

# Q4

Fourth quarter 2020

## Fourth quarter 2020 report

<b>GROUP RESULTS <sup>1)</sup></b>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>Percent change</b>	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>Percent change</b>
(NOK million)						
Revenue	33	73	-55%	180	211	-15%
Operating profit before depreciation (EBITDA)	-52	-38	N/A	-141	-143	N/A
Operating profit (EBIT)	-60	-43	N/A	-168	-169	N/A
Profit before tax	-126	-52	N/A	-273	-194	N/A
Profit after tax (before discontinued operations)	-146	-41	N/A	-309	-168	N/A
Profit from discontinued operations, after tax	12	17	-62%	-35	69	N/A
Profit for the period	-134	-23	N/A	-344	-99	N/A

1) The income statement represents Purus/e-mobility as continuing operations for all periods

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.

Unless otherwise stated, the income statements for the periods in 2020 and 2019 and the balance sheet as of December 31, 2020 presented in this document relate to Hexagon Purus' e-mobility business. The results of Hexagon Purus' CNG LDV business (primarily light duty vehicles) are reported as discontinued operations following the successful spin-off of Hexagon Purus from the Hexagon Composites ASA group and the intended transfer of Hexagon Purus' CNG LDV business to new entities under the ownership of Hexagon Composites ASA outside Purus.

In the fourth quarter of 2020, Hexagon Purus Group ("the Company") generated NOK 33 (73) million in revenues and recorded an operating profit before depreciation (EBITDA) of NOK -52 (-38) million. Revenues included deliveries to and/or milestone payments from five heavy-duty OEM/tier 1 customers and two aerospace customers. Approximately NOK 10 million of revenue expected in the fourth quarter of 2020 was pushed into the first quarter of 2021, mainly due to temporary supply chain delays.

Reported Hexagon Purus revenue for the year 2020 decreased by 15% to NOK 180 million compared with NOK 211 million and reported EBITDA was NOK -141 (-143) million. The decrease in revenue for the quarter and year was primarily due to the completion of a heavy-duty BEV truck demonstration program started in 2019, partially offset by contribution from new heavy duty OEM projects and a new aerospace program. Continued investments in personnel and infrastructure to support and accelerate Hexagon Purus' development drive negative profitability.

Hexagon Purus recorded a net loss after tax (before profit from discontinued operations) of NOK -146 (-41) million in the fourth quarter of 2020. Net financial items were NOK -65 (-9) million mainly driven by foreign exchange fluctuation effects. Tax charges of NOK 20 (-11) million included net changes in deferred tax positions in the quarter. These were non-cash movements.

Net loss after tax for the full year 2020 (before profit from discontinued operations) was NOK -309 (-168) million. Net financial items were NOK -104 (-24) million driven by net interest expense on intercompany debt due to Hexagon Composites and negative foreign exchange effects of NOK 73 million.

At quarter-end, the balance sheet amounted to NOK 2,091 (977) million and the Group's equity ratio was 78%. The year-over-year increase in equity was driven primarily by the NOK 750 million (gross) capital raise completed in conjunction with the listing of the Company on Euronext Growth Oslo, as well as the conversion to equity of intercompany debt of NOK 1 340 million between Hexagon Purus and Hexagon Composites.

Five confirmed cases of COVID-19 infection were reported among Hexagon Purus personnel in 2020, all of whom have recovered or are recovering. All production facilities have remained open and only marginally affected during the quarter. For more detail on the Company's risks, responses, impacts and resilience in relation to the COVID-19 pandemic, please refer to the Outlook section of this report.

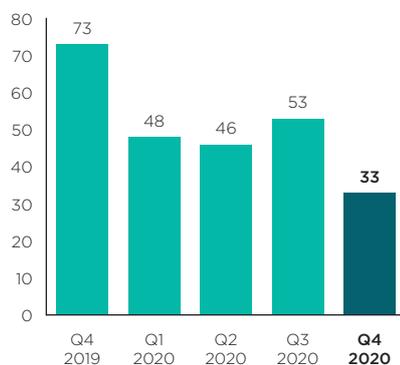
### Key developments

- Hexagon Purus was successfully spun off by Hexagon Composites, with existing Hexagon Composites shareholders receiving 15% of the Company's shares in the form of a dividend-in-kind
- In conjunction with the spin off, Hexagon Purus' intercompany debt owed to various Hexagon Composites entities was restructured such that Hexagon Composites ASA became the sole creditor for the total debt outstanding. Subsequently NOK 1 340 million of the debt was converted into equity by Hexagon Composites
- The Company successfully completed a private placement in December 2020 resulting in gross proceeds of approximately NOK 750 million to the Company; Hexagon Composites retains a majority ownership position in the Company
- Hexagon Purus' shares were admitted to trading on Euronext Growth Oslo under the ticker HPUR
- The Company entered a multi-year master frame agreement with Everfuel to deliver multiple units of newly designed 45-foot hydrogen distribution systems. At signing, Everfuel ordered its first six distribution units under the agreement which has an estimated total value of EUR 14 million
- Hexagon Purus was awarded a contract by Hino Trucks, a Toyota Motors Company, to provide battery packs and drivetrain integration for three trucks as part of Hino's "Project Z" Battery Electric Vehicle (BEV) program
- The Company 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.

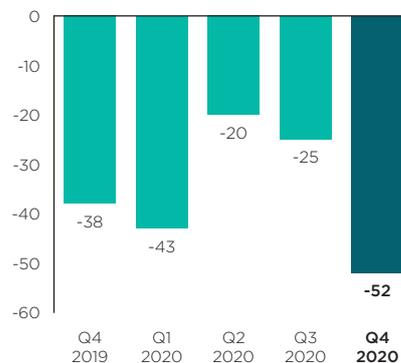
### Key developments after balance sheet date

- Hexagon Purus was selected by Talgo, S.A., a leading manufacturer of high-speed light trains, to deliver high pressure cylinders for its first prototype hydrogen train. The cylinders are expected to be delivered in the second half of 2021
- Hexagon Purus received a substantial order from a globally leading industrial gas company to provide X-STORE Type 4 composite 300 bar cylinders. The cylinders will be used in trailers for transportation of hydrogen to industrial customers and will replace existing Type 1 steel tube trailers
- New Flyer, North America's largest mass mobility solutions provider, placed an order with Hexagon Purus for the supply of high-pressure hydrogen tanks for their zero-emission Xcelsior CHARGE H2™ hydrogen fuel cell electric transit buses. The contract value is approximately NOK 7.7 million and deliveries will commence in Q1 2021
- There have been no other significant events after the balance sheet date that have not already been disclosed in this report.

**Revenue**  
MNOK



**EBITDA**  
MNOK



## Outlook

With the spin off from Hexagon Composites completed, Hexagon Purus is well positioned to pursue its own strategic and investment priorities and reinforce its leading position in the rapidly growing e-mobility space. The company has a well-capitalized balance sheet and can continue to benefit from the strong industrial linkage with Hexagon Composites.

The market is showing growing interest in zero-emissions solutions, particularly for medium and heavy-duty vehicle, hydrogen distribution module and rail applications.

Hexagon Purus continues to grow its customer base. Recent examples include contracts with Hino Trucks (heavy-duty), New Flyer (transit bus), Everfuel (distribution), and Stadler and Talgo (rail). With solid growth expected for hydrogen distribution activity in US and Europe, as well as increased battery electric and fuel cell electric vehicle activity in North America in 2021, Hexagon Purus expects to achieve more than 50% revenue growth year-over-year in 2021. Continued investments in personnel, production capacity and product development will continue to affect profitability for the foreseeable future and are expected to widen EBITDA losses in 2021.

The discussions with partner CIMC ENRIC continue with regard to market entry into China via a joint venture arrangement. While discussions have taken longer than expected, mainly driven by COVID-19 related travel restrictions, the company expects to finalize a joint venture agreement in the next few months. China is expected to be the largest market for fuel cell electric vehicles (FCEVs) and the partnership with CIMC ENRIC will give the company access to this exciting opportunity.

Hexagon Purus is closely monitoring the COVID-19 situation and has prepared contingency plans at each site. The Company is not able to accurately predict the final outcome from COVID-19 related effects but will remain vigilant and committed to employing further counter measures to mitigate such effects, if required.

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

Oslo, 15 February 2021

The Board of Directors of Hexagon Purus AS



Jon Erik Engeset  
Chairman of the Board



Espen Gundersen  
Board member



Jannicke Hilland  
Board member



Martha Kold Bakkevig  
Board member



Rick Rashilla  
Board member



Karen Romer  
Board member



Morten Holum  
President & CEO

# Financial Statements Group

<b>INCOME STATEMENT <sup>1)</sup></b>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
(NOK 1 000)	Unaudited	Unaudited	Unaudited	Audited
<b>Continuing operations (Purus e-mobility)</b>				
Revenue from contracts with customers	32 455	69 072	178 121	207 154
Other operating income	293	3 529	1 693	4 140
<b>Total revenue</b>	<b>32 749</b>	<b>72 601</b>	<b>179 814</b>	<b>211 294</b>
Cost of materials	10 340	45 589	86 717	128 232
Payroll and social security expenses	40 719	42 354	123 497	143 157
Other operating expenses	34 093	22 724	110 322	83 167
<b>Total operating expenses before depreciation</b>	<b>85 153</b>	<b>110 668</b>	<b>320 536</b>	<b>354 556</b>
<b>Operating profit before depreciation (EBITDA)</b>	<b>- 52 404</b>	<b>- 38 067</b>	<b>- 140 722</b>	<b>-143 261</b>
Depreciation and impairment	7 247	5 286	26 906	25 508
<b>Operating profit (EBIT)</b>	<b>- 59 652</b>	<b>- 43 353</b>	<b>- 167 628</b>	<b>-168 769</b>
Profit/loss from investments in associates and joint ventures	- 1 107	90	- 1 885	-749
Finance income	1 207	-	10 110	3 243
Finance costs	- 66 230	- 8 596	- 113 969	-27 397
<b>Profit/loss before tax</b>	<b>- 125 782</b>	<b>- 51 859</b>	<b>- 273 373</b>	<b>-193 672</b>
Tax	20 253	- 11 316	35 579	-25 777
<b>Profit/loss after tax</b>	<b>- 146 035</b>	<b>- 40 544</b>	<b>- 308 952</b>	<b>-167 895</b>
<b>Discontinued operations (CNG LDV)</b>				
Profit/loss after tax for the period from discontinued operations	11 537	17 479	- 34 602	69 279
<b>Profit/loss after tax</b>	<b>- 134 498</b>	<b>- 23 065</b>	<b>- 343 554</b>	<b>-98 616</b>
<b>Earnings per share</b>				
Ordinary (NOK)	- 0,6	- 69,9	- 1,5	- 298,8
Diluted (NOK)	- 0,6	- 69,9	- 1,5	- 298,8
<b>Earnings per share from continuing operations</b>				
Ordinary (NOK)	- 0,6	- 122,8	- 1,3	- 508,7
Diluted (NOK)	- 0,6	-122,8	- 1,3	- 508,7

1) The income statement represents Purus/e-mobility as continuing operations for all periods

<b>COMPREHENSIVE INCOME STATEMENT <sup>1)</sup></b>	<b>31.12.2020</b>	<b>31.12.2019</b>
(NOK 1 000)		
Profit/loss after tax	- 343 554	-98 616
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS (NET OF TAX)		
Exchange differences on translation of foreign operations	10 921	-957
<b>Net other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>10 921</b>	<b>-957</b>
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS (NET OF TAX)		
<b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>-</b>	
Other comprehensive income/loss, net for tax	-	
<b>Total comprehensive income, net of tax</b>	<b>-332 633</b>	<b>-99 573</b>

1) The comprehensive income statement is presented including CNG LDV (discontinued operations) for all periods

<b>STATEMENT OF FINANCIAL POSITION <sup>1)</sup></b>	<b>31.12.2020</b>	<b>31.12.2019</b>
(NOK 1 000)	Unaudited	Audited
<b>ASSETS</b>		
Property, plant and equipment	76 634	103 359
Right-of-use assets	30 457	53 577
Intangible assets	413 324	475 378
Investment in associates and joint ventures	2 066	651
Non-current financial assets	751	3 226
Deferred tax assets	-	41 213
<b>Total non-current assets</b>	<b>523 232</b>	<b>677 404</b>
Inventories	61 586	100 678
Trade receivables	26 657	125 015
Contract assets (incl. prepayments)	814	3 100
Other current financial assets	12 842	5 941
Cash and short-term deposits	1 246 351	65 093
<b>Total current assets continuing operation</b>	<b>1 348 251</b>	<b>299 827</b>
Assets held for sale	219 771	-
<b>Total assets</b>	<b>2 091 254</b>	<b>977 231</b>
<b>EQUITY AND LIABILITIES</b>		
Issued capital	22 909	330
Other paid-in capital	372	-
Share premium	2 055 282	14 443
Other equity	- 452 223	-119 590
<b>Equity attributable to equity holders of the parent</b>	<b>1 626 341</b>	<b>- 104 816</b>
Non-controlling interests	-	-
<b>Total equity</b>	<b>1 626 341</b>	<b>-104 816</b>
Interest-bearing loans and borrowings, related party	161 016	729 428
Lease liabilities	21 795	47 828
Provisions	689	1 613
Net employee defined benefit liabilities	2 635	2 076
Deferred tax liabilities	11 930	22 325
<b>Total non-current liabilities</b>	<b>198 065</b>	<b>803 269</b>
Trade and other payables	83 988	139 207
Contract liabilities	32 068	33 276
Lease liabilities, short term	9 244	12 810
Income tax payable	-	20
Other current liabilities	64 390	93 465
<b>Total current liabilities continuing operation</b>	<b>189 690</b>	<b>278 778</b>
Liabilities directly associated with the assets held for sale	77 158	-
<b>Total liabilities</b>	<b>464 913</b>	<b>1 082 047</b>
<b>Total equity and liabilities</b>	<b>2 091 254</b>	<b>977 231</b>

1) In the statement of financial position CNG LDV (discontinued operations) is presented as held for sale as of 31 Dec 2020. As of 31 Dec 2019 CNG LDV is reported as continuing operations.

<b>CONDENSED CASH FLOW STATEMENT <sup>1)</sup></b>	<b>31.12.2020</b>	<b>31.12.2019</b>
(NOK 1 000)		
Profit before tax from continuing operations	- 273 373	
Profit before tax from discontinued operations	-36 066	
<b>Profit before tax</b>	<b>-309 439</b>	<b>-124 393</b>
Depreciation and write-downs	54 460	47 207
Change in net working capital	85 362	81 458
<b>Net cash flow from operations</b>	<b>-169 617</b>	<b>4 273</b>
Net cash flow from investment activities	-35 067	-114 315
Net cash flow from financing activities	1 391 337	109 092
<b>Net change in cash and cash equivalents</b>	<b>1 186 653</b>	<b>-950</b>
Net currency exchange differences	-5 395	-509
Cash and cash equivalents at start of period	65 093	66 552
<b>Cash and cash equivalents at end of period</b>	<b>1 246 351</b>	<b>65 093</b>
Available unused credit facility	-	-

1) The cash flow statement is presented including CNG LDV (discontinued operations) for all periods.

<b>CONDENSED STATEMENT OF CHANGES IN EQUITY</b>	<b>Issued capital</b>	<b>Share premium</b>	<b>Other capital reserves</b>	<b>Other equity and retained earnings</b>	<b>Foreign currency translation reserve</b>	<b>Total equity</b>
(NOK 1 000)						
<b>Balance 01.01.2019</b>	<b>330</b>	<b>14 443</b>		<b>-20 016</b>		<b>-5 243</b>
Profit/loss after tax				-98 616		-98 616
Other comprehensive income					-957	-957
<b>Balance 31.12.2019</b>	<b>330</b>	<b>14 443</b>		<b>-118 632</b>	<b>-957</b>	<b>-104 816</b>
<b>Balance 01.01.2020</b>	<b>330</b>	<b>14 443</b>		<b>-118 632</b>	<b>-957</b>	<b>-104 816</b>
Profit for the period				-343 554		-343 554
Other comprehensive income					10 921	10 921
Share-based payments			372			372
Changes in paid-in capital	22 579	2 040 839				2 063 418
Other changes						
<b>Balance 31.12.2020</b>	<b>22 909</b>	<b>2 055 282</b>	<b>372</b>	<b>- 462 186</b>	<b>9 964</b>	<b>1 626 341</b>

On 30 October 2020 the Company issued 201 289 712 new shares in a share split and debt conversion. On 9 December 2020 the Company issued 272 472 527 new shares in a private placement at the price of NOK 27.30 per share. The increase in share capital is presented net after transaction costs.

REVENUE RECOGNITION	2020			2019		
	Purus	CNG LDV <sup>1)</sup>	Total 2020	Purus	CNG LDV <sup>1)</sup>	Total 2019
(NOK 1 000)						
<b>EXTERNAL AND INTERNAL CUSTOMERS</b>						
Sale of cylinders and systems	132 347	146 520	278 868	183 082	450 433	633 516
Sale of services and funded development	28 611	374	28 985	9 790	4 972	14 762
Other revenues	1 593	3 458	5 051	671		671
<b>Contracts with customers at a point in time</b>	<b>162 552</b>	<b>150 352</b>	<b>312 904</b>	<b>193 543</b>	<b>455 405</b>	<b>648 948</b>
Sale of cylinders and systems	-2 398		-2 398	-4 184		-4 184
Sale of services and funded development	4 514		4 514	18 795		18 795
Other revenues				-		-
<b>Contracts with customers over time</b>	<b>2 117</b>		<b>2 117</b>	<b>14 612</b>		<b>14 612</b>
<b>Revenue from contracts with external customers</b>	<b>164 669</b>	<b>150 352</b>	<b>315 020</b>	<b>208 155</b>	<b>455 405</b>	<b>663 560</b>
Sale of cylinders and systems	11 235	34 948	46 183	453		453
Sale of services and funded development	3 811	7 360	11 171	-786		-786
Other revenues	100	143	242	3 473		3 473
<b>Contracts with internal customers</b>	<b>15 146</b>	<b>42 450</b>	<b>57 596</b>	<b>3 140</b>		<b>3 140</b>
<b>Total revenue</b>	<b>179 814</b>	<b>192 802</b>	<b>372 616</b>	<b>211 294</b>	<b>455 405</b>	<b>666 699</b>
<b>TYPE OF GOODS OR SERVICE</b>						
Sale of cylinders and systems	141 185	181 468	322 653	179 352	450 433	629 785
Sale of services and funded development	36 936	7 733	44 670	27 799	4 972	32 771
Other revenues	1 693	3 601	5 294	4 143		4 143
<b>Total revenue from contracts with customers</b>	<b>179 814</b>	<b>192 802</b>	<b>372 616</b>	<b>211 294</b>	<b>455 405</b>	<b>666 699</b>
<b>TIMING OF REVENUE RECOGNITION</b>						
Goods transferred at a point in time	162 552	150 352	312 904	193 543	455 405	648 948
Services transferred over time	2 117		2 117	14 612		14 612
Internal transactions	15 146	42 450	57 596	3 140		3 140
<b>Total revenue from contracts with customers</b>	<b>179 814</b>	<b>192 802</b>	<b>372 616</b>	<b>211 294</b>	<b>455 405</b>	<b>666 699</b>

1) CNG LDV is reported as discontinued operation

<b>BUSINESS SEGMENT DATA</b>	<b>Q4 2020</b>	<b>Q4 2019</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
(NOK 1 000)				
<b>PURUS</b>				
Sales of goods external customers	32 455	69 702	178 121	207 154
Internal transactions	293	3 529	1 693	4 140
<b>Total revenue from contracts with customers</b>	<b>32 749</b>	<b>72 601</b>	<b>179 814</b>	<b>211 294</b>
Segment operating profit before depreciation (EBITDA)	- 52 404	- 38 067	- 140 722	- 143 261
Segment operating profit (EBIT)	- 59 652	- 43 353	- 167 628	- 168 769
Segment assets			1 871 483	745 092
Segment liabilities			387 755	988 734
<b>CNG LDV <sup>1)</sup></b>				
Sales of goods external customers	55 301	122 738	189 202	455 405
Internal transactions	1 464	-	3 601	-
<b>Total revenue from contract with customers</b>	<b>56 765</b>	<b>122 738</b>	<b>192 802</b>	<b>455 405</b>
Segment operating profit before depreciation (EBITDA)	12 030	23 243	- 8 932	89 209
Segment operating profit (EBIT)	10 337	17 112	- 36 486	67 510
Segment assets			219 771	232 139
Segment liabilities			77 158	93 313

1) CNG LDV is reported as discontinued operation

# Notes

## Note 1: Introduction

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The condensed consolidated interim financial statements for the fourth quarter 2020, which ended 31 December 2020, comprise Hexagon Purus AS and its subsidiaries (together referred to as “the Group”).

Hexagon Purus AS (previously Hexagon Purus Holding AS), the parent of Hexagon Purus Group, is a limited liability company with its registered office in Norway. The company’s headquarters is at Korsegata 4B, 6002 Aalesund, Norway. Hexagon Purus AS was listed on Euronext Growth, Oslo, under the ticker HPUR on 14 December 2020.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the interim consolidated financial statements of the Group for the half-year which ended 30 June 2020. For a more detailed description of accounting principles see the interim consolidated financial statements for the half-year ended 30 June 2020.

The accounting principles used in the preparation of these interim accounts are the same as those applied to the interim consolidated financial statements for the half-year ended 30 June 2020. Where relevant, additional accounting principles are included in this interim quarter four report. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

The coronavirus has had a modest impact to our business in the fourth quarter 2020 with four confirmed cases in our facilities (five cases year to date). No significant disruption to activities was experienced.

These condensed consolidated interim financial statements were approved by the Board of Directors on 15 February 2021.

## Note 2: Estimates

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The preparation of the interim accounts entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognized as assets and liabilities, income and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the Group’s accounting policy and the main sources of uncertainty are the same as for the consolidated accounts for the half-year ended 30 June 2020.

## Note 3: Group structure

The following companies are included in the consolidated financial statements:

Company	Home country	Registered office	Segment	Ownership	Votes
Hexagon Purus AS	Norway	Aalesund	Purus	100 %	100 %
Hexagon Technology H2 AS	Norway	Aalesund	Purus	100 %	100 %
Hexagon Composites Germany GmbH	Germany	Herford	Purus	100 %	100 %
Hexagon Purus GmbH	Germany	Kassel	Purus	100 %	100 %
xperion E&E Overseas GmbH	Germany	Herford	Purus	100 %	100 %
xperion E&E US Holding Inc.	USA	Heath, OH	Purus	100 %	100 %
xperion E&E USA LLC	USA	Heath, OH	Purus	100 %	100 %
Hexagon Purus North America Holdings Inc.	USA	Lincoln, NE	Purus	100 %	100 %
Hexagon Purus LLC	USA	Lincoln, NE	Purus	100 %	100 %
Hexagon MasterWorks Inc.	USA	Lincoln, NE	Purus	100 %	100 %
Hexagon Purus Systems USA, LLC	USA	Costa Mesa, CA	Purus	100 %	100 %
Hexagon Purus Systems Canada Ltd	Canada	Kelowna	Purus	100 %	100 %
<b>Joint Ventures / Associates</b>					
Hyon AS	Norway	Oslo	Purus	33.3 %	33.3 %
Norwegian Hydrogen AS	Norway	Ålesund	Purus	20.98 %	20.98 %

The ownership in Norwegian Hydrogen AS was acquired in December 2020.

The planned demerger of CNG LDV operations from Hexagon Purus GmbH, has caused its parent Hexagon Composites Germany GmbH to establish two entities in Germany in quarter four 2020, Hexagon Composites GmbH and Hexagon Operations GmbH. These two entities will serve purely as vehicles for the demerger process of the CNG LDV business from Purus and hold the operation separated from Purus thereafter. The entities will be sold at fair value from Hexagon Composites Germany GmbH to Hexagon Group after completion of the demerger process. Following the financial insignificance of the two entities and discontinued nature for the Group, these two entities are not presented as subsidiaries of the Group. The transaction is expected to be finalized in quarter two 2021. The reporting and financial effect will be from 1 January 2021. A separate note below describes CNG LDV as discontinued operations in the Group.

## Note 4: Discontinued operations

### Accounting principles and estimates

The group applies IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

We will classify a fixed asset, or a disposal group as held for sale if the total book value will mainly be recovered through a sale transaction rather than through continued use. Consequently, it is crucial to assess whether (and possibly when) this change takes place. In order for the asset (or disposal group) to be classified as held for sale:

- It must be available for immediate sale in its current state, subject only to conditions common to current practice for the sale of such assets (or disposal groups)
- The sale of the asset must be highly probable, and
- It is disposed of in the form of a real sale, not in the form of liquidation

The standard also makes it clear that criteria a) and b) must be met on the balance sheet date in order for the asset or disposal group to be classified as held for sale. If the criteria are met after the balance sheet date, but before the accounts are presented, the asset (or disposal group) cannot be classified as held for sale.

The relevant management level must have committed to a plan to sell the asset (or disposal group)

- Measures must be actively taken to find a buyer to complete the plan
- The asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to the asset's fair value

- The sale is expected to qualify for recognition as a completed sale within one year from the time of classification held for sale (with certain exceptions)
- Actions to complete the plan should indicate that it is unlikely that significant changes will be made to the plan, or that the plan will be withdrawn

Assets held for sale will have to:

- be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease; and
- be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of comprehensive income.

The estimates in discontinued operations are mainly related to the assessments made regarding the valuation of assets being part of the operation. This includes estimates of both tangible and intangible assets. In addition, there are estimates applied to allocate previously common and shared costs between the continuing and discontinuing operation. To qualify the estimates made, the company has applied its best technological and management resources in addition to drawing on external resources where necessary.

### **Presenting discontinued operation**

A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. In other words, a component of an entity will have been a cash-generating unit or a group of cash-generating units while being held for use.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale

According to the standard, an entity shall disclose:

a) a single amount in the statement of comprehensive income comprising the total of:

1. the post-tax profit or loss of discontinued operations, and
2. the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

b) an analysis of the single amount in (a) into:

1. the revenue, expenses and pre-tax profit or loss of discontinued operations;
2. the related income tax expense;
3. the gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation; and
4. the related income tax expense

The analysis may be presented in the notes or in the statement of comprehensive income.

c) the net cash flows attributable to the operating, investing and financing activities of discontinued operations. These disclosures may be presented either in the notes or in the financial statements.

d) the amount of income from continuing operations and from discontinued operations attributable to owners of the parent. These disclosures may be presented either in the notes or in the statement of comprehensive income.

An entity shall re-present the disclosures above for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

### CNG LDV as discontinued operation

On 19 August 2020, Hexagon Composites publicly announced the decision of its Board of Directors to transfer its Compressed Natural Gas Light Duty Vehicle (CNG LDV) activities from Hexagon Purus, to Hexagon Composites' natural gas-mobility (g-mobility) business. This transfer would establish Hexagon Purus as a pure e-mobility business. The decision was made by relevant management levels and the financial elements of the transactions are concluded. The completion of the demerger process in Germany is expected to take place during quarter two 2021. It is unlikely that any changes will be made to the planned transition.

(NOK 1 000)	For the three months ended 31 Dec		For the twelve months ended 31 Dec	
	2020	2019	2020	2019
<b>CONDENSED INCOME STATEMENT</b>				
Revenue	56 765	122 738	192 802	455 405
Expenses	44 734	99 495	201 734	366 196
<b>Operating profit before depreciation (EBITDA)</b>	<b>12 030</b>	<b>23 243</b>	<b>-8 932</b>	<b>89 209</b>
Depreciation and impairment	1 694	6 132	27 554	21 669
<b>Operating profit (EBIT)</b>	<b>10 337</b>	<b>17 112</b>	<b>- 36 486</b>	<b>67 510</b>
Finance costs	-833	67	-420	-6
Profit before tax from discontinuing operations	11 170	17 045	- 36 066	67 516
Tax	-367	- 434	1 464	- 1 764
Post-tax profit/(loss) from discontinued operations	11 537	17 479	- 34 602	69 279
<b>Profit/(loss) after tax for the period from discontinued operations</b>	<b>11 537</b>	<b>17 479</b>	<b>- 34 602</b>	<b>69 279</b>

### ASSETS AND LIABILITIES

For the twelve months ended 31 Dec 2020

Assets	
Property, plant and equipment	26 602
Right-of-use assets	31 002
Intangible assets	82 161
<b>Total non-current assets</b>	<b>139 766</b>
Inventories	60 409
Trade receivables	19 598
Cash and short-term deposits	0
<b>Total current assets continuing operation</b>	<b>80 004</b>
<b>Total assets held for sale</b>	<b>219 771</b>
Interest-bearing loans and borrowings, related party	4 256
Lease liabilities	26 395
Deferred tax liabilities	3 930
<b>Total non-current liabilities</b>	<b>34 581</b>
Trade and other payables	23 001
Contract liabilities	-637
Lease liabilities, short term	5 239
Other current liabilities	14 973
<b>Total current liabilities continuing operation</b>	<b>42 577</b>
<b>Total liabilities held for sale</b>	<b>77 158</b>

The net cash flows generated/(incurred) by CNG LDV are, as follows:

For the twelve months ended 31 Dec 2020

Operating	- 46 793
Investments	1 221
Financing	4 256
<b>Net cash inflow/(outflow)</b>	<b>- 41 316</b>

Earnings (loss) per share (EPS): <sup>1)</sup>

Basic, profit/(loss) for the year from discontinued operations	- 0,15
Diluted, profit/(loss) for the year from discontinued operations	- 0,15

1) Number of shares = outgoing balance number of shares

There has been no cash proceeds at the balance sheet date related to accomplishment of the sale transactions. The settlement of the sale transaction will take place in 2021.

## Note 5: Interest-bearing debt

	2020	2019
	Loan from Hexagon Composites	Loan from Hexagon composites
Opening balance	729 428	586 010
<b>Closing balance 31 December</b>	<b>165 272</b>	<b>729 428</b>
Discontinued operations	-4 256	0
<b>Closing balance continuing operations</b>	<b>161 016</b>	<b>729 428</b>

Hexagon Purus has been funded by Hexagon Composites up until December 2020. Movements in loan from Hexagon Composites is due to funding of operations, including investments in tangible and intangible assets, in addition to effects from changes in currency exchange rates. Funding related to operations have been made interest bearing either at time of transfer of cash or by being added to loan principal by end of each quarter. Terms of the interest-bearing positions have been at fair value floating quarterly.

At end of quarter three 2020, net debt positions in Hexagon Purus against Hexagon Composites were converted to interest bearing debt. On 30 October 2020, the net debt position was converted to equity. The residual of NOK 161 million will be settled against a share purchase agreement where Hexagon Composites acquires the CNG LDV entities from Hexagon Composites Germany GmbH. The remaining residual intercompany debt after the completion of this share purchase agreement, will be settled in cash as soon as the demerger process is completed.

## Note 6: Share capital

	Number of shares		Share capital (NOK 1 000)		Share premium (NOK 1 000)	
	2020	2019	2020	2019	2020	2019
<b>Ordinary shares</b>						
Issued and paid 1 January	330 000	30 000	330	30	14 443	
Split of shares and debt conversion (new par value 0.10)	201 289 712		19 832		1 320 168	
Issued new share capital	27 472 527	300 000	2 747	300	747 253	14 443
Transaction cost	-	-		-	- 26 582	-
<b>Issued and paid, end of period</b>	<b>229 092 239</b>	<b>330 000</b>	<b>22 909</b>	<b>330</b>	<b>2 055 282</b>	<b>14 443</b>

The split of shares and debt conversion was accomplished in October 2020, while the issue of new share capital happened in December prior to listing of the shares on Euronext Growth Oslo.

## Note 7: Share-based payments

### Accounting principles and estimates

The Group applies IFRS2 Share-based payments.

The Group has a share-based program for the senior and key executives. The share-based program for the senior and key executives is settled in shares. The fair value of the issued instruments is expensed over the vesting period which is over the agreed-upon future service period and, where applicable, the performance conditions are fulfilled. The fair value of the performance share units (PSUs), restricted share units (RSUs) and Shares is measured at grant date and calculated using the Black & Scholes model or alternative generally accepted models where relevant.

The cost of the employee share-based transaction is expensed over the average vesting period. The value of the issued PSUs, RSUs and Shares of the transactions that are settled with equity instruments (settled with the company's own shares) is recognized as salary and personnel cost in profit and loss with a corresponding increase in other paid-in capital. Social security tax is recorded as a liability and is recognized over the estimated vesting period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of the Group's share program, RSUs and PSUs at the grant date, the Group uses the Black & Scholes model or alternative generally accepted models where relevant.

### Programs

The Company has two share-based long-term incentive plans. The first plan is a management investment program with Performance Share Units ("PSUs") matching. This plan is limited to five members of the executive management team. Each eligible employee will in 2024 be entitled to up to three new shares in the Company per share invested, at no

consideration, provided he or she is still employed in the Company at such date. The entitlement depends on fulfilment of three criteria, one per matching share. One criterion is tied to increase in share price, one is tied to Company performance criteria and one is tied to continued employment.

On 14 December 2020, the Company announced that key members of Hexagon Purus' executive management team exercised their right to purchase the maximum number of shares allowable in the management investment program, equal to a total number of 210 621 shares. As part of this management investment program, the Company provisionally awarded up to 421 242 related PSUs and 210 621 Restricted Stock Units ("RSUs") to the executives. The instruments are non-transferable and will vest in 2024 when the Board of Directors approve the annual accounts for 2023, subject to satisfaction of the applicable vesting conditions. Each vested instrument will give the holder the right to receive one share in the Company.

The second share-based long term incentive plan is an employee RSU program. On 10 December 2020 Hexagon Purus AS issued 485 000 RSUs to key personnel and management employees of the Group. Subject to satisfaction of the applicable vesting conditions, each RSU entitles eligible employees to receive such number of Hexagon Purus shares as corresponds to the number of RSUs allocated at the date on which the Company's Board of Directors approves the Company's annual accounts for the financial year of 2023.

The fair value of the RSUs, PSUs and Shares are calculated on the grant date, based on the Black-Scholes model, and the cost is recognized over the service period. Cost of the RSU, PSU and Share schemes, including social security, was NOK 0.5 million year-to-date 31 December 2020. The cost is the same for the fourth quarter. The unamortized fair value of all outstanding instruments, RSUs (695 621), PSUs (maximum 421 242) and Shares (maximum 210 621), as of 31 December 2020 is estimated to be NOK 24.5 million.

There are no cash settlement obligations. As these programs do not have a precedent in the Group, the Group does not have a past practice of cash settlement for outstanding instruments.

All outstanding instruments are granted at the same date in 2020. The following table lists the input applied to calculate the fair value of the plans:

Instrument	RSU	PSU	Shares
Quantity 31.12.2020 (instruments)	695 621	421 242	210 621
Quantity 31.12.2020 (shares)	695 621	421 242	210 621
Contractual life <sup>1)</sup>	3,54	3,54	3,54
Strike price <sup>1)</sup>	0,00	0,00	0,00
Share price <sup>1)</sup>	27,30	27,30	0,00
Expected lifetime <sup>1)</sup>	3,54	3,54	0,00
Volatility <sup>1)</sup>	30,00%	39,65%	0,00%
Interest rate <sup>1)</sup>	0,390%	0,390%	0,000%
Dividend <sup>1)</sup>	0,00	0,00	0,00
FV per instrument <sup>1)</sup>	27,30	20,83	0,00

<sup>1)</sup> Weighted average parameters at grant of instrument

## Note 8: Events after the balance sheet date

- Hexagon Purus was selected by Talgo, S.A., a leading manufacturer of high-speed light trains, to deliver high pressure cylinders for its first prototype hydrogen train. The cylinders are expected to be delivered in the second half of 2021
- Hexagon Purus received a substantial order from a globally leading industrial gas company to provide X-STORE Type 4 composite 300 bar cylinders. The cylinders will be used in trailers for transportation of hydrogen to industrial customers and will replace existing Type 1 steel tube trailers
- New Flyer, North America's largest mass mobility solutions provider, placed an order with Hexagon Purus for the supply of high-pressure hydrogen tanks for their zero-emission Xcelsior CHARGE H2™ hydrogen fuel cell electric transit buses. The contract value is approximately NOK 7.7 million and deliveries will commence in Q1 2021

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

## Shareholder information

A total of 14 228 245 (n.a.) shares in Hexagon Purus AS (HPUR) were traded on Euronext Growth Oslo during fourth quarter of 2020. The total number of shares in Hexagon Purus AS as of 31 December 2020 was 229 092 239 (par value NOK 0.10). In the quarter, the share price moved between NOK 37.0 and NOK 49.9, ending the quarter at NOK 49.9. The price as of 31 December 2020 implies a market capitalization of NOK 11.4 billion for the Company.

<b>20 LARGEST SHAREHOLDERS PER 31 DECEMBER 2020</b>	<b>Number of shares</b>	<b>Share of 20 largest</b>	<b>Share of total</b>	<b>Type</b>	<b>Country</b>
HEXAGON COMPOSITES ASA	171 628 057	82,5 %	74,9 %	Ordinary	Norway
CLEARSTREAM BANKING S.A.	6 992 394	3,4 %	3,1 %	Nominee	Luxembourg
mitsui & CO LTD	5 204 029	2,5 %	2,3 %	Ordinary	Japan
MP PENSJON PK	3 362 037	1,6 %	1,5 %	Ordinary	Norway
J.P. Morgan Bank Luxembourg S.A.	3 192 049	1,5 %	1,4 %	Nominee	Sweden
FLAKK COMPOSITES AS	3 027 799	1,5 %	1,3 %	Ordinary	Norway
VERDIPAPIRFONDET DELPHI NORDIC	1 666 154	0,8 %	0,7 %	Ordinary	Norway
State Street Bank and Trust Comp	1 586 998	0,8 %	0,7 %	Nominee	United States
FOLKETRYGDFONDET	1 577 043	0,8 %	0,7 %	Ordinary	Norway
STOREBRAND NORGE I VERDIPAPIRFOND	1 487 522	0,7 %	0,6 %	Ordinary	Norway
BRØDR. BØCKMANN AS	1 323 120	0,6 %	0,6 %	Ordinary	Norway
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 307 785	0,6 %	0,6 %	Ordinary	Norway
BNP PARIBAS SECURITIES SERVICES	793 619	0,4 %	0,3 %	Nominee	Luxembourg
NØDINGEN AS	787 228	0,4 %	0,3 %	Ordinary	Norway
JPMorgan Chase Bank, N.A., London	764 746	0,4 %	0,3 %	Nominee	Luxembourg
KTF FINANS AS	756 950	0,4 %	0,3 %	Ordinary	Norway
Skandinaviska Enskilda Banken AB	731 293	0,4 %	0,3 %	Ordinary	Sweden
VERDIPAPIRFONDET DELPHI NORGE	613 686	0,3 %	0,3 %	Ordinary	Norway
VERDIPAPIRFONDET KLP AKSJENORGE	600 417	0,3 %	0,3 %	Ordinary	Norway
BNP Paribas Securities Services	571 801	0,3 %	0,2 %	Nominee	France
<b>Total 20 largest shareholders</b>	<b>207 974 727</b>	<b>100,0%</b>	<b>90,7%</b>		
Remainder	21 117 512		9,2 %		
<b>Total</b>	<b>229 092 239</b>		<b>100.00 %</b>		

## Forward looking statements

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