



HEXAGON

empowering an autonomous, sustainable future

Q4 2023 report

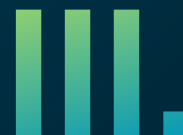
1 February 2024



Q4 & FY 2023 Highlights



Financial review



Notable new products & customer wins

IV.

Closing remarks & QA

I. Q4 & FY2023 highlights

Highlights Q4 & FY 2023

- Good growth momentum driven by automation and software solutions
- Margin expansion underlines good execution and strength of the business model
- Strong cash conversion
- FY23 results on track with our 2026 objectives
- Board proposes increased dividend of 0.13 EUR per share

Q4 2023

| Category | Achievement |
|--------------------------|-------------|
| Organic growth | 5% |
| Adj. gross margin | 67% |
| Operating margin (EBIT1) | 31% |
| Cash conversion | 103% |

FY 2023

| Category | Achievement |
|--------------------------|-------------|
| Organic growth | 7% |
| Adj. gross margin | 66% |
| Operating margin (EBIT1) | 29% |
| Cash conversion | 80% |

Capital Markets Day – December 2023

Several important commitments



Confidence in the targets

- Average organic growth of 5-7% between 2022-26
- Average growth from structure of 3-5% between 2022-26
- Operating margin (including PPA amortisation) above 30%
- Innovation, commercial and operational execution roadmaps to leverage our strong value proposition

Broader commitments

- Formalised annual cash conversion target within the 80-90% range
- Target 95% reduction in scope 1 & 2 emissions by 2030 and net zero by 2050
- Enhanced financial disclosures from Q1 2024, including :
 - New divisional segmentation including revenue & EBIT1
 - Group revenue disclosure by type (software & services, hardware, recurring)
- Proposed tighter alignment of management incentives to group targets

Rationalisation programme

Synergies

- Simplification of the org structure and related savings triggered
- Implementation of joint GEO-MI shared services on track

Performance

- Higher priority, low-margin activities successfully addressed in H2 2023
- Divestments: hand-tools business in MI (~50 MEUR sales in 2022), and help-desk activity in SIG earlier in Q3 2023 (with ~12MEUR sales in 2022)

Footprint

- 52 facilities closed in 2023, with an additional 65 targeted in 2024
- Ongoing rationalisation of the manufacturing footprint

Automation

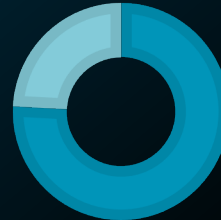
- Investment in automation for assembly and calibration to trigger savings
- Gen AI tools being rolled out in service & support teams for productivity

P&L Investment



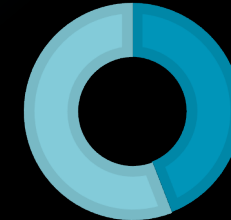
Full 198.6 MEUR charge taken in Q3

Cash costs



48.3 MEUR cash out to date (32.1 MEUR in Q4)

Annualised savings



95 MEUR current run rate (20 MEUR realised in Q4)

Analysis of organic growth per geographic region and by industry

| | Share of sales ¹⁾ | W EU 29% (29) | EEMEA ²⁾ 8% (7) | NA 34% (34) | SA 4% (5) | China 12% (13) | ASIA ³⁾ 13% (12) | |
|-------------------------------|------------------------------|------------------|-------------------------------|----------------|--------------|-------------------|--------------------------------|---|
| Surveying & Reality Capture | 18% | ↘ | ↘ | ↗ | ↗ | ↗ | ↗ | |
| Power, Energy & Mining | 22% | ↗ | ↗ | ↗ | ↘ | ↗ | ↗ | |
| Electronics & Manufacturing | 17% | ↗ | ↗ | ↗ | ↗ | ↗ | ↗ | |
| Infrastructure & Construction | 12% | ↘ | ↘ | ↗ | ↗ | ↗ | ↗ | |
| Automotive | 9% | ↘ | ↗ | ↘ | ↗ | ↘ | ↗ | |
| Aerospace & Defence | 9% | ↗ | ↗ | ↗ | ↗ | ↘ | ↗ | |
| Public Safety | 4% | ↗ | ↗ | ↗ | ↘ | ↗ | ↗ | |
| Other | 9% | | | | | | | |
| Total organic growth | | 1% | 12% | 5% | -7% | 6% | 12% | <div>> 8% ↗</div> <div>0 to 8% ↗</div> <div>Negative ↘</div> |

1) Share of sales as per Q4 2023

2) Eastern Europe, Middle East and Africa

3) Asia, excluding China

Geospatial Enterprise Solutions – Q4 2023 overview



Geosystems**

+3% organic growth

- Strong performance in mining, reality capture and geospatial content
- Continued software growth
- Wider construction market remains challenged

Software & services (FY23)
% 49%



SIG

-4% organic growth

- Solid growth and order wins in public safety solutions
- Impact from exit of low-margin defence contracts.

Recurring revenue (FY23)
34%



Autonomy & Positioning*

+11% organic growth

- Very good growth in precision agriculture solutions and marine

Direct sales (FY23)
73%

*From Q1 2024 Hexagon's Mining division will move from Geosystems to Autonomy & Positioning (which will be renamed to Autonomous Solutions) Restated comparative information shown on slide 11

Sales and EBIT1



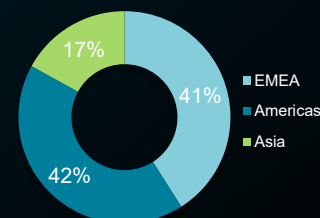
Sales of 675.5 MEUR (662.0) – organic growth of **2** per cent



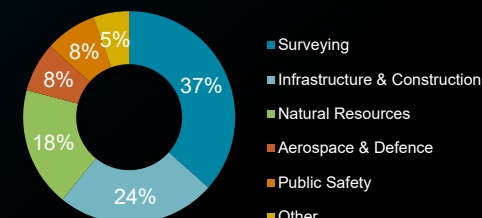
EBIT1 of 208.6 MEUR (208.3) and operating margin of **30.9** per cent (31.5)

➤ Negatively impacted by FX

Sales per geography



Sales per segment



Industrial Enterprise Solutions – Q4 2023 overview



Manufacturing Intelligence

+7% organic growth

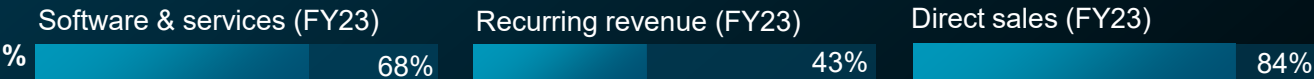
- Continued order growth
- Strong growth in automated inspection solutions
- Solid demand for enterprise quality management software
- Continued growth in China (6%)
- Sale of low-margin PMI business (effective February 2024)



Asset Lifecycle Intelligence

+8% organic growth

- Good demand, especially for design and engineering and cybersecurity software
- Strong demand for SDx, our cloud-based asset lifecycle software platform
- Industry diversification driving growth



Sales and EBIT1



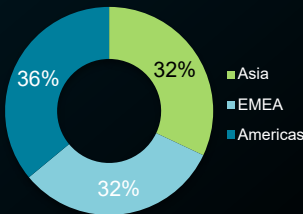
Sales of 759.8 MEUR (741.2) – organic growth of **7** per cent



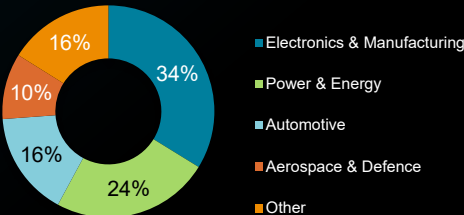
EBIT1 of 237.3 MEUR (213.4) and operating margin of **31.2** per cent (28.8)

➤ Negatively impacted by FX, positively impacted by a strong product mix and the rationalisation programme

Sales per geography



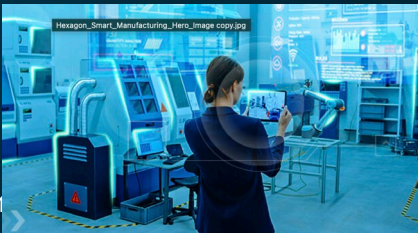
Sales per segment



Our new divisional structure (from Q1 2024)

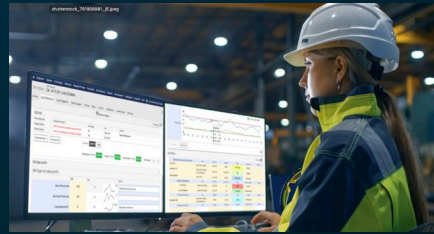
Manufacturing Intelligence

Automotive
Aerospace
Electronics
Medtech
Machining



Asset Lifecycle Intelligence

Energy and power
Petrochemical
Semi conductors
Pharmaceuticals
Logistics



Geosystems

Machine control
Surveying
Heavy construction
Buildings
Media & entertainment



Autonomous Solutions

Mining
Agriculture
Automotive
Defense
Marine positioning



Safety Infrastructure & Geospatial

Utilities
Communication
Public safety
Government
Mapping and geospatial



New divisional structure – historic performance summary

| Division | Category | FY 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | FY 2023 |
|-------------------------------------|---------------------------|---------|---------|---------|---------|---------|---------|
| Hexagon* | Revenue | 5,175.5 | 1,286.6 | 1,366.0 | 1,352.1 | 1,435.3 | 5,440.0 |
| | Organic growth in revenue | | 8% | 8% | 8% | 5% | 7% |
| | EBIT1 | 1,517.8 | 371.2 | 394.1 | 393.0 | 438.4 | 1,596.7 |
| | EBIT1 margin % | 29.3% | 28.9% | 28.9% | 29.1% | 30.5% | 29.4% |
| Manufacturing Intelligence | Revenue | 1,902.0 | 476.8 | 497.6 | 487.1 | 551.5 | 2,013.0 |
| | Organic growth in revenue | | 10% | 11% | 8% | 7% | 9% |
| | EBIT1 | 492.9 | 119.5 | 128.9 | 123.5 | 158.9 | 530.8 |
| | EBIT1 margin % | 25.9% | 25.1% | 25.9% | 25.4% | 28.8% | 26.4% |
| Asset Lifecycle Intelligence | Revenue | 728.0 | 190.6 | 186.2 | 197.6 | 207.6 | 782.0 |
| | Organic growth in revenue | | 16% | 11% | 10% | 8% | 11% |
| | EBIT1 | 260.8 | 68.3 | 62.1 | 73.5 | 79.3 | 283.2 |
| | EBIT1 margin % | 35.8% | 35.8% | 33.4% | 37.2% | 38.2% | 36.2% |
| Geosystems (excluding Mining) | Revenue | 1,585.1 | 389.8 | 424.8 | 389.0 | 399.4 | 1,603.0 |
| | Organic growth in revenue | | 7% | 4% | 3% | 1% | 4% |
| | EBIT1 | 520.5 | 127.5 | 139.0 | 122.7 | 121.1 | 510.3 |
| | EBIT1 margin % | 32.8% | 32.7% | 32.7% | 31.5% | 30.3% | 31.8% |
| Autonomous Solutions (inc. Mining) | Revenue | 476.1 | 124.7 | 139.3 | 157.1 | 150.0 | 571.1 |
| | Organic growth in revenue | | 13% | 27% | 34% | 16% | 22% |
| | EBIT1 | 157.4 | 41.3 | 48.1 | 54.0 | 50.2 | 193.6 |
| | EBIT1 margin % | 33.1% | 33.1% | 34.5% | 34.4% | 33.5% | 33.9% |
| Safety, Infrastructure & Geospatial | Revenue | 475.8 | 102.5 | 115.3 | 120.0 | 126.1 | 463.9 |
| | Organic growth in revenue | | -11% | -9% | -5% | -4% | -7% |
| | EBIT1 | 108.7 | 18.4 | 21.7 | 26.6 | 37.3 | 104.0 |
| | EBIT1 margin % | 22.8% | 18.0% | 18.8% | 22.2% | 29.6% | 22.4% |

*Hexagon total includes revenue and adjusted operating earnings (EBIT1) from other operations (such as R-evolution and group costs)

II. Financial review

Income Statement – Q4 2023

| MEUR | Q4 2023 | Q4 2022 | Change % |
|--|---------|---------|-----------------|
| Operating net sales | 1,435.3 | 1,403.2 | 5 ¹⁾ |
| Revenue adjustments | - | -1.3 | n.a. |
| Net sales | 1,435.3 | 1,401.9 | 5 ¹⁾ |
| Adjusted gross earnings | 955.2 | 928.9 | 3 |
| Adjusted gross margin, % | 66.5 | 66.2 | 0.3 |
| Adjusted operating earnings (EBIT1) | 438.4 | 418.0 | 5 |
| Adjusted operating margin, % | 30.5 | 29.8 | 0.7 |
| Earnings before taxes, excl. adjustments | 389.1 | 399.6 | -3 |
| Adjustments (before taxes) ²⁾ | -47.8 | -44.2 | n.a. |
| Earnings before taxes | 341.3 | 355.4 | -4 |
| Net earnings | 279.9 | 291.4 | -4 |
| Net earnings, excl. adjustments | 319.1 | 327.7 | -3 |
| Earnings per share, excl. adjustments, Euro cent | 11.8 | 12.1 | -2 |

| Sales bridge | |
|---------------------|---------|
| 2022, MEUR | 1,403.2 |
| Structure, %* | 1% |
| Currency, % | - 4% |
| Organic growth, %** | 5% |
| Total, % | 2% |
| 2023, MEUR | 1,435.3 |

* All acquisitions are included in structural growth for the first 12 months

** Organic growth calculated as the growth excluding impacts from structure and currency during the period

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

2) Adjustments in the quarter relate to share programmes (LTIP) and amortisation of surplus values (PPA)

Q4 Profitability bridge

| Growth | | - 4% | 1% | 5% | 2% |
|-------------------------------------|---------|----------|-----------|---------|---------|
| MEUR | Q4 2022 | Currency | Structure | Organic | Q4 2023 |
| Operating Net Sales | 1,403.2 | -55 | 19 | 68 | 1,435.3 |
| Adjusted Operating Earnings (EBIT1) | 418.0 | -15 | 8 | 27 | 438.4 |
| Adjusted Operating Margin | 29.8% | 27% | 41% | 40% | 30.5% |
| Accretion / (Dilution) on margin | | 0.1% | 0.1% | 0.5% | |

Income Statement – FY 2023

| MEUR | 2023 | 2022 | Change % |
|--|---------|---------|-----------------|
| Operating net sales | 5,440.0 | 5,175.5 | 7 ¹⁾ |
| Revenue adjustments | -4.8 | -15.0 | n.a. |
| Net sales | 5,435.2 | 5,160.5 | 7 ¹⁾ |
| Adjusted gross earnings | 3,593.4 | 3,384.7 | 6 |
| Adjusted gross margin, % | 66.1 | 65.4 | 0.7 |
| Adjusted operating earnings (EBIT1) | 1,596.7 | 1,517.8 | 5 |
| Adjusted operating margin, % | 29.4 | 29.3 | 0.1 |
| Earnings before taxes, excl. adjustments | 1,441.4 | 1,479.1 | -2 |
| Adjustments (before taxes) ²⁾ | -380.7 | -231.1 | n.a. |
| Earnings before taxes | 1,060.7 | 1,248.0 | -15 |
| Net earnings | 871.8 | 1,019.1 | -14 |
| Net earnings, excl. adjustments | 1,182.0 | 1,212.9 | -2 |
| Earnings per share, excl. adjustments, Euro cent | 43.5 | 44.6 | -2 |

| Sales bridge | |
|---------------------|---------|
| 2022, MEUR | 5,175.5 |
| Structure, %* | 2% |
| Currency, % | - 4% |
| Organic growth, %** | 7% |
| Total, % | 5% |
| 2023, MEUR | 5,440.0 |

* All acquisitions are included in structural growth for the first 12 months

** Organic growth calculated as the growth excluding impacts from structure and currency during the period

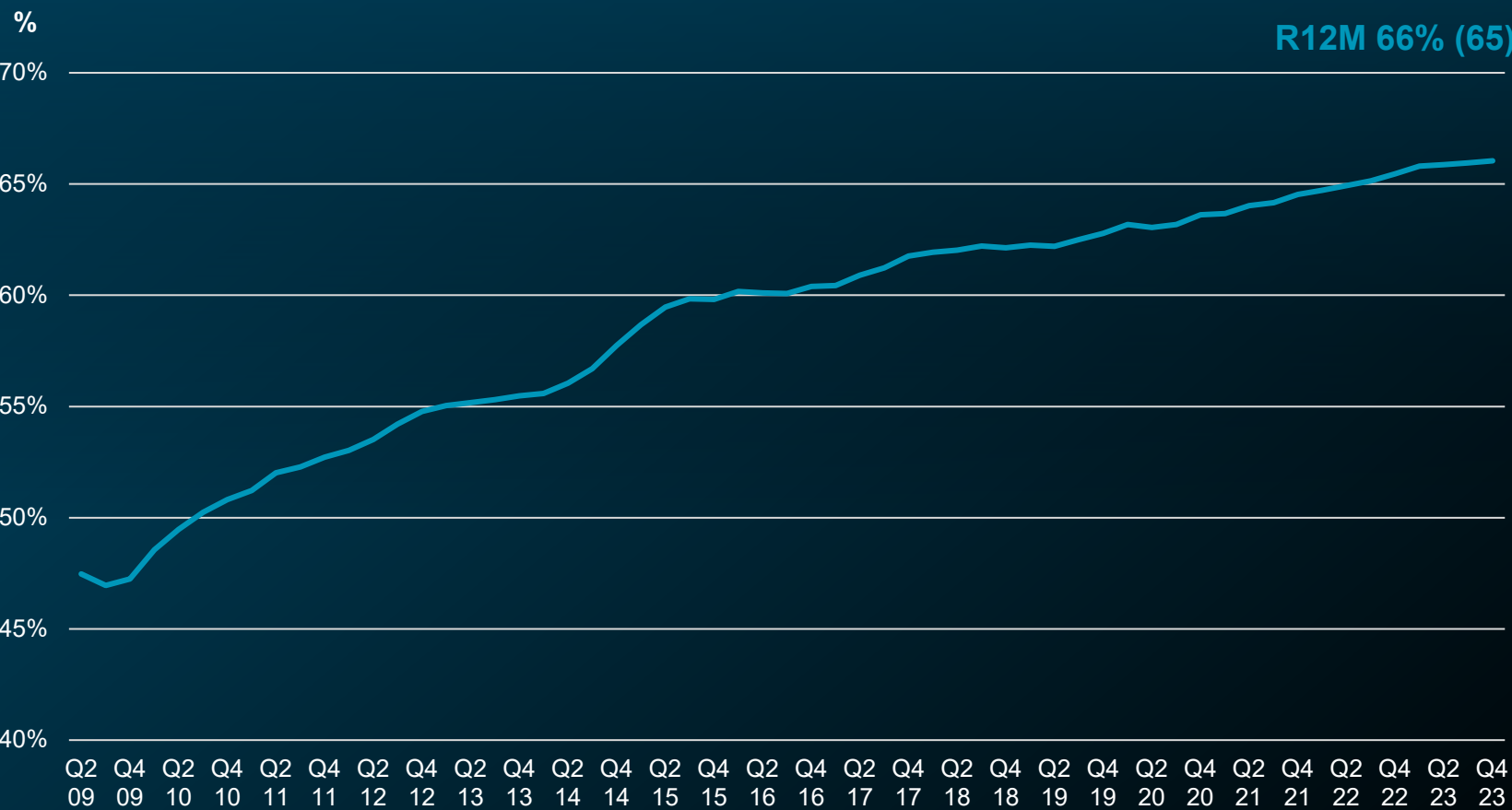
1) Adjusted to fixed exchange rates and a comparable group structure (organic growth)

2) Adjustments in the year relate to share programmes(LTIP), amortisation of surplus values (PPA), acquired deferred revenue and non-recurring items relating to the rationalisation programme

2023 Profitability bridge

| Growth | | - 4% | 2% | 7% | 5% |
|-------------------------------------|---------|----------|-----------|---------|---------|
| MEUR | 2022 | Currency | Structure | Organic | 2023 |
| Operating Net Sales | 5,175.5 | -180 | 88 | 357 | 5,440.0 |
| Adjusted Operating Earnings (EBIT1) | 1,517.8 | -101 | 29 | 151 | 1,596.7 |
| Adjusted Operating Margin | 29.3% | 56% | 33% | 42% | 29.4% |
| Accretion / (Dilution) on margin | | -0.9% | 0.1% | 0.9% | |

Gross margin – R12M



Historic R12M GM% expansion:

- Richer software mix in portfolio through innovation and M&A
- Innovation drives higher GM% for next generation devices
- Q4 adjusted gross margin of 66.5% (66.2)

Cash flow analysis

| Cash Flow Statement MEUR | Reported Q4 2023 | Reported Q4 2022 | Change % |
|---|---------------------|---------------------|----------|
| Adjusted operating earnings (EBIT1) | 438.4 | 418.0 | 5 |
| Cash flow from operations before change in working capital excluding taxes and interest | 539.3 | 497.6 | 8 |
| Investments (Intangible and Tangible) | -157.2 | -164.5 | n.a. |
| Cash flow post investments | 382.1 | 333.1 | 15 |
| Cash flow from change in working capital | 69.0 | -76.1 | n.a. |
| Operating cash flow before tax and interest | 451.1 | 257.0 | 76 |
| Cash conversion % | 103% | 61% | 41 |
| | | | |
| Taxes paid | -51.1 | -66.1 | n.a. |
| Interest received and paid, net | -46.9 | -18.3 | n.a. |
| Operating cash flow before non-recurring items | 353.1 | 172.6 | 105 |

- Improved operational cash generation
- Investment levels reduced
- Working capital release
- Higher interest payments reflect the higher interest rate environment
- **Resulting FY23 cash conversion of 80%**

Working capital to sales

WC/Sales, %



| WC Bridge | Q4 2023 |
|--------------------------------|---------|
| Receivables & Prepaid expenses | 33.0 |
| Inventories | -18.5 |
| Liabilities | -9.1 |
| Deferred revenue | -55.7 |
| Accrued expenses | -18.7 |
| Change in WC | -69.0 |

Planned disclosure changes



Reporting

5 Segments, Sales and EBIT1



Organic and M&A impact

Absolute numbers, EBIT1 impact



Software revenue

Absolute numbers, growth rate



Recurring revenue

Absolute numbers, growth rate



R&D investments

Capitalisation will be disclosed



Working capital

Cash impact of inventory, receivables and payables

III. Notable new products & customer wins



Product launch: HxDR Apps

LocLab Cloud and **GeoCloud Drive** are secure, cloud-native platforms that offer innovative ways to use, update, manage and share 3D digital twins and survey data. The apps are designed to meet specific customer needs.



SaaS Platforms

Enable clients to access and share data about their assets through a very intuitive spatial 3D environment.



Integration to existing IT infrastructure

Generic interfaces facilitate integration with existing systems, such as ERP, FM and IoT.

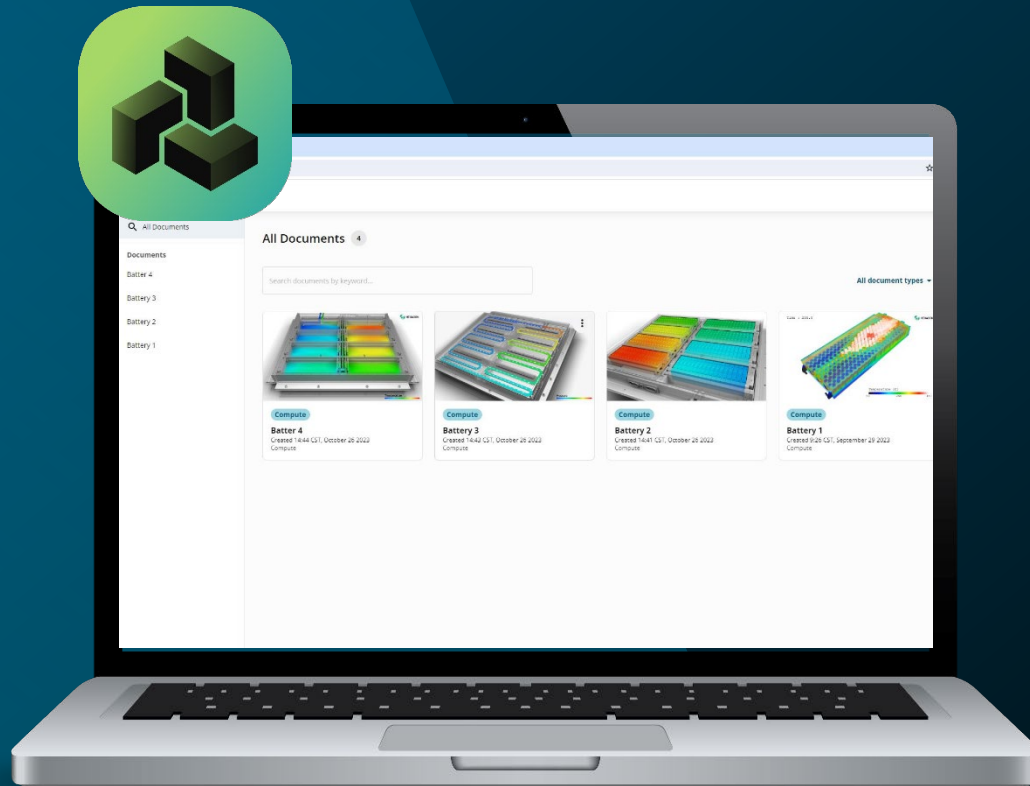


Improved decision-making

Support infrastructure providers with predictive maintenance, scenario planning and sustainability analysis.

Product launch: Nexus Compute

Nexus Compute provides scalable cloud-based computation capacities that allow users to launch simulations without compute resource and software licence limitations.



On-demand HPC access

Provides the compute capacities needed, without the limitations of the available HW and the available SW licences.



Consumption based licensing

Eliminating upfront CAPEX costs.



Ease of use

No upfront preparative work in terms of deploying software and easy to use, drag-and-drop user interface



Scalable

Solution to execute different simulations in parallel, ensuring fast turnaround time.



Customer story

Jacto

Customer background

Jacto manufactures equipment for precision agriculture with the goal of driving efficiency through technology.

Customer challenge

Orchard spraying is a necessary but time-consuming and hazardous task of citrus production in Brazil.



How Hexagon is helping

Outfitted with a **Hexagon | NovAtel SMART7 antenna with OEM7 receiver and TerraStar-C PRO Correction Services**, the Arbus 4000 JAV autonomous orchard sprayer delivers 50% more productivity than the manual tractor and takes a driver out of harm's way.





Customer story

Ma'aden

Customer background

Ma'aden ranks ninth in the world's top mining companies with a market cap of 44 bnUSD. Appointed by royal decree to develop Saudi's mining sector, Ma'aden is responsible for leading best-practices in the region.

Customer challenge

Ma'aden requires accurate insights into their material movement to minimise ore going to waste dumps, which impacts profitability. Additionally, they continue to focus on managing safety efficiently.



How Hexagon is helping

By helping to develop the Middle East's first digital mine through a five-year relationship marked by these technology milestones:

- **MinePlan** and **Blast Movement Monitoring** - increased orebody visibility, less dilution, and improved grade control
- **OP Pro** - optimally managed fleet.
- **Machine Guidance** and **Reverse Assist** - improved precision in production activities.
- **Operator Alert System** - improved vehicle operator safety.





Customer story

PERI

Customer background

PERI is a leading manufacturer and supplier of framework and scaffolding systems and 3D construction printing with more than 9,100 employees in 70 countries.

Customer challenge

PERI required a solution to enable efficient 3D design and collaboration with an open BIM approach. The transition needed to be seamless to keep the 1,500-people user base at highest performance.



How Hexagon is helping

PERI now uses **Hexagon's design and engineering software (BricsCAD)** worldwide, and is developing a new version of their PERI CAD, based on Hexagon's software, leveraging detailed planning, rich design clarity and detailed drawing style.





Customer story

Massachusetts RECCs

Customer background

Massachusetts recently consolidated many small dispatch centers into regional emergency communications centers (RECCs) distributed across the state.

Customer challenge

The centers needed to modernise their dispatch systems.



How Hexagon is helping

In 2023, Hexagon implemented **HxGN OnCall Dispatch** in the cloud. Now, five more RECCs will be added to the implementation. Multiple communications centers on the same cloud-based system increases interoperability and flexibility for improved emergency communications statewide.



Customer story

KLM

Customer background

KLM is the Dutch national airline with a diverse fleet. It offers passenger and cargo services, prioritising sustainability and innovation in aviation industry.

Customer challenge

Seeking to improve gas turbine inspections during the 4-week downtime, with a goal to reduce this period as much as possible.



How Hexagon is helping

Hexagon's **PRESTO M** automated inspection cell replaces conventional inspection of airplane components, helping KLM drastically reduce the amount of time aircraft is grounded for inspection as part of their Metrology Room of the Future initiative.





Customer story

LEGOLAND® Korea

Customer background

LEGOLAND Korea Resort is a theme park in Chuncheon, South Korea. Covering an area of 280,000 square meters, the resort is the largest LEGOLAND theme park in Asia.

Customer challenge

Manage its safety-critical asset portfolio and support change management across 40 amusement rides and attractions.



How Hexagon is helping

With the deployment of **HxGN EAM**, LEGOLAND® Korea maintained the availability and reliability of rides and facilities, reducing the breakdown maintenance budget by 5% and outsourced service costs by 30%.



IV. Closing remarks & QA

Conclusions



Growth momentum

FY23 organic growth
at top end of the
2026 financial plan

Strong margins

Continued gross
margin and EBIT1
expansion

Cash conversion

103% cash
conversion in Q4,
80% in FY23

Future ready

Innovation and
execution focus position
us well into 2024

Dividend increase

Board proposes
dividend of 0.13 EUR
per share

Dates for the calendar

| | |
|-------------|------------------|
| w/c 4 March | China site visit |
|-------------|------------------|

| | |
|----------|----------------|
| 24 April | Hannover Messe |
|----------|----------------|

| | |
|------------|---------|
| 24-26 Sept | Minexpo |
|------------|---------|

| | |
|------------|----------|
| 24-26 Sept | Intergeo |
|------------|----------|

Cautionary statement

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.

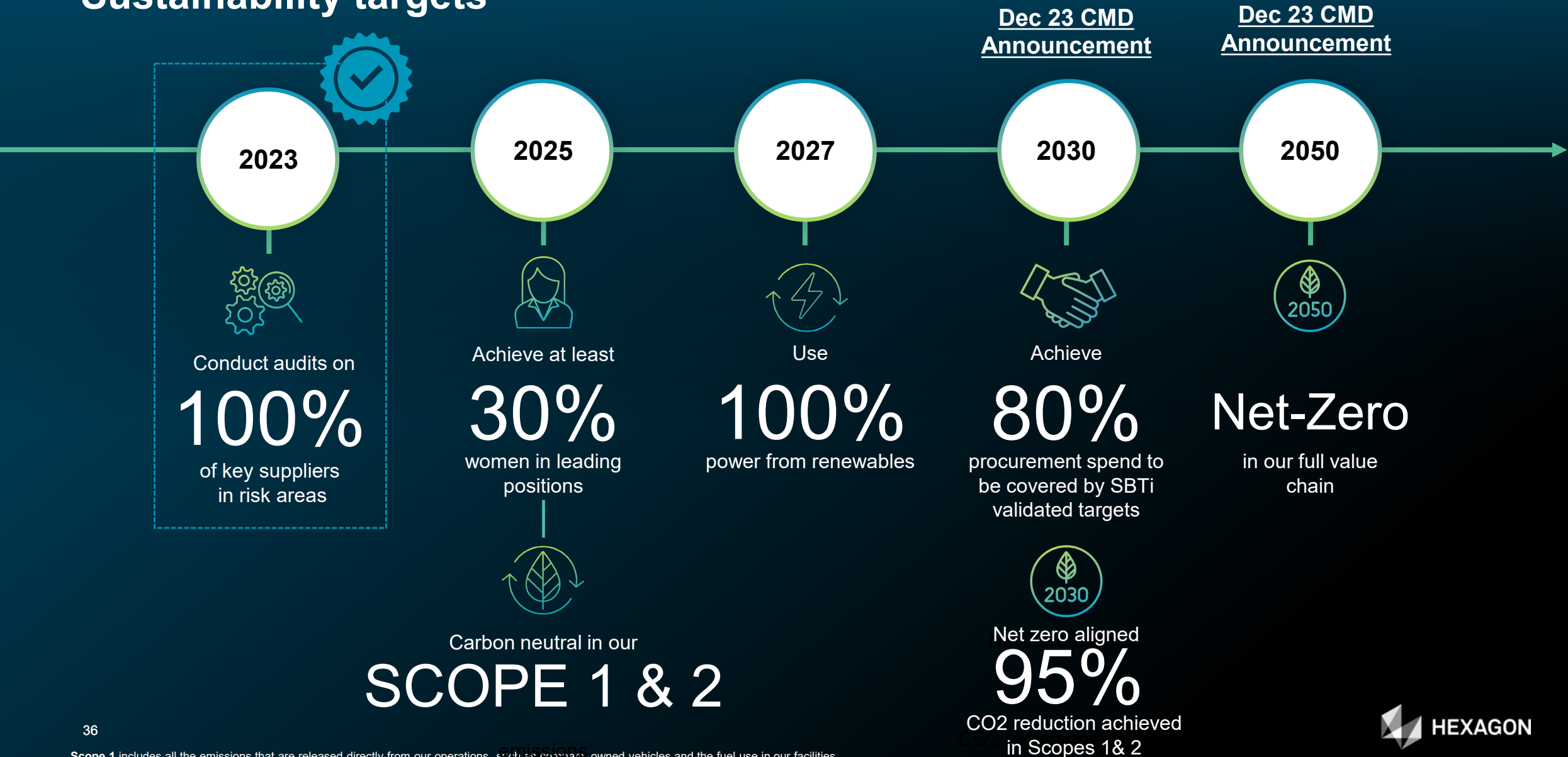
Appendix

Cash flow statement

| MEUR | Q4 2023 | Q4 2022 |
|--|---------|---------|
| Cash flow from operations before changes in working capital excl. taxes and interest | 539.3 | 497.6 |
| Taxes paid | -51.1 | -66.1 |
| Interest received and paid, net | -46.9 | -18.3 |
| Cash flow from operations before changes in working capital | 441.3 | 413.2 |
| Change in working capital | 69.0 | -76.1 |
| Cash flow from operations | 510.3 | 337.1 |
| Investments tangible assets | -27.4 | -44.7 |
| Investments intangible assets | -129.8 | -119.8 |
| Operating cash flow before non-recurring items | 353.1 | 172.6 |
| Non-recurring cash flow | -32.1 | -19.5 |
| Operating cash flow | 321.0 | 153.1 |

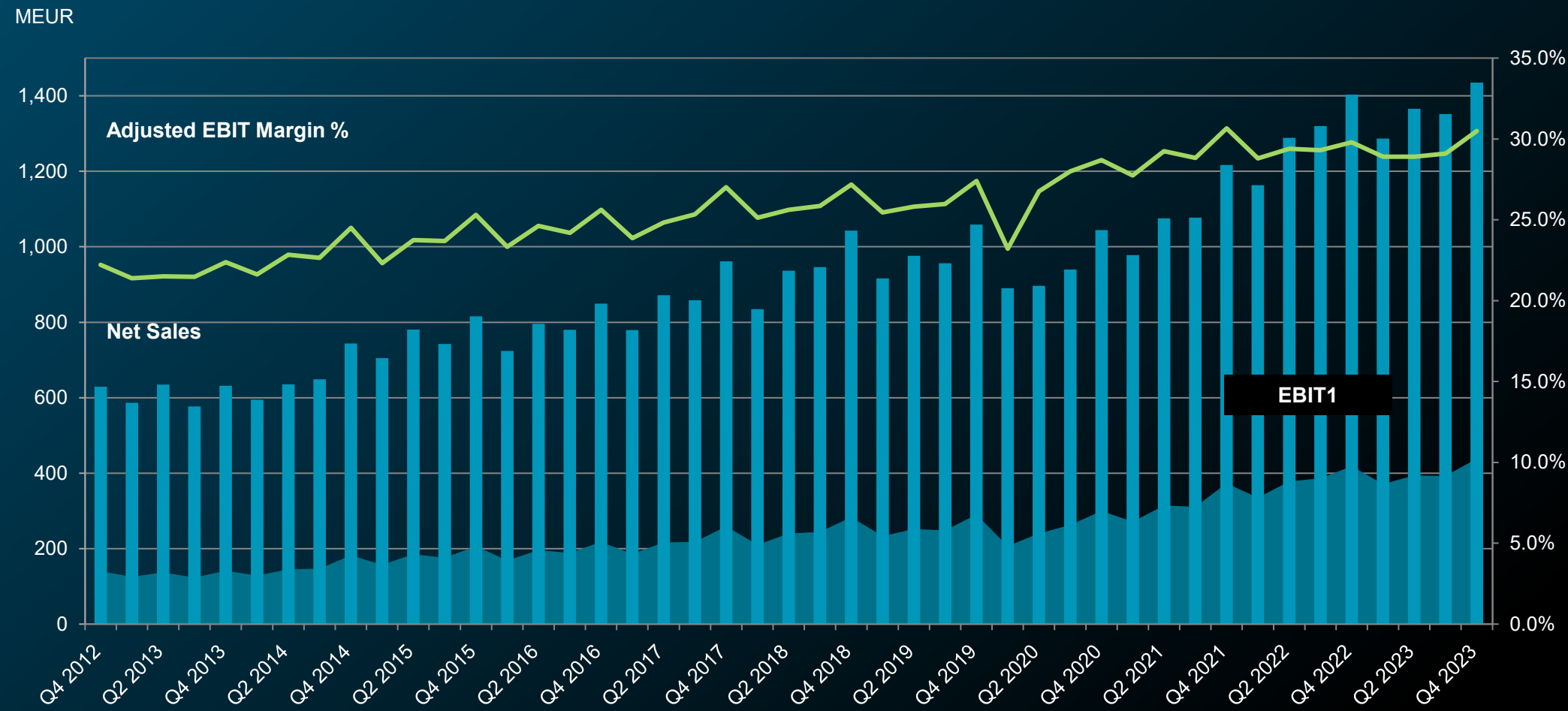
- Cash conversion of 103 per cent (61)
- Working capital to sales of 7.9 per cent (6.8)

Sustainability targets



Seasonality in profit

Seasonal pattern: Q2 & Q4 tend to be the strongest quarters





Global leader in **digital reality solutions** that are
empowering an autonomous, sustainable future
by putting data to work

