

INTERIM REPORT

1 JANUARY - 30 JUNE 2021

SECOND QUARTER

- Net sales increased by 20 per cent to 1,075.6 MEUR (896.6). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 20 per cent
- Adjusted operating earnings (EBIT1) increased by 33 per cent to 301.1 MEUR (226.5)
- Earnings before taxes, excluding adjustments, amounted to 294.3 MEUR (220.1)
- Net earnings, excluding adjustments, amounted to 241.4 MEUR (180.5)
- Earnings per share, excluding adjustments, amounted to 0.09 EUR (0.07)
- Operating cash flow increased to 275.4 MEUR (239.2)

MEUR	Q2 2021	Q2 2020	Δ%	6M 2021	6M 2020	Δ%
Net sales	1,075.6	896.6	20 ¹⁾	2,053.5	1,786.5	15 ¹⁾
Adjusted gross earnings ²⁾	692.8	550.7	26	1,322.0	1,122.3	18
Adjusted gross margin, % ²⁾	64.4	61.4	3.0	64.4	62.8	1.6
Adjusted operating earnings (EBITDA) ²⁾	402.8	362.6	11	769.5	649.8	18
Adjusted EBITDA margin, % ²⁾	37.4	40.4	-3.0	37.5	36.4	1.1
Adjusted operating earnings (EBIT1) ²⁾	301.1	226.5	33	559.0	418.9	33
Adjusted operating margin, %	28.0	25.3	2.7	27.2	23.4	3.8
Earnings before taxes, excluding adjustments	294.3	220.1	34	544.6	406.7	34
Adjustments (before taxes) ³⁾	-4.9	-135.0	n.a.	-9.7	-135.0	n.a.
Earnings before taxes	289.4	85.1	240	534.9	271.7	97
Net earnings	237.3	70.6	236	438.6	223.6	96
Net earnings, excl. adjustments	241.4	180.5	34	446.6	333.5	34
Earnings per share, EUR	0.09	0.03	200	0.17	0.09	89
Earnings per share, excl. adjustments, EUR	0.09	0.07	29	0.17	0.13	31

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

²⁾ For definition, see page 17.

³⁾ Adjustments in 2021 relate to a share programme (LTIP).

COMMENTS FROM THE CEO

"The past quarter was Hexagons strongest ever, sales, operating earnings and margins are at an all-time high. We also report a solid cash conversion of 113 per cent. Continued high activities in the global construction and infrastructure markets coupled with increased demand for new solutions resulted in a stellar 31 per cent organic growth for Geosystems. Manufacturing in Europe and North America recovered while strong demand in China and the software portfolios continued, resulting in 24 per cent organic growth for Manufacturing Intelligence. The Safety and Infrastructure division recorded 2 per cent organic growth on the back of a tough comparison in public safety solutions and weakness in defence. The PPM division, hampered by the weakness in oil and gas, contracted organically by -4 per cent – although the operations and maintenance solutions and the AEC portfolio recorded double-digit growth. As previously communicated, we expect PPM to gradually start growing again in the second half of the year.

Our long-term strategy – to be a global leader in digital reality solutions, combining sensors, software and autonomous technologies – was reinforced when we signed an agreement to acquire Infor's EAM business in July. The acquisition will serve the entire company, providing opportunities to further expand within operations and maintenance and boost efficiency, productivity, quality and safety in buildings, infrastructure, utilities, energy, manufacturing and much more."

– Ola Rollén, President and CEO, Hexagon AB

20%

ORGANIC
GROWTH

28%

ADJUSTED OPERATING
MARGIN

113%

CASH
CONVERSION

GROUP BUSINESS DEVELOPMENT Q2

NET SALES

Net sales increased by 20 per cent to 1,075.6 MEUR (896.6). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 20 per cent. Regionally, organic growth was 27 per cent in EMEA, 18 per cent in Asia and 14 per cent in Americas. In EMEA, Western Europe recorded 25 per cent organic growth, mainly driven by strong demand in surveying, infrastructure and construction and a recovery in manufacturing. Eastern Europe, Russia, the Middle East and Africa also recorded strong double-digit organic growth. In Asia, China recorded 25 per cent organic growth, mainly driven by strong demand in manufacturing, infrastructure and construction. Australia and India recovered and recorded strong growth; however, Eastern Asia remained weak. In the Americas, North America recorded 14 per cent organic growth, fuelled by a broad-based recovery in surveying, infrastructure, construction and manufacturing, but hampered by weakness in power and energy and defence. South America recorded high double-digit growth supported by a strong development in surveying, power and energy and mapping segments.

EARNINGS

Adjusted operating earnings (EBIT1) increased by 33 per cent to 301.1 MEUR (226.5), which corresponds to an adjusted operating margin of 28.0 per cent (25.3). The adjusted operating margin (EBIT1) was positively impacted by volume growth, cost savings and a richer product mix but adversely impacted by currency movements. Adjusted operating earnings (EBIT1) were negatively impacted by currency translation effects of -17.5 MEUR and negatively impacted by currency transaction effects of -3.2 MEUR. Earnings before taxes, excluding adjustments, amounted to 294.3 MEUR (220.1) and were negatively impacted by currency translation effects of -17.5 MEUR.

FINANCIAL SUMMARY - SECOND QUARTER

MEUR	Net sales			Earnings		
	Q2 2021	Q2 2020	Δ% ¹⁾	Q2 2021	Q2 2020	Δ%
Geospatial Enterprise Solutions	560.4	457.6	24	176.4	118.9	48
Industrial Enterprise Solutions	515.2	439.0	16	129.9	110.9	17
Net sales	1,075.6	896.6	20			
Group cost				-5.2	-3.3	-58
Adjusted operating earnings (EBIT1)				301.1	226.5	33
Adjusted operating margin, %				28.0	25.3	2.7
Interest income and expenses, net				-6.8	-6.4	-6
Earnings before adjustments				294.3	220.1	34
Adjustments ²⁾				-4.9	-135.0	n.a.
Earnings before taxes				289.4	85.1	240
Taxes				-52.1	-14.5	-259
Net earnings				237.3	70.6	236

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

²⁾Adjustments in 2021 relate to a share programme (LTIP).

CURRENCY TRANSLATION IMPACT COMPARED TO EUR - SECOND QUARTER

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Weakened	-3%	Negative	Positive
USD	Weakened	-9%	Positive	Negative
CNY	Strengthened	0%	Positive	Positive
EBIT1, MEUR				-17.5

¹⁾Compared to Q2 2020

SALES BRIDGE - SECOND QUARTER

	Net sales ¹⁾
2020, MEUR	896.6
Structure, %	4
Currency, %	-4
Organic growth, %	20
Total, %	20
2021, MEUR	1,075.6

¹⁾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 GROWTH¹⁾ PER REGION

Region	Q2 2021
North America (30% of sales)	↗
Western Europe (30% of sales)	↗
China (16% of sales)	↗
Asia excl. China (13% of sales)	↗
EMEA excl. Western Europe (8% of sales)	↗
South America (3% of sales)	↗
Total	↗

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

>8% ↗
0-8% →
Negative ↘

GEOSPATIAL ENTERPRISE SOLUTIONS – Q2 2021

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) net sales amounted to 560.4 MEUR (457.6). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 24 per cent. Regionally, organic growth was 32 per cent in EMEA, 19 per cent in Asia and 17 per cent in Americas. In EMEA, Western Europe recorded 31 per cent organic growth, supported by strong demand in the surveying, infrastructure and construction segments. The rest of EMEA also recorded strong double-digit organic growth. In Asia, China recorded 12 per cent organic growth, despite tough comparatives, mainly driven by strong growth in surveying, infrastructure and construction. Australia and India recovered, recording solid organic growth; however, Japan and South Korea contracted. In the Americas, North America recorded 17 per cent organic growth, positively impacted by strong demand in surveying, infrastructure and construction and agriculture, but hampered by a tough comparison in defence. South America recorded double-digit organic growth, supported by strong demand for mining solutions.

Geosystems recorded 31 per cent organic growth, supported by a strong recovery in all regions and solid demand for surveying, infrastructure and construction solutions. The mining segment, which grew throughout 2020, also recorded good growth in the quarter. The Safety & Infrastructure division recorded 2 per cent organic growth, positively impacted by solid growth in infrastructure but hampered by a tough comparison in public safety and weakness in defence. The Autonomy & Positioning division recorded 18 per cent organic growth, fuelled by strong growth in agriculture, but hampered by a tough comparison in defence markets.

EARNINGS

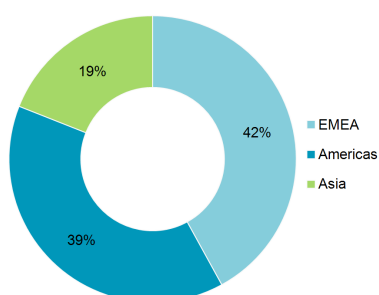
Adjusted operating earnings (EBIT1) increased by 48 per cent to 176.4 MEUR (118.9), which corresponds to an adjusted operating margin of 31.5 per cent (26.0). The adjusted operating margin (EBIT1) was positively impacted by volume growth, cost savings measures and a richer product mix but adversely impacted by currency movements.

NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

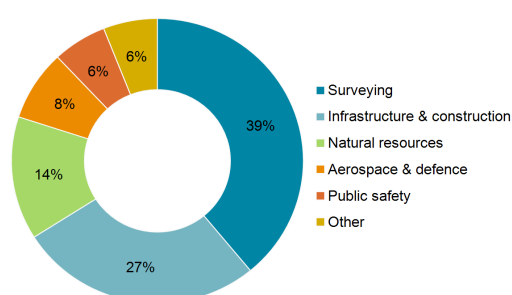
MEUR	Q2 2021	Q2 2020	Δ%	6M 2021	6M 2020	Δ%
Net sales	560.4	457.6	24 ¹⁾	1,063.0	911.4	19 ¹⁾
Adjusted operating earnings (EBIT1)	176.4	118.9	48	320.2	221.3	45
Adjusted operating margin, %	31.5	26.0	5.5	30.1	24.3	5.8
Avg. number of employees				9,154	9,064	1

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

NET SALES PER REGION – SECOND QUARTER



NET SALES PER CUSTOMER SEGMENT - SECOND QUARTER



INDUSTRIAL ENTERPRISE SOLUTIONS – Q2 2021

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) net sales amounted to 515.2 MEUR (439.0). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 16 per cent. Regionally, organic growth was 21 per cent in EMEA, 17 per cent in Asia and 10 per cent in Americas. In EMEA, Western Europe recorded 17 per cent organic growth, driven by a recovery in manufacturing, but hampered by continued weakness in power and energy. Russia, Eastern Europe and the Middle East recorded solid double-digit organic growth. In Asia, China recorded 29 per cent organic growth, mainly driven by continued strong demand in manufacturing. India saw a recovery in manufacturing but weakness in power and energy. Eastern Asia slightly declined. In the Americas, North America recorded 9 per cent organic growth, which was mainly driven by a recovery in the automotive segment but hampered by continued weakness in oil and gas. South America recorded strong double-digit growth.

Manufacturing Intelligence recorded 24 per cent organic growth, mainly driven by a broad-based recovery in Europe and North America and continued strong growth in China and the software portfolios. The PPM division recorded -4 per cent organic growth, hampered by a challenging oil and gas market. The operations and maintenance solutions and AEC (architecture, engineering and construction) software portfolios continued to record double-digit growth. PPM is expected to gradually start growing again from the second half of the year.

EARNINGS

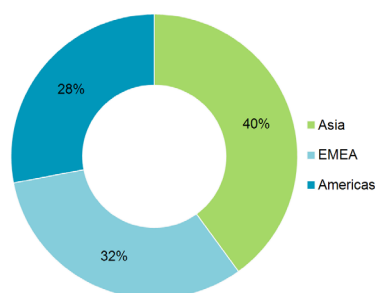
Adjusted operating earnings (EBIT1) increased by 17 per cent to 129.9 MEUR (110.9), which corresponds to an adjusted operating margin of 25.2 per cent (25.3). The adjusted operating margin (EBIT1) was negatively impacted by the product mix.

NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

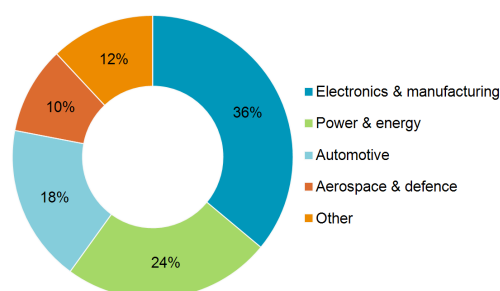
MEUR	Q2 2021	Q2 2020	Δ%	6M 2021	6M 2020	Δ%
Net sales	515.2	439.0	16 ¹⁾	990.5	875.1	12 ¹⁾
Adjusted operating earnings (EBIT1)	129.9	110.9	17	248.6	203.7	22
Adjusted operating margin, %	25.2	25.3	-0.1	25.1	23.3	1.8
Avg. number of employees				11,659	11,292	3

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

NET SALES PER REGION – SECOND QUARTER



NET SALES PER CUSTOMER SEGMENT – SECOND QUARTER



FINANCIAL SUMMARY – 6M 2021

NET SALES

Net sales amounted to 2,053.5 MEUR (1,786.5) for the first six months of the year. Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 15 per cent.

EARNINGS

Operating earnings (EBIT1) amounted to 559.0 MEUR (418.9), which corresponds to an operating margin of 27.2 per cent (23.4).

Operating earnings (EBIT1) were negatively affected by currency translation effects of -37.0 MEUR and by currency transaction effects of 3.9 MEUR.

The financial net amounted to -14.4 MEUR (-12.2) for the first six months of the year.

Earnings before taxes, excluding adjustments, amounted to 544.6 MEUR (406.7). Earnings before taxes, including these items, amounted to 534.9 MEUR (271.7) and were negatively impacted by currency translation effects of -37.0 MEUR.

Net earnings, excluding adjustments, amounted to 446.6 MEUR (333.5) or 0.17 EUR (0.13) per share. Net earnings, including these items, amounted to 438.6 MEUR (223.6) or 0.17 EUR (0.09) per share.

FINANCIAL SUMMARY - 6M 2021

MEUR	Net sales			Earnings		
	6M 2021	6M 2020	Δ% ¹⁾	6M 2021	6M 2020	Δ%
Geospatial Enterprise Solutions	1,063.0	911.4	19	320.2	221.3	45
Industrial Enterprise Solutions	990.5	875.1	12	248.6	203.7	22
Net sales	2,053.5	1,786.5	15			
Group cost				-9.8	-6.1	-61
Operating earnings (EBIT1)				559.0	418.9	33
Operating margin, %				27.2	23.4	3.8
Interest income and expenses, net				-14.4	-12.2	-18
Earnings before adjustments				544.6	406.7	34
Adjustments ²⁾				-9.7	-135.0	n.a.
Earnings before taxes				534.9	271.7	97
Taxes				-96.3	-48.1	-100
Net earnings				438.6	223.6	96


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

²⁾ Adjustments 2021 relates to a share programme (LTIP).

CURRENCY TRANSLATION IMPACT COMPARED TO EUR - 6M 2021

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Weakened	-3%	Negative	Positive
USD	Weakened	-9%	Positive	Negative
CNY	Weakened	-1%	Positive	Negative
EBIT1, MEUR				-37.0

¹⁾ Compared to 6M 2020.



Hexagon acquired CADLM, a pioneer in powering computer-aided engineering (CAE) by applying artificial intelligence (AI) and machine learning to real-world sensor data and physics-based simulation data to produce accurate, predictive models of a product at efficient computing power levels. The combination enables faster, more efficient simulations of dynamic, multi-physics phenomena - such as automotive crash and safety - that fully characterise and understand real-world product behaviour.

GROUP SUMMARY

PROFITABILITY

Capital employed increased to 8,945.5 MEUR (8,673.5). Return on average capital employed for the last twelve months was 12.5 per cent (10.9). Return on average shareholders' equity over the previous twelve months was 13.4 per cent (10.1). The capital turnover rate was 0.5 times (0.4).

FINANCIAL POSITION

Total shareholders' equity increased to 6,379.6 MEUR (6,185.3). The equity ratio was 57.7 per cent (58.2). Hexagon's total assets increased to 11,051.5 MEUR (10,633.8). 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 in 2014. The RCF amounts to 2,000 MEUR with maturity 2022
- 2) A Swedish Medium Term Note Programme (MTN) established in 2014. The MTN programme amounts to 20,000 MSEK with tenor up to 6 years
- 3) A Swedish Commercial Paper Programme (CP) established in 2012. The CP programme amounts to 15,000 MSEK with tenor up to 12 months.

On 30 June 2021, cash and unutilised credit limits totalled 1,753.3 MEUR (1,896.3). Hexagon's net debt was 2,153.2 MEUR (2,069.4). The net indebtedness was 0.31 times (0.30). Interest coverage ratio was 35.9 times (12.1).

CASH FLOW

During the second quarter, cash flow from operations before changes in working capital amounted to 338.9 MEUR (288.3), corresponding to 0.13 EUR (0.11) per share. Cash flow from operations in the second quarter amounted to 379.2 MEUR (344.2), corresponding to 0.15 EUR (0.13) per share. Operating cash flow in the second quarter, including non-recurring items, amounted to 275.4 MEUR (239.2).

For the first six months of the year, cash flow from operations amounted to 698.0 MEUR (592.8) corresponding to 0.27 EUR (0.23) per share. The operating cash flow, including non-recurring items, amounted to 487.3 MEUR (376.1).

INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -99.2 MEUR (-90.7) in the second quarter and -197.4 MEUR (-193.2) in the first six months of the

year. Depreciation, amortisation and impairment amounted to -101.7 MEUR (-196.9) in the second quarter and -210.5 MEUR (-291.7) during the first six months of the year, whereof impairment charges amounted to 0.0 MEUR (-96.6) in the second quarter and -10.8 MEUR (-96.6) during the first six months of the year.

TAX RATE

The tax expense for the first six months of the year totalled -96.3 MEUR (-48.1). The reported tax rate was 18.0 per cent (17.0) for the quarter and 18.0 per cent (17.7) for the first six months of the 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 first six months of the year.

EMPLOYEES

The average number of employees during the second quarter was 20,907 (20,431). The number of employees at the end of the quarter was 21,078 (20,508).

SHARE DATA

The share split 7:1 resolved by the Annual General Meeting was transacted on 20 May, 2021. All historical data has been restated except for the share price.

Earnings per share, including adjustments, for the second quarter amounted to 0.09 EUR (0.03). Earnings per share, excluding adjustments, for the second quarter amounted to 0.09 EUR (0.07).


Earnings per share, including adjustments, for the first six months of the year amounted to 0.17 EUR (0.09). Earnings per share, excluding adjustments, for first six months of the year amounted to 0.17 EUR (0.13).

On 30 June 2021, equity per share was 2.48 EUR (2.40) and the share price was 126.80 SEK (544.00).

Hexagon's share capital amounts to 81,557,432 EUR, represented by 2,566,905,614 shares, of which 110,250,000 are of series A with ten votes each and 2,456,655,614 are of series B with one vote each. Hexagon holds 5,950,000 treasury shares.

PARENT COMPANY

The parent company's earnings before taxes in the second quarter amounted to -6.5 MEUR (18.1) and -4.5 MEUR (24.7) for the first six months of the year. The equity was 4,951.6 MEUR (5,142.7). The equity ratio of the parent company was 46 per cent (56). Liquid funds including unutilised credit limits were 1,344.1 MEUR (1,433.3).



Hexagon launched HxGN Connect, a SaaS workspace for citywide collaboration enabling government agencies and other diverse organisations to share data and coordinate action for ad-hoc, routine and emergency situations. HxGN Connect brings a city's public safety, transportation, utilities and other related organisations together seamlessly which means safer cities, more effective services and happier residents

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 2020, 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 2020.

SHARE PROGRAMME

A Share Programme has been implemented for key employees in the company. Participants in the share programme are offered to be granted, free of charge, performance awards that may entitle to Class B shares if performance conditions are met during the measurement period. The performance condition is related to the development of Hexagon's earnings per share compared with the target level set by the Board

during the measurement period 1 January 2020 to 31 December 2023, where the last financial year during the measurement period is compared with the financial year preceding the measurement period. The purpose of the incentive programme is to strengthen Hexagon's ability to retain and recruit competent employees, provide competitive remuneration and align the shareholders' interests with the interest of the employees concerned.

The share programme is accounted for according to IFRS 2 and is classified as an equity-settled share-based payment transaction, which means the programme is reported within equity. Social fees are reported as a liability in the balance sheet. The total cost of the share-based incentive programme is estimated at 60 MEUR and is recognised as a personnel expense in profit or loss during the vesting period.

RELATED PARTY TRANSACTIONS

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

SUBSEQUENT EVENTS

On 6 July Hexagon announced an agreement to acquire Infor's global EAM (enterprise asset management) business for approximately 2,750 MUSD. Completion of the transaction is subject to regulatory approvals and other customary conditions, which are expected to be fully completed during the fourth quarter 2021. For more information, please visit [hexagon.com](https://www.hexagon.com).

The Board of Directors and the President and CEO declare that this Interim 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, 27 July 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 Interim Report has not been reviewed by the Company's auditors.

CONDENSED INCOME STATEMENT

MEUR	Q2 2021	Q2 2020	6M 2021	6M 2020	2020
Net sales	1,075.6	896.6	2,053.5	1,786.5	3,764.4
Cost of goods sold	-382.8	-345.9	-731.5	-664.2	-1,390.1
Gross earnings	692.8	550.7	1,322.0	1,122.3	2,374.3
Sales expenses	-190.0	-174.9	-371.7	-356.3	-687.3
Administration expenses	-83.4	-91.0	-165.8	-169.1	-328.2
Research and development expenses	-123.1	-126.5	-243.7	-243.1	-462.7
Capital gain (+) / loss (-) from sale of shares in Group companies	0.3	-	0.3	-	-
Other income and expenses, net	-0.4	-66.8	8.2	-69.9	-109.1
Operating earnings ¹⁾	296.2	91.5	549.3	283.9	787.0
Financial income	1.5	1.3	2.2	3.8	6.3
Financial expenses	-8.3	-7.7	-16.6	-16.0	-33.7
Earnings before taxes	289.4	85.1	534.9	271.7	759.6
Taxes	-52.1	-14.5	-96.3	-48.1	-134.9
Net earnings	237.3	70.6	438.6	223.6	624.7
Attributable to:					
Parent company shareholders	235.2	68.8	434.9	221.1	618.1
Non-controlling interest	2.1	1.8	3.7	2.5	6.6
¹⁾ of which adjustments	-4.9	-135.0	-9.7	-135.0	-169.2
Earnings include depreciation, amortisation and impairments of	-101.7	-196.9	-210.5	-291.7	-534.2
- of which amortisation of surplus values	-13.5	-13.5	-26.9	-27.7	-53.3
Basic earnings per share, EUR	0.09	0.03	0.17	0.09	0.24
Earnings per share after dilution, EUR	0.09	0.03	0.17	0.09	0.24
Total shareholder's equity per share, EUR	2.48	2.40	2.48	2.40	2.31
Closing number of shares, thousands	2,566,906	2,572,857	2,566,906	2,572,857	2,568,335
Average number of shares, thousands	2,566,906	2,572,857	2,567,302	2,572,836	2,572,780
Average number of shares after dilution, thousands	2,572,856	2,572,857	2,572,948	2,572,836	2,573,914

CONDENSED COMPREHENSIVE INCOME

MEUR	Q2 2021	Q2 2020	6M 2021	6M 2020	2020
Net earnings	237.3	70.6	438.6	223.6	624.7
Other comprehensive income					
Items that will not be reclassified to income statement					
Remeasurement of pensions	20.7	16.5	44.6	-28.2	-29.4
Taxes on items that will not be reclassified to income statement	-2.1	-1.7	-4.5	2.8	3.6
Total items that will not be reclassified to income statement, net of taxes	18.6	14.8	40.1	-25.4	-25.8
Items that may be reclassified subsequently to income statement					
Exchange rate differences	-51.0	-94.6	208.3	-94.2	-468.5
Taxes on items that may be reclassified subsequently to income statement	4.8	-1.2	-5.6	4.8	23.3
Total items that may be reclassified subsequently to income statement, net of taxes	-46.2	-95.8	202.7	-89.4	-445.2
Other comprehensive income, net of taxes	-27.6	-81.0	242.8	-114.8	-471.0
Total comprehensive income for the period	209.7	-10.4	681.4	108.8	153.7
Attributable to:					
Parent company shareholders	207.6	-11.9	677.1	106.6	147.5
Non-controlling interest	2.1	1.5	4.3	2.2	6.2

CONDENSED BALANCE SHEET

MEUR	30/6 2021	30/6 2020	31/12 2020
Intangible fixed assets	8,173.0	7,791.8	7,941.8
Tangible fixed assets	504.7	488.6	480.1
Right-of-use assets	209.9	213.1	205.1
Financial fixed assets	66.2	65.7	80.4
Deferred tax assets	95.4	118.0	102.1
Total fixed assets	9,049.2	8,677.2	8,809.5
Inventories	408.1	425.4	371.1
Accounts receivables	896.1	847.2	884.7
Other receivables	143.6	117.5	113.3
Prepaid expenses and accrued income	141.8	147.7	127.6
Total current receivables	1,181.5	1,112.4	1,125.6
Cash and cash equivalents	412.7	418.8	397.4
Total current assets	2,002.3	1,956.6	1,894.1
Total assets	11,051.5	10,633.8	10,703.6
Equity attributable to parent company shareholders	6,365.5	6,170.4	5,934.8
Equity attributable to non-controlling interest	14.1	14.9	14.4
Total shareholders' equity	6,379.6	6,185.3	5,949.2
Interest bearing liabilities	1,750.0	1,479.3	1,995.4
Lease liabilities	156.8	159.2	153.5
Other liabilities	50.5	131.5	85.5
Pension liabilities	72.3	125.8	125.4
Deferred tax liabilities	469.2	454.6	460.2
Other provisions	15.4	9.2	14.7
Total long-term liabilities	2,514.2	2,359.6	2,834.7
Interest bearing liabilities	523.8	662.8	437.4
Lease liabilities	63.0	61.1	61.6
Accounts payable	231.9	195.2	207.4
Other liabilities	367.9	323.1	326.7
Other provisions	33.3	80.2	48.3
Deferred income	568.9	484.7	520.9
Accrued expenses	368.9	281.8	317.4
Total short-term liabilities	2,157.7	2,088.9	1,919.7
Total equity and liabilities	11,051.5	10,633.8	10,703.6

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	Q2 2021	Q2 2020	2020
Opening shareholders' equity	5,949.2	6,076.9	6,076.9
Total comprehensive income for the period ¹⁾	681.4	108.8	153.7
Acquisition of treasury shares	-14.8	-	-47.3
Dividend	-243.3	-0.4	-234.1
Share based programme (LTIP)	7.1	-	-
Closing shareholders' equity ²⁾	6,379.6	6,185.3	5,949.2
1) Of which: Parent company shareholders	677.1	106.6	147.5
Non-controlling interest	4.3	2.2	6.2
2) Of which: Parent company shareholders	6,365.5	6,170.4	5,934.8
Non-controlling interest	14.1	14.9	14.4

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
Repurchase of treasury shares	-	-646,000	-646,000
2020-12-31 Total outstanding	15,750,000	351,154,802	366,904,802
Repurchase of treasury shares	-	-204,000	-204,000
2021-03-31 Total outstanding	15,750,000	350,950,802	366,700,802
Split 7:1 outstanding shares	94,500,000	2,105,704,812	2,200,204,812
2021-06-30 Total outstanding	110,250,000	2,456,655,614	2,566,905,614
Total amount of treasury shares		5,950,000	5,950,000
2021-06-30 Total issued	110,250,000	2,462,605,614	2,572,855,614

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	Q2 2021	Q2 2020	6M 2021	6M 2020	2020
Cash flow from operations before change in working capital excluding taxes and interest	398.7	322.8	753.6	605.5	1,340.9
Taxes paid	-52.1	-26.7	-102.9	-82.8	-163.2
Interest received and paid, net	-7.7	-7.8	-13.1	-12.2	-24.5
Cash flow from operations before change in working capital	338.9	288.3	637.6	510.5	1,153.2
Cash flow from change in working capital	40.3	55.9	60.4	82.3	221.3
Cash flow from operations	379.2	344.2	698.0	592.8	1,374.5
Investments tangible assets, net	-21.6	-24.0	-48.4	-51.4	-96.7
Investments intangible assets	-77.6	-66.7	-149.0	-141.8	-286.6
Operating cash flow before non-recurring items	280.0	253.5	500.6	399.6	991.2
Non-recurring cash flow ¹⁾	-4.6	-14.3	-13.3	-23.5	-70.5
Operating cash flow	275.4	239.2	487.3	376.1	920.7
Cash flow from acquisitions and divestments	-9.6	-110.0	-34.2	-255.6	-760.5
Cash flow from other investing activities	-0.4	0.2	4.6	-11.7	-34.5
Cash flow after other investing activities	265.4	129.4	457.7	108.8	125.7
Dividends paid	-243.3	-0.4	-243.3	-0.4	-234.1
Repurchase of Treasury shares	-	-	-14.8	0.0	-47.3
Cash flow from other financing activities	-56.9	-99.5	-199.1	-144.7	92.7
Cash flow for the period	-34.8	29.5	0.5	-36.3	-63.0
Cash and cash equivalents, beginning of period	444.4	403.6	397.4	468.3	468.3
Effect of translation differences on cash and cash equivalents	3.1	-14.3	14.8	-13.2	-7.9
Cash flow for the period	-34.8	29.5	0.5	-36.3	-63.0
Cash and cash equivalents, end of period	412.7	418.8	412.7	418.8	397.4

¹⁾ Non-recurring cash flow consists of restructuring costs.

KEY RATIOS

MEUR	Q2 2021	Q2 2020	6M 2021	6M 2020	2020
Adjusted operating margin, %	28.0	25.3	27.2	23.4	25.4
Profit margin before taxes, %	26.9	9.5	26.0	15.2	20.2
Return on shareholders' equity, 12-month average, %	13.4	10.1	13.4	10.1	10.1
Return on capital employed, 12-month average, %	12.5	10.9	12.5	10.9	11.1
Equity ratio, %	57.7	58.2	57.7	58.2	55.6
Net indebtedness	0.31	0.30	0.31	0.30	0.37
Interest coverage ratio	35.9	12.1	33.2	18.0	23.5
Average number of shares, thousands ¹⁾	2,566,906	2,572,857	2,567,302	2,572,836	2,572,780
Basic earnings per share excl. adjustments, EUR ¹⁾	0.09	0.07	0.17	0.13	0.29
Basic earnings per share, EUR ¹⁾	0.09	0.03	0.17	0.09	0.24
Cash flow per share, EUR ¹⁾	0.15	0.13	0.27	0.23	0.53
Cash flow per share before change in working cap, EUR ¹⁾	0.13	0.11	0.25	0.20	0.45
Share price, SEK ²⁾	126.80	544.00	126.80	544.00	749.80
Share price, translated to EUR ²⁾	12.54	51.84	12.54	51.84	74.72

¹⁾ All comparatives to per share data have been adjusted to reflect the split 7:1 during Q2 2021.

²⁾ The share price for Q2 2021 reflects the adjustment of the split 7:1. Historic data has not been restated.

SUPPLEMENTARY INFORMATION

NET SALES PER SEGMENT

MEUR	Q2 2021	Q1 2021	2021	Q4 2020*	Q3 2020	Q2 2020	Q1 2020	2020*
Geospatial Enterprise Solutions	560.4	502.6	1,063.0	535.3	487.3	457.6	453.8	1,934.0
Industrial Enterprise Solutions	515.2	475.3	990.5	508.8	452.6	439.0	436.1	1,836.5
Group	1,075.6	977.9	2,053.5	1,044.1	939.9	896.6	889.9	3,770.5

ADJUSTED OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q2 2021	Q1 2021	2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	2020
Geospatial Enterprise Solutions	176.4	143.8	320.2	156.3	138.5	118.9	102.4	516.1
Industrial Enterprise Solutions	129.9	118.7	248.6	137.5	114.8	110.9	92.8	456.0
Group costs	-5.2	-4.6	-9.8	-6.6	-3.2	-3.3	-2.8	-15.9
Group	301.1	257.9	559.0	287.2	250.1	226.5	192.4	956.2
Adjusted operating margin, %	28.0	26.4	27.2	27.5	26.6	25.3	21.6	25.4

NET SALES BY REGION

MEUR	Q2 2021	Q1 2021	2021	Q4 2020*	Q3 2020	Q2 2020	Q1 2020	2020*
EMEA	399.6	370.9	770.5	395.7	340.4	307.9	330.9	1,374.9
Americas	360.7	327.2	687.9	341.0	325.9	319.4	336.3	1,322.6
Asia	315.3	279.8	595.1	307.4	273.6	269.3	222.7	1,073.0
Group	1,075.6	977.9	2,053.5	1,044.1	939.9	896.6	889.9	3,770.5

EXCHANGE RATES

Average	Q2 2021	Q1 2021	2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	2020
SEK/EUR	0.0986	0.0988	0.0987	0.0973	0.0965	0.0938	0.0938	0.0954
USD/EUR	0.8293	0.8302	0.8298	0.8393	0.8556	0.9092	0.9067	0.8777
CNY/EUR	0.1284	0.1281	0.1283	0.1267	0.1237	0.1283	0.1299	0.1271
CHF/EUR	0.9109	0.9165	0.9137	0.9279	0.9298	0.9425	0.9373	0.9343
Closing	Q2 2021	Q1 2021	2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	2020
SEK/EUR	0.0989	0.0977	0.0997	0.0997	0.0946	0.0953	0.0904	0.0997
USD/EUR	0.8415	0.8529	0.8149	0.8149	0.8541	0.8930	0.9127	0.8149
CNY/EUR	0.1303	0.1302	0.1246	0.1246	0.1254	0.1262	0.1286	0.1246
CHF/EUR	0.9107	0.9033	0.9258	0.9258	0.9256	0.9389	0.9447	0.9258

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

ACQUISITIONS

MEUR	6M 2021	6M 2020
Fair value of acquired assets and assumed liabilities		
Intangible fixed assets	14.7	28.0
Other fixed assets	1.9	1.5
Total fixed assets	16.6	29.5
Total current assets	15.4	12.5
Total assets	32.0	42.0
Total long-term liabilities	-5.6	-7.6
Total current liabilities	-4.2	-5.9
Total liabilities	-9.8	-13.5
Fair value of acquired assets and assumed liabilities, net	22.2	28.5
Goodwill	15.5	164.2
Total purchase consideration transferred	37.7	192.7
Less cash and cash equivalents in acquired companies	-3.5	-6.3
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	0.3	-40.8
Cash flow from acquisition of companies/businesses	34.5	145.6

During the first six months of the year 2021, Hexagon acquired the following companies:

- Mecadat, a distributor of CAD and CAM software
- CADLM, a provider of computer-aided engineering (CAE) software

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 122.4 MEUR (163.6) as of 30 June, whereof the fair value adjustment in 2021 amounted to 11.2 MEUR (37.7). 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.

CONDENSED PARENT COMPANY INCOME STATEMENT

MEUR	Q2 2021	Q2 2020	6M 2021	6M 2020	2020
Net sales	2.5	4.3	7.6	8.6	10.5
Administration expenses	-5.7	-4.0	-11.3	-7.4	-20.9
Operating earnings	-3.2	0.3	-3.7	1.2	-10.4
Earnings from shares in Group companies	0.6	-	0.6	-	360.1
Interest income and expenses, net	-3.9	17.8	-1.4	23.5	-19.8
Appropriations	-	-	-	-	31.9
Earnings before taxes	-6.5	18.1	-4.5	24.7	361.8
Taxes	1.3	-5.9	1.0	-5.2	-1.6
Net earnings	-5.2	12.2	-3.5	19.5	360.2

CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	30/6 2021	30/6 2020	31/12 2020
Total fixed assets	9,007.9	7,914.3	9,275.6
Total current receivables	1,792.3	1,329.0	1,494.3
Cash and cash equivalents	41.1	2.7	2.6
Total current assets	1,833.4	1,331.7	1,496.9
Total assets	10,841.3	9,246.0	10,772.5
Total shareholders' equity	4,951.6	5,142.7	5,208.2
Untaxed reserves	7.5	40.7	7.5
Total long-term liabilities	1,750.8	1,474.2	1,995.5
Total short-term liabilities	4,131.4	2,588.4	3,561.3
Total equity and liabilities	10,841.3	9,246.0	10,772.5

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
Adjusted gross earnings	Operational net sales less cost of goods sold excluding adjustments related to cost of goods sold
Adjusted gross margin	Adjusted gross earnings divided by operating net sales
Adjusted operating earnings (EBIT1)	Operating earnings excluding capital gains on shares in group companies and adjustments. Adjustments are excluded to facilitate the understanding of the Group's operational development and to give comparable numbers between periods
Adjusted operating earnings (EBITDA)	Adjusted 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
Adjusted EBITDA margin	Adjusted operating earnings (EBITDA) as a percentage of operating net sales
Adjusted operating margin	Adjusted operating earnings (EBIT1) as a percentage of operating net sales
Adjustments	Adjustments consists of expenses related to the share programme (LTIP) and non-recurring items which refers to income and expenses that are not expected to appear on a regular basis and impact comparability between periods
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
Earnings per share	Net earnings excluding non-controlling interest divided by average number of shares
Equity ratio	Shareholders' equity including non-controlling interests as a percentage of total assets
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
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 adjustments, 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 digital reality solutions, combining sensor, software and autonomous technologies. We are putting data to work to boost efficiency, productivity, quality and safety across industrial, manufacturing, infrastructure, public sector, 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 Q3 2021	28 October 2021
Year-End Report 2021	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

TELEPHONE CONFERENCE

The Interim Report for the second quarter 2021 will be presented on 27 July at 10:00 CET at a telephone conference.

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

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This is information that Hexagon AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 27 July 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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