

INTERIM REPORT

1 JANUARY - 30 SEPTEMBER 2022

THIRD QUARTER

- Operating net sales increased by 23 per cent to 1,320.2 MEUR (1,077.2). Net sales including the reduction of acquired deferred revenue amounted to 1,316.6 (1,077.2). 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 386.2 MEUR (310.6)
- Earnings before taxes, excluding adjustments, amounted to 377.3 MEUR (304.3)
- Net earnings, excluding adjustments, amounted to 309.4 MEUR (249.6)
- Earnings per share, excluding adjustments, amounted to 11.4 Euro cent (9.6)
- Operating cash flow increased to 232.6 MEUR (179.6)

MEUR	Q3 2022	Q3 2021	Δ%	9M 2022	9M 2021	Δ%
Operating net sales ²⁾	1,320.2	1,077.2	7 ¹⁾	3,772.3	3,130.7	8 ¹⁾
Revenue adjustment ³⁾	-3.6	-	n.a.	-13.7	-	n.a.
Net sales	1,316.6	1,077.2	7 ¹⁾	3,758.6	3,130.7	8 ¹⁾
Adjusted gross earnings ²⁾	860.7	692.9	24	2,455.8	2,015.3	22
Adjusted gross margin, % ²⁾	65.2	64.3	0.9	65.1	64.4	0.7
Adjusted operating earnings (EBITDA) ²⁾	473.7	413.4	15	1,355.8	1,182.9	15
Adjusted EBITDA margin, % ²⁾	35.9	38.4	-2.5	35.9	37.8	-1.9
Adjusted operating earnings (EBIT1) ²⁾	386.2	310.6	24	1,099.8	896.5	23
Adjusted operating margin, %	29.3	28.8	0.5	29.2	28.6	0.6
Earnings before taxes, excluding adjustments	377.3	304.3	24	1,079.5	875.8	23
Adjustments (before taxes) ³⁾	-43.8	-23.2	n.a.	-186.9	-59.8	n.a.
Earnings before taxes	333.5	281.1	19	892.6	816.0	9
Net earnings	273.5	230.6	19	727.7	669.2	9
Net earnings, excl. adjustments	309.4	249.6	24	885.2	718.3	23
Earnings per share, Euro cent	10.0	8.9	12	26.7	25.9	3
Earnings per share, excl. adjustments, Euro cent	11.4	9.6	19	32.5	27.8	17

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

²⁾ For definition, see page 20.

³⁾ See more information on page 2.

COMMENTS FROM THE CEO

"Organic sales in the third quarter accelerated to 7 per cent, which drove the operating margin to 29.3 per cent, a year-over-year increase of 0.5 percentage points. Looking across the divisions, the gradual slowdown in Geosystems was more than offset by the acceleration in all others, as well as in China. These results underscore our resilience in a market hampered by inflationary pressure and continued constraint of components, which adversely impacted organic growth by -3 per cent in the quarter. As expected, we see improvements in the supply of components and can reaffirm that the situation should be resolved close to year-end.

Looking ahead, we are well prepared operationally for a global economic slowdown. The investments we have made in R&D and acquisitions continue to strengthen our margins and the resiliency of our business.

In closing, after 23 years and 91 interim reports, I want to end this commentary by expressing my gratitude to our employees, board members, shareholders, and other stakeholders that have believed in Hexagon over the years. With your support we have made industrial history - Hexagon would never have become what it is today without you and I look forward to continuing our journey together as Chairman! Thank you for your trust!"

– Ola Rollén, President and CEO, Hexagon AB

7%

**ORGANIC
GROWTH**

29%

**ADJUSTED
OPERATING MARGIN**

78%

**CASH
CONVERSION**

GROUP BUSINESS DEVELOPMENT Q3

NET SALES

Operating net sales increased by 23 per cent to 1,320.2 MEUR (1,077.2). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 7 per cent. Regionally, organic growth was 8 per cent in the Americas, 8 per cent in Asia and 4 per cent in EMEA. In the Americas, North America recorded 8 per cent organic growth, driven by strong demand across most industries, and in particular surveying and automotive. South America recorded double-digit organic growth driven by strength in mining, and power and energy. In Asia, China recorded 5 per cent organic growth, driven by solid growth in general manufacturing, automotive and power and energy, which offset a slower development in the infrastructure and construction markets. The rest of Asia recorded double-digit organic growth, driven by strong demand in India and Japan. In EMEA, Western Europe recorded 6 per cent organic growth, driven by growth in general manufacturing, automotive, surveying and power and energy. Russia declined significantly, reflecting the impact of the sanctions imposed by the European Union, U.S. and other countries, and the actions taken to freeze all business operations in Russia. EMEA excluding Russia and Western Europe recorded strong double-digit organic growth

EARNINGS

Adjusted operating earnings (EBIT1) increased by 24 per cent to 386.2 MEUR (310.6), which corresponds to an adjusted operating margin of 29.3 per cent (28.8). The adjusted operating margin (EBIT1) was positively impacted by product mix and currency movements. Adjusted operating earnings (EBIT1) were positively impacted by currency translation effects of 32.6 MEUR and positively impacted by currency transaction effects of 9.7 MEUR. Earnings before taxes, excluding adjustments, amounted to 377.3 MEUR (304.3) and were positively impacted by currency translation effects of 28.5 MEUR.

ADJUSTMENTS

The adjustments for the quarter consist of share-based program expenses (LTIP) of 13.2 MEUR (9.4), amortisation of surplus values (PPA) of 27.0 MEUR (13.8) and acquired deferred revenues of 3.6 MEUR (-).

FINANCIAL SUMMARY - THIRD QUARTER

MEUR	Net sales			Earnings		
	Q3 2022	Q3 2021	Δ% ¹⁾	Q3 2022	Q3 2021	Δ%
Geospatial Enterprise Solutions	641.9	551.9	5	197.0	172.6	14
Industrial Enterprise Solutions	678.3	525.3	9	198.1	142.6	39
Operating net sales	1,320.2	1,077.2	7			
Revenue adjustment	-3.6	-	n.a.			
Net sales	1,316.6	1,077.2	7			
Group cost				-8.9	-4.6	-93
Adjusted operating earnings (EBIT1)				386.2	310.6	24
Adjusted operating margin, %				29.3	28.8	0.5
Interest income and expenses, net				-8.9	-6.3	-41
Earnings before adjustments				377.3	304.3	24
Adjustments				-43.8	-23.2	n.a.
Earnings before taxes				333.5	281.1	19
Taxes				-60.0	-50.5	-19
Net earnings				273.5	230.6	19

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

CURRENCY TRANSLATION IMPACT COMPARED TO EUR - THIRD QUARTER

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Strengthened	11%	Negative	Negative
USD	Strengthened	17%	Positive	Positive
CNY	Strengthened	11%	Positive	Positive
EBIT1, MEUR				32.6

¹⁾Compared to Q3 2021

SALES BRIDGE - THIRD QUARTER

	Operating net sales ¹⁾
2021, MEUR	1,077.2
Structure, %	7
Currency, %	9
Organic growth, %	7
Total, %	23
2022, MEUR	1,320.2

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 GROWTH PER REGION

Region	Q3 2022	
Asia excl. China (13% of sales)	↗	
South America (4% of sales)	↗	
North America (36% of sales)	→	
Western Europe (25% of sales)	→	>8% ↗
China (15% of sales)	→	0-8% →
EMEA excl. Western Europe (7% of sales)	↘	Negative ↘
Total	→	

GEOSPATIAL ENTERPRISE SOLUTIONS – Q3 2022

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. Divisions reported in this segment include: (1) Geosystems, (2) Safety, Infrastructure & Geospatial and (3) Autonomy & Positioning.

NET SALES

Geospatial Enterprise Solutions (GES) operating net sales amounted to 641.9 MEUR (551.9). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 5 per cent. Regionally, organic growth was 8 per cent in the Americas, 7 per cent in Asia and 0 per cent in EMEA. In the Americas, North America recorded 9 per cent organic growth, driven by strong growth across most industries. South America recorded single-digit organic growth, driven by strong demand for mining, surveying and agriculture solutions. In Asia, China recorded -5 per cent organic growth due to weakness in the infrastructure and construction markets. The rest of Asia continued to record double-digit organic growth, driven by strong demand for surveying solutions in Japan, South Korea and India, and mining solutions in Australia. In EMEA, Western Europe recorded 1 per cent organic growth, positively impacted by solid demand for surveying and positioning solutions but adversely impacted by a weakness in public safety and construction. Russia continued to decline significantly, reflecting the impact of the sanctions imposed by the European Union, the U.S. and other countries, and the actions taken to freeze all business operations in Russia. Excluding Russia and Western Europe, EMEA recorded high double-digit organic growth.

Geosystems recorded 4 per cent organic growth, driven by solid demand for surveying and mining solutions but hampered by tough comparison numbers. The Safety, Infrastructure & Geospatial division recorded 5 per cent organic growth, driven by growth in defence. The Autonomy & Positioning division recorded 9 per cent organic growth, fuelled by strong demand for defence solutions and growth in autonomous driving solutions.

EARNINGS

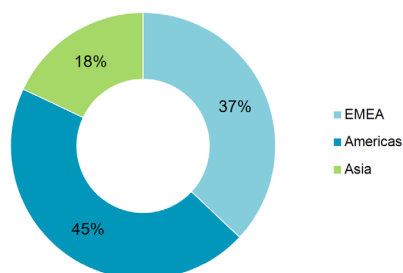
Adjusted operating earnings (EBIT1) increased by 14 per cent to 197.0 MEUR (172.6), which corresponds to an adjusted operating margin of 30.7 per cent (31.3). The adjusted operating margin (EBIT1) was positively impacted by currency movements but adversely impacted by continued investments in new product launches and marketing costs.

NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

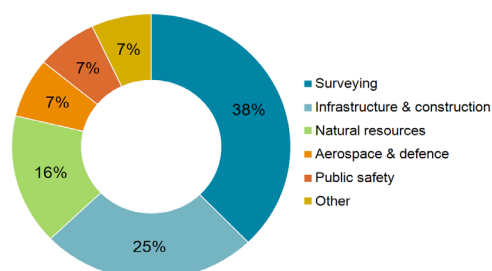
MEUR	Q3 2022	Q3 2021	Δ%	9M 2022	9M 2021	Δ%
Operating net sales	641.9	551.9	5 ¹⁾	1,875.0	1,614.9	7 ¹⁾
Adjusted operating earnings (EBIT1)	197.0	172.6	14	578.2	502.7	15
Adjusted operating margin, %	30.7	31.3	-0.6	30.8	31.1	-0.3
Avg. number of employees				10,036	9,303	8

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

NET SALES PER REGION – THIRD QUARTER



NET SALES PER CUSTOMER SEGMENT - THIRD QUARTER



INDUSTRIAL ENTERPRISE SOLUTIONS – Q3 2022

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. Divisions reported in this segment include: (1) Manufacturing Intelligence and (2) Asset Lifecycle Intelligence.

NET SALES

Industrial Enterprise Solutions (IES) operating net sales amounted to 678.3 MEUR (525.3). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 9 per cent. Regionally, organic growth was 10 per cent in EMEA, 9 per cent in Asia and 8 per cent in the Americas. In EMEA, Western Europe recorded 13 per cent organic growth, driven by broad-based strength across manufacturing industries and power and energy. The rest of EMEA recorded a single-digit organic decline, with the Middle East growing high double-digits and Russia declining substantially due to sanctions imposed by the European Union, the U.S. and other countries, and the actions taken to freeze all business operations in Russia. In Asia, China recorded 8 per cent organic growth, fuelled by strong growth in general manufacturing and automotive – with a favorable impact from the electrification trend, and a recovery in power and energy after COVID-19 related lockdown issues. The rest of Asia recorded double-digit organic growth due to strong demand for solutions within power and energy and automotive. In the Americas, North America recorded 6 per cent organic growth, driven by strong growth in aerospace and automotive. South America recorded double-digit organic growth, driven by strong demand in the power and energy segment.

Manufacturing Intelligence recorded 8 per cent organic growth, driven by solid broad-based strength across geographies, industries and the software portfolio. The Asset Lifecycle Intelligence division recorded 12 per cent organic growth, fuelled by growth in both design and asset information management software.

EARNINGS

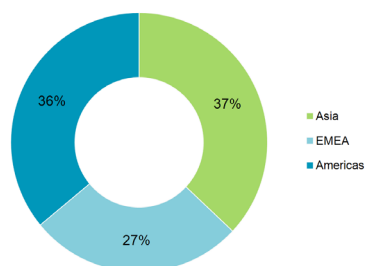
Adjusted operating earnings (EBIT1) increased by 39 per cent to 198.1 MEUR (142.6), which corresponds to an adjusted operating margin of 29.2 per cent (27.1). The adjusted operating margin (EBIT1) was positively impacted by product mix and currency movements.

NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

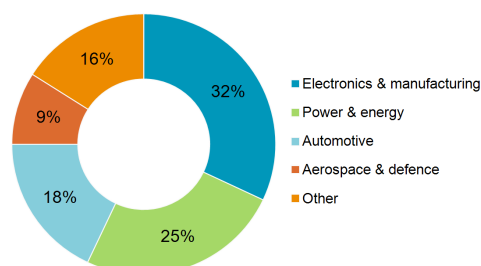
MEUR	Q3 2022	Q3 2021	Δ%	9M 2022	9M 2021	Δ%
Operating net sales	678.3	525.3	9 ¹⁾	1,897.3	1,515.8	9 ¹⁾
Adjusted operating earnings (EBIT1)	198.1	142.6	39	541.7	408.2	33
Adjusted operating margin, %	29.2	27.1	2.1	28.6	26.9	1.7
Avg. number of employees				12,866	11,709	10

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

NET SALES PER REGION – THIRD QUARTER



NET SALES PER CUSTOMER SEGMENT – THIRD QUARTER



FINANCIAL SUMMARY – 9M 2022

NET SALES

Operating net sales amounted to 3,772.3 MEUR (3,130.7) for the first nine months of the year. Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 8 per cent.

EARNINGS

Adjusted operating earnings (EBIT1) amounted to 1,099.8 MEUR (896.5), which corresponds to an adjusted operating margin of 29.2 per cent (28.6). Adjusted operating earnings (EBIT1) were positively affected by currency translation effects of 74.1 MEUR and positively affected by currency transaction effects of 16.4 MEUR.

The financial net amounted to -20.3 MEUR (-20.7) for the first nine months of the year.

Earnings before taxes, excluding adjustments, amounted to 1,079.5 MEUR (875.8). Earnings before taxes, including these items, amounted to 892.6 MEUR (816.0) and were positively impacted by currency translation effects of 65.8 MEUR.

Net earnings, excluding adjustments, amounted to 885.2 MEUR (718.3) or 32.5 Euro cent (27.8) per share. Net earnings, including these items, amounted to 727.7 MEUR (669.2) or 26.7 Euro cent (25.9) per share.

FINANCIAL SUMMARY - 9M 2022

MEUR	Net sales			Earnings		
	9M 2022	9M 2021	Δ% ¹⁾	9M 2022	9M 2021	Δ%
Geospatial Enterprise Solutions	1,875.0	1,614.9	7	578.2	502.7	15
Industrial Enterprise Solutions	1,897.3	1,515.8	9	541.7	408.2	33
Operating net sales	3,772.3	3,130.7	8			
Revenue adjustment ²⁾	-13.7	-	n.a.			
Net sales	3,758.6	3,130.7	8			
Group cost				-20.1	-14.4	-40
Adjusted operating earnings (EBIT1)				1,099.8	896.5	23
Adjusted operating margin, %				29.2	28.6	0.6
Interest income and expenses, net				-20.3	-20.7	2
Earnings before adjustments				1,079.5	875.8	23
Adjustments ³⁾				-186.9	-59.8	n.a.
Earnings before taxes				892.6	816.0	9
Taxes				-164.9	-146.8	-12
Net earnings				727.7	669.2	9

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

²⁾ Reduction of acquired deferred revenue (haircut) related to acquisitions

³⁾ Adjustments in 2022 relates to share programmes (LTIP), amortisation of surplus values and non-recurring items.

CURRENCY TRANSLATION IMPACT COMPARED TO EUR - 9M 2022

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Strengthened	8%	Negative	Negative
USD	Strengthened	13%	Positive	Positive
CNY	Strengthened	10%	Positive	Positive
EBIT1, MEUR				74.1

¹⁾ Compared to 9M 2021.



Hexagon AB announced the acquisition of iConstruct Pty Ltd, a provider of award-winning Building Information Modelling (BIM) software used in commercial, infrastructure and industrial construction. Its flagship solution iConstruct Pro enables integration, accessibility and control of the wealth of design and construction information held within different BIM models, combining all data into a single 3D model.

GROUP SUMMARY

PROFITABILITY

Capital employed increased to 14,442.0 MEUR (9,470.0). Return on average capital employed for the last twelve months was 11.9 per cent (13.5). Return on average shareholders' equity over the previous twelve months was 9.3 per cent (13.8). The capital turnover rate was 0.4 times (0.5).

FINANCIAL POSITION

Total shareholders' equity increased to 10,441.9 MEUR (6,710.3). The equity ratio was 60.5 per cent (57.8). Hexagon's total assets increased to 17,256.4 MEUR (11,614.6). The increase in total assets is driven primarily by acquisitions and currency movements. 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 30 September 2022, cash and unutilised credit limits totalled 1,400.8 MEUR (1,847.8). Hexagon's net debt was 3,519.0 MEUR (2,052.5). The net indebtedness was 0.31 times (0.28). Interest coverage ratio was 31.0 times (37.0).

CASH FLOW

During the third quarter, cash flow from operations before changes in working capital amounted to 407.2 MEUR (347.6), corresponding to 15.1 Euro cent (13.5) per share. Cash flow from operations in the third quarter amounted to 385.3 MEUR (283.2), corresponding to 14.3 Euro cent (11.0) per share. Operating cash flow in the third quarter, including non-recurring items, amounted to 232.6 MEUR (179.6).

For the first nine months of the year, cash flow from operations amounted to 1,035.6 MEUR (981.2) corresponding to 38.4 Euro cent (38.2) per share. The operating cash flow, including non-recurring items, amounted to 625.0 MEUR (666.9).

INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -141.8 MEUR (-98.9) in the third quarter and -388.2 MEUR (-296.3) in the first nine months of the year. Depreciation, amortisation and impairment amounted to -114.5 MEUR (-116.6) in the third quarter and -334.1 MEUR (-327.1) during the first nine months of the year, whereof impairment charges amounted to 0.0 MEUR (-12.7) in the third quarter and 0.0 MEUR (-23.5) during the first nine months of the year.

TAX RATE

The tax expense for the first nine months of the year amounted to -164.9 MEUR (-146.8). The reported tax rate was 18.0 per cent (18.0) for the quarter and 18.5 per cent (18.0) for the first nine 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 nine months of the year.

EMPLOYEES

The average number of employees during the third quarter was 23,024 (21,109). The number of employees at the end of the quarter was 23,696 (21,427).

SHARE DATA

Earnings per share, including adjustments, for the third quarter amounted to 10.0 Euro cent (8.9). Earnings per share, excluding adjustments, for the third quarter amounted to 11.4 Euro cent (9.6).

Earnings per share, including adjustments, for the first nine months of the year amounted to 26.7 Euro cent (25.9). Earnings per share, excluding adjustments, for first nine months of the year amounted to 32.5 Euro cent (27.8).

On 30 September 2022, equity per share was 3.87 EUR (2.60) and the share price was 104.70 SEK (135.95).

Hexagon's share capital amounts to 85,761,450 EUR, represented by 2,705,477,888 shares, of which 110,250,000 are of series A with ten votes each and 2,595,227,888 are of series B with one vote each. Hexagon holds 14,550,000 treasury shares.

PARENT COMPANY

The parent company's earnings before taxes in the third quarter amounted to -3.9 MEUR (-2.9) and 273.3 MEUR (-7.4) for the first nine months of the year. The equity was 6,552.6 MEUR (4,928.9). The equity ratio of the parent company was 47 per cent (44). Liquid funds including unutilised credit limits were 881.1 MEUR (1,460.9).



Hexagon announced R-ventures, a new venture capital arm of R-evolution. The R-ventures programme aims to help the green-tech startup ecosystem accelerate its next breakthroughs through seed funding or in-kind technology from Hexagon's portfolio.

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 2021, 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 2021.

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 total cost of the share-based incentive programme is estimated at 60 MEUR per programme and is recognised as a personnel expense in profit or loss 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 three ongoing programmes, 2020/2023, 2021/2024 and 2022/2025.

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 2 May 2023 at 16:00 CET at IVA Konferenscenter, Grev Turegatan 16. The composition of the Hexagon Nomination Committee for the Annual General Meeting 2023 is: Mikael Ekdahl (Chairman), Melker Schörting AB, Jan Dworsky, Swedbank Robur fonder, Anders Oscarsson, AMF and AMF Fonder and Liselott Ledin, Alecta.

SUBSEQUENT EVENTS

On 7 October, Hexagon announced that David Mills will succeed Robert Belkic as Chief Financial Officer (CFO) for Hexagon AB, effective 1 July 2023.

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 October 2022
Hexagon AB (publ)

Gun Nilsson
Chair 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

AUDITORS' REVIEW REPORT

Introduction

We have reviewed the condensed interim report for Hexagon AB as at September 30, 2022 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Swedish Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 27 October 2022

PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant

Helena Kaiser de Carolis
Authorised Public Accountant

CONDENSED INCOME STATEMENT

MEUR	Q3 2022	Q3 2021	9M 2022	9M 2021	2021
Net sales	1,316.6	1,077.2	3,758.6	3,130.7	4,341.1
Cost of goods sold	-460.6	-385.1	-1,324.1	-1,116.6	-1,544.0
Gross earnings	856.0	692.1	2,434.5	2,014.1	2,797.1
Sales expenses	-262.6	-192.4	-739.5	-564.1	-797.4
Administration expenses	-107.5	-85.3	-308.0	-251.1	-357.4
Research and development expenses	-155.4	-130.8	-450.1	-374.5	-510.8
Capital gain (+) / loss (-) from sale of shares in Group companies	-	-	-	0.3	0.3
Other income and expenses, net	11.9	3.8	-24.0	12.0	-122.0
Operating earnings ¹⁾	342.4	287.4	912.9	836.7	1,009.8
Financial income	2.2	1.5	6.2	3.7	5.1
Financial expenses	-11.1	-7.8	-26.5	-24.4	-31.3
Earnings before taxes	333.5	281.1	892.6	816.0	983.6
Taxes	-60.0	-50.5	-164.9	-146.8	-173.6
Net earnings	273.5	230.6	727.7	669.2	810.0
Attributable to:					
Parent company shareholders	270.2	228.4	718.7	663.3	801.6
Non-controlling interest	3.3	2.2	9.0	5.9	8.4
¹⁾ of which adjustments	-43.8	-23.2	-186.9	-59.8	-259.8
Earnings include depreciation, amortisation and impairments of	-114.5	-116.6	-334.1	-327.1	-578.9
- of which amortisation of surplus values (included in adjustments)	-27.0	-13.8	-78.1	-40.7	-62.2
Basic earnings per share, Euro cent	10.0	8.9	26.7	25.9	30.8
Earnings per share after dilution, Euro cent	10.0	8.9	26.6	25.9	30.8
Total shareholder's equity per share, EUR	3.87	2.60	3.87	2.60	3.24
Closing number of shares, thousands	2,690,928	2,565,506	2,690,928	2,565,506	2,696,128
Average number of shares, thousands	2,691,928	2,566,556	2,694,065	2,567,053	2,599,293
Average number of shares after dilution, thousands	2,706,478	2,573,906	2,706,498	2,573,267	2,606,291

CONDENSED COMPREHENSIVE INCOME STATEMENT

MEUR	Q3 2022	Q3 2021	9M 2022	9M 2021	2021
Net earnings	273.5	230.6	727.7	669.2	810.0
Other comprehensive income					
Items that will not be reclassified to income statement					
Remeasurement of pensions	-0.2	0.9	-0.6	45.5	43.7
Taxes on items that will not be reclassified to income statement	0.0	-0.1	0.1	-4.6	-5.3
Total items that will not be reclassified to income statement, net of taxes	-0.2	0.8	-0.5	40.9	38.4
Items that may be reclassified subsequently to income statement					
Exchange rate differences	566.9	106.0	1,338.2	314.3	503.5
Taxes on items that may be reclassified subsequently to income statement	-19.4	-4.8	-56.0	-10.4	-14.1
Total items that may be reclassified subsequently to income statement, net of taxes	547.5	101.2	1,282.2	303.9	489.4
Other comprehensive income, net of taxes	547.3	102.0	1,281.7	344.8	527.8
Total comprehensive income for the period	820.8	332.6	2,009.4	1,014.0	1,337.8
Attributable to:					
Parent company shareholders	817.4	329.7	1,999.3	1,006.8	1,326.8
Non-controlling interest	3.4	2.9	10.1	7.2	11.0

CONDENSED BALANCE SHEET

MEUR	30/9 2022	30/9 2021	31/12 2021
Intangible fixed assets	13,641.9	8,359.8	10,909.4
Tangible fixed assets	599.2	511.0	536.7
Right-of-use assets	217.3	201.4	201.7
Financial fixed assets	74.9	68.1	69.6
Deferred tax assets	121.7	97.9	105.9
Total fixed assets	14,655.0	9,238.2	11,823.3
Inventories	582.7	425.3	443.5
Accounts receivables	1,215.1	900.6	1,090.8
Other receivables	113.3	172.8	114.8
Prepaid expenses and accrued income	209.2	170.5	150.5
Total current receivables	1,537.6	1,243.9	1,356.1
Cash and cash equivalents	481.1	707.2	472.1
Total current assets	2,601.4	2,376.4	2,271.7
Total assets	17,256.4	11,614.6	14,095.0
Equity attributable to parent company shareholders	10,406.7	6,679.9	8,732.1
Equity attributable to non-controlling interest	35.2	30.4	32.6
Total shareholders' equity	10,441.9	6,710.3	8,764.7
Interest bearing liabilities	3,046.9	1,111.5	2,143.0
Lease liabilities	163.6	150.3	149.9
Other liabilities	122.8	91.7	116.0
Pension liabilities	76.3	72.4	75.0
Deferred tax liabilities	637.8	485.7	478.0
Other provisions	17.1	12.2	13.9
Total long-term liabilities	4,064.5	1,923.8	2,975.8
Interest bearing liabilities	646.6	1,363.9	582.3
Lease liabilities	66.7	61.6	62.7
Accounts payable	320.3	230.2	263.2
Other liabilities	365.2	363.6	307.1
Other provisions	93.7	30.6	54.8
Deferred income	763.7	541.6	655.1
Accrued expenses	493.8	389.0	429.3
Total short-term liabilities	2,750.0	2,980.5	2,354.5
Total equity and liabilities	17,256.4	11,614.6	14,095.0

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	Q3 2022	Q3 2021	2021
Opening shareholders' equity	8,764.7	5,949.2	5,949.2
Total comprehensive income for the period ¹⁾	2,009.4	1,014.0	1,337.8
Issue in kind	-	-	1,751.4
Acquisition of treasury shares	-57.6	-35.2	-62.2
Dividend	-303.4	-243.9	-244.2
Acquisition of non-controlling interest	0.4	12.7	12.7
Share based programme (LTIP)	28.4	13.5	20.0
Closing shareholders' equity ²⁾	10,441.9	6,710.3	8,764.7
1) Of which: Parent company shareholders	1,999.3	1,006.8	1,326.8
Non-controlling interest	10.1	7.2	11.0
2) Of which: Parent company shareholders	10,406.7	6,679.9	8,732.1
Non-controlling interest	35.2	30.4	32.6

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
2021-12-31 Total outstanding	110,250,000	2,585,877,888	2,696,127,888
Repurchase of treasury shares	-	-850,000	-850,000
2022-03-31 Total outstanding	110,250,000	2,585,027,888	2,695,277,888
Repurchase of treasury shares	-	-2,350,000	-2,350,000
2022-06-30 Total outstanding	110,250,000	2,582,677,888	2,692,927,888
Repurchase of treasury shares		-2,000,000	-2,000,000
2022-09-30 Total outstanding	110,250,000	2,580,677,888	2,690,927,888
Total amount of treasury shares	-	14,550,000	14,550,000
2022-09-30 Total issued	110,250,000	2,595,227,888	2,705,477,888

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	Q3 2022	Q3 2021	9M 2022	9M 2021	2021
Cash flow from operations before change in working capital excluding taxes and interest	463.1	399.0	1,322.8	1,152.6	1,590.9
Taxes paid	-47.3	-45.2	-169.8	-148.1	-189.4
Interest received and paid, net	-8.6	-6.2	-19.7	-19.3	-28.7
Cash flow from operations before change in working capital	407.2	347.6	1,133.3	985.2	1,372.8
Cash flow from change in working capital	-21.9	-64.4	-97.7	-4.0	-21.4
Cash flow from operations	385.3	283.2	1,035.6	981.2	1,351.4
Investments tangible assets, net	-33.8	-22.5	-94.1	-70.9	-107.2
Investments intangible assets	-108.0	-76.4	-294.1	-225.4	-312.2
Operating cash flow before non-recurring items	243.5	184.3	647.4	684.9	932.0
Non-recurring cash flow ¹⁾	-10.9	-4.7	-22.4	-18.0	-27.8
Operating cash flow	232.6	179.6	625.0	666.9	904.2
Cash flow from acquisitions and divestments	-20.2	-44.1	-1,172.8	-78.3	-748.1
Cash flow from other investing activities	-7.4	-1.9	-5.4	2.7	1.4
Cash flow after other investing activities	205.0	133.6	-553.2	591.3	157.5
Dividends paid	-7.6	-0.6	-303.4	-243.9	-244.2
Repurchase of Treasury shares	-21.7	-20.4	-57.6	-35.2	-62.2
Cash flow from other financing activities	-174.6	183.5	907.8	-15.6	219.9
Cash flow for the period	1.1	296.1	-6.4	296.6	71.0
Cash and cash equivalents, beginning of period	472.8	412.7	472.1	397.4	397.4
Effect of translation differences on cash and cash equivalents	7.2	-1.6	15.4	13.2	3.7
Cash flow for the period	1.1	296.1	-6.4	296.6	71.0
Cash and cash equivalents, end of period	481.1	707.2	481.1	707.2	472.1

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

KEY RATIOS

MEUR	Q3 2022	Q3 2021	9M 2022	9M 2021	2021
Adjusted operating margin, % ²⁾	29.3	28.8	29.2	28.6	29.2
Profit margin before taxes, %	25.3	26.1	23.7	26.1	22.7
Return on shareholders' equity, 12-month average, %	9.3	13.8	9.3	13.8	11.6
Return on capital employed, 12-month average, % ²⁾	11.9	13.5	11.9	13.5	13.5
Equity ratio, %	60.5	57.8	60.5	57.8	62.2
Net indebtedness	0.31	0.28	0.31	0.28	0.27
Interest coverage ratio	31.0	37.0	34.7	34.4	32.4
Average number of shares, thousands ¹⁾	2,691,928	2,566,556	2,694,065	2,567,053	2,599,293
Basic earnings per share excl. adjustments, Euro cent ^{1) 2)}	11.4	9.6	32.5	27.8	38.8
Basic earnings per share, Euro cent ¹⁾	10.0	8.9	26.7	25.9	30.8
Cash flow per share, Euro cent ¹⁾	14.3	11.0	38.4	38.2	52.0
Cash flow per share before change in working cap, Euro cent ¹⁾	15.1	13.5	42.1	38.4	52.8
Share price, SEK	104.70	135.95	104.70	135.95	143.65
Share price, translated to EUR	9.61	12.76	9.61	12.76	14.02

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

²⁾ Historical numbers have been restated with the new definition of adjustments.

SUPPLEMENTARY INFORMATION

NET SALES PER SEGMENT

MEUR	Q3 2022*	Q2 2022*	Q1 2022*	2022*	Q4 2021*	Q3 2021	Q2 2021	Q1 2021	2021*
Geospatial Enterprise Solutions	641.9	650.4	582.7	1,875.0	586.5	551.9	560.4	502.6	2,201.4
Industrial Enterprise Solutions	678.3	638.3	580.7	1,897.3	630.2	525.3	515.2	475.3	2,146.0
Group	1,320.2	1,288.7	1,163.4	3,772.3	1,216.7	1,077.2	1,075.6	977.9	4,347.4

ADJUSTED OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q3 2022	Q2 2022	Q1 2022	2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021
Geospatial Enterprise Solutions	197.0	205.6	175.6	578.2	182.0	172.6	181.3	148.8	684.7
Industrial Enterprise Solutions	198.1	177.9	165.7	541.7	200.9	142.6	138.5	127.1	609.1
Group costs	-8.9	-5.0	-6.2	-20.1	-9.8	-4.6	-5.2	-4.6	-24.2
Group	386.2	378.5	335.1	1,099.8	373.1	310.6	314.6	271.3	1,269.6
Adjusted operating margin, %	29.3	29.4	28.8	29.2	30.7	28.8	29.2	27.7	29.2

AMORTISATION SURPLUS VALUES (PPA) PER SEGMENT

MEUR	Q3 2022	Q2 2022	Q1 2022	2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021
Geospatial Enterprise Solutions	-5.7	-5.5	-5.4	-16.6	-5.0	-5.1	-4.9	-5.0	-20.0
Industrial Enterprise Solutions	-21.3	-23.1	-17.1	-61.5	-16.4	-8.7	-8.6	-8.4	-42.1
Group costs	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1
Group	-27.0	-28.6	-22.5	-78.1	-21.5	-13.8	-13.5	-13.4	-62.2

NET SALES BY REGION

MEUR	Q3 2022*	Q2 2022*	Q1 2022*	2022*	Q4 2021*	Q3 2021	Q2 2021	Q1 2021	2021*
EMEA	421.9	433.2	409.7	1,264.8	448.0	383.7	399.6	370.9	1,602.2
Americas	527.7	494.8	427.0	1,449.5	440.3	379.2	360.7	327.2	1,507.4
Asia	370.6	360.7	326.7	1,058.0	328.4	314.3	315.3	279.8	1,237.8
Group	1,320.2	1,288.7	1,163.4	3,772.3	1,216.7	1,077.2	1,075.6	977.9	4,347.4

EXCHANGE RATES

Average	Q3 2022	Q2 2022	Q1 2022	2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021
SEK/EUR	0.0941	0.0955	0.0954	0.0950	0.0988	0.0981	0.0986	0.0988	0.0986
USD/EUR	0.9929	0.9389	0.8914	0.9423	0.8744	0.8483	0.8293	0.8302	0.8459
CNY/EUR	0.1449	0.1421	0.1405	0.1425	0.1368	0.1311	0.1284	0.1281	0.1312
CHF/EUR	1.0271	0.9732	0.9648	0.9894	0.9481	0.9238	0.9109	0.9165	0.9250
Closing	Q3 2022	Q2 2022	Q1 2022	2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021
SEK/EUR	0.0917	0.0932	0.0967	0.0917	0.0976	0.0983	0.0989	0.0977	0.0976
USD/EUR	1.0259	0.9627	0.9008	1.0259	0.8829	0.8636	0.8415	0.8529	0.8829
CNY/EUR	0.1442	0.1436	0.1420	0.1442	0.1390	0.1336	0.1303	0.1302	0.1390
CHF/EUR	1.0459	1.0040	0.9740	1.0459	0.9680	0.9234	0.9107	0.9033	0.9680

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

ACQUISITIONS

MEUR	ETQ	Other	9M 2022	9M 2021
Fair value of acquired assets and assumed liabilities				
Intangible fixed assets	255.0	36.7	291.7	20.4
Other fixed assets	1.8	11.3	13.1	2.1
Total fixed assets	256.8	48.0	304.8	22.5
Total current assets	26.2	12.7	38.9	37.1
Total assets	283.0	60.7	343.7	59.6
Total long-term liabilities	-58.3	-11.8	-70.1	-6.7
Total current liabilities	-32.9	-19.6	-52.5	-5.3
Total liabilities	-91.2	-31.4	-122.6	-12.0
Fair value of acquired assets and assumed liabilities, net	191.8	29.3	221.1	47.6
*Non-controlling interest in equity	-	-0.4	-0.4	-12.7
Goodwill	887.4	146.9	1,034.3	92.4
Total purchase consideration transferred	1,079.2	175.8	1,255.0	127.3
Less cash and cash equivalents in acquired companies	-16.1	-6.5	-22.6	-5.3
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-	-59.6	-59.6	-43.4
Cash flow from acquisition of companies/businesses	1,063.1	109.7	1,172.8	78.6

During the first nine months of the year 2022, Hexagon acquired the following companies:

- Minnovare, a leading provider of drilling technology
- PDSA Company LTD, a Hexagon Leica Geosystems distributor
- ETQ, a leading provider of SaaS-based quality management software
- Innovatia Accelerator Inc., a developer of SaaS-based digitalisation solutions in the Operations & Maintenance segment
- Vero Solutions, a distributor of Hexagon's VISI CAD CAM software
- TST Tooling Software Technology LLC, a distributor of Hexagon's VISI CAD CAM software
- Kasi Aviation Inc, a provider of aerial survey and mapping services
- Men At Work GmbH, a distributor of Hexagon's VISI CAD CAM software
- iConstruct Pty Ltd, a provider of Building Information Modelling (BIM) software

Aside from ETQ, 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 186.1 MEUR (153.0) as of 30 September, whereof the fair value adjustment in 2022 amounted to 0.6 MEUR (25.2). 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 ETQ

In April 2022, Hexagon acquired ETQ, a leading provider of SaaS-based QMS (quality management system), EHS (environment, health and safety) and compliance management software.

Background and reasons for the transaction

ETQ's SaaS QMS solution provides the data backbone for automating the collection and delivery of manufacturing quality control data, non-conformance reports, customer feedback and more. It provides an enterprise view of quality management across the entire product lifecycle. ETQ's broad portfolio of best-in-class applications comes with out-of-the-box functionality and no-code configurability, enabling customers to tailor the solution to their unique needs and optimise critical business processes to achieve their quality, safety and environmental goals. Given the strong fit across Hexagon's manufacturing and process industries and the significant scope for geographical expansion, the transaction is expected to generate sales synergies of over 40 MUSD, with very strong incremental margins, by 2026.

From the date of acquisition, ETQ has contributed 33.0 MEUR of net sales in 2022. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 47.6 MEUR. The contribution to the group operating margin has been accretive.

RESTATED OPERATING EARNINGS

MEUR	Restated Q3 2021	As reported Q3 2021	Restated Q2 2021	As reported Q2 2021	Restated Q1 2021	As reported Q1 2021	Restated 9M 2021	As reported 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	Restated Q4 2020	As reported Q4 2020	Restated Q3 2020	As reported Q3 2020	Restated Q2 2020	As reported Q2 2020	Restated Q1 2020	As reported Q1 2020	Restated 2020	As reported 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 STATEMENT

MEUR	Q3 2022	Q3 2021	9M 2022	9M 2021	2021
Net sales	4.2	3.8	12.7	11.4	15.4
Administration expenses	-8.6	-5.3	-23.6	-16.6	-29.0
Operating earnings	-4.4	-1.5	-10.9	-5.2	-13.6
Earnings from shares in Group companies	-	-	202.5	0.6	0.6
Interest income and expenses, net	0.5	-1.4	81.7	-2.8	-8.7
Appropriations	-	-	-	-	7.3
Earnings before taxes	-3.9	-2.9	273.3	-7.4	-14.4
Taxes	0.7	0.6	-15.0	1.6	2.9
Net earnings	-3.2	-2.3	258.3	-5.8	-11.5

CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	30/9 2022	30/9 2021	31/12 2021
Total fixed assets	12,524.3	9,009.4	11,252.5
Total current receivables	1,306.8	1,803.5	1,738.7
Cash and cash equivalents	8.5	362.4	93.0
Total current assets	1,315.3	2,165.9	1,831.7
Total assets	13,839.6	11,175.3	13,084.2
Total shareholders' equity	6,552.6	4,928.9	6,647.6
Untaxed reserves	-	7.4	-
Total long-term liabilities	3,048.1	1,112.3	1,993.9
Total short-term liabilities	4,238.9	5,126.7	4,442.7
Total equity and liabilities	13,839.6	11,175.3	13,084.2

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 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 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:

Year-End Report 2022	1 February 2023
Interim Report Q1 2023	28 April 2023
Interim Report Q2 2023	26 July 2023
Interim Report Q3 2023	27 October 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

TELEPHONE CONFERENCE

The Interim Report for the third quarter 2022 will be presented on 27 October 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. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 27 October 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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