

# YEAR-END REPORT

1 JANUARY - 31 DECEMBER 2020

FOURTH QUARTER

- Operating net sales decreased by -1 per cent to 1,044.1 MEUR (1,058.9). Net sales including the reduction of acquired deferred revenue amounted to 1,038.0 (1,058.9). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 1 per cent
- Operating earnings (EBIT1) increased by 4 per cent to 287.2 MEUR (277.0)
- Earnings before taxes, excluding non-recurring items, amounted to 279.9 MEUR (271.1)
- Net earnings, excluding non-recurring items, amounted to 229.5 MEUR (222.3)
- Earnings per share, excluding non-recurring items, amounted to 0.62 EUR (0.60)
- Operating cash flow increased to 353.4 MEUR (221.1)
- The Board of Directors proposes a dividend of 0.65 EUR (0.62) per share, an increase of 5 per cent
- The Board of Directors proposes a share split 7:1

MEUR	Q4 2020	Q4 2019	Δ%	2020	2019	Δ%
Operating net sales	1,044.1	1,058.9	1 <sup>1)</sup>	3,770.5	3,907.7	-4 <sup>1)</sup>
Revenue adjustment <sup>2)</sup>	-6.1	-	n.a.	-6.1	-	n.a.
Net sales	1,038.0	1,058.9	1 <sup>1)</sup>	3,764.4	3,907.7	-4 <sup>1)</sup>
Gross earnings <sup>3)</sup>	652.3	669.8	-3	2,374.3	2,454.0	-3
Gross margin, % <sup>3)</sup>	62.5	63.3	-0.8	63.0	62.8	0.2
Operating earnings (EBITDA) <sup>4)</sup>	414.6	374.4	11	1,411.6	1,339.1	5
EBITDA margin, %	39.7	35.4	4.3	37.4	34.3	3.1
Operating earnings (EBIT1) <sup>4)</sup>	287.2	277.0	4	956.2	972.5	-2
Operating margin, %	27.5	26.2	1.3	25.4	24.9	0.5
Earnings before taxes, excluding non-recurring items	279.9	271.1	3	928.8	945.6	-2
Non-recurring items (before taxes) <sup>5)</sup>	-34.2	-26.2	n.a.	-169.2	-80.3	n.a.
Earnings before taxes	245.7	244.9	0	759.6	865.3	-12
Net earnings	202.5	200.0	1	624.7	708.6	-12
Net earnings, excl. non-recurring items	229.5	222.3	3	761.6	775.4	-2
Earnings per share, EUR	0.55	0.54	2	1.68	1.92	-13
Earnings per share, excl. non-recurring items, EUR	0.62	0.60	3	2.05	2.11	-3

<sup>1)</sup>Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

<sup>2)</sup>Reduction of acquired deferred revenue (haircut) related to acquisitions.

<sup>3)</sup>Gross margin, excluding non-recurring items, amounts to 63.5 per cent (63.3) in Q4 2020.

<sup>4)</sup>For definition, see page 17.

<sup>5)</sup>Non-recurring items 2020 relates to a cost savings programme implemented in Q2 and acquisitions in Q4. See page 2 for more information.

## COMMENTS FROM THE CEO

"We recorded our highest quarterly earnings and cash flow ever, returning to positive organic growth, with a record operating margin despite a significant currency headwind. We closed several acquisitions in the quarter to further our autonomous solutions strategy within construction, manufacturing and industrial facilities. As in the previous quarter, China and our Geospatial Enterprise Solutions segment were the growth engines recording 25 per cent and 7 per cent organic growth, respectively. Within the Industrial Solutions segment, the Manufacturing Intelligence division improved sequentially, recording -2 per cent organic growth but with a positive book-to-bill. This improvement was supported by a broad-based recovery in China and growth in software solutions but hampered by continued demand weakness in the automotive and aerospace markets throughout Europe and Americas. The PPM division declined organically by -12 per cent on the back of tough comparisons and a challenging oil and gas market.

Although market conditions remain challenging in some regions, we enter 2021 with confidence. We expect demand to accelerate with a sequential improvement in Industrial Enterprise Solutions, and continuing favourable development in Geospatial Enterprise Solutions."

– Ola Rollén, President and CEO, Hexagon AB

1%

ORGANIC  
GROWTH

28%

OPERATING  
MARGIN

149%

CASH  
CONVERSION

## GROUP BUSINESS DEVELOPMENT Q4

### NET SALES

Operating net sales decreased by -1 per cent to 1,044.1 MEUR (1,058.9). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 1 per cent. Regionally, organic growth was 13 per cent in Asia, -2 per cent in EMEA and -4 per cent in Americas. In Asia, China recorded 25 per cent organic growth, mainly driven by a broad-based recovery in manufacturing and strong demand in infrastructure and construction. South Korea and Japan recorded high single-digit growth, fuelled by solid demand in mapping and autonomous vehicle solutions. South-Eastern Asia and India however, declined in the quarter. In EMEA, Western Europe recorded -5 per cent organic growth, hampered by the decline in manufacturing in Germany and France. The surveying and public safety segments recorded solid growth. Russia and the Middle East recorded high single-digit organic growth. In Americas, North America recorded -6 per cent organic growth, hampered by weakness in the manufacturing and power and energy segments. However, the defence and agriculture segments recorded robust growth in the region. South America recorded double-digit growth supported by continued strength in the mining, surveying and public safety segments.

### EARNINGS

Operating earnings (EBIT1) increased by 4 per cent to 287.2 MEUR (277.0), which corresponds to an operating margin of 27.5 per cent (26.2). The operating margin (EBIT1) was positively impacted by cost savings measures and a richer product mix but adversely impacted by currency movements. Operating earnings (EBIT1) were negatively impacted by currency translation effects of -19.7 MEUR and by currency transaction effects of -7.3 MEUR. Earnings before taxes, excluding non-recurring items, amounted to 279.9 MEUR (271.1) and were negatively impacted by currency translation effects of -18.7 MEUR.

### NON-RECURRING ITEMS

Hexagon completed several acquisitions in the fourth quarter resulting in one-off items of -34.2 MEUR. The one-off items relate to the impairment of overlapping technologies, transaction costs, integration costs and a revenue recognition adjustment of deferred revenue (haircut) of -6.1 MEUR.

### FINANCIAL SUMMARY - FOURTH QUARTER

MEUR	Net sales			Earnings		
	Q4 2020	Q4 2019	Δ% <sup>1)</sup>	Q4 2020	Q4 2019	Δ%
Geospatial Enterprise Solutions	535.3	514.9	7	156.3	134.6	16
Industrial Enterprise Solutions	508.8	544.0	-5	137.5	147.8	-7
Operating net sales	1,044.1	1,058.9	1			
Revenue adjustment <sup>2)</sup>	-6.1	-	n.a.			
Net sales	1,038.0	1,058.9	1			
Group cost				-6.6	-5.4	-22
Operating earnings (EBIT1)				287.2	277.0	4
Operating margin, %				27.5	26.2	1.3
Interest income and expenses, net				-7.3	-5.9	-24
Earnings before non-recurring items				279.9	271.1	3
Non-recurring items <sup>3)</sup>				-34.2	-26.2	n.a.
Earnings before taxes				245.7	244.9	0
Taxes				-43.2	-44.9	4
Net earnings				202.5	200.0	1

<sup>1)</sup>Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

<sup>2)</sup>Reduction of acquired deferred revenue (haircut) related to acquisitions.

<sup>3)</sup>Non-recurring items 2020 relates to acquisitions in Q4. See page 2 for more information about Q4 items.

### CURRENCY TRANSLATION IMPACT COMPARED TO EUR - FOURTH QUARTER

	Movement <sup>1)</sup>		Income less cost	Earnings impact
CHF	Strengthened	2%	Negative	Negative
USD	Weakened	-7%	Positive	Negative
CNY	Weakened	-1%	Positive	Negative
EBIT1, MEUR				-19.7

<sup>1)</sup>Compared to Q4 2019

### SALES BRIDGE - FOURTH QUARTER

	Operating net sales <sup>1)</sup>
2019, MEUR	1,058.9
Structure, %	3
Currency, %	-5
Organic growth, %	1
Total, %	-1
2020, MEUR	1,044.1

<sup>1)</sup>Net sales from acquisitions and divestments during the last twelve months are reported as "Structure" in the table above. Percentages are rounded to the nearest whole per cent.

### ORGANIC GROWTH<sup>1)</sup> PER REGION

Region	Q4 2020
China (15% of sales)	↗
South America (4% of sales)	↗
Asia excl. China (14% of sales)	→
EMEA excl. Western Europe (8% of sales)	→
Western Europe (30% of sales)	↘
North America (29% of sales)	↘
Total	→

<sup>1)</sup>Adjusted to fixed exchange rates and a comparable group structure (organic growth).

>8% ↗  
0-8% →  
Negative ↘

## GEOSPATIAL ENTERPRISE SOLUTIONS – Q4 2020

*Geospatial Enterprise Solutions includes a world-leading portfolio of sensors for capturing data from land and air as well as sensors for positioning via satellites. The sensors are complemented by software (GIS) for the creation of 3D maps and models which are used for decision-making in a range of software applications, covering areas such as surveying, construction, public safety and agriculture. This segment consists of Geosystems, Safety & Infrastructure and Autonomy & Positioning.*

### NET SALES

Geospatial Enterprise Solutions (GES) operating net sales amounted to 535.3 MEUR (514.9). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 7 per cent. Regionally, organic growth was 21 per cent in Asia, 5 per cent in EMEA and 3 per cent in Americas. In Asia, China recorded 24 per cent organic growth, mainly driven by strong growth in surveying, infrastructure and construction. South Korea and Japan recorded strong organic growth, however, India declined. In EMEA, Western Europe recorded 5 per cent organic growth, supported by solid demand in the surveying and public safety segments. Russia, the Middle East and Africa recorded favorable organic growth. In Americas, North America recorded flat organic growth, mainly supported by strong demand in defence but hampered by weakness in surveying. South America recorded double-digit organic growth, supported by strong demand for mining, surveying and public safety solutions.

Regarding the divisions within GES, Geosystems recorded 8 per cent organic growth, supported by a solid demand for surveying solutions in Europe and South America and a strong recovery in China. The mining segment continued to record solid growth and the contribution from new products accelerated. The Safety & Infrastructure division recorded 5 per cent organic growth, supported by a solid development in public safety and continued traction for the new OnCall platform. The Autonomy & Positioning division recorded 11 per cent organic growth, positively impacted by strong demand in defence and agriculture but adversely impacted by weaker demand in automotive and marine.

### EARNINGS

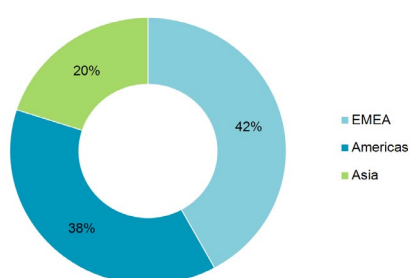
Operating earnings (EBIT1) increased by 16 per cent to 156.3 MEUR (134.6), which corresponds to an operating margin of 29.2 per cent (26.1). The operating margin (EBIT1) was positively impacted by volume growth and cost savings measures but adversely impacted by currency movements.

### NET SALES, OPERATING EARNINGS (EBIT1) AND NUMBER OF EMPLOYEES

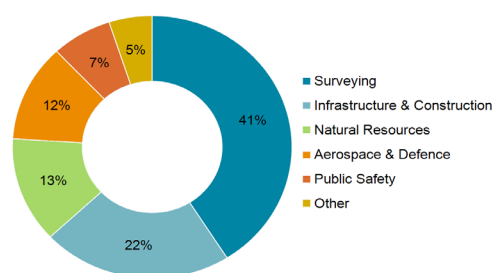
MEUR	Q4 2020	Q4 2019	Δ%	2020	2019	Δ%
Operating net sales	535.3	514.9	7 <sup>1)</sup>	1,934.0	1,934.2	0 <sup>1)</sup>
Operating earnings (EBIT1)	156.3	134.6	16	516.1	492.3	5
Operating margin, %	29.2	26.1	3.1	26.7	25.5	1.2
Avg. number of employees				8,923	8,916	0

<sup>1)</sup>Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

### NET SALES PER REGION – FOURTH QUARTER



### NET SALES PER CUSTOMER SEGMENT - FOURTH QUARTER



## INDUSTRIAL ENTERPRISE SOLUTIONS – Q4 2020

*Industrial Enterprise Solutions includes metrology systems that incorporate the latest in sensor technology for fast and accurate measurements, as well as CAD (computer-aided design), CAM (computer-aided manufacturing) and CAE (computer-aided engineering) software. These solutions optimise design, processes and throughput in manufacturing facilities and create and leverage asset management information critical to the planning, construction and operation of plants and process facilities in a number of industries, such as automotive, aerospace and oil and gas. Industrial Enterprise Solutions consists of Manufacturing Intelligence and PPM.*

### NET SALES

Industrial Enterprise Solutions (IES) operating net sales amounted to 508.8 MEUR (544.0). Using fixed exchange rates and a comparable group structure (organic growth), net sales decreased by -5 per cent. Regionally, organic growth was 9 per cent in Asia, -11 per cent in EMEA and -13 per cent in Americas. In Asia, China recorded 25 per cent organic growth, mainly driven by a strong broad-based recovery in manufacturing. Japan and South Korea declined in the quarter. In EMEA, Western Europe recorded -14 per cent organic growth, driven by weakness in the automotive and aerospace segments in Germany and France and high year-on-year comparisons in the power and energy segment. Eastern Europe, the Middle East and Africa recorded solid growth. In Americas, North America recorded -13 per cent organic growth, mainly driven by a weak development in the aerospace and oil and gas markets. South America recorded a double-digit decline.

Regarding the divisions within IES, Manufacturing Intelligence recorded -2 per cent organic growth, supported by a broad-based recovery in China and software growth but hampered by weak demand in the automotive and aerospace segments in Europe and Americas. The PPM division recorded -12 per cent organic growth, on the back of high year-on-year comparisons and a challenging oil and gas market. However, the AEC (architecture, engineering and construction) design software portfolio recorded strong growth in the quarter. Bookings were positive in the quarter for IES and is expected to continue to improve.

### EARNINGS

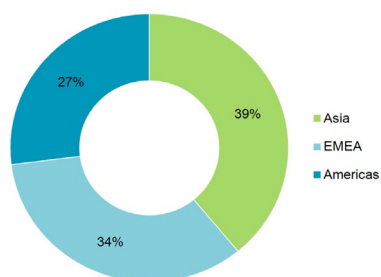
Operating earnings (EBIT1) decreased by -7 per cent to 137.5 MEUR (147.8), which corresponds to an operating margin of 27.0 per cent (27.2). The operating margin (EBIT1) was positively impacted by cost savings measures but adversely impacted by lower volumes and product mix.

### NET SALES, OPERATING EARNINGS (EBIT1) AND NUMBER OF EMPLOYEES

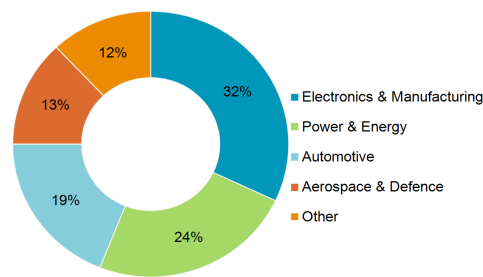
MEUR	Q4 2020	Q4 2019	Δ%	2020	2019	Δ%
Operating net sales	508.8	544.0	-5 <sup>1)</sup>	1,836.5	1,973.5	-7 <sup>1)</sup>
Operating earnings (EBIT1)	137.5	147.8	-7	456.0	505.2	-10
Operating margin, %	27.0	27.2	-0.2	24.8	25.6	-0.8
Avg. number of employees				11,340	11,255	1

<sup>1)</sup>Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

### NET SALES PER REGION – FOURTH QUARTER



### NET SALES PER CUSTOMER SEGMENT – FOURTH QUARTER



## FINANCIAL SUMMARY – 2020

### NET SALES

Operating net sales amounted to 3,770.5 MEUR (3,907.7) for the full year. Using fixed exchange rates and a comparable group structure (organic growth), net sales decreased by -4 per cent.

### EARNINGS

Operating earnings (EBIT1) amounted to 956.2 MEUR (972.5), which corresponds to an operating margin of 25.4 per cent (24.9).

Operating earnings (EBIT1) were negatively affected by currency translation effects of -37.9 MEUR and by currency transaction effects of -17.6 MEUR.

The financial net amounted to -27.4 MEUR (-26.9) for the full year.

Earnings before taxes, excluding non-recurring items, amounted to 928.8 MEUR (945.6). Earnings before taxes, including these items, amounted to 759.6 MEUR (865.3) and were negatively impacted by currency translation effects of -38.2 MEUR.

Net earnings, excluding non-recurring items, amounted to 761.6 MEUR (775.4) or 2.05 EUR (2.11) per share. Net earnings, including these items, amounted to 624.7 MEUR (708.6) or 1.68 EUR (1.92) per share.

## FINANCIAL SUMMARY - 2020

MEUR	Net sales			Earnings		
	2020	2019	Δ% <sup>1)</sup>	2020	2019	Δ%
Geospatial Enterprise Solutions	1,934.0	1,934.2	0	516.1	492.3	5
Industrial Enterprise Solutions	1,836.5	1,973.5	-7	456.0	505.2	-10
Operating net sales	3,770.5	3,907.7	-4			
Revenue adjustment <sup>2)</sup>	-6.1	-	n.a.			
Net sales	3,764.4	3,907.7	-4			
Group cost				-15.9	-25.0	36
Operating earnings (EBIT1)				956.2	972.5	-2
Operating margin, %				25.4	24.9	0.5
Interest income and expenses, net				-27.4	-26.9	-2
Earnings before non-recurring items				928.8	945.6	-2
Non-recurring items <sup>3)</sup>				-169.2	-80.3	n.a.
Earnings before taxes				759.6	865.3	-12
Taxes				-134.9	-156.7	14
Net earnings				624.7	708.6	-12

<sup>1)</sup> Adjusted to fixed exchange rates and a comparable group structure, i.e. organic growth.

<sup>2)</sup> Reduction of acquired deferred revenue (haircut) related to acquisitions

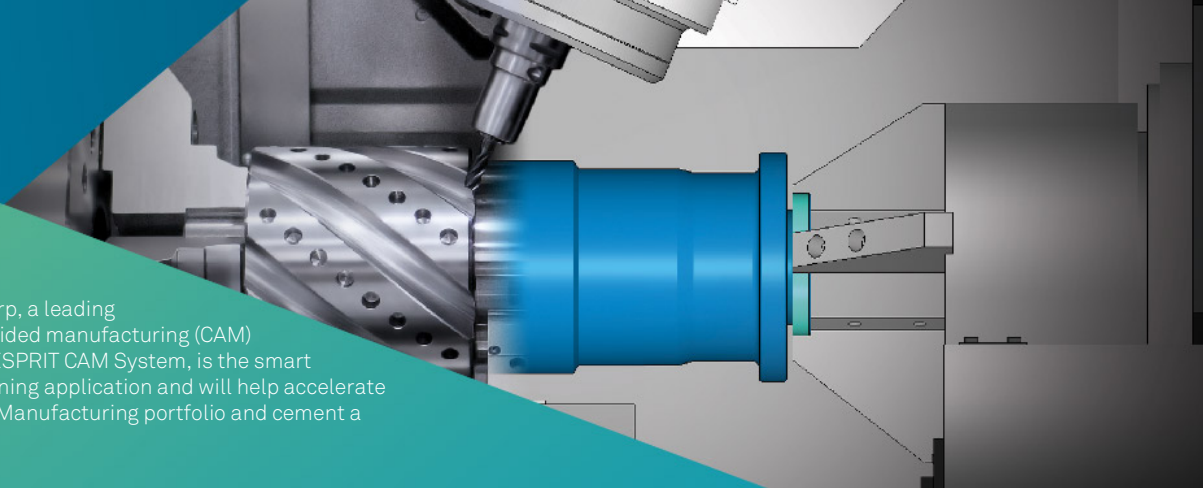
<sup>3)</sup> Non-recurring items 2020 relates to a cost savings programme implemented in Q2 and acquisitions in Q4. See page 2 for more information.

## CURRENCY TRANSLATION IMPACT COMPARED TO EUR - 2020

	Movement <sup>1)</sup>		Income less cost	Earnings impact
CHF	Strengthened	4%	Negative	Negative
USD	Weakened	-2%	Positive	Negative
CNY	Weakened	-2%	Positive	Negative
EBIT1, MEUR				-37.9

<sup>1)</sup> Compared to 2019.





Hexagon acquired D.P. Technology Corp, a leading developer and supplier of computer-aided manufacturing (CAM) technology. Its flagship solution, the ESPRIT CAM System, is the smart manufacturing solution for any machining application and will help accelerate the development of Hexagon's Smart Manufacturing portfolio and cement a market-leading position in CAM.

## GROUP SUMMARY

### PROFITABILITY

Capital employed increased to 8,722.5 MEUR (8,660.9). Return on average capital employed for the last twelve months was 11.1 per cent (11.7). Return on average shareholders' equity for the last twelve months was 10.1 per cent (12.3). The capital turnover rate was 0.5 times (0.5).

### FINANCIAL POSITION

Total shareholders' equity decreased to 5,949.2 MEUR (6,076.9). The equity ratio was 55.6 per cent (57.3). Hexagon's total assets increased to 10,703.6 MEUR (10,600.6). The increase in total assets is driven primarily by acquisitions. Hexagon's main sources of financing consist of:

- 1) A multicurrency revolving credit facility (RCF) established during 2014. The RCF amounts to 2,000 MEUR with maturity 2022
- 2) A Swedish Medium Term Note Programme (MTN) established during 2014. The MTN programme amounts to 15,000 MSEK with tenor up to 6 years
- 3) A Swedish Commercial Paper Programme (CP) established during 2012. The CP programme amounts to 15,000 MSEK with tenor up to 12 months.

On 31 December 2020, cash and unutilised credit limits totalled 1,764.6 MEUR (1,832.8). Hexagon's net debt was 2,375.9 MEUR (2,115.7). The net indebtedness was 0.37 times (0.31). Interest coverage ratio was 29.9 times (33.2).

### CASH FLOW

During the fourth quarter, cash flow from operations before changes in working capital amounted to 334.1 MEUR (320.4), corresponding to 0.91 EUR (0.87) per share. Cash flow from operations in the fourth quarter amounted to 478.6 MEUR (334.1), corresponding to 1.30 EUR (0.91) per share. Operating cash flow in the fourth quarter, including non-recurring items, amounted to 353.4 MEUR (221.1).

For the full year, cash flow from operations amounted to 1,374.5 MEUR (1,103.6) corresponding to 3.74 EUR (3.02) per share. The operating cash flow, including non-recurring items, amounted to 920.7 MEUR (663.2).

### INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -100.4 MEUR (-99.7) in the fourth quarter and -383.3 MEUR (-399.1) in the full year. Depreciation, amortisation and impairment amounted to -145.4 MEUR (-116.1) in the fourth quarter and -534.2 MEUR (-387.7) during the full year, whereof impairment charges amounted to -46.1 MEUR (-23.2) in the fourth quarter and -145.1 MEUR (-25.6) during the full year. The impairment relates to the restructuring programme implemented in the

second quarter, overlapping technologies in the fourth quarter and acquisitions which did not meet their targets.

### TAX RATE

The Group's tax expense for the full year totalled -134.9 MEUR (-156.7). The reported tax rate was 17.6 per cent (18.3) for the quarter and 17.8 per cent (18.1) for the full year. The tax rate, excluding non-recurring items, was 18.0 per cent (18.0) for the quarter and 18.0 per cent (18.0) for the full year.

### EMPLOYEES

The average number of employees during fourth quarter was 20,343 (20,250). The number of employees at the end of the quarter was 20,596 (20,532).

### SHARE DATA

Earnings per share, including non-recurring items, for the fourth quarter amounted to 0.55 EUR (0.54). Earnings per share, excluding non-recurring items, for fourth quarter amounted to 0.62 EUR (0.60).

Earnings per share, including non-recurring items, for the full year amounted to 1.68 EUR (1.92). Earnings per share, excluding non-recurring items, for full year amounted to 2.05 EUR (2.11).

On 31 December 2020, equity per share was 16.18 EUR (16.50) and the share price was 749.80 SEK (525.00).

Hexagon's share capital amounts to 81,557,432 EUR, represented by 366,904,802 shares, of which 15,750,000 are of series A with ten votes each and 351,154,802 are of series B with one vote each. Hexagon has acquired 646,000 of the company's own shares of Series B on Nasdaq Stockholm, pursuant to the authorization granted by the General Meeting held on 1 December 2020. The purpose of the repurchase is to ensure Hexagon's undertakings in respect of the long-term incentive programme (other than delivery of shares to participants in the incentive programme), including covering social security costs.

In accordance with a decision by an Extra General Meeting in December 2020, a share-based incentive programme (2020/2023) was introduced for key employees. The purpose of the incentive programme is to strengthen Hexagon's ability to retain and recruit competent employees, provide competitive remuneration and to align the interests of the shareholders with the interests of the employees concerned. The total cost of the share-based incentive programme is estimated at 60 MEUR.

### PARENT COMPANY

The parent company's earnings before taxes in the fourth quarter amounted to -8.0 MEUR (-38.8) and 361.8 MEUR (466.4) for the full year. The equity was 5,208.2 MEUR (5,123.2). The equity ratio of the parent company was 48 per cent (54). Liquid funds including unutilised credit limits were 1,340.4 MEUR (1,369.5).



Hexagon acquired OxBlue, a leader in construction visualization technology designed to capture the life of a job site, start to finish. Through integration with Hexagon's 3D surveillance technology, BLK247, and construction software solution, HxGN SMART Build, Hexagon will provide invaluable data and insights on construction job site activities.

## ACCOUNTING PRINCIPLES

Hexagon applies International Financial Reporting Standards (IFRS) as adopted by the European Union. Hexagon's report for the Group is prepared in accordance with IAS 34, Interim Financial Reporting and the Annual Accounts Act. Parent company accounts are prepared in accordance with the Annual Accounts Act. Accounting principles and calculation methods are unchanged from those applied in the Annual Report for 2019, see note 1 for further information.

## RISKS AND UNCERTAINTY FACTORS

As an international group, Hexagon is exposed to a number of business and financial risks. The business risks can be divided into strategic, operational and legal risks. The financial risks are related to such factors as exchange rates, interest rates, liquidity and the ability to raise funds. Risk management in Hexagon aims to identify, control and reduce risks. This work begins with an assessment of the probability of risks occurring and their potential effect on the Group. There has been no change in the risks facing the Group compared to what was reported in the Annual Report 2019.

## RELATED PARTY TRANSACTIONS

No significant related party transactions have been incurred during the quarter.

## ANNUAL GENERAL MEETING AND NOMINATION COMMITTEE

The AGM will be held on 29 April 2021 at 17:00 CET at City Conference Center Stockholm (Norra Latin), Drottninggatan 71 B, if permitted. The composition of the Hexagon Nomination Committee for the Annual General Meeting 2021 is: Mikael Ekdahl (Chairman), Melker Schörling AB, Jan Andersson, Swedbank Robur fonder, Anders Oskarsson, AMF and AMF Fonder and Caroline Forsberg, SEB Investment Management.

## DIVIDEND AND SHARE SPLIT

The Hexagon Board of Directors proposes a dividend of 0.65 EUR per share (0.62) for the fiscal year 2020, corresponding to 39 per cent of profit after tax. The proposed record date will be 3 May and expected date for settlement is 10 May.

The Hexagon Board of Directors proposes that the Annual General Meeting 2021 resolves on a share split 7:1 so that each existing share is divided into seven (7) shares.

## SUBSEQUENT EVENTS

No significant events effecting the financial reporting have occurred during the period between quarter-end and date of issuance of this report

The Board of Directors and the President and CEO declare that this Year-End Report provides a true and fair overview of the Company's and the Group's operations, its financial position and performance, and describes material risks and uncertainties facing the Company and companies within the Group.

Stockholm, Sweden, 3 February 2021  
Hexagon AB (publ)

Gun Nilsson  
Chairman of the Board

Ola Rollén  
President and CEO  
Board Member

John Brandon  
Board Member

Ulrika Francke  
Board Member

Henrik Henriksson  
Board Member

Märta Schörling Andreen  
Board Member

Sofia Schörling Högberg  
Board Member

Patrick Söderlund  
Board Member

This Year-End Report has not been reviewed by the Company's auditors.

# CONDENSED INCOME STATEMENT

MEUR	Q4 2020	Q4 2019	2020	2019
Net sales	1,038.0	1,058.9	3,764.4	3,907.7
Cost of goods sold	-385.7	-389.1	-1,390.1	-1,453.7
<b>Gross earnings</b>	<b>652.3</b>	<b>669.8</b>	<b>2,374.3</b>	<b>2,454.0</b>
Sales expenses	-173.1	-194.6	-687.3	-764.1
Administration expenses	-82.5	-85.3	-328.2	-322.1
Research and development expenses	-109.2	-110.4	-462.7	-444.8
Earnings from shares in associated companies	-	-	-	-
Capital gain (+) / loss (-) from sale of shares in Group companies	-	-	-	-
Other income and expenses, net	-34.5	-28.7	-109.1	-30.8
<b>Operating earnings <sup>1)</sup></b>	<b>253.0</b>	<b>250.8</b>	<b>787.0</b>	<b>892.2</b>
Financial income	1.2	1.7	6.3	6.6
Financial expenses	-8.5	-7.6	-33.7	-33.5
<b>Earnings before taxes</b>	<b>245.7</b>	<b>244.9</b>	<b>759.6</b>	<b>865.3</b>
Taxes	-43.2	-44.9	-134.9	-156.7
<b>Net earnings</b>	<b>202.5</b>	<b>200.0</b>	<b>624.7</b>	<b>708.6</b>
Attributable to:				
Parent company shareholders	200.4	198.4	618.1	702.4
Non-controlling interest	2.1	1.6	6.6	6.2
<sup>1)</sup> of which non-recurring items	-34.2	-26.2	-169.2	-80.3
Earnings include depreciation, amortisation and impairments of	-145.4	-116.1	-534.2	-387.7
- of which amortisation of surplus values	-12.5	-13.2	-53.3	-51.1
Basic earnings per share, EUR	0.55	0.54	1.68	1.92
Earnings per share after dilution, EUR	0.54	0.54	1.68	1.92
Total shareholder's equity per share, EUR	16.18	16.50	16.18	16.50
Closing number of shares, thousands	366,905	367,539	366,905	367,539
Average number of shares, thousands	367,516	366,189	367,540	364,898
Average number of shares after dilution, thousands	368,162	366,189	367,702	365,242



# CONDENSED COMPREHENSIVE INCOME

MEUR	Q4 2020	Q4 2019	2020	2019
<b>Net earnings</b>	<b>202.5</b>	<b>200.0</b>	<b>624.7</b>	<b>708.6</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to income statement</b>				
Remeasurement of pensions	-2.9	24.1	-29.4	8.7
Taxes on items that will not be reclassified to income statement	0.7	-2.6	3.6	-1.0
<b>Total items that will not be reclassified to income statement, net of taxes</b>	<b>-2.2</b>	<b>21.5</b>	<b>-25.8</b>	<b>7.7</b>
<b>Items that may be reclassified subsequently to income statement</b>				
Exchange rate differences	-165.0	-118.2	-468.5	121.9
Taxes on items that may be reclassified subsequently to income statement	15.7	0.6	23.3	-8.7
<b>Total items that may be reclassified subsequently to income statement, net of taxes</b>	<b>-149.3</b>	<b>-117.6</b>	<b>-445.2</b>	<b>113.2</b>
<b>Other comprehensive income, net of taxes</b>	<b>-151.5</b>	<b>-96.1</b>	<b>-471.0</b>	<b>120.9</b>
<b>Total comprehensive income for the period</b>	<b>51.0</b>	<b>103.9</b>	<b>153.7</b>	<b>829.5</b>
Attributable to:				
Parent company shareholders	48.3	102.3	147.5	823.1
Non-controlling interest	2.7	1.6	6.2	6.4

# CONDENSED BALANCE SHEET

MEUR	31/12 2020	31/12 2019
Intangible fixed assets	7,941.8	7,631.3
Tangible fixed assets	480.1	485.3
Right-of-use assets	205.1	223.2
Financial fixed assets	80.4	56.3
Deferred tax assets	102.1	86.1
<b>Total fixed assets</b>	<b>8,809.5</b>	<b>8,482.2</b>
Inventories	371.1	409.3
Accounts receivable	884.7	999.2
Other receivables	113.3	98.4
Prepaid expenses and accrued income	127.6	143.2
<b>Total current receivables</b>	<b>1,125.6</b>	<b>1,240.8</b>
Cash and cash equivalents	397.4	468.3
<b>Total current assets</b>	<b>1,894.1</b>	<b>2,118.4</b>
<b>Total assets</b>	<b>10,703.6</b>	<b>10,600.6</b>
Equity attributable to parent company shareholders	5,934.8	6,063.8
Equity attributable to non-controlling interest	14.4	13.1
<b>Total shareholders' equity</b>	<b>5,949.2</b>	<b>6,076.9</b>
Interest bearing liabilities	1,995.4	1,831.3
Lease liabilities	153.5	168.3
Other liabilities	85.5	157.7
Pension liabilities	125.4	97.2
Deferred tax liabilities	460.2	457.8
Other provisions	14.7	9.7
<b>Total long-term liabilities</b>	<b>2,834.7</b>	<b>2,722.0</b>
Interest bearing liabilities	437.4	425.9
Lease liabilities	61.6	61.3
Accounts payable	207.4	226.2
Other liabilities	326.7	289.2
Other provisions	48.3	36.5
Deferred income	520.9	463.1
Accrued expenses	317.4	299.5
<b>Total short-term liabilities</b>	<b>1,919.7</b>	<b>1,801.7</b>
<b>Total equity and liabilities</b>	<b>10,703.6</b>	<b>10,600.6</b>

## FINANCIAL INSTRUMENTS

In Hexagon's balance sheet derivatives and other long-term securities holdings are carried at fair value. Derivatives are measured at fair value based on valuation techniques with observable market data as input (level 2 according to definition in IFRS 13). Other long-term securities holdings amount to insignificant numbers. Liabilities for contingent considerations are measured at fair value and based on management's best estimation of the most probable outcome (level 3 according to definition in IFRS 13). Other assets and liabilities are carried at accrued cost.

For financial assets and liabilities that are carried at accrued cost, the fair value is deemed to be coincident with the carrying amount except for long-term liabilities to credit institutions. The difference between the fair value and the carrying amount for these long-term liabilities is deemed to be insignificant relative to the total balance sheet since the interest rate duration is short.

# CONDENSED STATEMENT OF CHANGES IN EQUITY

MEUR	2020	2019
Opening shareholders' equity	6,076.9	5,319.2
Total comprehensive income for the period <sup>1)</sup>	153.7	829.5
New share issues, warrants exercised - net of issuance costs	-	118.1
New share issue in progress	-	32.9
Acquisition of treasury shares	-47.3	-
Dividend	-234.1	-222.8
Closing shareholders' equity <sup>2)</sup>	5,949.2	6,076.9
1) Of which: Parent company shareholders	147.5	823.1
Non-controlling interest	6.2	6.4
2) Of which: Parent company shareholders	5,934.8	6,063.8
Non-controlling interest	14.4	13.1

## NUMBER OF SHARES

	series A	series B	Total
2014-12-31 Total issued and outstanding	15,750,000	341,639,213	357,389,213
New issue, warrants exercised	-	2,947,929	2,947,929
2015-12-31 Total issued and outstanding	15,750,000	344,587,142	360,337,142
New issue, warrants exercised	-	106,000	106,000
2016-12-31 Total issued and outstanding	15,750,000	344,693,142	360,443,142
New issue, warrants exercised	-	-	-
2017-12-31 Total issued and outstanding	15,750,000	344,693,142	360,443,142
New issue, warrants exercised	-	2,481,550	2,481,550
2018-12-31 Total issued and outstanding	15,750,000	347,174,692	362,924,692
New issue, warrants exercised	-	4,614,610	4,614,610
2019-12-31 Total issued and outstanding	15,750,000	351,789,302	367,539,302
New issue, warrants exercised	-	11,500	11,500
2020-03-31 Total issued and outstanding	15,750,000	351,800,802	367,550,802
Repurchase of treasury shares	-	-646,000	-646,000
2020-12-31 Total issued and outstanding	15,750,000	351,154,802	366,904,802

Each share of series A carries entitlement to ten votes and each share of series B carries entitlement to one vote.

# CONDENSED CASH FLOW STATEMENT

MEUR	Q4 2020	Q4 2019	2020	2019
<b>Cash flow from operations before change in working capital excluding taxes and interest</b>	<b>383.3</b>	<b>361.0</b>	<b>1,340.9</b>	<b>1,321.7</b>
Taxes paid	-44.1	-35.3	-163.2	-173.2
Interest received and paid, net	-5.1	-5.3	-24.5	-23.0
<b>Cash flow from operations before change in working capital</b>	<b>334.1</b>	<b>320.4</b>	<b>1,153.2</b>	<b>1,125.5</b>
Cash flow from change in working capital	144.5	13.7	221.3	-21.9
<b>Cash flow from operations</b>	<b>478.6</b>	<b>334.1</b>	<b>1,374.5</b>	<b>1,103.6</b>
Investments tangible assets, net	-24.2	-26.5	-96.7	-114.0
Investments intangible assets	-76.2	-73.2	-286.6	-285.1
<b>Operating cash flow before non-recurring items</b>	<b>378.2</b>	<b>234.4</b>	<b>991.2</b>	<b>704.5</b>
Non-recurring cash flow <sup>1)</sup>	-24.8	-13.3	-70.5	-41.3
<b>Operating cash flow</b>	<b>353.4</b>	<b>221.1</b>	<b>920.7</b>	<b>663.2</b>
Cash flow from acquisitions and divestments	-475.4	-197.6	-760.5	-349.8
Cash flow from other investing activities	-17.8	2.5	-34.5	-5.4
<b>Cash flow after other investing activities</b>	<b>-139.8</b>	<b>26.0</b>	<b>125.7</b>	<b>308.0</b>
Dividends paid	-233.4	-0.2	-234.1	-222.8
New share issues, warrants exercised - net of issuance costs	-47.3	36.4	-47.3	151.0
Cash flow from other financing activities	391.8	9.5	92.7	-166.3
<b>Cash flow for the period</b>	<b>-28.7</b>	<b>71.7</b>	<b>-63.0</b>	<b>69.9</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>427.2</b>	<b>398.8</b>	<b>468.3</b>	<b>394.6</b>
Effect of translation differences on cash and cash equivalents	-1.1	-2.2	-7.9	3.8
Cash flow for the period	-28.7	71.7	-63.0	69.9
<b>Cash and cash equivalents, end of period</b>	<b>397.4</b>	<b>468.3</b>	<b>397.4</b>	<b>468.3</b>

<sup>1)</sup> Non-recurring cash flow consists of restructuring costs.

## KEY RATIOS

MEUR	Q4 2020	Q4 2019	2020	2019
Operating margin, %	27.5	26.2	25.4	24.9
Profit margin before taxes, %	23.7	23.1	20.2	22.1
Return on shareholders' equity, 12-month average, %	10.1	12.3	10.1	12.3
Return on capital employed, 12-month average, %	11.1	11.7	11.1	11.7
Equity ratio, %	55.6	57.3	55.6	57.3
Net indebtedness	0.37	0.31	0.37	0.31
Interest coverage ratio	29.9	33.2	23.5	26.8
Average number of shares, thousands	367,516	366,189	367,540	364,898
Basic earnings per share excl. non-recurring items, EUR	0.62	0.60	2.05	2.11
Basic earnings per share, EUR	0.55	0.54	1.68	1.92
Cash flow per share, EUR	1.30	0.91	3.74	3.02
Cash flow per share before change in working cap, EUR	0.91	0.87	3.14	3.08
Share price, SEK	749.80	525.00	749.80	525.00
Share price, translated to EUR	74.72	50.25	74.72	50.25

# SUPPLEMENTARY INFORMATION

## NET SALES PER SEGMENT

MEUR	Q4 2020*	Q3 2020	Q2 2020	Q1 2020	2020*	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
Geospatial Enterprise Solutions	535.3	487.3	457.6	453.8	1,934.0	514.9	473.8	496.8	448.7	1,934.2
Industrial Enterprise Solutions	508.8	452.6	439.0	436.1	1,836.5	544.0	482.5	479.2	467.8	1,973.5
<b>Group</b>	<b>1,044.1</b>	<b>939.9</b>	<b>896.6</b>	<b>889.9</b>	<b>3,770.5</b>	<b>1,058.9</b>	<b>956.3</b>	<b>976.0</b>	<b>916.5</b>	<b>3,907.7</b>

## OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q4 2020	Q3 2020	Q2 2020	Q1 2020	2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
Geospatial Enterprise Solutions	156.3	138.5	118.9	102.4	516.1	134.6	118.4	126.9	112.4	492.3
Industrial Enterprise Solutions	137.5	114.8	110.9	92.8	456.0	147.8	124.0	119.5	113.9	505.2
Group costs	-6.6	-3.2	-3.3	-2.8	-15.9	-5.4	-6.6	-7.2	-5.8	-25.0
<b>Group</b>	<b>287.2</b>	<b>250.1</b>	<b>226.5</b>	<b>192.4</b>	<b>956.2</b>	<b>277.0</b>	<b>235.8</b>	<b>239.2</b>	<b>220.5</b>	<b>972.5</b>
<b>Margin, %</b>	<b>27.5</b>	<b>26.6</b>	<b>25.3</b>	<b>21.6</b>	<b>25.4</b>	<b>26.2</b>	<b>24.7</b>	<b>24.5</b>	<b>24.1</b>	<b>24.9</b>

## NET SALES BY REGION

MEUR	Q4 2020*	Q3 2020	Q2 2020	Q1 2020	2020*	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
EMEA	395.7	340.4	307.9	330.9	1,374.9	406.4	340.1	372.4	343.7	1,462.6
Americas	341.0	325.9	319.4	336.3	1,322.6	376.8	350.9	347.1	297.4	1,372.2
Asia	307.4	273.6	269.3	222.7	1,073.0	275.7	265.3	256.5	275.4	1,072.9
<b>Group</b>	<b>1,044.1</b>	<b>939.9</b>	<b>896.6</b>	<b>889.9</b>	<b>3,770.5</b>	<b>1,058.9</b>	<b>956.3</b>	<b>976.0</b>	<b>916.5</b>	<b>3,907.7</b>

## EXCHANGE RATES

Average	Q4 2020	Q3 2020	Q2 2020	Q1 2020	2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
SEK/EUR	0.0973	0.0965	0.0938	0.0938	0.0954	0.0939	0.0938	0.0942	0.0960	0.0944
USD/EUR	0.8393	0.8556	0.9092	0.9067	0.8777	0.9033	0.8994	0.8897	0.8803	0.8934
CNY/EUR	0.1267	0.1237	0.1283	0.1299	0.1271	0.1282	0.1282	0.1304	0.1305	0.1293
CHF/EUR	0.9279	0.9298	0.9425	0.9373	0.9343	0.9119	0.9124	0.8879	0.8831	0.8989
Closing	Q4 2020	Q3 2020	Q2 2020	Q1 2020	2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
SEK/EUR	0.0997	0.0946	0.0953	0.0904	0.0997	0.0957	0.0935	0.0947	0.0962	0.0957
USD/EUR	0.8149	0.8541	0.8930	0.9127	0.8149	0.8902	0.9184	0.8787	0.8901	0.8902
CNY/EUR	0.1246	0.1254	0.1262	0.1286	0.1246	0.1279	0.1286	0.1279	0.1326	0.1279
CHF/EUR	0.9258	0.9256	0.9389	0.9447	0.9258	0.9213	0.9219	0.9005	0.8944	0.9213

\*Operating net sales, i.e. excluding revenue adjustment (haircut)



# ACQUISITIONS

MEUR	2020	2019
<b>Fair value of acquired assets and assumed liabilities</b>		
Intangible fixed assets	133.3	81.9
Other fixed assets	11.7	2.6
<b>Total fixed assets</b>	<b>145.0</b>	<b>84.5</b>
Total current assets	63.0	57.2
<b>Total assets</b>	<b>208.0</b>	<b>141.7</b>
Total long-term liabilities	-13.0	-15.7
Total current liabilities	-57.7	-22.4
<b>Total liabilities</b>	<b>-70.7</b>	<b>-38.1</b>
<b>Fair value of acquired assets and assumed liabilities, net</b>	<b>137.3</b>	<b>103.6</b>
Goodwill	692.4	290.6
<b>Total purchase consideration transferred</b>	<b>829.7</b>	<b>394.2</b>
Less cash and cash equivalents in acquired companies	-35.0	-38.3
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-34.2	-6.1
<b>Cash flow from acquisition of companies/businesses</b>	<b>760.5</b>	<b>349.8</b>

During the full year 2020, Hexagon acquired the following companies:

- Blast Movement Technology, a developer of blast movement monitoring and analysis solutions for open pit mines
- Geopraevent AG, a provider of natural hazard monitoring and alarm systems
- CAEfatigue Limited, a provider of mechanical fatigue simulation solutions
- Alas Ing SA, a distributor of Hexagon PPM solutions
- COWI's mapping business, a provider of airborne surveying and spatial data processing
- Romax Technology, a provider of Computer Aided Engineering (CAE) software
- Tactiaware, a provider of LiDAR-based 3D surveillance software
- MDE, a distributor of solutions for operations management and optimization
- D.P. Technology, a provider of computer-aided manufacturing (CAM) technology
- PAS Global, a leading provider of Operational Technology (OT) integrity solutions
- CodeCAD, a software retailer and distributor of Hexagon's CADWorx® and Analysis Solutions
- OxBlue, a leader in construction visualisation technology

The acquisitions are individually assessed as immaterial from a group perspective which is why only aggregated information is presented. The analysis of the acquired net assets is preliminary and the fair value might be subject to change. Contingent considerations are recognised to fair value (level 3 according to definition in IFRS 13) each reporting period and based on the latest relevant forecast for the acquired company. The valuation method is unchanged compared to the previous period. The estimated liability for contingent considerations amounted to 131.6 MEUR (170.9) as of 31 December, whereof the fair value adjustment in 2020 amounted to 69.2 MEUR (11.3). In connection with the valuation of contingent considerations the assets acquired and liabilities assumed in the purchase price allocation are reviewed. Any indication of impairment due to the revaluation of contingent considerations is considered and adjustments are made to off-set the impact from revaluation.

## ACQUISITION OF BLAST MOVEMENT TECHNOLOGIES

In January 2020, Hexagon acquired Blast Movement Technology (BMT), a pioneer in blast movement monitoring and analysis solutions for open pit mines. Through a combination of sensors and software, BMT's solutions provide customers with accurate blast information that is used to improve the recovery of a mine's resources. In 2019 BMT generated revenues of 19 MEUR.

### Background and reasons for the transaction

The ability to accurately track blast movement is a huge benefit for mines striving to be smarter and more sustainable. It's a highly variable process that can cost mines millions of dollars in lost revenue per year from ore loss – where valuable ore is sent to the waste pile, and dilution – where waste is sent to the mill. BMT complements Hexagon's Smart Mine portfolio, further closing the drill and blast loop for customers, and ultimately, improving their ability to measure, manage and improve mining operations from pit to plant.

From the date of acquisition, BMT has contributed 20.7 MEUR of net sales in 2020. The contribution to the group operating margin has been accretive.

## ACQUISITION OF COWI'S MAPPING BUSINESS

In June 2020, Hexagon acquired COWI's mapping business, which provides airborne surveying and spatial data processing. Revenues in 2019 amounted to 14 MEUR.

### **Background and reasons for the transaction**

The acquisition brings valuable expertise in capturing and selling Content as a Service (CaaS) and accelerates Hexagon's mission to provide customers with access to the largest on-demand library of professional-grade and quality controlled geospatial data for applications such as asset management, public safety, utility mapping, insurance claims, and more.

From the date of acquisition, the business has contributed 8.7 MEUR of net sales in 2020. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 12.8 MEUR. The contribution to the group operating margin has been accretive.

### **ACQUISITION OF ROMAX TECHNOLOGY**

In June 2020, Hexagon acquired Romax Technology, a provider of Computer Aided Engineering (CAE) software for electromechanical simulation and multi-physics design optimisation. Revenues in 2019 amounted to 27 MEUR.

### **Background and reasons for the transaction**

A greater focus on energy efficiency and an accelerating shift towards electrification brings new engineering challenges that require increased use of simulation tools earlier in the design lifecycle. The acquisition of Romax Technology enables Hexagon to meet the growing need for electrification, providing customers with integrated tools that empower engineering teams to develop the next generation of energy-efficient electric vehicles and develop renewable energy systems.

From the date of acquisition, Romax Technology has contributed 13.2 MEUR of net sales in 2020. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 23.6 MEUR. The contribution to the group operating margin has been accretive.

### **ACQUISITION OF D.P. TECHNOLOGY**

In December 2020, Hexagon acquired D.P. Technology ("DPT"), a provider of computer-aided manufacturing technology. Revenues in 2019 amounted to 35 MEUR.

### **Background and reasons for the transaction**

DPT provides high-performance CNC machine programming, optimisation, and simulation for a broad range of precision manufacturing applications. DPT's solutions leverage a digital twin simulation platform to model the finished part, tools and CNC machine. AI-based algorithms eliminate manual data input and provide machine operators with greater assurance of what will happen on the shop floor. The result - simplified programming, increased tool life and utilisation, reduced cycle times and improved productivity. When combined with Hexagon's production software portfolio, the acquisition strengthens its market-leading position in CAM.

From the date of acquisition, the business has contributed 3.5 MEUR of net sales in 2020. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 35.0 MEUR. The contribution to the group operating margin has been accretive.

### **ACQUISITION OF PAS GLOBAL**

In December 2020, Hexagon acquired PAS Global, a leading provider of Operational Technology (OT) integrity solutions. Revenues in 2020 amounted to 28.1 MEUR.

### **Background and reasons for the transaction**

PAS' solutions help prevent, detect and remediate cyber threats, reduce process safety risks and enable trusted data for decision-making in asset-intensive industries like manufacturing, oil and gas, utilities and more. This is critical to managing the performance of physical devices, machines and essential processes. Combining PAS' OT expertise with Hexagon's PPM division's digital twin and data integrity capabilities creates a powerful offering for industrial lifecycle management.

From the date of acquisition, the business has contributed 0.0 MEUR of net sales in 2020. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 28.1 MEUR.

### **ACQUISITION OF OXBLUE**

In December 2020, Hexagon acquired OxBlue, a leader in construction visualisation technology. Revenues in 2020 amounted to 36.9 MEUR.

### **Background and reasons for the transaction**

OxBlue's construction visualisation solution improves the management of everything from material shipments and site visits to contractor schedules, progress updates and construction site security, ensuring that projects stay on schedule and under budget. The acquisition of OxBlue strengthens Hexagon's capabilities to serve the rapidly evolving architecture, engineering, and construction (AEC) ecosystem. By integrating OxBlue's portfolio with Hexagon's 3D surveillance technology, BLK247, and its construction software solution, HxGN SMART Build, the company will provide invaluable data and insights on construction job site activities. The acquisition represents another step in Hexagon's vision to provide market-leading, data-centric solutions that introduce smarter ways to build.

From the date of acquisition, the business has contributed 2.9 MEUR of net sales in 2020. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 36.9 MEUR. The contribution to the group operating margin has been accretive.

# CONDENSED PARENT COMPANY INCOME STATEMENT

MEUR	Q4 2020	Q4 2019	2020	2019
Net sales	-2.4	4.4	10.5	17.6
Administration cost	-9.4	-33.8	-20.9	-49.9
<b>Operating earnings</b>	<b>-11.8</b>	<b>-29.4</b>	<b>-10.4</b>	<b>-32.3</b>
Earnings from shares in Group companies	-	1.1	360.1	399.6
Interest income and expenses, net	-28.1	19.5	-19.8	129.1
Appropriations	31.9	-30.0	31.9	-30.0
<b>Earnings before taxes</b>	<b>-8.0</b>	<b>-38.8</b>	<b>361.8</b>	<b>466.4</b>
Taxes	0.2	8.0	-1.6	-14.2
<b>Net earnings</b>	<b>-7.8</b>	<b>-30.8</b>	<b>360.2</b>	<b>452.2</b>

# CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	31/12 2020	31/12 2019
Total fixed assets	9,275.6	7,900.2
Total current receivables	1,494.3	1,545.0
Cash and cash equivalents	2.6	60.9
Total current assets	1,496.9	1,605.9
<b>Total assets</b>	<b>10,772.5</b>	<b>9,506.1</b>
Total shareholders' equity	5,208.2	5,123.2
Untaxed reserves	7.5	41.0
Total long-term liabilities	1,995.5	1,825.6
Total short-term liabilities	3,561.3	2,516.3
<b>Total equity and liabilities</b>	<b>10,772.5</b>	<b>9,506.1</b>

## Definitions

In addition to the financial measures as required by the financial reporting framework based on IFRS, this report also includes other measures and indicators that are used to follow-up, analyze and manage the business. These measures also provide Hexagon stakeholders with useful financial information on the Group's financial position, performance and development in a consistent way. Below is a list of definitions of measures and indicators used in this report.

### BUSINESS DEFINITIONS

Americas	North, South and Central America
Asia	Asia, Australia and New Zealand
EMEA	Europe, Middle East and Africa
GES	Geospatial Enterprise Solutions
IES	Industrial Enterprise Solutions

## FINANCIAL DEFINITIONS

Amortisation of surplus values	When a company is acquired, the purchase consideration is allocated to the identified assets and liabilities of the company. Intangible assets are most often allocated the substantial part of the purchase consideration. The amortisation of surplus values is defined as the difference between the amortisation of such identified intangible assets and what the amortisation would have been in the acquired company had the acquisition not taken place at all
Capital employed	Total assets less non-interest bearing liabilities
Capital turnover rate	Net sales divided by average capital employed
Cash conversion	Operating cash flow excluding interest, tax payments and non-recurring items divided by operating earnings (EBIT1).
Cash flow per share	Cash flow from operations, after change in working capital, excluding non-recurring items divided by average number of shares
Equity ratio	Shareholders' equity including non-controlling interests as a percentage of total assets
Gross margin	Gross earnings divided by operating net sales
Interest coverage ratio	Earnings before taxes plus financial expenses divided by financial expenses
Investments	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestitures of subsidiaries
Net debt	Interest-bearing liabilities including pension liabilities and interest-bearing provisions less cash and cash equivalents
Net indebtedness	Interest-bearing liabilities less interest-bearing current receivables and liquid assets divided by shareholders' equity excluding non-controlling interests
Non-recurring items	Income and expenses that are not expected to appear on a regular basis and impact comparability between periods
Operating earnings (EBIT1)	Operating earnings excluding capital gains on shares in group companies and non-recurring items. Non-recurring items are excluded to facilitate the understanding of the Group's operational development and to give comparable numbers between periods
Operating earnings (EBITDA)	Operating earnings (EBIT 1) excluding amortisation, depreciation and impairment of fixed assets. The measure is presented to give depiction of the result generated by the operating activities
Operating margin	Operating earnings (EBIT1) as a percentage of operating net sales
Organic growth	Net sales compared to prior period excluding acquisitions and divestments and adjusted for currency exchange movements
Operating net sales	Net sales adjusted by the difference between fair value and book-value of deferred revenue regarding acquired businesses.
Profit margin before taxes	Earnings before taxes as a percentage of net sales
Return on capital employed (12-month average)	Twelve months to end of period earnings after financial items, excluding non-recurring items, plus financial expenses as a percentage of twelve months to end of period average capital employed. The twelve months average capital employed is based on average quarterly capital employed
Return on shareholders' equity (12-month average)	Twelve months to end of period net earnings excluding non-controlling interests as a percentage of twelve months to end of period average shareholders' equity excluding non-controlling interests last twelve months. The twelve months average shareholders' equity is based on quarterly average shareholders' equity
Shareholders' equity per share	Shareholders' equity excluding non-controlling interests divided by the number of shares at year-end
Share price	Last settled transaction on Nasdaq Stockholm on the last business day for the period



Hexagon is a global leader in sensor, software and autonomous technologies. We are putting data to work to boost efficiency, productivity, and quality across industrial, manufacturing, infrastructure, safety, and mobility applications. Our technologies are shaping urban and production ecosystems to become increasingly connected and autonomous – ensuring a scalable, sustainable future. Hexagon (Nasdaq Stockholm: HEXA B) has approximately 21,000 employees in 50 countries and net sales of approximately 3.8bn EUR. Learn more at [hexagon.com](https://www.hexagon.com) and follow us [@HexagonAB](https://twitter.com/HexagonAB).

#### FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

Interim Report Q1 2021	29 April 2021
Interim Report Q2 2021	27 July 2021
Interim Report Q3 2021	28 October 2021
Year-End Report 2022	2 February 2022

#### FINANCIAL INFORMATION

Financial information is available in Swedish and English at the Hexagon website and can also be ordered via phone +46 8 601 26 20 or e-mail [ir@hexagon.com](mailto:ir@hexagon.com)

#### TELEPHONE CONFERENCE

The Year-End Report 2020 will be presented on 3 February at 10:00 CET at a telephone conference.

Please view instructions at Hexagon's website on how to participate.

#### CONTACT

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This information is information that Hexagon AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 3 February 2021.

This communication may contain forward-looking statements. When used in this communication, words such as "anticipate", "believe", "estimate", "expect", "intend", "plan" and "project" are intended to identify forward-looking statements. They may involve risks and uncertainties, including technological advances in the measurement field, product demand and market acceptance, the effect of economic conditions, the impact of competitive products and pricing, foreign currency exchange rates and other risks. These forward-looking statements reflect the views of Hexagon's management as of the date made with respect to future events and are subject to risks and uncertainties. All of these forward-looking statements are based on estimates and assumptions made by Hexagon's management and are believed to be reasonable, though are inherently uncertain and difficult to predict. Actual results or experience could differ materially from the forward-looking statements. Hexagon disclaims any intention or obligation to update these forward-looking statements.

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