

YEAR-END REPORT

1 JANUARY - 31 DECEMBER 2022

FOURTH QUARTER

- Operating net sales increased by 15 per cent to 1,403.2 MEUR (1,216.7). Net sales including the reduction of acquired deferred revenue amounted to 1,401.9 (1,210.4). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 8 per cent
- Adjusted operating earnings (EBIT1) increased by 12 per cent to 418.0 MEUR (373.1)
- Earnings before taxes, excluding adjustments, amounted to 399.6 MEUR (367.6)
- Net earnings, excluding adjustments, amounted to 327.7 MEUR (299.7)
- Earnings per share, excluding adjustments, amounted to 12.1 Euro cent (11.0)
- Operating cash flow decreased to 153.1 MEUR (237.3)
- The Board of Directors proposes a dividend of 0.12 EUR (0.11) per share, an increase of 9 per cent

MEUR	Q4 2022	Q4 2021	Δ%	2022	2021	Δ%
Operating net sales ²⁾	1,403.2	1,216.7	8 ¹⁾	5,175.5	4,347.4	8 ¹⁾
Revenue adjustment ³⁾	-1.3	-6.3	n.a.	-15.0	-6.3	n.a.
Net sales	1,401.9	1,210.4	8 ¹⁾	5,160.5	4,341.1	8 ¹⁾
Adjusted gross earnings ²⁾	928.9	790.4	18	3,384.7	2,806.8	21
Adjusted gross margin, % ²⁾	66.2	65.0	1.2	65.4	64.6	0.8
Adjusted operating earnings (EBITDA) ²⁾	521.3	471.2	11	1,877.1	1,654.1	13
Adjusted EBITDA margin, % ²⁾	37.2	38.7	-1.5	36.3	38.0	-1.7
Adjusted operating earnings (EBIT1) ²⁾	418.0	373.1	12	1,517.8	1,269.6	20
Adjusted operating margin, %	29.8	30.7	-0.9	29.3	29.2	0.1
Earnings before taxes, excluding adjustments	399.6	367.6	9	1,479.1	1,243.4	19
Adjustments (before taxes) ³⁾	-44.2	-200.0	n.a.	-231.1	-259.8	n.a.
Earnings before taxes	355.4	167.6	112	1,248.0	983.6	27
Net earnings	291.4	140.8	107	1,019.1	810.0	26
Net earnings, excl. adjustments	327.7	299.7	9	1,212.9	1,018.0	19
Earnings per share, Euro cent	10.7	5.1	110	37.4	30.8	21
Earnings per share, excl. adjustments, Euro cent	12.1	11.0	10	44.6	38.8	15

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

²⁾ For definition, see page 18.

³⁾ See more information on page 2.

COMMENTS FROM THE CEO

"First, let me say that I am honoured to serve as the new President and CEO of Hexagon, succeeding a leader who transformed Hexagon into the global technology innovator we are today. On behalf of our employees, customers and shareholders, I would like to take this opportunity to thank Ola Rollén for his vision, leadership and contributions to the company over the last 23 years.

In the fourth quarter, despite ongoing geopolitical challenges, organic growth accelerated to 8 per cent with good momentum across all regions. Highlights include 13 per cent organic growth in Manufacturing Intelligence, driven by strong demand in automotive and aerospace and continued strength in China; 8 per cent organic growth in Asset Lifecycle Intelligence, supported by strong demand for both design and enterprise asset management software; and 15 per cent organic growth in Autonomy & Positioning, fuelled by strong demand for aerospace and defence solutions, and growth in agriculture. While component supply constraints continued, the negative impact in the quarter was small, and we consider the situation largely resolved moving forward. Despite continued inflationary pressures, we delivered a record gross margin, reflecting active price management and a favourable product mix. However, we saw a short-term drag from currency transaction effects due to sharp currency moves during the quarter.

Hexagon has good momentum going into 2023. We are well placed to deal with the global economy's many challenges and will continue to invest in new technologies to capture the secular tailwinds supporting our future growth. I look forward to working with our team, our shareholders and our customers to continue building towards long-term success!"

– Paolo Guglielmini, President and CEO, Hexagon AB

8%
ORGANIC
GROWTH

30%
ADJUSTED
OPERATING MARGIN

61%
CASH
CONVERSION

GROUP BUSINESS DEVELOPMENT Q4

NET SALES

Operating net sales increased by 15 per cent to 1,403.2 MEUR (1,216.7). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 8 per cent. Regionally, organic growth was 11 per cent in EMEA, 7 per cent in the Americas and 7 per cent in Asia. In EMEA, Western Europe recorded 13 per cent organic growth, driven by strong growth in automotive, aerospace and defence. Russia declined significantly, reflecting the impact of imposed sanctions and the internal actions taken to freeze business operations in Russia. EMEA, excluding Russia and Western Europe, recorded strong double-digit organic growth. In the Americas, North America recorded 6 per cent organic growth, driven by strong demand across manufacturing, construction, mining and power and energy, which offset weakness in the defence segment. South America recorded continued double-digit organic growth, driven by strength in mining and power and energy. In Asia, China recorded 0 per cent organic growth, hampered by Covid-19 related restrictions and weakness in infrastructure and construction, but positively impacted by strong growth in automotive and aerospace. The rest of Asia recorded double-digit organic growth, driven by continued strong demand in India and Japan.

EARNINGS

Adjusted operating earnings (EBIT1) increased by 12 per cent to 418.0 MEUR (373.1), which corresponds to an adjusted operating margin of 29.8 per cent (30.7). The adjusted operating margin (EBIT1) was positively impacted by pricing and product mix but negatively impacted by currency movements. Adjusted operating earnings (EBIT1) were positively impacted by currency translation effects of 23.5 MEUR and negatively impacted by currency transaction effects of -20.5 MEUR. Earnings before taxes, excluding adjustments, amounted to 399.6 MEUR (367.6) and were positively impacted by currency translation effects of 21.3 MEUR.

ADJUSTMENTS

The adjustments for the quarter consist of share-based program expenses (LTIP) of 13.3 MEUR (9.2), amortisation of surplus values (PPA) of 29.6 MEUR (21.5), acquired deferred revenues of 1.3 MEUR (6.3) and non-recurring items of - (163.0).

FINANCIAL SUMMARY - FOURTH QUARTER

MEUR	Net sales			Earnings		
	Q4 2022	Q4 2021	Δ% ¹⁾	Q4 2022	Q4 2021	Δ%
Geospatial Enterprise Solutions	662.0	586.5	5	208.3	182.0	14
Industrial Enterprise Solutions	741.2	630.2	12	213.4	200.9	6
Operating net sales	1,403.2	1,216.7	8			
Revenue adjustment	-1.3	-6.3	n.a.			
Net sales	1,401.9	1,210.4	8			
Group cost				-3.7	-9.8	62
Adjusted operating earnings (EBIT1)				418.0	373.1	12
Adjusted operating margin, %				29.8	30.7	-0.9
Interest income and expenses, net				-18.4	-5.5	-235
Earnings before adjustments				399.6	367.6	9
Adjustments				-44.2	-200.0	n.a.
Earnings before taxes				355.4	167.6	112
Taxes				-64.0	-26.8	-139
Net earnings				291.4	140.8	107

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

CURRENCY TRANSLATION IMPACT COMPARED TO EUR - FOURTH QUARTER

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Strengthened	7%	Negative	Negative
USD	Strengthened	12%	Positive	Positive
CNY	Strengthened	1%	Positive	Positive
EBIT1, MEUR				23.5

¹⁾Compared to Q4 2021

SALES BRIDGE - FOURTH QUARTER

	Operating net sales ¹⁾
2021, MEUR	1,216.7
Structure, %	2
Currency, %	5
Organic growth, %	8
Total, %	15
2022, MEUR	1,403.2

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	Q4 2022	
Western Europe (29% of sales)	↗	
Asia excl. China (12% of sales)	↗	
South America (5% of sales)	↗	
North America (34% of sales)	→	>8% ↗
EMEA excl. Western Europe (7% of sales)	→	0-8% →
China (13% of sales)	→	Negative ↘
Total	↗	

GEOSPATIAL ENTERPRISE SOLUTIONS – Q4 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 662.0 MEUR (586.5). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 5 per cent. Regionally, organic growth was 12 per cent in EMEA, 2 per cent in the Americas and -2 per cent in Asia. In EMEA, Western Europe recorded 14 per cent organic growth, driven by strong growth in the aerospace and defence industries, as well as solid demand for public safety and infrastructure and construction solutions. Russia continued to decline significantly, reflecting the impact of imposed sanctions and the internal actions taken to freeze business operations in Russia. Excluding Russia and Western Europe, EMEA recorded high double-digit organic growth. In the Americas, North America recorded -1 per cent organic growth, hampered by weakness in defence and tough comparisons in infrastructure and construction. South America recorded double-digit organic growth, driven by strong demand for mining solutions. In Asia, China recorded -29 per cent organic growth due Covid-19 related restrictions as well as continued weakness in infrastructure and construction. The rest of Asia continued to record double-digit organic growth, driven by strong demand for surveying solutions in Japan and India.

The Geosystems division recorded 4 per cent organic growth, driven by strong demand in mining and infrastructure and construction, but hampered by weakness in China. The Safety, Infrastructure & Geospatial division recorded 3 per cent organic growth, driven by growth in public safety, but hampered by weakness in certain defence markets. The Autonomy & Positioning division recorded 15 per cent organic growth, fuelled by strong demand for aerospace and defence solutions and growth in agriculture.

EARNINGS

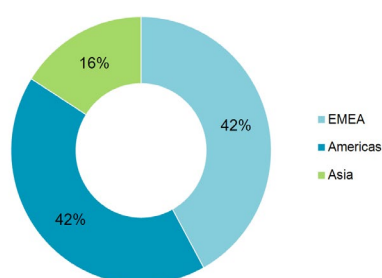
Adjusted operating earnings (EBIT1) increased by 14 per cent to 208.3 MEUR (182.0), which corresponds to an adjusted operating margin of 31.5 per cent (31.0). The adjusted operating margin (EBIT1) was negatively impacted by currency movements.

NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

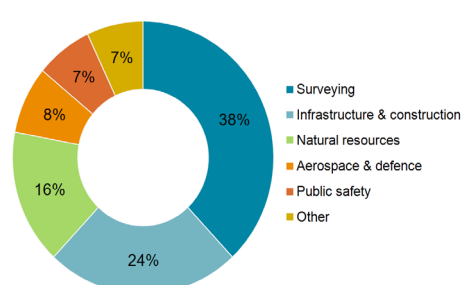
MEUR	Q4 2022	Q4 2021	Δ%	2022	2021	Δ%
Operating net sales	662.0	586.5	5 ¹⁾	2,537.0	2,201.4	7 ¹⁾
Adjusted operating earnings (EBIT1)	208.3	182.0	14	786.5	684.7	15
Adjusted operating margin, %	31.5	31.0	0.5	31.0	31.1	-0.1
Avg. number of employees				10,134	9,346	8

¹⁾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 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 741.2 MEUR (630.2). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 12 per cent. Regionally, organic growth was 13 per cent in the Americas, 11 per cent in Asia and 10 per cent in EMEA. In the Americas, North America recorded 13 per cent organic growth, driven by continued strong growth in aerospace and automotive markets. South America recorded double-digit organic growth, driven by strong demand in power and energy. In Asia, China recorded 8 per cent organic growth, also fuelled by strong growth in aerospace and automotive. The rest of Asia recorded double-digit organic growth, driven by solid demand for solutions within power and energy and manufacturing. In EMEA, Western Europe recorded 13 per cent organic growth, driven by strong demand across manufacturing and power and energy. The rest of EMEA recorded single-digit organic growth, with Russia declining substantially reflecting the impact of imposed sanctions and the internal actions taken to freeze business operations in Russia. Excluding Russia, the region grew at double-digit rates.

The Manufacturing Intelligence division recorded 13 per cent organic growth, driven by strong growth across all geographies and industries, and the software portfolio. The Asset Lifecycle Intelligence division recorded 8 per cent organic growth, driven by strong growth in both design and enterprise asset management software.

EARNINGS

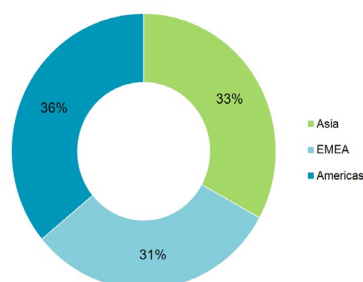
Adjusted operating earnings (EBIT1) increased by 6 per cent to 213.4 MEUR (200.9), which corresponds to an adjusted operating margin of 28.8 per cent (31.9). The adjusted operating margin (EBIT1) was negatively impacted by currency movements, investments in innovation and a normalisation of sales and marketing costs.

NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

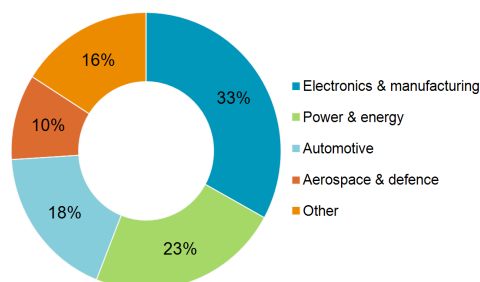
MEUR	Q4 2022	Q4 2021	Δ%	2022	2021	Δ%
Operating net sales	741.2	630.2	12 ¹⁾	2,638.5	2,146.0	9 ¹⁾
Adjusted operating earnings (EBIT1)	213.4	200.9	6	755.1	609.1	24
Adjusted operating margin, %	28.8	31.9	-3.1	28.6	28.4	0.2
Avg. number of employees				12,939	11,846	9

¹⁾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 – 2022

NET SALES

Operating net sales amounted to 5,175.5 MEUR (4,347.4) for the full 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 1,517.8 MEUR (1,269.6), which corresponds to an adjusted operating margin of 29.3 per cent (29.2). Adjusted operating earnings (EBIT1) were positively affected by currency translation effects of 97.6 MEUR and negatively affected by currency transaction effects of -4.1 MEUR.

The financial net amounted to -38.7 MEUR (-26.2) for the full year.

Earnings before taxes, excluding adjustments, amounted to 1,479.1 MEUR (1,243.4). Earnings before taxes, including these items, amounted to 1,248.0 MEUR (983.6) and were positively impacted by currency translation effects of 87.1 MEUR.

Net earnings, excluding adjustments, amounted to 1,212.9 MEUR (1,018.0) or 44.6 Euro cent (38.8) per share. Net earnings, including these items, amounted to 1,019.1 MEUR (810.0) or 37.4 Euro cent (30.8) per share.

FINANCIAL SUMMARY - 2022

MEUR	Net sales			Earnings		
	2022	2021	Δ% ¹⁾	2022	2021	Δ%
Geospatial Enterprise Solutions	2,537.0	2,201.4	7	786.5	684.7	15
Industrial Enterprise Solutions	2,638.5	2,146.0	9	755.1	609.1	24
Operating net sales	5,175.5	4,347.4	8			
Revenue adjustment ²⁾	-15.0	-6.3	n.a.			
Net sales	5,160.5	4,341.1	8			
Group cost				-23.8	-24.2	2
Adjusted operating earnings (EBIT1)				1,517.8	1,269.6	20
Adjusted operating margin, %				29.3	29.2	0.1
Interest income and expenses, net				-38.7	-26.2	-48
Earnings before adjustments				1,479.1	1,243.4	19
Adjustments ³⁾				-231.1	-259.8	n.a.
Earnings before taxes				1,248.0	983.6	27
Taxes				-228.9	-173.6	-32
Net earnings				1,019.1	810.0	26

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 - 2022

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Strengthened	8%	Negative	Negative
USD	Strengthened	13%	Positive	Positive
CNY	Strengthened	8%	Positive	Positive
EBIT1, MEUR				97.6

¹⁾ Compared to 2021.



Hexagon announced a 100 MUSD investment in Divergent Technologies Inc., a pioneer of green manufacturing technologies. Their production process DAPS® (Divergent Adaptive Production System) is a fully integrated software and hardware solution, creating the first complete modular digital factory for complex structures through AI-optimised generative design software, additive manufacturing (3D printing) and automated assembly

GROUP SUMMARY

PROFITABILITY

Capital employed increased to 13,792.6 MEUR (11,777.6). Return on average capital employed for the last twelve months was 11.5 per cent (13.5). Return on average shareholders' equity over the previous twelve months was 10.5 per cent (11.6). The capital turnover rate was 0.4 times (0.5).

FINANCIAL POSITION

Total shareholders' equity increased to 9,864.6 MEUR (8,764.7). The equity ratio was 59.9 per cent (62.2). Hexagon's total assets increased to 16,477.0 MEUR (14,095.0). 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 31 December 2022, cash and unutilised credit limits totalled 1,429.7 MEUR (1,341.5). Hexagon's net debt was 3,441.7 MEUR (2,540.8). The net indebtedness was 0.32 times (0.27). Interest coverage ratio was 17.9 times (25.3).

CASH FLOW

During the fourth quarter, cash flow from operations before changes in working capital amounted to 413.2 MEUR (387.6), corresponding to 15.4 Euro cent (14.4) per share. Cash flow from operations in the fourth quarter amounted to 337.1 MEUR (370.2), corresponding to 12.5 Euro cent (13.7) per share. Operating cash flow in the fourth quarter, including non-recurring items, amounted to 153.1 MEUR (237.3).

For the full year, cash flow from operations amounted to 1,372.7 MEUR (1,351.4) corresponding to 51.0 Euro cent (52.0) per share. The operating cash flow, including non-recurring items, amounted to 778.1 MEUR (904.2).

INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -164.5 MEUR (-123.1) in the fourth quarter and -552.7 MEUR (-419.4) in the full year. Depreciation, amortisation and impairment amounted to -132.9 MEUR (-251.8) in the fourth quarter and -467.0 MEUR (-578.9) during the full year, whereof impairment charges amounted to -10.1 MEUR (-149.8) in the fourth quarter and -10.1 MEUR (-173.3) during the full year.

TAX RATE

The tax expense for the full year amounted to -228.9 MEUR (-173.6). The reported tax rate was 18.0 per cent (16.0) for the quarter and 18.3 per cent (17.6) for the full year. The tax rate, excluding non-recurring items, was 18.0 per cent (18.0) for the quarter and 18.0 per cent (18.0) for the full year.

EMPLOYEES

The average number of employees during the fourth quarter was 23,196 (21,291). The number of employees at the end of the quarter was 24,001 (22,097).

SHARE DATA

Earnings per share, including adjustments, for the fourth quarter amounted to 10.7 Euro cent (5.1). Earnings per share, excluding adjustments, for the fourth quarter amounted to 12.1 Euro cent (11.0).

Earnings per share, including adjustments, for the full year amounted to 37.4 Euro cent (30.8). Earnings per share, excluding adjustments, for the full year amounted to 44.6 Euro cent (38.8).

On 31 December 2022, equity per share was 3.65 EUR (3.24) and the share price was 109.00 SEK (143.65).

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 15,800,000 treasury shares.

PARENT COMPANY

The parent company's earnings before taxes in the fourth quarter amounted to -1,501.5 MEUR (-7.0) and -1,228.2 MEUR (-14.4) for the full year. The equity was 5,040.6 MEUR (6,647.6). The equity ratio of the parent company was 34 per cent (51). Liquid funds including unutilised credit limits were 930.7 MEUR (916.1).



Hexagon announced the acquisition of Qognify, a leading provider of physical security and enterprise incident management software. Qognify's solutions integrate real-time information from video feeds and many other diverse systems into a single dashboard. The ability to correlate and analyse disparate data enables customers to derive meaningful insights that ensure incidents are managed effectively and efficiently to avoid business disruption.

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 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 three ongoing programmes, with vesting periods of 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 Schörling AB, Jan Dworsky, Swedbank Robur fonder, Anders Oscarsson, AMF and AMF Fonder and Liselott Ledin, Alecta.

DIVIDEND

The Hexagon Board of Directors proposes a dividend of 0.12 EUR per share (0.11) for the fiscal year 2022, corresponding to 32 per cent of profit after tax. The proposed record date will be 4 May and expected date for settlement is 11 May.

SUBSEQUENT EVENTS

On January 12, Hexagon announced the acquisition of Projectmates.

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, 24 January 2023
Hexagon AB (publ)

Gun Nilsson
Chair of the Board

Paolo Guglielmini
President and CEO

John Brandon
Board Member

Ulrika Francke
Board Member

Henrik Henriksson
Board Member

Erik Huggers
Board Member

Ola Rollén
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 2022	Q4 2021	2022	2021
Net sales	1,401.9	1,210.4	5,160.5	4,341.1
Cost of goods sold	-475.4	-427.4	-1,799.5	-1,544.0
Gross earnings	926.5	783.0	3,361.0	2,797.1
Sales expenses	-279.8	-233.3	-1,019.3	-797.4
Administration expenses	-108.7	-106.3	-416.7	-357.4
Research and development expenses	-157.0	-136.3	-607.1	-510.8
Capital gain (+) / loss (-) from sale of shares in Group companies	-	-	-	0.3
Other income and expenses, net	-7.2	-134.0	-31.2	-122.0
Operating earnings ¹⁾	373.8	173.1	1,286.7	1,009.8
Financial income	2.6	1.4	8.8	5.1
Financial expenses	-21.0	-6.9	-47.5	-31.3
Earnings before taxes	355.4	167.6	1,248.0	983.6
Taxes	-64.0	-26.8	-228.9	-173.6
Net earnings	291.4	140.8	1,019.1	810.0
Attributable to:				
Parent company shareholders	288.9	138.3	1,007.6	801.6
Non-controlling interest	2.5	2.5	11.5	8.4
¹⁾ of which adjustments	-44.2	-200.0	-231.1	-259.8
Earnings include depreciation, amortisation and impairments of	-132.9	-251.8	-467.0	-578.9
- of which amortisation of surplus values (included in adjustments)	-29.6	-21.5	-107.7	-62.2
Basic earnings per share, Euro cent	10.7	5.1	37.4	30.8
Earnings per share after dilution, Euro cent	10.7	5.1	37.2	30.8
Total shareholder's equity per share, EUR	3.65	3.24	3.65	3.24
Closing number of shares, thousands	2,689,678	2,696,128	2,689,678	2,696,128
Average number of shares, thousands	2,689,882	2,696,013	2,693,019	2,599,293
Average number of shares after dilution, thousands	2,705,682	2,705,363	2,706,294	2,606,291

CONDENSED COMPREHENSIVE INCOME STATEMENT

MEUR	Q4 2022	Q4 2021	2022	2021
Net earnings	291.4	140.8	1,019.1	810.0
Other comprehensive income				
Items that will not be reclassified to income statement				
Remeasurement of pensions	21.4	-1.8	20.8	43.7
Taxes on items that will not be reclassified to income statement	-5.1	-0.7	-5.0	-5.3
Total items that will not be reclassified to income statement, net of taxes	16.3	-2.5	15.8	38.4
Items that may be reclassified subsequently to income statement				
Exchange rate differences	-902.8	189.2	435.4	503.5
Taxes on items that may be reclassified subsequently to income statement	20.5	-3.7	-35.5	-14.1
Total items that may be reclassified subsequently to income statement, net of taxes	-882.3	185.5	399.9	489.4
Other comprehensive income, net of taxes	-866.0	183.0	415.7	527.8
Total comprehensive income for the period	-574.6	323.8	1,434.8	1,337.8
Attributable to:				
Parent company shareholders	-575.2	320.0	1,424.1	1,326.8
Non-controlling interest	0.6	3.8	10.7	11.0

CONDENSED BALANCE SHEET

MEUR	31/12 2022	31/12 2021
Intangible fixed assets	12,805.6	10,909.4
Tangible fixed assets	592.9	536.7
Right-of-use assets	198.0	201.7
Financial fixed assets	114.5	69.6
Deferred tax assets	122.3	105.9
Total fixed assets	13,833.3	11,823.3
Inventories	577.2	443.5
Accounts receivables	1,285.8	1,090.8
Other receivables	121.4	114.8
Prepaid expenses and accrued income	173.0	150.5
Total current receivables	1,580.2	1,356.1
Cash and cash equivalents	486.3	472.1
Total current assets	2,643.7	2,271.7
Total assets	16,477.0	14,095.0
Equity attributable to parent company shareholders	9,830.2	8,732.1
Equity attributable to non-controlling interest	34.4	32.6
Total shareholders' equity	9,864.6	8,764.7
Interest bearing liabilities	3,032.4	2,143.0
Lease liabilities	145.5	149.9
Other liabilities	121.9	116.0
Pension liabilities	53.9	75.0
Deferred tax liabilities	581.8	478.0
Other provisions	9.5	13.9
Total long-term liabilities	3,945.0	2,975.8
Interest bearing liabilities	633.8	582.3
Lease liabilities	62.4	62.7
Accounts payable	309.8	263.2
Other liabilities	377.8	307.1
Other provisions	59.2	54.8
Deferred income	741.2	655.1
Accrued expenses	483.2	429.3
Total short-term liabilities	2,667.4	2,354.5
Total equity and liabilities	16,477.0	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	2022	2021
Opening shareholders' equity	8,764.7	5,949.2
Total comprehensive income for the period ¹⁾	1,434.8	1,337.8
Issue in kind	-	1,751.4
Acquisition of treasury shares	-71.0	-62.2
Dividend	-304.4	-244.2
Acquisition of non-controlling interest	0.0	12.7
Share based programme (LTIP)	40.5	20.0
Closing shareholders' equity ²⁾	9,864.6	8,764.7
1) Of which: Parent company shareholders	1,424.1	1,326.8
Non-controlling interest	10.7	11.0
2) Of which: Parent company shareholders	9,830.2	8,732.1
Non-controlling interest	34.4	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
Repurchase of treasury shares	-	-1,250,000	-1,250,000
2022-12-31 Total outstanding	110,250,000	2,579,427,888	2,689,677,888
Total amount of treasury shares	-	15,800,000	15,800,000
2022-12-31 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	Q4 2022	Q4 2021	2022	2021
Cash flow from operations before change in working capital excluding taxes and interest	497.6	438.3	1,820.4	1,590.9
Taxes paid	-66.1	-41.3	-235.9	-189.4
Interest received and paid, net	-18.3	-9.4	-38.0	-28.7
Cash flow from operations before change in working capital	413.2	387.6	1,546.5	1,372.8
Cash flow from change in working capital	-76.1	-17.4	-173.8	-21.4
Cash flow from operations	337.1	370.2	1,372.7	1,351.4
Investments tangible assets, net	-44.7	-36.3	-138.8	-107.2
Investments intangible assets	-119.8	-86.8	-413.9	-312.2
Operating cash flow before non-recurring items	172.6	247.1	820.0	932.0
Non-recurring cash flow ¹⁾	-19.5	-9.8	-41.9	-27.8
Operating cash flow	153.1	237.3	778.1	904.2
Cash flow from acquisitions and divestments	-22.0	-669.8	-1,194.8	-748.1
Cash flow from other investing activities	-44.7	-1.3	-50.1	1.4
Cash flow after other investing activities	86.4	-433.8	-466.8	157.5
Dividends paid	-1.0	-0.3	-304.4	-244.2
Repurchase of Treasury shares	-13.4	-27.0	-71.0	-62.2
Cash flow from other financing activities	-39.1	235.5	868.7	219.9
Cash flow for the period	32.9	-225.6	26.5	71.0
Cash and cash equivalents, beginning of period	481.1	707.2	472.1	397.4
Effect of translation differences on cash and cash equivalents	-27.7	-9.5	-12.3	3.7
Cash flow for the period	32.9	-225.6	26.5	71.0
Cash and cash equivalents, end of period	486.3	472.1	486.3	472.1

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

KEY RATIOS

MEUR	Q4 2022	Q4 2021	2022	2021
Adjusted operating margin, % ²⁾	29.8	30.7	29.3	29.2
Profit margin before taxes, %	25.4	13.8	24.2	22.7
Return on shareholders' equity, 12-month average, %	10.5	11.6	10.5	11.6
Return on capital employed, 12-month average, % ²⁾	11.5	13.5	11.5	13.5
Equity ratio, %	59.9	62.2	59.9	62.2
Net indebtedness	0.32	0.27	0.32	0.27
Interest coverage ratio	17.9	25.3	27.3	32.4
Average number of shares, thousands ¹⁾	2,689,882	2,696,013	2,693,019	2,599,293
Basic earnings per share excl. adjustments, Euro cent ^{1) 2)}	12.1	11.0	44.6	38.8
Basic earnings per share, Euro cent ¹⁾	10.7	5.1	37.4	30.8
Cash flow per share, Euro cent ¹⁾	12.5	13.7	51.0	52.0
Cash flow per share before change in working cap, Euro cent ¹⁾	15.4	14.4	57.4	52.8
Share price, SEK	109.00	143.65	109.00	143.65
Share price, translated to EUR	9.80	14.02	9.80	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	Q4 2022*	Q3 2022*	Q2 2022*	Q1 2022*	2022*	Q4 2021*	Q3 2021	Q2 2021	Q1 2021	2021*
Geospatial Enterprise	662.0	641.9	650.4	582.7	2,537.0	586.5	551.9	560.4	502.6	2,201.4
Industrial Enterprise Solutions	741.2	678.3	638.3	580.7	2,638.5	630.2	525.3	515.2	475.3	2,146.0
Group	1,403.2	1,320.2	1,288.7	1,163.4	5,175.5	1,216.7	1,077.2	1,075.6	977.9	4,347.4

ADJUSTED OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021
Geospatial Enterprise	208.3	197.0	205.6	175.6	786.5	182.0	172.6	181.3	148.8	684.7
Industrial Enterprise Solutions	213.4	198.1	177.9	165.7	755.1	200.9	142.6	138.5	127.1	609.1
Group costs	-3.7	-8.9	-5.0	-6.2	-23.8	-9.8	-4.6	-5.2	-4.6	-24.2
Group	418.0	386.2	378.5	335.1	1,517.8	373.1	310.6	314.6	271.3	1,269.6
Adjusted operating margin,	29.8	29.3	29.4	28.8	29.3	30.7	28.8	29.2	27.7	29.2

AMORTISATION SURPLUS VALUES (PPA) PER SEGMENT

MEUR	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021
Geospatial Enterprise	-5.6	-5.7	-5.5	-5.4	-22.2	-5.0	-5.1	-4.9	-5.0	-20.0
Industrial Enterprise Solutions	-24.0	-21.3	-23.1	-17.1	-85.5	-16.4	-8.7	-8.6	-8.4	-42.1
Group costs	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1
Group	-29.6	-27.0	-28.6	-22.5	-107.7	-21.5	-13.8	-13.5	-13.4	-62.2

NET SALES BY REGION

MEUR	Q4 2022*	Q3 2022*	Q2 2022*	Q1 2022*	2022*	Q4 2021*	Q3 2021	Q2 2021	Q1 2021	2021*
EMEA	506.7	421.9	433.2	409.7	1,771.5	448.0	383.7	399.6	370.9	1,602.2
Americas	546.0	527.7	494.8	427.0	1,995.5	440.3	379.2	360.7	327.2	1,507.4
Asia	350.5	370.6	360.7	326.7	1,408.5	328.4	314.3	315.3	279.8	1,237.8
Group	1,403.2	1,320.2	1,288.7	1,163.4	5,175.5	1,216.7	1,077.2	1,075.6	977.9	4,347.4

EXCHANGE RATES

Average	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021
SEK/EUR	0.0914	0.0941	0.0955	0.0954	0.0941	0.0988	0.0981	0.0986	0.0988	0.0986
USD/EUR	0.9808	0.9929	0.9389	0.8914	0.9523	0.8744	0.8483	0.8293	0.8302	0.8459
CNY/EUR	0.1378	0.1449	0.1421	0.1405	0.1413	0.1368	0.1311	0.1284	0.1281	0.1312
CHF/EUR	1.0170	1.0271	0.9732	0.9648	0.9965	0.9481	0.9238	0.9109	0.9165	0.9250
Closing	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021
SEK/EUR	0.0899	0.0917	0.0932	0.0967	0.0899	0.0976	0.0983	0.0989	0.0977	0.0976
USD/EUR	0.9376	1.0259	0.9627	0.9008	0.9376	0.8829	0.8636	0.8415	0.8529	0.8829
CNY/EUR	0.1359	0.1442	0.1436	0.1420	0.1359	0.1390	0.1336	0.1303	0.1302	0.1390
CHF/EUR	1.0155	1.0459	1.0040	0.9740	1.0155	0.9680	0.9234	0.9107	0.9033	0.9680

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

ACQUISITIONS

MEUR	ETQ	Other	2022	2021
Fair value of acquired assets and assumed liabilities				
Intangible fixed assets	255.0	49.6	304.6	485.5
Other fixed assets	1.8	12.0	13.8	2.8
Total fixed assets	256.8	61.6	318.4	488.3
Total current assets	26.2	14.0	40.2	47.2
Total assets	283.0	75.6	358.6	535.5
Total long-term liabilities	-58.3	-11.2	-69.5	-7.7
Total current liabilities	-32.9	-26.9	-59.8	-62.8
Total liabilities	-91.2	-38.1	-129.3	-70.5
Fair value of acquired assets and assumed liabilities, net	191.8	37.5	229.3	465.0
*Non-controlling interest in equity	-	0.0	0.0	-12.7
Goodwill	887.4	135.6	1,023.0	2,106.4
Total purchase consideration transferred	1,079.2	173.1	1,252.3	2,558.7
Less cash and cash equivalents in acquired companies	-16.1	-6.0	-22.1	-5.3
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-	-35.4	-35.4	-53.6
Cash flow from acquisition of companies/businesses	1,063.1	131.7	1,194.8	2,499.8

During the full 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
- Avvir, a developer of SaaS-based construction progress monitoring solutions
- CIM3, a distributor of Hexagon's ESPRIT CAM 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 162.1 MEUR (136.2) as of 31 December, whereof the fair value adjustment in 2022 amounted to 16.7 MEUR (54.3). In connection with the valuation of contingent considerations the assets acquired and liabilities assumed in the purchase price allocation are reviewed. Any indication of impairment due to the revaluation of contingent considerations is considered and adjustments are made to off-set the impact from revaluation.

ACQUISITION OF 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 50.6 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 65.2 MEUR. The contribution to the group operating margin has been accretive.

CONDENSED PARENT COMPANY INCOME STATEMENT

MEUR	Q4 2022	Q4 2021	2022	2021
Net sales	7.2	4.0	19.9	15.4
Administration expenses	-22.3	-12.4	-45.9	-29.0
Operating earnings	-15.1	-8.4	-26.0	-13.6
Earnings from shares in Group companies	-1,485.8	-	-1,283.3	0.6
Interest income and expenses, net	16.7	-5.9	98.4	-8.7
Appropriations	-17.3	7.3	-17.3	7.3
Earnings before taxes	-1,501.5	-7.0	-1,228.2	-14.4
Taxes	3.0	1.3	-12.0	2.9
Net earnings	-1,498.5	-5.7	-1,240.2	-11.5

CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	31/12 2022	31/12 2021
Total fixed assets	13,921.2	11,252.5
Total current receivables	976.4	1,738.7
Cash and cash equivalents	33.3	93.0
Total current assets	1,009.7	1,831.7
Total assets	14,930.9	13,084.2
Total shareholders' equity	5,040.6	6,647.6
Untaxed reserves	14.6	-
Total long-term liabilities	3,033.5	1,993.9
Total short-term liabilities	6,842.2	4,442.7
Total equity and liabilities	14,930.9	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 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 24,000 employees in 50 countries and net sales of approximately 5.2bn EUR. Learn more at hexagon.com and follow us [@HexagonAB](https://twitter.com/HexagonAB).

FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

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 Year-End Report for 2022 will be presented on 24 January at 10:00 CET at a telephone conference.

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

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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 24 January 2023.

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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