as well as heavy-duty truck CNG fuel systems

Segment results

Agility Fuel Solutions

FUEL SOLUTIONS FOR MEDIUM- AND HEAVY-DUTY VEHICLES

Key figures
Table represents actual figures on a 100% basis

NOK MILLION	2020	2019	2018
Revenue	1 950	1 844	1 413
Operating profit before depreciation (EBITDA)	272	202	107
EBITDA %	13.9%	11.0%	7.6%

Key developments
- Signed a master services agreement with a new major global logistics customer to deliver CNG fuel systems for medium and heavy-duty trucks
- Awarded an order to deliver compressed natural gas (CNG) fuel storage systems for a bus customer in the U.S. with an estimated value of USD 10 million (approx. NOK 94 million)
- Agility received an order from Anheuser-Busch to expand their fleet with an estimated value of USD 8.0 million (approx. NOK 75 million)
- Defined the new structure of Hexagon Agility, integrating Agility Fuel Solutions and Hexagon Mobile Pipeline®, which came to effect 1 January 2021

Sales and market
Strong sales volumes in European Transit bus continued as tough EU clean air directives in cities requiring compliance within 2025, drove CNG/RNG adoption in European cities. The Refuse truck sector and North American bus volumes remained lower on the back of COVID 19 shutdown-related delays compared with 2019. The Medium-Duty segment enjoyed a 150% increase over prior year and the Heavy-Duty Truck revenues increased by 50%. Deliveries to major customers deploying sustainability related CNG and RNG vehicles in their fleet, continue to drive the Heavy-Duty Truck in 2020. The volumes demonstrate both the attractiveness of low emission solutions, and Agility's strong competitive position in this market.

Agility secured a major new global logistics customer, encompassing a master services agreement and orders worth USD 8.9 million (approx. NOK 84 million) in 2020. The company placed additional orders at the start of 2021 with a total estimated value of USD 13.5 million (approx. NOK 122 million). This customer has seen increased demand during the pandemic and combined with increased global focus on sustainability, more orders are expected to follow. These orders underline both the attractiveness of g-mobility solutions to lower emissions by increased use of natural gas and renewable natural gas (CNG/RNG) and Agility's strong competitive position in this market.

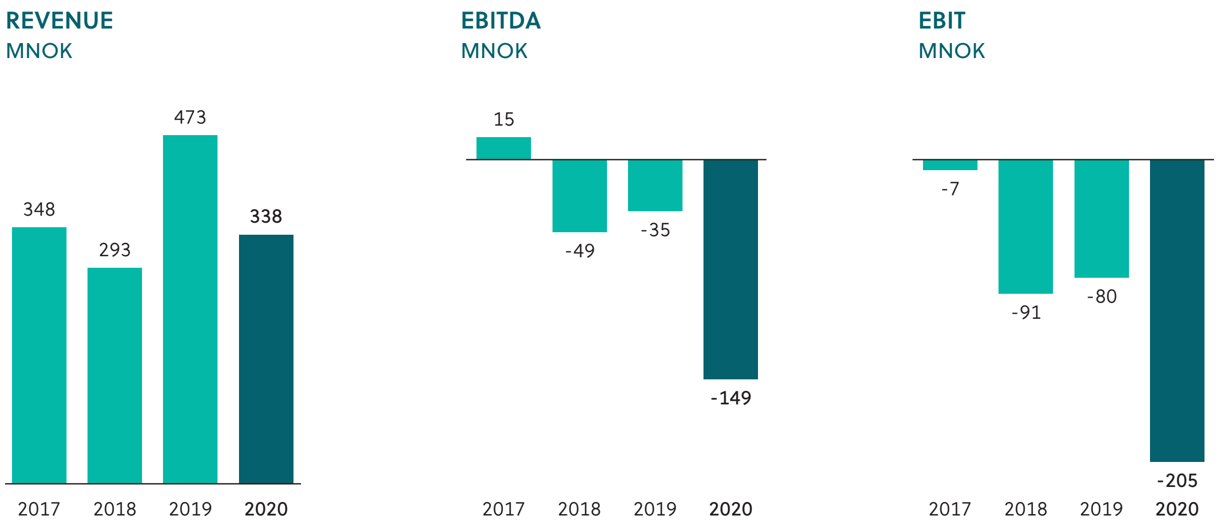
Furthermore, Agility received a substantial order from long-time customer Anheuser-Busch. The order included over 180 new trucks equipped with Agility's ProCab® 175 CNG Fuel Systems. As a step to achieve their 2025 sustainability goal of reducing carbon emissions across their value chain by 25% by 2025, the brewer will be expanding this fleet and investing in technology to transition to cleaner-burning renewable natural gas.

In March 2020, Agility was awarded an order from an existing U.S. based transit bus customer to deliver compressed natural gas (CNG) fuel storage systems. The order represented an estimated total value of USD 10.0 million (approx. NOK 94 million). The North American CNG transit bus market continues to grow steadily, driven by the environmental benefits and operating cost savings of CNG. About 35% of new transit bus orders are powered by natural gas.

Profit/ loss
For the full year, Agility increased revenues by 6% to NOK 1,950 (1,844) million. Reported EBITDA increased by 35% to NOK 272 (202) million. Operating profit (EBIT) for the segment was NOK 157 (91) million in 2020.

Hexagon Purus

HYDROGEN & CNG LIGHT-DUTY VEHICLES



Current segment reporting structure implemented in 2018. Pro-forma numbers prepared for 2017.

Key developments

- Hexagon Purus (HPUR.OL) was successfully launched on the Euronext Growth exchange in Oslo, Norway with Hexagon retaining a 75% ownership stake
- Raised approximately NOK 750 million in gross proceeds through a private placement
- Signed joint venture agreements with CIMC Enric for China and Southeast Asia, the world's largest zero emission hydrogen vehicle and distribution market in March 2021
- A key Northeast Asian automotive leader for Fuel Cell Vehicles (FCEVs) nominated Hexagon Purus for the serial supply of composite cylinders for their SUV model, with an estimated sales value of 25 million Euro (approx. NOK 268 million)
- Awarded to supply hydrogen systems to Toyota Motor North America (TMNA) for its newest prototype hydrogen-powered heavy-duty fuel cell electric truck
- Awarded a contract by Hino Trucks, a Toyota Motors Company, to provide battery packs and powertrain integration for the development of Hino's "Project Z" path to zero emission vehicles
- Signed a contract with Stadler Rail to develop and supply a hydrogen cylinder storage system for the first hydrogen commuter train in the U.S
- Entered into a frame agreement with Everfuel for hydrogen transport in Europe with an estimated value of approximately EUR 14 million (approx. NOK 150 million)
- Hexagon Purus entered into an agreement with New Flyer for the supply of high-pressure hydrogen cylinders with a total contract value of USD 0.9 million (approximately NOK 8 million)
- Hexagon Purus selected by Talgo for first zero-emission hydrogen train in Spain
- In January 2021, the CNG LDV business was transferred from Hexagon Purus

Sales and market

Post initial COVID-19 disruption, de-carbonization is high up on the global agenda and there is a strong push to limit carbon emissions. This momentum is evidenced by many government responses which have put attention firmly back on climate change, renewable energy and new green technologies. This is creating unprecedented opportunities for both g-mobility and e-mobility players.

Since January 2020, the Company has combined all its e-mobility activities in Hexagon Purus to develop its leading position and pursue zero-emission opportunities in the growing e-mobility market. And as of January 2021, the CNG LDV business was transferred from Hexagon Purus.

Hexagon Purus is well positioned across the hydrogen value chain with vehicle cylinders for cars, trucks, buses, ground storage, transportation, marine, rail, aerospace and drones as well as within battery-electric vehicle integration.

A key Northeast Asian automotive leader for Fuel Cell Vehicles nominated Hexagon Purus for the serial supply of composite cylinders for their current zero-emission Fuel Cell Electric SUV. The scope of the nomination is over a two-year period with an estimated sales value of 25 million Euro (approx. NOK 268 million).

Hexagon Purus entered into an agreement with North America's largest mass mobility solutions provider, New Flyer to deliver high-pressure hydrogen cylinders with an estimated contract value of USD 0.9 million (approximately NOK 8 million).

The Company was selected by Stadler Rail to develop and supply an onboard fuel storage tank system for the first hydrogen powered commuter train in the U.S. In addition the company was also awarded a contract by Talgo for the first zero-emission hydrogen train in Spain

Hexagon Purus was awarded a contract by Hino Trucks, a Toyota Motors Company, to provide battery packs and powertrain integration for the development of Hino's "Project Z" path to zero emission vehicles.

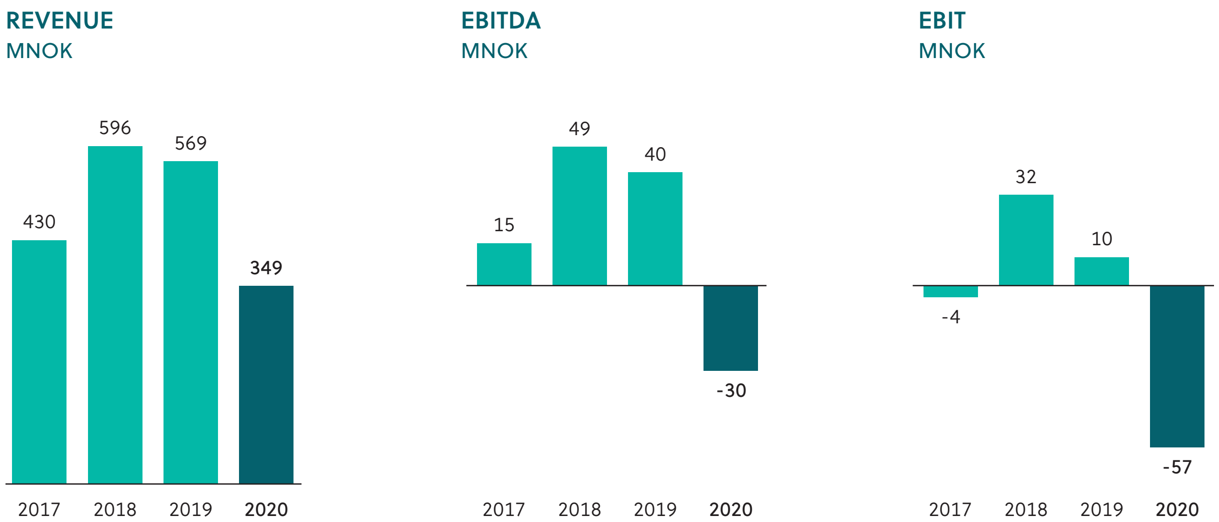
At the end of the year VW completed the relocation of its CNG vehicle assembly line, however ramp-up had not yet reached the same level as in 2019. From 2021, the CNG LDV business will no longer be reported within the Hexagon Purus segment results following the internal transfer of that business to g-mobility.

Profit/ loss

For the full year 2020, revenues for the segment amounted to NOK 338 (473) million of which NOK 157 (397) million was generated from the CNG LDV g-mobility business and NOK 181 (76) million from the e-mobility business. The drop in g-mobility revenues was a result of Volkswagen's production relocation and some impact of the pandemic in the year. EBITDA for the full year was NOK -149 (-35) million of which NOK -132 (-108) million was related to the e-mobility business. EBIT for the segment was NOK -205 (-80) million, which was impacted by continued investments in the Hydrogen business unit. These relate to expanding the organization as well as research and product development towards multiple customer contracts.

Mobile Pipeline & other

GAS DISTRIBUTION



Current segment reporting structure implemented in 2018. Pro-forma numbers prepared for 2017.

Key developments

- Contract for TITAN® 53 transport modules from Xpress Natural Gas LLC (XNG) a leading full-service provider of compressed natural gas (CNG), with a total value of USD 7.3 million (approx. NOK 69)
- Received an order for TITAN® 53 transport modules from an industrial gas company with a total estimated value of USD 5.7 million (approx. NOK 54 million)
- Awarded an order for TITAN® XL modules for USD 1.7 million (approx. NOK 16 million) from a leading gas distributor in Mexico
- Awarded an order for X-STORE® modules to transport Renewable Natural Gas (RNG) from the production site to the gas grid in the U.K

Sales and market

The demand for the company's Mobile Pipeline® products is driven by conversion from petroleum fuels to cleaner CNG and RNG. The generally low volumes are a result of the macro impacts of COVID -19 delaying demand and some customers' project financing. A program of cost initiatives helped mitigate the impact of lower volumes. Despite this backdrop, there were strong deliveries to virtual-interconnect opportunities in North America. In addition, sales were made to markets such as Mexico, Indonesia and the UK.

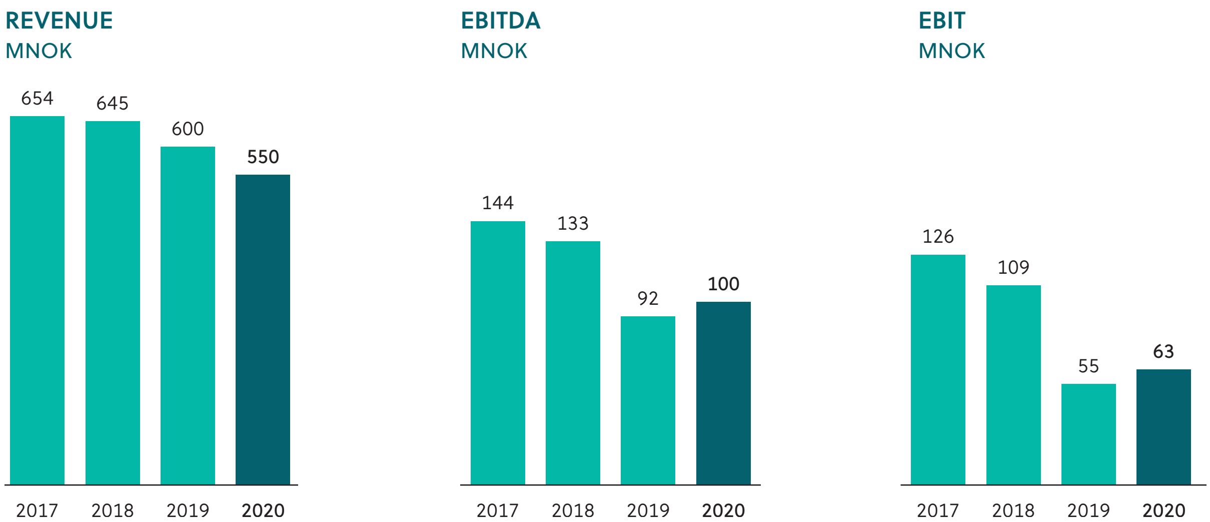
With effect from 1 January 2021 the Mobile Pipeline business has been combined with Agility Fuel Solutions and jointly named Hexagon Agility. A primary objective of the restructuring is to further optimize the operating model and better manage the volatile nature of the mobile pipeline business. Hexagon Agility, together with the CNG Light-duty vehicles business carved out of Hexagon Purus, will be reported as the g-mobility segment in 2021.

Profit/loss

In 2020 revenues for the segment were NOK 349 (569) million and EBITDA was NOK -30 (40) million. Operating profit (EBIT) amounted to NOK -57 (10) million.

Hexagon Ragasco

LPG CYLINDERS



Key developments

- Strong demand from European leisure market, favorably impacted by COVID 19
- Unveiled in 2021 ground-breaking, next generation LPG smart cylinders that communicate with both users and LPG distributors

Sales and market

Hexagon Ragasco reached 1.4 million cylinders sold in 2020. Sales were primarily made to the leisure market in Europe, while there were few deliveries to Asia Pacific. The COVID-19 pandemic had a significant impact on ability to trade with Bangladesh in the quarter. This market was very significant in the corresponding 2019 numbers. New market entries to Djibouti, Georgia and Argentina took place in 2020.

Hexagon Ragasco focuses on developing its product and service offering enabling LPG marketers and distributors to pursue increased market share. It sees major growth opportunity and ability to enter new markets with its new smart tank concept. The onboarding of smart tank pilot programs with key European customers is taking place through 2021.

Profit/loss

Revenues for the full year amounted to NOK 550 (600) million and EBITDA was NOK 100 (92) million. Operating profit (EBIT) amounted to NOK 63 (55) million.

Group

Hexagon's headquarters are located in Aalesund, Norway. At the end of 2020, the corporate administration consisted of 13 employees, responsible for general administration, finance, strategy, business development, IT, operations, investor relations and communications.

Profit/loss

Net profit after tax for the full year 2020 was NOK -148 (107) million. Net financial items were NOK 5 (-8) million driven by positive foreign exchange fluctuation effects of NOK 53 (77) million and interest and other charges of NOK -48 (-85) million for the full year. Profit from joint ventures and associates amounted to NOK -2 (-1) million.

Financial position

At year-end the balance sheet amounted to NOK 6,165 (4,828) million and the Group's equity ratio was 58% (45%). The year over year increase in equity ratio was primarily driven by the issue of 907 million of new share capital in the third quarter and the listing and private placement of NOK 750 million in Hexagon Purus in the fourth quarter. Property, plant and equipment were NOK 747 (804) million and intangible assets were NOK 2,034 (2,073) million. As of year-end, the right of use assets was NOK 267 (284) million. Inventory was NOK 740 (784) million. Outstanding receivables were NOK 643 (524) million. Long-term interest-bearing debt was NOK 1,206 (1,298) million. Equity was NOK 3,596 (2,153) million, including non-controlling interests of NOK 412 (0) million.

Cash flow and liquidity

Total cash amounted to 1,650 (178) million at the end of 2020. During the year, the Company terminated its NOK 400 million acquisition facility while leaving the multi-currency revolving credit facility of NOK 600 million in place. Unused credit and overdraft facilities thus amounted to NOK 453 million at the end of 2020 compared with NOK 784 million at end of 2019. The Group expects that cash and available credit facilities will be sufficient to cover planned capital expenditures, operational requirements and financing activities in 2021.

Net cash flow from operating activities was NOK 229 (193) million. Depreciation, amortization and write-downs totaled NOK 249 (240) million. Net cash flow from investment activities was NOK -120 (-1,274) million. The 2019 figure includes the acquisition of the remaining 50% stake in Agility Fuel Solutions. Net cash flow from financing activities was NOK 1,363 (1,084) million, which reflected increases in share capital of NOK 1,598 (477) million, net repayments on financing facilities of NOK -143 (671 net drawings) and interest payments of NOK -85 (-66) million. Net currency differences presented separately were NOK 0 (0) million. Share repurchases/sales were NOK -7 (2) million.

Long term borrowing

The Group's financing requirement is covered by bank facilities and bond loan as stated in note 20 in the financial statements. See also note 24 for more information.

Share price development and dividends

At the end of 2020 Hexagon's per share value was NOK 54.70, 50.5% above the closing price on 31 December 2019. This represented a market value at the end of the year of NOK 11 billion. By comparison, the OBX Total Return Index (OBX) increased by 3.5%. In August 2020 the company raised NOK 907 million in gross proceeds through a private placement of 18,329,064 new shares at a price per share of NOK 49.50.

At the end of the year the Group held 1,851,723 of its own shares. For the year 2019, Hexagon did not pay a dividend.

As a part of the Hexagon Purus spin-off which took place in December 2020, the Company distributed dividend in the form of shares in Hexagon Purus to the Company's shareholders. The dividend-in-kind was 0.15 Hexagon Purus shares per Hexagon Composites ASA share. Numbers of shares in both companies were identical at the date of approval.

Given Hexagon's growth opportunities and in consideration of the net group loss generated for the year, the Board does not propose a dividend for 2020.

Risk management

Hexagon works systematically to identify and manage risks. Risk management is executed by Group management and management in subsidiary companies. The Board's audit committee reviews the overall risk management policy and procedures and the Group's internal control routines. The committee functions as a preparatory and advisory committee for the Group's Board and provides support for exercising its responsibilities relating to risk management, financial reporting, financial information and auditing.

Financial risk

The Group has a centralized finance function with overall responsibility for accounting, cash management, capital management, financing arrangements and management of the Group's financial risk factors. In addition, the business areas have financial controllers that perform similar tasks on the subsidiary level. The most significant financial risks for the Group include interest rate risk, liquidity risk, currency risk and credit risk. The Group currently uses financial instruments to hedge risks associated with foreign currency fluctuations and credit risk. Please see note 24 to the consolidated financial statements for further information related to financial risk factors and mitigating actions. Unexpected events and potential fluctuations in cash generation from operations could result in the Group being unable to meet its financial obligations. To mitigate this risk, the Group targets a sufficient liquidity position and adequate level of credit facilities. At the end of the year, the Group had unused credit overdraft facilities totaling NOK 453 (784) million. See also note 16,20 and 21 for more information.

The Group is exposed to credit risk related to counterparty default on contractual agreements and trade, and other current receivables. The Group has policies and procedures to secure that sales are made to customers with appropriate credit profiles within defined limits. Actual losses on outstanding receivables in 2020 were NOK 1 (1) million. Trade receivables at the end of the year amounted to NOK 450 (439) million. The Group is exposed to changes in currency rates which can impact the competitive position and have a significant effect on reported results. The most important foreign currencies to the Group are the US Dollar and Euro. According to the Group's finance policy certain forward exchange contracts have been entered into to reduce this risk. Certain of the Group's interest-bearing liabilities have variable interest rates, which expose the Group to volatility in future interest payment amounts. The aim of the Group's interest rate management is to reduce interest expense while keeping this volatility within acceptable limits. See discussion under Long-term borrowing for information relating to interest rate hedging agreements maintained by the Group.

Operational risk

Business risk relates to the risk of loss and reduced profitability due to changes in the Group's competitive position. Factors which can impact the competitive position include new players in the industry, pressure on market prices and future demand and supply factors, including the price of natural gas and the relative price of gas compared with diesel. Shortages in key raw materials can impact the whole industry that the Company operates in especially in relation to high-grade carbon fiber and automotive batteries and electronic components. Adverse developments in the regulatory environment of alternative fuels is also a risk. Depending on developments, these factors can have a negative impact on results and financial positions.

Operational and technological risk Hexagon currently has a strong position in the markets. The company uses its expertise to develop and commercialize new products, processes and technologies. The company has protected its products, technologies and production processes with patents were deemed appropriate. However, the company is exposed to competing technologies and processes that could have a negative effect on competitive positions and, in turn profitability and financial position. Hexagon's Type 4 composite pressure vessel technology is industry leading, however, typically competes with existing Type 1 and Type 3 technologies. Hexagon operates in markets with strict standards for quality and delivery. Deviations from these standards could result in significant additional costs, lost sales revenues and damage to the company's reputation. In order to mitigate these risks, the company has procedures and controls in place to identify and prevent deviations. Raw materials risk The Group is exposed to developments in the price of its raw material and, in particular, the cost of carbon fiber. The price of carbon fiber is primarily linked to the prevailing market balance where supply is dependent on a limited number of manufacturers. To mitigate this risk the Group has a procurement policy which requires periodic fixed price agreements with its most important suppliers. The policy requires a minimum of two suppliers for the purchases of principal materials.

Corporate Governance

The Group's principles for corporate governance were last revised by the board on 11 February 2020 and follow the Norwegian recommendations in NUES (Norwegian Code of Practice for Corporate Governance) updated as of 17 October 2018. The Group's report is referred to in a separate chapter in the annual report (pages 74-77).

Corporate social responsibility

Hexagon strives to conduct its business in an economically, socially and environmentally responsible manner. The description of corporate social responsibility (CSR) has been provided in accordance with the provision in section 3-3 (c) of the Norwegian Accounting Act. The Group's principles and practices are referred to in the Sustainability Report (page 48-70).

Research & development

In order to maintain a leading position within its markets, the Group invests in technological and process development. Several research & development (R&D) projects are carried out in cooperation with major customers. The Group expensed R&D costs amounting to NOK 137 (89) million in 2020. The Group has received government contributions of NOK 14 (8) million towards research and development activities for 2020. The total net carrying amount of capitalized technology and development amounted to NOK 147 (148) million as of 31 December 2020, while amortization of capitalized patents & licenses and technology & development amounted to NOK 30 (25) million. The Group has 133 (130) fulltime equivalents for engineering and R&D activities who are mostly directly expensed.

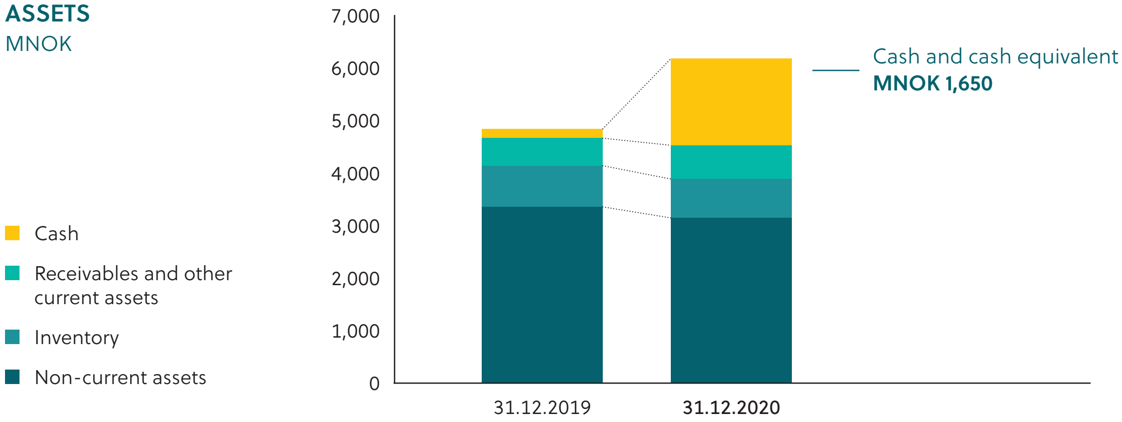
After balance sheet date

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

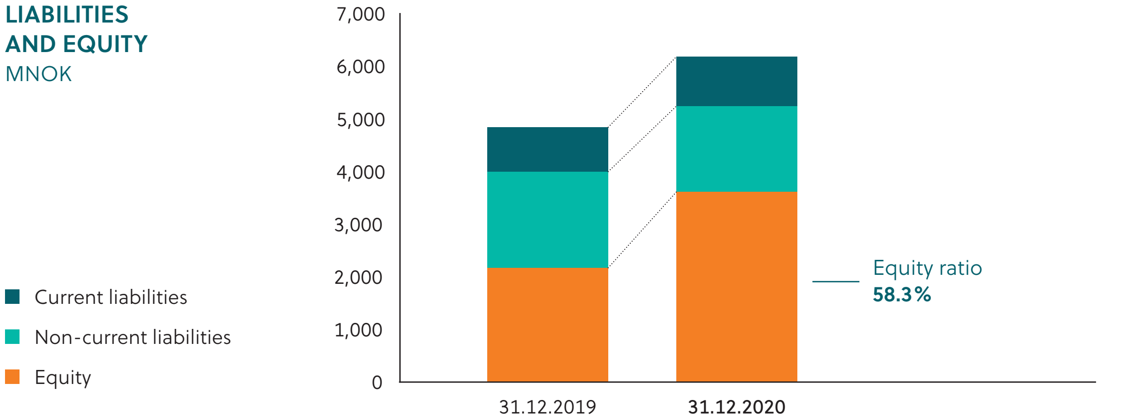
Outlook

Hexagon has prepared COVID-19 contingency plans by site, based on local requirements and we are closely monitoring the COVID-19 situation, including developments and decisions being made in areas where we do business. The Company is

ASSETS
MNOK



LIABILITIES AND EQUITY
MNOK



MARGINS
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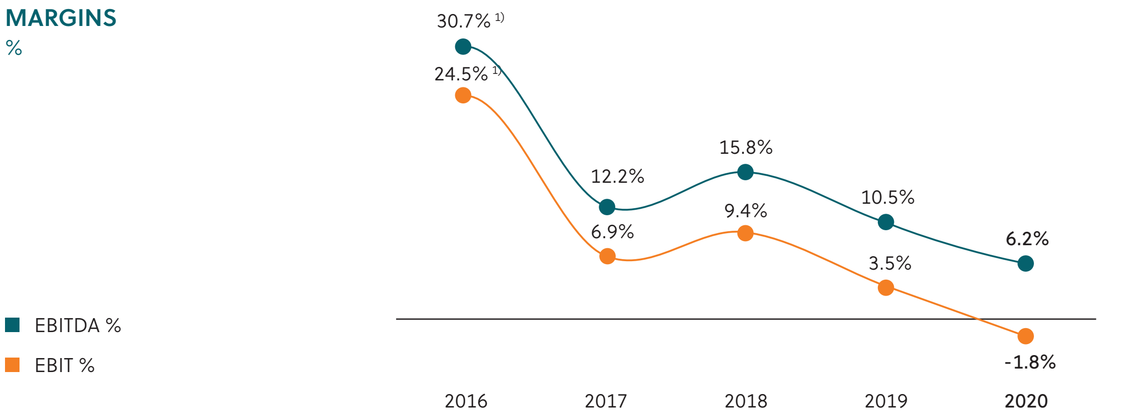

1) Margins were positively impacted by the one-off gain recorded following the Agility transaction in Q4 2016.

not able to accurately predict the final outcome from COVID-19 related effects but will remain vigilant and employ further counter measures to mitigate such effects, if required.

COVID-19 will most likely continue to impact global energy demand in 2021. Pandemic-linked behavioral shifts, like remote working and reduced commuting, may have a lasting effect lowering energy use. Despite flat energy demand and a growing renewable share, the energy transition is nowhere near fast enough to deliver on the Paris Agreement. A lot more renewable power, decarbonization, energy-efficiency improvement, and carbon capture is needed. Hexagon is well positioned as a leading clean technology provider to help drive this energy transformation.

At Hexagon we have a strategic focus on; g-mobility, e-mobility, world class manufacturing and digitalization. Our spectrum of solutions is already making a difference, and our group collectively helped remove approximately 730,000 tons of greenhouse gas (GHG) in 2020. Hexagon Ragasco continued to sell a substantial volume of its LPG cylinders to least developed countries, bringing safe fuel sources to meet their energy needs. At the same time, Hexagon Ragasco is facing an increased use of Bio LPG, made from a range of sustainable sourced raw materials in the European market. We see leading market players adapting to meet new targets, e.g.:

- Amazon is introducing new sustainable solutions for freight transportation including CNG, electric and other. The Company recently ordered 700 natural gas trucks
- UPS is planning to purchase more than 6000 natural gas vehicles between 2020 – 2022
- Anheuser-Busch plans to convert its entire long-haul dedicated fleet to renewable energy-powered trucks by 2025
- Toyota and Hino are launching zero emissions heavy and medium duty trucks
- Hyundai targets to sell 670,000 electric vehicles annually by 2025, comprising 560,000 BEVs and 110,000 fuel-cell electric vehicles (FCEVs)
- Waste Management intends to cut fleet emissions by 45% by 2038

Digitalization is essential on the road to decarbonization. As the energy transformation gains momentum, new ecosystems are forming, and new technologies are emerging. At Hexagon we have established Hexagon Digital Wave – our center of excellence for Smart Technologies - as a separate business area from 2021. Hexagon Digital Wave is a global leader of Modal Acoustic Emissions and Ultrasonic Examination. It has customers in 15 countries. We will expand Digital Wave's expertise to digitalize Hexagon's products and solutions, including development of new revenue models. With its extensive portfolio of gas mobility (g-mobility) and electric mobility (e-mobility) solutions, and its new center of excellence for Smart Technologies, Hexagon is well positioned as a globally leading clean technology provider in this new reality.

With the successful spin-off of Hexagon Purus, a well-capitalized balance sheet and strong industrial linkage with Hexagon Composites, Hexagon Purus is aggressively pursuing its own strategic and investment priorities and reinforcing its leading position in the rapidly growing e-mobility space. We continue to see strong momentum in several segments, in particular, medium and heavy-duty vehicles and distribution modules, as well as rail applications.

The spin-off of Hexagon Purus is viewed as an important step for strengthening both Hexagon's g-mobility and e-mobility (Hexagon Purus) businesses. The spin-off unlocks further value from an industrial and financial perspective by creating two focused companies, each with its own strategic agenda and investment story. The separation also allows the two businesses to have individual strategies for future funding, capital allocation and dividend policy. Hexagon Purus is a pure-play zero-emission company attractively positioned to benefit from the tremendous growth that is expected in the e-mobility market.

In March CIMC Enric and Hexagon Purus successfully launched the strong partnership and two joint venture (JV) agreements that encompass cylinder and systems production for Fuel Cell Electric Vehicles (FCEVs) and hydrogen distribution in China and Southeast Asia. The Chinese market for Fuel Cell Electric Vehicles (FCEVs) is expected to grow to become the largest global market over the next decade and beyond. The JVs expect to start production of high-pressure T3 fuel storage in 2021. Production line capacity will be designed to accommodate approximately 100,000 cylinders per annum, in a first stage towards the middle of the decade. Construction of the new facility is expected to commence as early as the second quarter 2021.

Agility continues to benefit from increased adoption of cleaner energy alternatives, especially CNG and RNG (renewable natural gas). This is mainly driven by a large number of deliveries to a major global logistics supplier as well as increased adoption among smaller fleet owners. European bus business is expected to continue to be strong– mainly due to its ramp up following the onset of COVID-19, while a slower start of the year is expected in the transit bus sector for North America.

The onshore oil and gas sector in North America is picking up which is expected to benefit Mobile Pipeline. Conversion from petroleum fuels to cleaner CNG and RNG is also driving demand.

Production by our key customer Volkswagen, is estimated to significantly drop in the first quarter of 2021, due to the temporary global shortage of semiconductors due to Covid-19 related supply issues. Consequently, revenues in Hexagon's CNG LDV are expected to be negatively impacted in the short term.

On the LPG front, Hexagon Ragasco is expecting seasonally strong demand from the European leisure market in the first half of 2021. Deliveries are expected to continue to Bangladesh in 2021. Hexagon Ragasco continues to focus on its SMART cylinder pilots for planned market launch in 2022. Smarter and more digitally interactive products will generate new business models and revenue streams with enhanced value to distributors and end customers alike. With this initiative, among others, Hexagon Ragasco is aiming at increasing the adoption rate of composite cylinders to achieve doubling of turnover by 2025.

The forward-looking statements made above are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circum¬stances that are expected to occur in the future. They are therefore no guarantees of future performances. While the statements reflect the current views and expectations of Hexagon based on information currently available to it, they are subject to various assumptions, in addition to risks and uncertainties that may be outside of its control. We cannot provide any assurance that the assumptions underlying such forward-looking statements are free from errors nor accept any responsibility for the future accuracy of the opinions expressed herein, or the actual occurrence of the forecasted developments. Actual results could differ materially from those expressed or implied in forward-looking statements. Any forward-looking statements are based only on conditions as of the date on which they are made and we are under no obligation to update or alter such forward-looking statements whether as a result of new information, future events or otherwise.

Going concern

In accordance with the accounting act § 3-3a we confirm that the conditions for continued operations are present and that the annual report have been prepared based on the going concern assumption. This assumption is based on profit forecasts for 2021 as well as the Group's long-term strategic forecasts. The Group's financial position is deemed strong with sufficient liquidity and a robust equity ratio.

The Parent Company

The Parent Company Hexagon Composites ASA incurred an operating loss of NOK -17 (-25) million in 2020 and a profit of NOK 807 (164) million.

The Board of Hexagon Composites ASA proposes that the profit for the year is allocated as follows:

(MNOK)	
Allocated to dividends	0
Transferred from/to other equity	807
Total allocations	**807**

Statement from the Board of Directors and Group president

We confirm to the best of our knowledge that:

- the financial statements for the Group and Parent Company for 2020 have been prepared in accordance with applicable accounting standards, and that the information provided in the financial statements gives a true and fair view of the Group's and Parent Company's assets, liabilities, financial position and financial performance as a whole, and
- the Board of Directors' Report gives a true and fair overview of the Group's and Parent Company's development, profit and financial position, together with a description of the principal risks and uncertainties that they face.

Aalesund, Norway, 24 March 2021
The Board of Directors of Hexagon Composites ASA

Knut Flakk
Chairman of the Board

Kristine Landmark
Deputy Chair

Katsunori Mori
Board Member

Liv Astri Hovem
Board Member

Hans Peter Havdal
Board Member

Jon Erik Engeset
Group President & CEO