

# YEAR-END REPORT

1 JANUARY - 31 DECEMBER 2021

FOURTH QUARTER

- Operating net sales increased by 17 per cent to 1,216.7 MEUR (1,044.1). Net sales including the reduction of acquired deferred revenue amounted to 1,210.4 (1,038.0). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 7 per cent
- Adjusted operating earnings (EBIT1) increased by 24 per cent to 373.1 MEUR (299.7)
- Earnings before taxes, excluding adjustments, amounted to 367.6 MEUR (292.4)
- Net earnings, excluding adjustments, amounted to 299.7 MEUR (239.8)
- Earnings per share, excluding adjustments, amounted to 11.0 Euro cent (9.2)
- Operating cash flow decreased to 237.3 MEUR (353.4)
- The Board of Directors proposes a dividend of 0.11 EUR (0.09) per share, an increase of 22 per cent

MEUR	Q4 2021	Q4 2020	Δ%	2021	2020	Δ%
Operating net sales	1,216.7	1,044.1	7 <sup>1)</sup>	4,347.4	3,770.5	12 <sup>1)</sup>
Revenue adjustment <sup>2)</sup>	-6.3	-6.1	n.a.	-6.3	-6.1	n.a.
Net sales	1,210.4	1,038.0	7 <sup>1)</sup>	4,341.1	3,764.4	12 <sup>1)</sup>
Adjusted gross earnings <sup>2)</sup>	790.4	663.3	19	2,806.8	2,398.7	17
Adjusted gross margin, % <sup>2)</sup>	65.0	63.5	1.5	64.6	63.6	1.0
Adjusted operating earnings (EBITDA) <sup>2)</sup>	471.2	414.6	14	1,654.1	1,411.6	17
Adjusted EBITDA margin, % <sup>2)</sup>	38.7	39.7	-1.0	38.0	37.4	0.6
Adjusted operating earnings (EBIT1) <sup>2)</sup>	373.1	299.7	24	1,269.6	1,009.5	26
Adjusted operating margin, %	30.7	28.7	2.0	29.2	26.8	2.4
Earnings before taxes, excluding adjustments	367.6	292.4	26	1,243.4	982.1	27
Adjustments (before taxes) <sup>3)</sup>	-200.0	-46.7	n.a.	-259.8	-222.5	n.a.
Earnings before taxes	167.6	245.7	-32	983.6	759.6	29
Net earnings	140.8	202.5	-30	810.0	624.7	30
Net earnings, excl. adjustments	299.7	239.8	25	1,018.0	805.3	26
Earnings per share, Euro cent	5.1	7.8	-35	30.8	24.0	28
Earnings per share, excl. adjustments, Euro cent	11.0	9.2	20	38.8	31.0	26

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

<sup>2)</sup> For definition, see page 19.

<sup>3)</sup> See more information on page 2.

## COMMENTS FROM THE CEO

"We ended 2021 delivering our strongest quarter ever, with record sales, operating earnings and profitability. The quarter was, however, not without its challenges. The strained component supply reduced sales and organic growth by 6 per cent resulting in a further increase in order backlog and additional cost pressures. But as evident in the strong operating results, we successfully mitigated this constraint across the business.

Geosystems continued its stellar performance despite a strained supply chain, delivering 7 per cent organic growth – driven by high demand in infrastructure, construction and for reality capture solutions. Manufacturing Intelligence recorded 9 per cent organic growth, fuelled by the continued recovery across all end markets as well as strong demand for design and engineering solutions. PPM continued to recover, driven by a pick up in core process industries and strong growth in our AEC portfolio. This was our first quarter with EAM solutions. The integration of Infor's EAM business is progressing well and the SaaS revenue growth was 42 per cent in the quarter.

During the quarter we continued to expand our green-tech initiatives through R-evolution, announcing efforts to map the threatened seagrass meadows of the Caribbean islands, using bathymetric sensors, in order to protect and preserve vital blue carbon ecosystems.

Despite an unpredictable overall outlook, we're starting 2022 with a strong orderbook and new ambitious five year financial targets."

– Ola Rollén, President and CEO, Hexagon AB

**7%**

**ORGANIC  
GROWTH**

**31%**

**ADJUSTED  
OPERATING MARGIN**

**81%**

**CASH  
CONVERSION**

## GROUP BUSINESS DEVELOPMENT Q4

### NET SALES

Operating net sales increased by 17 per cent to 1,216.7 MEUR (1,044.1). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 7 per cent. Regionally, organic growth was 12 per cent in the Americas, 7 per cent in EMEA and 1 per cent in Asia. In the Americas, North America recorded 9 per cent organic growth, fuelled by a strong recovery in automotive, general manufacturing and power and energy and continued solid demand in surveying and infrastructure and construction, but hampered by weakness in defence. South America continued to record high double-digit growth driven by strong growth in mining, agriculture and power and energy. In EMEA, Western Europe recorded 6 per cent organic growth, mainly driven by solid growth in surveying, manufacturing, infrastructure and construction, and a strong recovery in automotive. Russia, the Middle East and Eastern Europe also continued to record strong organic growth. In Asia, China recorded 2 per cent organic growth, hampered by availability issues in infrastructure and construction and a tough comparison. India recorded solid double-digit growth, whereas Japan, South Korea and New Zealand declined.

### EARNINGS

Adjusted operating earnings (EBIT1) increased by 24 per cent to 373.1 MEUR (299.7), which corresponds to an adjusted operating margin of 30.7 per cent (28.7). The adjusted operating margin (EBIT1) was positively impacted by volume growth and a richer product mix. Adjusted operating earnings (EBIT1) were positively impacted by currency translation effects of 9.1 MEUR and positively impacted by currency transaction effects of 1.8 MEUR. Earnings before taxes, excluding adjustments, amounted to 367.6 MEUR (292.4) and were positively impacted by currency translation effects of 5.4 MEUR.

### ADJUSTMENTS

The adjustments for the quarter consist of share-based program expenses (LTIP) 9.2 MEUR (0), amortisation of surplus values (PPA) 21.5 MEUR (12.5), acquired deferred revenue 6.3 MEUR (6.1) and non-recurring items 163.0 MEUR (28.1) related to transaction and integration costs and non-cash impairments of overlapping technologies associated with the acquisition of Infor's EAM business.

### FINANCIAL SUMMARY - FOURTH QUARTER

MEUR	Net sales			Earnings		
	Q4 2021	Q4 2020	Δ% <sup>1)</sup>	Q4 2021	Q4 2020	Δ%
Geospatial Enterprise Solutions	586.5	535.3	5	182.0	161.3	13
Industrial Enterprise Solutions	630.2	508.8	8	200.9	144.9	39
Operating net sales	1,216.7	1,044.1	7			
Revenue adjustment <sup>2)</sup>	-6.3	-6.1	n.a.			
Net sales	1,210.4	1,038.0	7			
Group cost				-9.8	-6.5	-51
Adjusted operating earnings (EBIT1)				373.1	299.7	24
Adjusted operating margin, %				30.7	28.7	2.0
Interest income and expenses, net				-5.5	-7.3	25
Earnings before adjustments				367.6	292.4	26
Adjustments <sup>2)</sup>				-200.0	-46.7	n.a.
Earnings before taxes				167.6	245.7	-32
Taxes				-26.8	-43.2	38
Net earnings				140.8	202.5	-30

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

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

	Movement <sup>1)</sup>		Income less cost	Earnings impact
CHF	Strengthened	2%	Negative	Negative
USD	Strengthened	4%	Positive	Positive
CNY	Strengthened	8%	Positive	Positive
EBIT1, MEUR				9.1

<sup>1)</sup>Compared to Q4 2020

### SALES BRIDGE - FOURTH QUARTER

	Operating net sales <sup>1)</sup>
2020, MEUR	1,044.1
Structure, %	7
Currency, %	3
Organic growth, %	7
Total, %	17
2021, MEUR	1,216.7

<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 PER REGION

Region	Q4 2021	
North America (32% of sales)	↗	
EMEA excl. Western Europe (8% of sales)	↗	
South America (4% of sales)	↗	
Western Europe (29% of sales)	→	>8% ↗
China (15% of sales)	→	0-8% →
Asia excl. China (12% of sales)	↘	Negative ↘
Total	→	

## GEOSPATIAL ENTERPRISE SOLUTIONS – Q4 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) operating net sales amounted to 586.5 MEUR (535.3). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 5 per cent. Regionally, organic growth was 11 per cent in the Americas, 4 per cent in EMEA and -4 per cent in Asia. In the Americas, North America recorded 8 per cent organic growth, driven by strong growth in infrastructure and construction, reality capture solutions and agriculture, but hampered by delays in certain defence businesses. South America recorded solid double-digit organic growth, positively impacted by strong growth in mining and agriculture. In EMEA, Western Europe recorded 4 per cent organic growth, supported by solid demand in surveying and infrastructure and construction. Russia and Eastern Europe recorded double-digit organic growth, but Africa and the Middle East declined. In Asia, China recorded -5 per cent organic growth, due to a very tough comparison from last year's strong recovery in infrastructure and construction, alongside component availability challenges. The rest of Asia faced similar obstacles and declined in the quarter.

Geosystems recorded 7 per cent organic growth, driven by continued strong demand across industries but significantly hampered by supply constraints of components. The Safety & Infrastructure division recorded -4 per cent organic growth, hampered by delayed US defence orders, but benefiting from growth in public safety. The Autonomy & Positioning division recorded 8 per cent organic growth, fuelled by continued strength in precision agriculture but hampered by supply constraints of components.

### EARNINGS

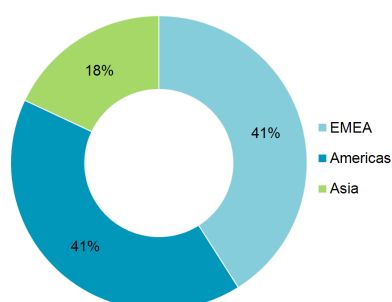
Adjusted operating earnings (EBIT1) increased by 13 per cent to 182.0 MEUR (161.3), which corresponds to an adjusted operating margin of 31.0 per cent (30.1). The adjusted operating margin (EBIT1) was positively impacted by volume growth and a richer product mix.

### NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

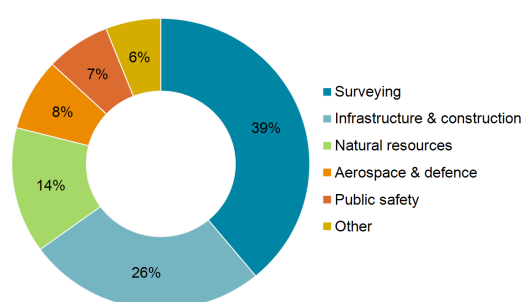
MEUR	Q4 2021	Q4 2020	Δ%	2021	2020	Δ%
Operating net sales	586.5	535.3	5 <sup>1)</sup>	2,201.4	1,934.0	13 <sup>1)</sup>
Adjusted operating earnings (EBIT1)	182.0	161.3	13	684.7	537.8	27
Adjusted operating margin, %	31.0	30.1	0.9	31.1	27.8	3.3
Avg. number of employees				9,346	8,923	5

<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 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) operating net sales amounted to 630.2 MEUR (508.8). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 8 per cent. Regionally, organic growth was 14 per cent in the Americas, 10 per cent in EMEA and 3 per cent in Asia. In the Americas, North America recorded 11 per cent organic growth, driven by a strong recovery in the automotive and power and energy segments, solid demand in general manufacturing and an improvement in aerospace markets. South America recorded strong double-digit growth, driven by continued recovery in the power and energy segment. In EMEA, Western Europe recorded 9 per cent organic growth, driven by continued solid demand in manufacturing and automotive, and a recovery in power and energy. Russia and the Middle East recorded double-digit organic growth, but Eastern Europe declined in the quarter. In Asia, China recorded 4 per cent organic growth, fuelled by continued strong growth in the manufacturing sector despite tough comparison. The rest of Asia recorded moderate growth due to tough comparisons and weakness in the power and energy segment.

Manufacturing Intelligence recorded 9 per cent organic growth, driven by strong, broad-based recovery in automotive across geographies, and solid demand for design and engineering software. The PPM division recorded 8 per cent organic growth, driven by growth in the asset information management and AEC portfolios, leading to a strong recovery in EMEA and continued growth in the Americas.

### EARNINGS

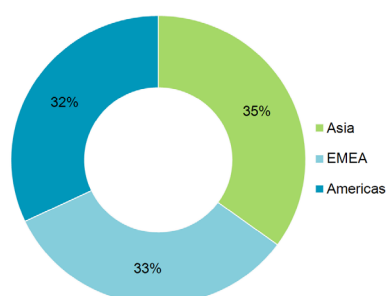
Adjusted operating earnings (EBIT1) increased by 39 per cent to 200.9 MEUR (144.9), which corresponds to an adjusted operating margin of 31.9 per cent (28.5). The adjusted operating margin (EBIT1) was positively impacted by volume growth, a richer product mix and the EAM acquisition.

### NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

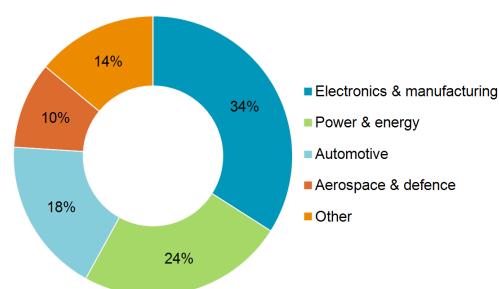
MEUR	Q4 2021	Q4 2020	Δ%	2021	2020	Δ%
Operating net sales	630.2	508.8	8 <sup>1)</sup>	2,146.0	1,836.5	11 <sup>1)</sup>
Adjusted operating earnings (EBIT1)	200.9	144.9	39	609.1	487.5	25
Adjusted operating margin, %	31.9	28.5	3.4	28.4	26.5	1.9
Avg. number of employees				11,846	11,340	4

<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 – 2021

### NET SALES

Operating net sales amounted to 4,347.4 MEUR (3,770.5) for the full year. Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 12 per cent.

### EARNINGS

Adjusted operating earnings (EBIT1) amounted to 1,269.6 MEUR (1,009.5), which corresponds to an adjusted operating margin of 29.2 per cent (26.8). Adjusted operating earnings (EBIT1) were negatively affected by currency translation effects of -26.4 MEUR and positively affected by currency transaction effects of 8.3 MEUR.

The financial net amounted to -26.2 MEUR (-27.4) for the full year.

Earnings before taxes, excluding adjustments, amounted to 1,243.4 MEUR (982.1). Earnings before taxes, including these items, amounted to 983.6 MEUR (759.6) and were negatively impacted by currency translation effects of -30.1 MEUR.

Net earnings, excluding adjustments, amounted to 1,018.0 MEUR (805.3) or 38.8 Euro cent (31.0) per share. Net earnings, including these items, amounted to 810.0 MEUR (624.7) or 30.8 Euro cent (24.0) per share.

## FINANCIAL SUMMARY - 2021

MEUR	Net sales			Earnings		
	2021	2020	Δ% <sup>1)</sup>	2021	2020	Δ%
Geospatial Enterprise Solutions	2,201.4	1,934.0	13	684.7	537.8	27
Industrial Enterprise Solutions	2,146.0	1,836.5	11	609.1	487.5	25
Operating net sales	4,347.4	3,770.5	12			
Revenue adjustment <sup>2)</sup>	-6.3	-6.1	n.a.			
Net sales	4,341.1	3,764.4	12			
Group cost				-24.2	-15.8	-53
Adjusted operating earnings (EBIT1)				1,269.6	1,009.5	26
Adjusted operating margin, %				29.2	26.8	2.4
Interest income and expenses, net				-26.2	-27.4	4
Earnings before adjustments				1,243.4	982.1	27
Adjustments <sup>3)</sup>				-259.8	-222.5	n.a.
Earnings before taxes				983.6	759.6	29
Taxes				-173.6	-134.9	-29
Net earnings				810.0	624.7	30

<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>Adjustments in 2021 relates to share programmes (LTIP), amortisation of surplus values and non-recurring items.

## CURRENCY TRANSLATION IMPACT COMPARED TO EUR - 2021

	Movement <sup>1)</sup>		Income less cost	Earnings impact
CHF	Weakened	-1%	Negative	Positive
USD	Weakened	-4%	Positive	Negative
CNY	Strengthened	3%	Positive	Positive
EBIT1, MEUR				-26.4

<sup>1)</sup>Compared to 2020.





Hexagon's R-evolution announced efforts to map the threatened seagrass meadows of the Caribbean islands. In collaboration with Beneath The Waves, R-evolution is leveraging Hexagon's airborne bathymetric LiDAR technologies to detect, map and capture critical details about this vital habitat, including its extent and composition, to help support, preserve and unlock the power of nature to build climate resilience.

## GROUP SUMMARY

### PROFITABILITY

Capital employed increased to 11,777.6 MEUR (8,722.5). Return on average capital employed for the last twelve months was 13.5 per cent (11.7). Return on average shareholders' equity over the previous twelve months was 11.6 per cent (10.1). The capital turnover rate was 0.5 times (0.5).

### FINANCIAL POSITION

Total shareholders' equity increased to 8,764.7 MEUR (5,949.2). The equity ratio was 62.2 per cent (55.6). Hexagon's total assets increased to 14,095.0 MEUR (10,703.6). The increase in total assets is driven primarily by acquisitions.

Following a refinancing in 2021, Hexagon's main sources of financing consist of:

- 1) A multicurrency revolving credit facility (RCF) established in 2021. The RCF amounts to 1,500 MEUR with a tenor of 5+1+1 years.
- 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 31 December 2021, cash and unutilised credit limits totalled 1,341.5 MEUR (1,764.6). Hexagon's net debt was 2,540.8 MEUR (2,375.9). The net indebtedness was 0.27 times (0.37). Interest coverage ratio was 25.3 times (29.9).

### CASH FLOW

During the fourth quarter, cash flow from operations before changes in working capital amounted to 387.6 MEUR (334.1), corresponding to 14.4 Euro cent (13.0) per share. Cash flow from operations in the fourth quarter amounted to 370.2 MEUR (478.6), corresponding to 13.7 Euro cent (18.6) per share. Operating cash flow in the fourth quarter, including non-recurring items, amounted to 237.3 MEUR (353.4).

For the full year, cash flow from operations amounted to 1,351.4 MEUR (1,374.5) corresponding to 52.0 Euro cent (53.4) per share. The operating cash flow, including non-recurring items, amounted to 904.2 MEUR (920.7).

### INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -123.1 MEUR (-100.4) in the fourth quarter and -419.4 MEUR (-383.3) in the full year. Depreciation, amortisation and impairment amounted to -251.8 MEUR (-145.4) in the fourth quarter and -578.9 MEUR (-534.2) during the full year, whereof impairment charges amounted to -149.8 MEUR (-46.1) in the fourth quarter and -173.3 MEUR (-145.1) during the full year.

### TAX RATE

The tax expense for the full year totalled -173.6 MEUR (-134.9). The reported tax rate was 16.0 per cent (17.6) for the quarter and 17.6 per cent (17.8) for the full year. The tax rate, excluding adjustments, 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 the fourth quarter was 21,291 (20,343). The number of employees at the end of the quarter was 22,097 (20,596).

### 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 fourth quarter amounted to 5.1 Euro cent (7.8). Earnings per share, excluding adjustments, for the fourth quarter amounted to 11.0 Euro cent (9.2).


Earnings per share, including adjustments, for the full year amounted to 30.8 Euro cent (24.0). Earnings per share, excluding adjustments, for full year amounted to 38.8 Euro cent (31.0).

On 31 December 2021, equity per share was 3.24 EUR (2.31) and the share price was 143.65 SEK (749.80).

Hexagon's share capital amounts to 85,761,450 EUR, represented by 2,696,127,888 shares, of which 110,250,000 are of series A with ten votes each and 2,585,877,888 are of series B with one vote each. Hexagon holds 9,350,000 treasury shares.

### PARENT COMPANY

The parent company's earnings before taxes in the fourth quarter amounted to -7.0 MEUR (-8.0) and -14.4 MEUR (361.8) for the full year. The equity was 6,647.6 MEUR (5,208.2). The equity ratio of the parent company was 51 per cent (48). Liquid funds including unutilised credit limits were 916.1 MEUR (1,340.4).



Hexagon announced the development of the world's first automated road-train solution with Mineral Resources Limited, a leading mining services company. The automated road-train solution improves the safety of long-range haulage, provides cost-efficiencies and reduces emissions to assist companies in lowering their carbon footprint.

## 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

Hexagon's 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 cost of each share-based incentive programme is estimated at 60 MEUR and is allocated over the respective vesting period. The cost is recognised as a personnel expense in the profit or loss statement during the vesting period. The purpose of the share 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. Through a share-based incentive programme, the employees' remuneration is tied to the company's earnings and value growth and creates long-term incentives for the programme participants.

Currently, Hexagon has two ongoing programmes, with vesting periods of 2020/2023 and 2021/2024

## 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 2022 at 17:00 CET at City Conference Center Stockholm (Norra Latin), Drottninggatan 71B. The composition of the Hexagon Nomination Committee for the Annual General Meeting 2022 is: Mikael Ekdahl (Chairman), Melker Schörling AB, Jan Dworsky, Swedbank Robur fonder, Anders Oscarsson, AMF and AMF Fonder and Caroline Forsberg, SEB Investment Management.

## DIVIDEND

The Hexagon Board of Directors proposes a dividend of 0.11 EUR per share (0.09) for the fiscal year 2021, corresponding to 36 per cent of profit after tax. The proposed record date will be 3 May and expected date for settlement is 10 May.

## SUBSEQUENT EVENTS

On January 10, Hexagon announced the acquisition of Minnovare.

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, 2 February 2022  
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

Erik Huggers  
Board Member

Märta Schörling Andreen  
Board Member

Sofia Schörling Högberg  
Board Member

Patrick Söderlund  
Board Member

Brett Watson  
Board Member

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



# CONDENSED INCOME STATEMENT

MEUR	Q4 2021	Q4 2020	2021	2020
Net sales	1,210.4	1,038.0	4,341.1	3,764.4
Cost of goods sold	-427.4	-385.7	-1,544.0	-1,390.1
<b>Gross earnings</b>	<b>783.0</b>	<b>652.3</b>	<b>2,797.1</b>	<b>2,374.3</b>
Sales expenses	-233.3	-173.1	-797.4	-687.3
Administration expenses	-106.3	-82.5	-357.4	-328.2
Research and development expenses	-136.3	-109.2	-510.8	-462.7
Capital gain (+) / loss (-) from sale of shares in Group companies	-	-	0.3	-
Other income and expenses, net	-134.0	-34.5	-122.0	-109.1
<b>Operating earnings <sup>1)</sup></b>	<b>173.1</b>	<b>253.0</b>	<b>1,009.8</b>	<b>787.0</b>
Financial income	1.4	1.2	5.1	6.3
Financial expenses	-6.9	-8.5	-31.3	-33.7
<b>Earnings before taxes</b>	<b>167.6</b>	<b>245.7</b>	<b>983.6</b>	<b>759.6</b>
Taxes	-26.8	-43.2	-173.6	-134.9
<b>Net earnings</b>	<b>140.8</b>	<b>202.5</b>	<b>810.0</b>	<b>624.7</b>
Attributable to:				
Parent company shareholders	138.3	200.4	801.6	618.1
Non-controlling interest	2.5	2.1	8.4	6.6
<sup>1)</sup> of which adjustments	-200.0	-46.7	-259.8	-222.5
Earnings include depreciation, amortisation and impairments of	-251.8	-145.4	-578.9	-534.2
- of which amortisation of surplus values	-21.5	-12.5	-62.2	-53.3
Basic earnings per share, Euro cent	5.1	7.8	30.8	24.0
Earnings per share after dilution, Euro cent	5.1	7.8	30.8	24.0
Total shareholder's equity per share, EUR	3.24	2.31	3.24	2.31
Closing number of shares, thousands	2,696,128	2,568,335	2,696,128	2,568,335
Average number of shares, thousands	2,696,013	2,572,612	2,599,293	2,572,780
Average number of shares after dilution, thousands	2,705,363	2,577,134	2,606,291	2,573,914

# CONDENSED COMPREHENSIVE INCOME

MEUR	Q4 2021	Q4 2020	2021	2020
<b>Net earnings</b>	<b>140.8</b>	<b>202.5</b>	<b>810.0</b>	<b>624.7</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to income statement</b>				
Remeasurement of pensions	-1.8	-2.9	43.7	-29.4
Taxes on items that will not be reclassified to income statement	-0.7	0.7	-5.3	3.6
<b>Total items that will not be reclassified to income statement, net of taxes</b>	<b>-2.5</b>	<b>-2.2</b>	<b>38.4</b>	<b>-25.8</b>
<b>Items that may be reclassified subsequently to income statement</b>				
Exchange rate differences	189.2	-165.0	503.5	-468.5
Taxes on items that may be reclassified subsequently to income statement	-3.7	15.7	-14.1	23.3
<b>Total items that may be reclassified subsequently to income statement, net of taxes</b>	<b>185.5</b>	<b>-149.3</b>	<b>489.4</b>	<b>-445.2</b>
<b>Other comprehensive income, net of taxes</b>	<b>183.0</b>	<b>-151.5</b>	<b>527.8</b>	<b>-471.0</b>
<b>Total comprehensive income for the period</b>	<b>323.8</b>	<b>51.0</b>	<b>1,337.8</b>	<b>153.7</b>
Attributable to:				
Parent company shareholders	320.0	48.3	1,326.8	147.5
Non-controlling interest	3.8	2.7	11.0	6.2

# CONDENSED BALANCE SHEET

MEUR	31/12 2021	31/12 2020
Intangible fixed assets	10,909.4	7,941.8
Tangible fixed assets	536.7	480.1
Right-of-use assets	201.7	205.1
Financial fixed assets	69.6	80.4
Deferred tax assets	105.9	102.1
<b>Total fixed assets</b>	<b>11,823.3</b>	<b>8,809.5</b>
Inventories	443.5	371.1
Accounts receivables	1,090.8	884.7
Other receivables	114.8	113.3
Prepaid expenses and accrued income	150.5	127.6
<b>Total current receivables</b>	<b>1,356.1</b>	<b>1,125.6</b>
Cash and cash equivalents	472.1	397.4
<b>Total current assets</b>	<b>2,271.7</b>	<b>1,894.1</b>
<b>Total assets</b>	<b>14,095.0</b>	<b>10,703.6</b>
Equity attributable to parent company shareholders	8,732.1	5,934.8
Equity attributable to non-controlling interest	32.6	14.4
<b>Total shareholders' equity</b>	<b>8,764.7</b>	<b>5,949.2</b>
Interest bearing liabilities	2,143.0	1,995.4
Lease liabilities	149.9	153.5
Other liabilities	116.0	85.5
Pension liabilities	75.0	125.4
Deferred tax liabilities	478.0	460.2
Other provisions	13.9	14.7
<b>Total long-term liabilities</b>	<b>2,975.8</b>	<b>2,834.7</b>
Interest bearing liabilities	582.3	437.4
Lease liabilities	62.7	61.6
Accounts payable	263.2	207.4
Other liabilities	307.1	326.7
Other provisions	54.8	48.3
Deferred income	655.1	520.9
Accrued expenses	429.3	317.4
<b>Total short-term liabilities</b>	<b>2,354.5</b>	<b>1,919.7</b>
<b>Total equity and liabilities</b>	<b>14,095.0</b>	<b>10,703.6</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	2021	2020
<b>Opening shareholders' equity</b>	<b>5,949.2</b>	<b>6,076.9</b>
<b>Total comprehensive income for the period<sup>1)</sup></b>	<b>1,337.8</b>	<b>153.7</b>
Issue in kind	1,751.4	-
Acquisition of treasury shares	-62.2	-47.3
Dividend	-244.2	-234.1
Acquisition of non-controlling interest	12.7	-
Share based programme (LTIP)	20.0	-
<b>Closing shareholders' equity<sup>2)</sup></b>	<b>8,764.7</b>	<b>5,949.2</b>
1) Of which: Parent company shareholders	1,326.8	147.5
Non-controlling interest	11.0	6.2
2) Of which: Parent company shareholders	8,732.1	5,934.8
Non-controlling interest	32.6	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
Repurchase of treasury shares	-	-1,400,000	-1,400,000
2021-09-30 Total outstanding	110,250,000	2,455,255,614	2,565,505,614
Issue in kind		132,622,274	132,622,274
Repurchase of treasury shares		-2,000,000	-2,000,000
<b>2021-12-31 Total outstanding</b>	<b>110,250,000</b>	<b>2,585,877,888</b>	<b>2,696,127,888</b>
Total amount of treasury shares	-	9,350,000	9,350,000
<b>2021-12-31 Total issued</b>	<b>110,250,000</b>	<b>2,595,227,888</b>	<b>2,705,477,888</b>

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 2021	Q4 2020	2021	2020
<b>Cash flow from operations before change in working capital excluding taxes and interest</b>	<b>438.3</b>	<b>383.3</b>	<b>1,590.9</b>	<b>1,340.9</b>
Taxes paid	-41.3	-44.1	-189.4	-163.2
Interest received and paid, net	-9.4	-5.1	-28.7	-24.5
<b>Cash flow from operations before change in working capital</b>	<b>387.6</b>	<b>334.1</b>	<b>1,372.8</b>	<b>1,153.2</b>
Cash flow from change in working capital	-17.4	144.5	-21.4	221.3
<b>Cash flow from operations</b>	<b>370.2</b>	<b>478.6</b>	<b>1,351.4</b>	<b>1,374.5</b>
Investments tangible assets, net	-36.3	-24.2	-107.2	-96.7
Investments intangible assets	-86.8	-76.2	-312.2	-286.6
<b>Operating cash flow before non-recurring items</b>	<b>247.1</b>	<b>378.2</b>	<b>932.0</b>	<b>991.2</b>
Non-recurring cash flow <sup>1)</sup>	-9.8	-24.8	-27.8	-70.5
<b>Operating cash flow</b>	<b>237.3</b>	<b>353.4</b>	<b>904.2</b>	<b>920.7</b>
Cash flow from acquisitions and divestments	-669.8	-475.4	-748.1	-760.5
Cash flow from other investing activities	-1.3	-17.8	1.4	-34.5
<b>Cash flow after other investing activities</b>	<b>-433.8</b>	<b>-139.8</b>	<b>157.5</b>	<b>125.7</b>
Dividends paid	-0.3	-233.4	-244.2	-234.1
Repurchase of Treasury shares	-27.0	-47.3	-62.2	-47.3
Cash flow from other financing activities	235.5	391.8	219.9	92.7
<b>Cash flow for the period</b>	<b>-225.6</b>	<b>-28.7</b>	<b>71.0</b>	<b>-63.0</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>707.2</b>	<b>427.2</b>	<b>397.4</b>	<b>468.3</b>
Effect of translation differences on cash and cash equivalents	-9.5	-1.1	3.7	-7.9
Cash flow for the period	-225.6	-28.7	71.0	-63.0
<b>Cash and cash equivalents, end of period</b>	<b>472.1</b>	<b>397.4</b>	<b>472.1</b>	<b>397.4</b>

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

## KEY RATIOS

MEUR	Q4 2021	Q4 2020	2021	2020
Adjusted operating margin, % <sup>3)</sup>	30.7	28.7	29.2	26.8
Profit margin before taxes, %	13.8	23.7	22.7	20.2
Return on shareholders' equity, 12-month average, %	11.6	10.1	11.6	10.1
Return on capital employed, 12-month average, % <sup>3)</sup>	13.5	11.7	13.5	11.7
Equity ratio, %	62.2	55.6	62.2	55.6
Net indebtedness	0.27	0.37	0.27	0.37
Interest coverage ratio	25.3	29.9	32.4	23.5
Average number of shares, thousands <sup>1)</sup>	2,696,013	2,572,612	2,599,293	2,572,780
Basic earnings per share excl. adjustments, Euro cent <sup>1) 3)</sup>	11.0	9.2	38.8	31.0
Basic earnings per share, Euro cent <sup>1)</sup>	5.1	7.8	30.8	24.0
Cash flow per share, Euro cent <sup>1)</sup>	13.7	18.6	52.0	53.4
Cash flow per share before change in working cap, Euro cent <sup>1)</sup>	14.4	13.0	52.8	44.8
Share price, SEK <sup>2)</sup>	143.65	749.80	143.65	749.80
Share price, translated to EUR <sup>2)</sup>	14.02	74.72	14.02	74.72

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

<sup>2)</sup> The share price for Q4 2021 reflects the adjustment of the split 7:1. Historic data has not been restated.

<sup>3)</sup> Historical numbers have been restated with the new definition of adjustments.

# SUPPLEMENTARY INFORMATION

## NET SALES PER SEGMENT

MEUR	Q4 2021*	Q3 2021	Q2 2021	Q1 2021	2021*	Q4 2020*	Q3 2020	Q2 2020	Q1 2020	2020*
Geospatial Enterprise Solutions	586.5	551.9	560.4	502.6	2,201.4	535.3	487.3	457.6	453.8	1,934.0
Industrial Enterprise Solutions	630.2	525.3	515.2	475.3	2,146.0	508.8	452.6	439.0	436.1	1,836.5
<b>Group</b>	<b>1,216.7</b>	<b>1,077.2</b>	<b>1,075.6</b>	<b>977.9</b>	<b>4,347.4</b>	<b>1,044.1</b>	<b>939.9</b>	<b>896.6</b>	<b>889.9</b>	<b>3,770.5</b>

## ADJUSTED OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	2020
Geospatial Enterprise Solutions	182.0	172.6	181.3	148.8	684.7	161.3	143.6	124.3	108.6	537.8
Industrial Enterprise Solutions	200.9	142.6	138.5	127.1	609.1	144.9	122.8	119.0	100.8	487.5
Group costs	-9.8	-4.6	-5.2	-4.6	-24.2	-6.5	-3.2	-3.3	-2.8	-15.8
<b>Group</b>	<b>373.1</b>	<b>310.6</b>	<b>314.6</b>	<b>271.3</b>	<b>1,269.6</b>	<b>299.7</b>	<b>263.2</b>	<b>240.0</b>	<b>206.6</b>	<b>1,009.5</b>
Adjusted operating margin, %	30.7	28.8	29.2	27.7	29.2	28.7	28.0	26.8	23.2	26.8

## AMORTISATION SURPLUS VALUES (PPA) PER SEGMENT

MEUR	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	2020
Geospatial Enterprise Solutions	-5.0	-5.1	-4.9	-5.0	-20.0	-5.0	-5.1	-5.4	-6.2	-21.7
Industrial Enterprise Solutions	-16.4	-8.7	-8.6	-8.4	-42.1	-7.4	-8.0	-8.1	-8.0	-31.5
Group costs	-0.1	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	-0.1
<b>Group</b>	<b>-21.5</b>	<b>-13.8</b>	<b>-13.5</b>	<b>-13.4</b>	<b>-62.2</b>	<b>-12.5</b>	<b>-13.1</b>	<b>-13.5</b>	<b>-14.2</b>	<b>-53.3</b>

## NET SALES BY REGION

MEUR	Q4 2021*	Q3 2021	Q2 2021	Q1 2021	2021*	Q4 2020*	Q3 2020	Q2 2020	Q1 2020	2020*
EMEA	448.0	383.7	399.6	370.9	1,602.2	395.7	340.4	307.9	330.9	1,374.9
Americas	440.3	379.2	360.7	327.2	1,507.4	341.0	325.9	319.4	336.3	1,322.6
Asia	328.4	314.3	315.3	279.8	1,237.8	307.4	273.6	269.3	222.7	1,073.0
<b>Group</b>	<b>1,216.7</b>	<b>1,077.2</b>	<b>1,075.6</b>	<b>977.9</b>	<b>4,347.4</b>	<b>1,044.1</b>	<b>939.9</b>	<b>896.6</b>	<b>889.9</b>	<b>3,770.5</b>

## EXCHANGE RATES

Average	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	2020
SEK/EUR	0.0988	0.0981	0.0986	0.0988	0.0986	0.0973	0.0965	0.0938	0.0938	0.0954
USD/EUR	0.8744	0.8483	0.8293	0.8302	0.8459	0.8393	0.8556	0.9092	0.9067	0.8777
CNY/EUR	0.1368	0.1311	0.1284	0.1281	0.1312	0.1267	0.1237	0.1283	0.1299	0.1271
CHF/EUR	0.9481	0.9238	0.9109	0.9165	0.9250	0.9279	0.9298	0.9425	0.9373	0.9343
Closing	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	2020
SEK/EUR	0.0976	0.0983	0.0989	0.0977	0.0976	0.0997	0.0946	0.0953	0.0904	0.0997
USD/EUR	0.8829	0.8636	0.8415	0.8529	0.8829	0.8149	0.8541	0.8930	0.9127	0.8149
CNY/EUR	0.1390	0.1336	0.1303	0.1302	0.1390	0.1246	0.1254	0.1262	0.1286	0.1246
CHF/EUR	0.9680	0.9234	0.9107	0.9033	0.9680	0.9258	0.9256	0.9389	0.9447	0.9258

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

# ACQUISITIONS

MEUR	EAM	Other	2021	2020
<b>Fair value of acquired assets and assumed liabilities</b>				
Intangible fixed assets	459.9	25.6	485.5	133.3
Other fixed assets	-	2.8	2.8	11.7
<b>Total fixed assets</b>	<b>459.9</b>	<b>28.4</b>	<b>488.3</b>	<b>145.0</b>
Total current assets	27.3	19.9	47.2	63.0
<b>Total assets</b>	<b>487.2</b>	<b>48.3</b>	<b>535.5</b>	<b>208.0</b>
Total long-term liabilities	-	-7.7	-7.7	-13.0
Total current liabilities	-54.2	-8.6	-62.8	-57.7
<b>Total liabilities</b>	<b>-54.2</b>	<b>-16.3</b>	<b>-70.5</b>	<b>-70.7</b>
<b>Fair value of acquired assets and assumed liabilities, net</b>	<b>433.0</b>	<b>32.0</b>	<b>465.0</b>	<b>137.3</b>
Non-controlling interest in equity	-	-12.7	-12.7	-
Goodwill	1,989.0	117.4	2,106.4	692.4
<b>Total purchase consideration transferred</b>	<b>2,422.0</b>	<b>136.7</b>	<b>2,558.7</b>	<b>829.7</b>
Less cash and cash equivalents in acquired companies	-	-5.3	-5.3	-35.0
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-	-53.6	-53.6	-34.2
<b>Cash flow from acquisition of companies/businesses</b>	<b>2,422.0</b>	<b>77.8</b>	<b>2,499.8</b>	<b>760.5</b>
Payment with own shares	-1,751.4	-	-1,751.4	-
Payment from divestment of business	-	-0.3	-0.3	-
<b>Net cash flow from acquisition/divestment of companies/businesses</b>	<b>670.6</b>	<b>77.5</b>	<b>748.1</b>	<b>760.5</b>

During the full year 2021, Hexagon acquired the following companies:

- Mecadat, a distributor of CAD and CAM software
- CADLM, a provider of computer-aided engineering (CAE) software
- ZGTech, a provider of metrology-grade 3D scanners
- Immersal Oy, a provider of spatial mapping and visual positioning solutions
- Infor's EAM business, a provider of Enterprise Asset Management software
- Jovix, a provider of material tracking 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 136.2 MEUR (131.6) as of 31 December, whereof the fair value adjustment in 2021 amounted to 54.3 MEUR (69.2). 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 INFOR'S EAM BUSINESS

In July 2021, Hexagon acquired Infor's global EAM (enterprise asset management) business, a best-in-class, SaaS-based asset management solution – Infor EAM – which is used to track assets, digitalise maintenance operations and enable customers in nearly any industry to reach optimum operational efficiency.

### Background and reasons for the transaction

EAM solutions provide the foundation of digital innovation in asset-intensive industries, where digital realities, or digital operational twins, are increasingly leveraged to provide a single source of truth and complete line-of-sight to ever-changing situations. This includes the condition and performance of fixed assets – from capital and process equipment (machines, trucks, valves, turbines, and pumps) to critical infrastructure (road, railway, pipeline and communications networks) to entire buildings and facilities. By combining enterprise asset management system with Hexagon's portfolio puts Hexagon in a unique position to drive further digital transformation across the customer base. By integrating Infor EAM's built-in, industry-specific asset management capabilities with Hexagon's digital reality solutions and platforms, Hexagon can improve capital asset performance in ways beyond what EAM can achieve standalone.

From the date of consolidation (1 October), Infor's EAM business has contributed 38.1 MEUR of net sales in 2021. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 150.9 MEUR. The contribution to the group operating margin has been accretive.

# RESTATED OPERATING EARNINGS

MEUR	<i>Restated</i> Q3 2021	<i>As reported</i> Q3 2021	<i>Restated</i> Q2 2021	<i>As reported</i> Q2 2021	<i>Restated</i> Q1 2021	<i>As reported</i> Q1 2021	<i>Restated</i> 9M 2021	<i>As reported</i> 9M 2021
Net sales	1,077.2	1,077.2	1,075.6	1,075.6	977.9	977.9	3,130.7	3,130.7
Adjusted gross earnings	692.9	692.9	692.8	692.8	629.6	629.6	2,015.3	2,015.3
Adjusted gross margin, %	64.3	64.3	64.4	64.4	64.4	64.4	64.4	64.4
Adjusted operating earnings (EBITDA)	413.4	413.4	402.8	402.8	366.7	366.7	1,182.9	1,182.9
Adjusted EBITDA margin, %	38.4	38.4	37.4	37.4	37.5	37.5	37.8	37.8
Adjusted operating earnings (EBIT1)	310.6	296.8	314.6	301.1	271.3	257.9	896.5	855.8
Adjusted operating margin, %	28.8	27.6	29.2	28.0	27.7	26.4	28.6	27.3
Earnings before taxes, excluding adjustments	304.3	290.5	307.8	294.3	263.7	250.3	875.8	835.1
-Amortisation surplus values (PPA)	-13.8	-	-13.5	-	-13.4	-	-40.7	-
-Share programme (LTIP)	-9.4	-9.4	-4.9	-4.9	-4.8	-4.8	-19.1	-19.1
-Other non-recurring items	-	-	-	-	-	-	-	-
Total adjustments (before taxes)	-23.2	-9.4	-18.4	-4.9	-18.2	-4.8	-59.8	-19.1
Earnings before taxes	281.1	281.1	289.4	289.4	245.5	245.5	816.0	816.0
Net earnings	230.6	230.6	237.3	237.3	201.3	201.3	669.2	669.2
Net earnings, excl. adjustments	249.6	238.3	252.5	241.4	216.2	205.2	718.3	684.9
Earnings per share, Euro cent	8.9	8.9	9.2	9.2	7.8	7.8	25.9	25.9
Earnings per share, excl. adjustments, Euro cent	9.6	9.2	9.8	9.3	8.4	7.9	27.8	26.4

MEUR	<i>Restated</i> Q4 2020	<i>As reported</i> Q4 2020	<i>Restated</i> Q3 2020	<i>As reported</i> Q3 2020	<i>Restated</i> Q2 2020	<i>As reported</i> Q2 2020	<i>Restated</i> Q1 2020	<i>As reported</i> Q1 2020	<i>Restated</i> 2020	<i>As reported</i> 2020
Operating net sales	1,044.1	1,044.1	939.9	939.9	896.6	896.6	889.9	889.9	3,770.5	3,770.5
Revenue adjustment	-6.1	-6.1	-	-	-	-	-	-	-6.1	-6.1
Net sales	1,038.0	1,038.0	939.9	939.9	896.6	896.6	889.9	889.9	3,764.4	3,764.4
Adjusted gross earnings	652.3	652.3	599.7	599.7	550.7	550.7	571.6	571.6	2,374.3	2,374.3
Adjusted gross margin, %	62.5	62.5	63.8	63.8	61.4	61.4	64.2	64.2	63.0	63.0
Adjusted operating earnings (EBITDA)	414.6	414.6	347.2	347.2	362.6	362.6	287.2	287.2	1,411.6	1,411.6
Adjusted EBITDA margin, %	39.7	39.7	36.9	36.9	40.4	40.4	32.3	32.3	37.4	37.4
Adjusted operating earnings (EBIT1)	299.7	287.2	263.2	250.1	240.0	226.5	206.6	192.4	1,009.5	956.2
Adjusted operating margin, %	28.7	27.5	28.0	26.6	26.8	25.3	23.2	21.6	26.8	25.4
Earnings before taxes, excluding adjustments	292.4	279.9	255.3	242.2	233.6	220.1	200.8	186.6	982.1	928.8
-Amortisation surplus values (PPA)	-12.5	-	-13.1	-	-13.5	-	-14.2	-	-53.3	-
-Other non-recurring items	-34.2	-34.2	-	-	-135.0	-135.0	-	-	-169.2	-169.2
Total adjustments (before taxes)	-46.7	-34.2	-13.1	-	-148.5	-135.0	-14.2	-	-222.5	-169.2
Earnings before taxes	245.7	245.7	242.2	242.2	85.1	85.1	186.6	186.6	759.6	759.6
Net earnings	202.5	202.5	198.6	198.6	70.6	70.6	153.0	153.0	624.7	624.7
Net earnings, excl. adjustments	239.8	229.5	209.3	198.6	191.6	180.5	164.6	153.0	805.3	761.6
Earnings per share, Euro cent	7.8	7.8	7.6	7.6	2.7	2.7	5.9	5.9	24.0	24.0
Earnings per share, excl. adjustments, Euro cent	9.2	8.8	8.1	7.6	7.4	6.9	6.4	5.9	31.1	29.3

## CONDENSED PARENT COMPANY INCOME

MEUR	Q4 2021	Q4 2020	2021	2020
Net sales	4.0	-2.4	15.4	10.5
Administration expenses	-12.4	-9.4	-29.0	-20.9
<b>Operating earnings</b>	<b>-8.4</b>	<b>-11.8</b>	<b>-13.6</b>	<b>-10.4</b>
Earnings from shares in Group companies	-	-	0.6	360.1
Interest income and expenses, net	-5.9	-28.1	-8.7	-19.8
Appropriations	7.3	31.9	7.3	31.9
<b>Earnings before taxes</b>	<b>-7.0</b>	<b>-8.0</b>	<b>-14.4</b>	<b>361.8</b>
Taxes	1.3	0.2	2.9	-1.6
<b>Net earnings</b>	<b>-5.7</b>	<b>-7.8</b>	<b>-11.5</b>	<b>360.2</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	31/12 2021	31/12 2020
Total fixed assets	11,252.5	9,275.6
Total current receivables	1,738.7	1,494.3
Cash and cash equivalents	93.0	2.6
Total current assets	1,831.7	1,496.9
<b>Total assets</b>	<b>13,084.2</b>	<b>10,772.5</b>
Total shareholders' equity	6,647.6	5,208.2
Untaxed reserves	-	7.5
Total long-term liabilities	1,993.9	1,995.5
Total short-term liabilities	4,442.7	3,561.3
<b>Total equity and liabilities</b>	<b>13,084.2</b>	<b>10,772.5</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
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), amortisation of surplus values (PPA) 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 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 22,000 employees in 50 countries and net sales of approximately 4.3bn 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 2022	29 April 2022
Interim Report Q2 2022	27 July 2022
Interim Report Q3 2022	27 October 2022
Year-End report 2022	1 February 2023

#### 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 for 2021 will be presented on 2 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 2 February 2022.

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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