

# INTERIM REPORT

1 JANUARY - 31 MARCH 2023

FIRST QUARTER

- 8 per cent organic revenue growth (using fixed exchange rates and a comparable group structure)
- Operating net sales increased by 11 per cent to 1,286.6 MEUR (1,163.4). Net sales including the reduction of acquired deferred revenue amounted to 1,285.1 MEUR (1,159.7)
- Gross margin of 66.5 per cent (65.1)
- Adjusted operating earnings (EBIT1) increased by 11 per cent to 371.2 MEUR (335.1)
- Adjusted operating margin stable at 28.9 per cent (28.8)
- Earnings before taxes, excluding adjustments, amounted to 344.4 MEUR (329.3)
- Net earnings, excluding adjustments, amounted to 282.4 MEUR (270.0)
- Earnings per share, excluding adjustments, amounted to 10.4 Euro cent (9.9)
- Operating cash flow before non-recurring items decreased to 141.5 MEUR (171.3)

MEUR	Q1 2023	Q1 2022	Δ%
Operating net sales <sup>2)</sup>	1,286.6	1,163.4	8 <sup>1)</sup>
Revenue adjustment <sup>3)</sup>	-1.5	-3.7	n.a.
Net sales	1,285.1	1,159.7	8 <sup>1)</sup>
Adjusted gross earnings <sup>2)</sup>	856.1	757.5	13
Adjusted gross margin, % <sup>2)</sup>	66.5	65.1	1.4
Adjusted operating earnings (EBITDA) <sup>2)</sup>	462.2	416.2	11
Adjusted EBITDA margin, % <sup>2)</sup>	35.9	35.8	0.1
Adjusted operating earnings (EBIT1) <sup>2)</sup>	371.2	335.1	11
Adjusted operating margin, %	28.9	28.8	0.1
Earnings before taxes, excluding adjustments	344.4	329.3	5
Adjustments (before taxes) <sup>3)</sup>	-42.8	-99.2	n.a.
Earnings before taxes	301.6	230.1	31
Net earnings	247.3	184.4	34
Net earnings, excl. adjustments	282.4	270.0	5
Earnings per share, Euro cent	9.1	6.7	36
Earnings per share, excl. adjustments, Euro cent	10.4	9.9	5

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

<sup>2)</sup>For definition, see page 17.

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

## COMMENTS FROM THE CEO

"I am pleased to report a strong Q1 with standout performance from our Industrial Enterprise Solutions business, where the Asset Lifecycle Intelligence division delivered 16 per cent organic growth and Manufacturing Intelligence recorded 10 per cent organic growth. Performance in Geospatial Enterprise Solutions (GES) was also good, with an impressive 9 per cent organic growth in Geosystems. Overall GES growth was however impacted by the decision to exit a number of low margin contracts in Safety, Infrastructure & Geospatial. At a Group level our operating margins remained highly resilient as the business mitigated ongoing challenges from both inflation and currency.

We continue to follow the main themes underpinning the current global macro uncertainty closely, and remain conservative in our day to day management of the business, prioritising investments which will service future growth and build on our competitive advantages.

The team continues to position and build the business to best support our customers and deliver solutions to their sustainability and productivity challenges. We are looking forward to seeing these customers, along with partners and investors, at our HxGN LIVE Global event in June."

– Paolo Guglielmini, President and CEO, Hexagon AB

**8%**

ORGANIC  
GROWTH

**29%**

ADJUSTED  
OPERATING MARGIN

**67%**

ADJUSTED  
GROSS MARGIN

## GROUP BUSINESS DEVELOPMENT Q1

### NET SALES

Operating net sales increased by 11 per cent to 1,286.6 MEUR (1,163.4). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 8 per cent. Regionally, organic growth was 14 per cent in Asia, 9 per cent in EMEA and 2 per cent in the Americas. In Asia, China recorded 10 per cent organic growth, driven by strong growth in general manufacturing and recovery in power and energy, and despite continued weakness in infrastructure and construction markets. The rest of Asia recorded high double-digit organic growth, driven by continued strong demand in India and Japan. In EMEA, Western Europe recorded 7 per cent organic growth, driven by strong growth across manufacturing industries. Russia declined significantly, with the Q1 2022 comparator reflecting the last full quarter of normal activity in this market (business was frozen in Russia from the start of Q2 2022). EMEA, excluding Russia and Western Europe, recorded strong double-digit organic growth. In the Americas, North America recorded 1 per cent organic growth, with strong performance in power and energy and growth in manufacturing, surveying, infrastructure and construction markets, but held back by the exiting of some lower margin defence contracts. South America recorded continued double-digit organic growth, driven by strength in mining and power and energy.

### EARNINGS

Adjusted operating earnings (EBIT1) increased by 11 per cent to 371.2 MEUR (335.1), which corresponds to an adjusted operating margin of 28.9 per cent (28.8). The adjusted operating margin (EBIT1) was positively impacted by product mix but negatively impacted by currency movements. Adjusted operating earnings (EBIT1) were negatively impacted by currency translation effects of -1.4 MEUR and negatively impacted by currency transaction effects of -4.9 MEUR. Earnings before taxes, excluding adjustments, amounted to 344.4 MEUR (329.3) and were negatively impacted by currency translation effects of -2.0 MEUR.

### ADJUSTMENTS

The adjustments for the quarter consist of share-based program expenses (LTIP) of 13.3 MEUR (9.3), amortisation of surplus values (PPA) of 28.0 MEUR (22.5), acquired deferred revenues of 1.5 MEUR (3.7) and non-recurring items of 0.0 (63.7).

### FINANCIAL SUMMARY - FIRST QUARTER

MEUR	Net sales			Earnings		
	Q1 2023	Q1 2022	Δ% <sup>1)</sup>	Q1 2023	Q1 2022	Δ%
Geospatial Enterprise Solutions	617.0	582.7	5	187.1	175.6	7
Industrial Enterprise Solutions	669.6	580.7	11	188.6	165.7	14
Operating net sales	1,286.6	1,163.4	8			
Revenue adjustment	-1.5	-3.7	n.a.			
Net sales	1,285.1	1,159.7	8			
Group cost				-4.5	-6.2	27
Adjusted operating earnings (EBIT1)				371.2	335.1	11
Adjusted operating margin, %				28.9	28.8	0.1
Interest income and expenses, net				-26.8	-5.8	-362
Earnings before adjustments				344.4	329.3	5
Adjustments				-42.8	-99.2	n.a.
Earnings before taxes				301.6	230.1	31
Taxes				-54.3	-45.7	-19
Net earnings				247.3	184.4	34

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

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

	Movement <sup>1)</sup>		Income less cost	Earnings impact
CHF	Strengthened	4%	Negative	Negative
USD	Strengthened	4%	Positive	Positive
CNY	Weakened	-3%	Positive	Negative
EBIT1, MEUR				-1.4

<sup>1)</sup>Compared to Q1 2022

### SALES BRIDGE - FIRST QUARTER

	Operating net sales <sup>1)</sup>
2022, MEUR	1,163.4
Structure, %	2
Currency, %	1
Organic growth, %	8
Total, %	11
2023, MEUR	1,286.6

<sup>1)</sup>Net sales from acquisitions and divestments during the last twelve months are reported as "Structure" in the table above. Percentages are rounded to the nearest whole per cent.

### ORGANIC GROWTH PER REGION

Region	Q1 2023	
China (15% of sales)	↗	
Asia excl. China (14% of sales)	↗	
EMEA excl. Western Europe (7% of sales)	↗	
South America (4% of sales)	↗	>8% ↗
North America (33% of sales)	→	0-8% →
Western Europe (27% of sales)	→	Negative ↘
Total	↗	

## GEOSPATIAL ENTERPRISE SOLUTIONS – Q1 2023

*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 617.0 MEUR (582.7). 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 Asia, 8 per cent in EMEA and -2 per cent in the Americas. In Asia, China recorded -2 per cent organic growth due to continued weakness in infrastructure and construction but noted signs of recovery. The rest of Asia continued to record double-digit organic growth, driven by continued strong demand for surveying solutions in India and Japan. In EMEA, Western Europe recorded 6 per cent organic growth, driven by strong growth in mining, aerospace and defence, as well as solid demand for surveying solutions. Russia continued to decline significantly, reflecting the impact of imposed sanctions and the internal actions taken in Q2 2022 to freeze all business operations in Russia. Excluding Russia and Western Europe, EMEA recorded high double-digit organic growth. In the Americas, North America recorded -5 per cent organic growth, hampered by weakness in defence, but positively impacted by solid demand for surveying solutions. South America recorded double-digit organic growth, driven by strong demand for mining solutions.

The Geosystems division recorded 9 per cent organic growth, driven by strong demand across customers in Asia and the Middle East, and solid demand for mining and surveying solutions. The Safety, Infrastructure & Geospatial division recorded -11 per cent organic growth, with growth in public safety solutions, more than offset by the exit of a number of low margin defence related services contracts. The Autonomy & Positioning division recorded 4 per cent organic growth, fueled by strong demand for aerospace and defence solutions.

### EARNINGS

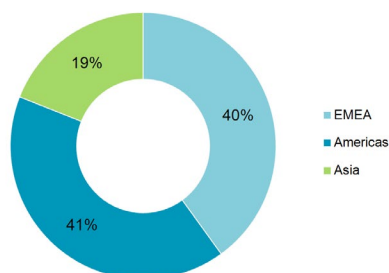
Adjusted operating earnings (EBIT1) increased by 7 per cent to 187.1 MEUR (175.6), which corresponds to an adjusted operating margin of 30.3 per cent (30.1). The adjusted operating margin (EBIT1) was positively impacted by product mix but negatively impacted by currency movements.

### NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

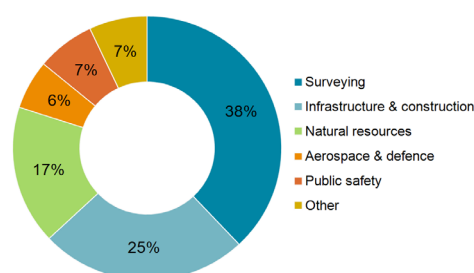
MEUR	Q1 2023	Q1 2022	Δ%
Operating net sales	617.0	582.7	5 <sup>1)</sup>
Adjusted operating earnings (EBIT1)	187.1	175.6	7
Adjusted operating margin, %	30.3	30.1	0.2
Avg. number of employees	10,502	9,805	7

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

### NET SALES PER REGION – FIRST QUARTER



### NET SALES PER CUSTOMER SEGMENT - FIRST QUARTER



## INDUSTRIAL ENTERPRISE SOLUTIONS – Q1 2023

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 669.6 MEUR (580.7). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 11 per cent. Regionally, organic growth was 16 per cent in Asia, 10 per cent in EMEA and 8 per cent in the Americas. In Asia, China recorded 14 per cent organic growth, fuelled by strong growth across manufacturing and power and energy industries. 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 9 per cent organic growth, driven by strong demand in automotive and power and energy. The rest of EMEA recorded double-digit organic growth, with Russia declining substantially reflecting the impact of imposed sanctions and the internal actions taken to freeze all business operations in Russia in Q2 2022. Excluding Russia, the region grew at double-digit rates. In the Americas, North America recorded 8 per cent organic growth, driven by strong growth in general manufacturing and power and energy. South America recorded double-digit organic growth, also driven by strong demand in power and energy.

The Manufacturing Intelligence division recorded 10 per cent organic growth, driven by strong growth across key industries including aerospace and general manufacturing, as well as the software portfolio. The Asset Lifecycle Intelligence division recorded 16 per cent organic growth, driven by strong growth in the entire product portfolio, with good growth in both perpetual and recurring software.

### EARNINGS

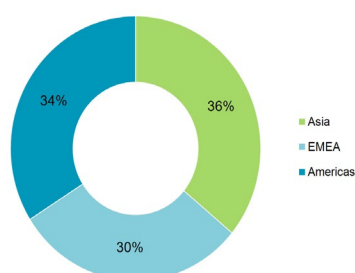
Adjusted operating earnings (EBIT1) increased by 14 per cent to 188.6 MEUR (165.7), which corresponds to an adjusted operating margin of 28.2 per cent (28.5). The adjusted operating margin (EBIT1) was negatively impacted by currency movements and investments in new product launches and marketing activities.

### NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

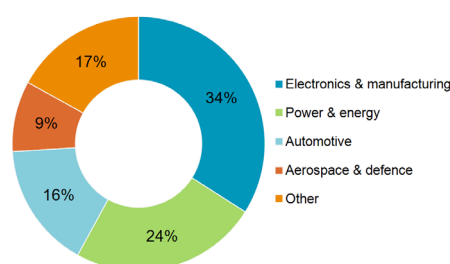
MEUR	Q1 2023	Q1 2022	Δ%
Operating net sales	669.6	580.7	11 <sup>1)</sup>
Adjusted operating earnings (EBIT1)	188.6	165.7	14
Adjusted operating margin, %	28.2	28.5	-0.3
Avg. number of employees	13,254	12,325	8

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

### NET SALES PER REGION – FIRST QUARTER



### NET SALES PER CUSTOMER SEGMENT – FIRST QUARTER





Hexagon announced the launch of Nexus, an open, flexible, future-ready digital reality platform purposely built for the discrete manufacturing ecosystem. It is a one-stop shop for innovation and helps connect people, software and machines across all manufacturing disciplines in real-time to enable data and information sharing in a secure environment.

## GROUP SUMMARY

### PROFITABILITY

Capital employed increased to 14,016.9 MEUR (12,268.2). Return on average capital employed for the last twelve months was 11.3 per cent (13.1). Return on average shareholders' equity for the last twelve months was 10.9 per cent (10.3). The capital turnover rate was 0.4 times (0.4).

### FINANCIAL POSITION

Total shareholders' equity increased to 9,923.0 MEUR (9,138.4). The equity ratio was 59.6 per cent (62.2). Hexagon's total assets increased to 16,650.4 MEUR (14,697.6). The increase in total assets was driven primarily by acquisitions. 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 during 2014. The MTN programme amounts to 20,000 MSEK with tenor up to 6 years
- 3) A Swedish Commercial Paper Programme (CP) established during 2012. The CP programme amounts to 15,000 MSEK with tenor up to 12 months.

On 31 March 2023, cash and unutilised credit limits totalled 1,541.1 MEUR (1,522.6). Hexagon's net debt was 3,483.2 MEUR (2,431.6). The net indebtedness was 0.33 times (0.24). Interest coverage ratio was 10.9 times (33.9).

### CASH FLOW

During the first quarter, cash flow from operations before changes in working capital amounted to 349.3 MEUR (376.1), corresponding to 13.0 Euro cent (14.0) per share. Cash flow from operations in the first quarter amounted to 289.7 MEUR (291.8), corresponding to 10.8 Euro cent (10.8) per share. Operating cash flow in the first quarter, including non-recurring items, amounted to 116.7 MEUR (164.3). Cash conversion in the first quarter amounted to 66 per cent (61).

### INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -148.2 MEUR (-120.5) in the first quarter. Depreciation, amortisation and impairment amounted to -119.0 MEUR (-103.6) in the first quarter, whereof impairment charges amounted to 0.0 MEUR (0.0).

### TAX RATE

The Group's tax expense for the first quarter totalled -54.3 MEUR (-45.7). The reported tax rate was 18.0 per cent (19.9) for the quarter. The tax rate, excluding adjustments, was 18.0 per cent (18.0) for the quarter.

### EMPLOYEES

The average number of employees during the first quarter was 23,878 (22,250). The number of employees at the end of the quarter was 24,195 (22,572).

### SHARE DATA

Earnings per share, including adjustments, for the first quarter amounted to 9.1 Euro cent (6.7). Earnings per share, excluding adjustments, for the first quarter, amounted to 10.4 Euro cent (9.9).

On 31 March 2023, equity per share was 3.68 EUR (3.38) and the share price was 118.85 SEK (132.75).

Hexagon's share capital amounts to 85,761,451 EUR, represented by 2,689,677,888 outstanding shares, of which 110,250,000 are of series A with ten votes each and 2,579,427,888 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 first quarter amounted to -22.5 MEUR (138.5). The equity was 5,018.2 MEUR (6,776.2). The equity ratio of the parent company was 33 per cent (51). Liquid funds including unutilised credit limits were 1,048.6 MEUR (1,072.7).



Hexagon announced the acquisition of Projectmates, a SaaS-based, owner-focused, enterprise construction project management software provider. Projectmates' next-generation SaaS technology transforms how projects are visualised and managed through intelligent tracking of project schedules, costs and values so that owners of any construction project – from industrial and commercial assets to infrastructure – can avoid delays and save money.

**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 2022, 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 2022.

**RELATED PARTY TRANSACTIONS**

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

**SUBSEQUENT EVENTS**

Hexagon completed the previously announced acquisition of Qognify. Date of consolidation was 1 April.

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, 28 April 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 Interim Report has not been reviewed by the Company's auditors.

# CONDENSED INCOME STATEMENT

MEUR	Q1 2023	Q1 2022	2022
Net sales	1,285.1	1,159.7	5,160.5
Cost of goods sold	-431.8	-415.4	-1,799.5
<b>Gross earnings</b>	<b>853.3</b>	<b>744.3</b>	<b>3,361.0</b>
Sales expenses	-259.6	-226.9	-1,019.3
Administration expenses	-108.1	-100.7	-416.7
Research and development expenses	-157.9	-141.7	-607.1
Other income and expenses, net	0.7	-39.1	-31.2
<b>Operating earnings <sup>1)</sup></b>	<b>328.4</b>	<b>235.9</b>	<b>1,286.7</b>
Financial income	3.6	1.2	8.8
Financial expenses	-30.4	-7.0	-47.5
<b>Earnings before taxes</b>	<b>301.6</b>	<b>230.1</b>	<b>1,248.0</b>
Taxes	-54.3	-45.7	-228.9
<b>Net earnings</b>	<b>247.3</b>	<b>184.4</b>	<b>1,019.1</b>
Attributable to:			
Parent company shareholders	244.4	181.8	1,007.6
Non-controlling interest	2.9	2.6	11.5
<sup>1)</sup> of which adjustments	-42.8	-99.2	-231.1
Earnings include depreciation, amortisation and impairments of	-119.0	-103.6	-467.0
- of which amortisation of surplus values (included in adjustments)	-28.0	-22.5	-107.7
Basic earnings per share, Euro cent	9.1	6.7	37.4
Earnings per share after dilution, Euro cent	9.0	6.7	37.2
Total shareholder's equity per share, EUR	3.68	3.38	3.65
Closing number of shares, thousands	2,689,678	2,695,278	2,689,678
Average number of shares, thousands	2,689,678	2,695,712	2,693,019
Average number of shares after dilution, thousands	2,705,478	2,705,912	2,706,294



## CONDENSED COMPREHENSIVE INCOME

MEUR	Q1 2023	Q1 2022	2022
<b>Net earnings</b>	<b>247.3</b>	<b>184.4</b>	<b>1,019.1</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to income statement</b>			
Remeasurement of pensions	0.1	-0.1	20.8
Taxes on items that will not be reclassified to income statement	0.0	0.0	-5.0
<b>Total items that will not be reclassified to income statement, net of taxes</b>	<b>0.1</b>	<b>-0.1</b>	<b>15.8</b>
<b>Items that may be reclassified subsequently to income statement</b>			
Exchange rate differences	-202.8	197.3	435.4
Taxes on items that may be reclassified subsequently to income statement	4.1	-5.9	-35.5
<b>Total items that may be reclassified subsequently to income statement, net of taxes</b>	<b>-198.7</b>	<b>191.4</b>	<b>399.9</b>
<b>Other comprehensive income, net of taxes</b>	<b>-198.6</b>	<b>191.3</b>	<b>415.7</b>
<b>Total comprehensive income for the period</b>	<b>48.7</b>	<b>375.7</b>	<b>1,434.8</b>
Attributable to:			
Parent company shareholders	46.4	372.5	1,424.1
Non-controlling interest	2.3	3.2	10.7

# CONDENSED BALANCE SHEET

MEUR	31/3 2023	31/3 2022	31/12 2022
Intangible fixed assets	12,863.7	11,189.3	12,805.6
Tangible fixed assets	598.1	560.0	592.9
Right-of-use assets	191.2	198.7	198.0
Financial fixed assets	111.8	70.9	114.5
Deferred tax assets	132.2	112.6	122.3
<b>Total fixed assets</b>	<b>13,897.0</b>	<b>12,131.5</b>	<b>13,833.3</b>
Inventories	605.2	492.5	577.2
Accounts receivables	1,229.2	1,114.3	1,285.8
Other receivables	115.2	89.7	121.4
Prepaid expenses and accrued income	193.1	171.4	173.0
<b>Total current receivables</b>	<b>1,537.5</b>	<b>1,375.4</b>	<b>1,580.2</b>
Cash and cash equivalents	610.7	698.2	486.3
<b>Total current assets</b>	<b>2,753.4</b>	<b>2,566.1</b>	<b>2,643.7</b>
<b>Total assets</b>	<b>16,650.4</b>	<b>14,697.6</b>	<b>16,477.0</b>
Equity attributable to parent company shareholders	9,886.3	9,102.9	9,830.2
Equity attributable to non-controlling interest	36.7	35.5	34.4
<b>Total shareholders' equity</b>	<b>9,923.0</b>	<b>9,138.4</b>	<b>9,864.6</b>
Interest bearing liabilities	2,821.0	2,401.7	3,032.4
Lease liabilities	143.1	147.5	145.5
Other liabilities	176.9	123.6	121.9
Pension liabilities	51.1	75.8	53.9
Deferred tax liabilities	580.7	492.3	581.8
Other provisions	7.2	14.1	9.5
<b>Total long-term liabilities</b>	<b>3,780.0</b>	<b>3,255.0</b>	<b>3,945.0</b>
Interest bearing liabilities	1,019.5	442.1	633.8
Lease liabilities	59.2	62.7	62.4
Accounts payable	272.6	279.2	309.8
Other liabilities	368.9	323.3	377.8
Other provisions	46.3	110.0	59.2
Deferred income	798.2	729.1	741.2
Accrued expenses	382.7	357.8	483.2
<b>Total short-term liabilities</b>	<b>2,947.4</b>	<b>2,304.2</b>	<b>2,667.4</b>
<b>Total equity and liabilities</b>	<b>16,650.4</b>	<b>14,697.6</b>	<b>16,477.0</b>

## FINANCIAL INSTRUMENTS

In Hexagon's balance sheet derivatives and other long-term securities holdings are carried at fair value. Derivatives are measured at fair value based on valuation techniques with observable market data as input (level 2 according to definition in IFRS 13). Other long-term securities holdings amount to insignificant numbers. Liabilities for contingent considerations are measured at fair value and based on management's best estimation of the most probable outcome (level 3 according to definition in IFRS 13). Other assets and liabilities are carried at accrued cost.

For financial assets and liabilities that are carried at accrued cost, the fair value is deemed to be coincident with the carrying amount except for long-term liabilities to credit institutions. The difference between the fair value and the carrying amount for these long-term liabilities is deemed to be insignificant relative to the total balance sheet since the interest rate duration is short.

## CONDENSED STATEMENT OF CHANGES IN EQUITY

MEUR	Q1 2023	Q1 2022	2022
Opening shareholders' equity	9,864.6	8,764.7	8,764.7
<b>Total comprehensive income for the period<sup>1)</sup></b>	<b>48.7</b>	<b>375.7</b>	<b>1,434.8</b>
Acquisition of treasury shares	0.0	-10.2	-71.0
Dividend	-	-	-304.4
Share based programme (LTIP)	9.7	8.2	40.5
<b>Closing shareholders' equity<sup>2)</sup></b>	<b>9,923.0</b>	<b>9,138.4</b>	<b>9,864.6</b>
1) Of which: Parent company shareholders	46.4	372.5	1,424.1
Non-controlling interest	2.3	3.2	10.7
2) Of which: Parent company shareholders	9,886.3	9,102.9	9,830.2
Non-controlling interest	36.7	35.5	34.4

## NUMBER OF SHARES

	series A	series B	Total
2014-12-31 Total issued and outstanding	15,750,000	341,639,213	357,389,213
New issue, warrants exercised	-	2,947,929	2,947,929
2015-12-31 Total issued and outstanding	15,750,000	344,587,142	360,337,142
New issue, warrants exercised	-	106,000	106,000
2016-12-31 Total issued and outstanding	15,750,000	344,693,142	360,443,142
New issue, warrants exercised	-	-	-
2017-12-31 Total issued and outstanding	15,750,000	344,693,142	360,443,142
New issue, warrants exercised	-	2,481,550	2,481,550
2018-12-31 Total issued and outstanding	15,750,000	347,174,692	362,924,692
New issue, warrants exercised	-	4,614,610	4,614,610
2019-12-31 Total issued and outstanding	15,750,000	351,789,302	367,539,302
New issue, warrants exercised	-	11,500	11,500
Repurchase of treasury shares	-	-646,000	-646,000
2020-12-31 Total outstanding	15,750,000	351,154,802	366,904,802
Repurchase of treasury shares	-	-204,000	-204,000
Split 7:1 outstanding shares	94,500,000	2,105,704,812	2,200,204,812
Repurchase of treasury shares	-	-1,400,000	-1,400,000
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
<b>2023-03-31 Total outstanding</b>	<b>110,250,000</b>	<b>2,579,427,888</b>	<b>2,689,677,888</b>
Total amount of treasury shares	-	15,800,000	15,800,000
<b>2023-03-31 Total issued</b>	<b>110,250,000</b>	<b>2,595,227,888</b>	<b>2,705,477,888</b>

Each share of series A carries entitlement to ten votes and each share of series B carries entitlement to one vote.

# CONDENSED CASH FLOW STATEMENT

MEUR	Q1 2023	Q1 2022	2022
<b>Cash flow from operations before change in working capital excluding taxes and interest</b>	<b>452.4</b>	<b>409.3</b>	<b>1,820.4</b>
Taxes paid	-79.3	-28.5	-235.9
Interest received and paid, net	-23.8	-4.7	-38.0
<b>Cash flow from operations before change in working capital</b>	<b>349.3</b>	<b>376.1</b>	<b>1,546.5</b>
Cash flow from change in working capital	-59.6	-84.3	-173.8
<b>Cash flow from operations</b>	<b>289.7</b>	<b>291.8</b>	<b>1,372.7</b>
Investments tangible assets, net	-38.9	-31.4	-138.8
Investments intangible assets	-109.3	-89.1	-413.9
<b>Operating cash flow before non-recurring items</b>	<b>141.5</b>	<b>171.3</b>	<b>820.0</b>
Non-recurring cash flow <sup>1)</sup>	-24.8	-7.0	-41.9
<b>Operating cash flow</b>	<b>116.7</b>	<b>164.3</b>	<b>778.1</b>
Cash flow from acquisitions and divestments	-142.4	-28.3	-1,194.8
Cash flow from other investing activities	-1.3	0.4	-50.1
<b>Cash flow after other investing activities</b>	<b>-27.0</b>	<b>136.4</b>	<b>-466.8</b>
Dividends paid	-	-	-304.4
Repurchase of Treasury shares	-	-10.2	-71.0
Cash flow from other financing activities	153.8	91.0	868.7
<b>Cash flow for the period</b>	<b>126.8</b>	<b>217.2</b>	<b>26.5</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>486.3</b>	<b>472.1</b>	<b>472.1</b>
Effect of translation differences on cash and cash equivalents	-2.4	8.9	-12.3
Cash flow for the period	126.8	217.2	26.5
<b>Cash and cash equivalents, end of period</b>	<b>610.7</b>	<b>698.2</b>	<b>486.3</b>

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

## KEY RATIOS

MEUR	Q1 2023	Q1 2022	2022
Adjusted operating margin, %	28.9	28.8	29.3
Profit margin before taxes, %	23.5	19.8	24.2
Return on shareholders' equity, 12-month average, %	10.9	10.3	10.5
Return on capital employed, 12-month average, %	11.3	13.1	11.5
Equity ratio, %	59.6	62.2	59.9
Net indebtedness	0.33	0.24	0.32
Interest coverage ratio	10.9	33.9	27.3
Average number of shares, thousands	2,689,678	2,695,712	2,693,019
Basic earnings per share excl. adjustments, Euro cent	10.4	9.9	44.6
Basic earnings per share, Euro cent	9.1	6.7	37.4
Cash flow per share, Euro cent	10.8	10.8	51.0
Cash flow per share before change in working cap, Euro cent	13.0	14.0	57.4
Share price, SEK	118.85	132.75	109.00
Share price, translated to EUR	10.54	12.84	9.80

# SUPPLEMENTARY INFORMATION

## NET SALES PER SEGMENT

MEUR	Q1 2023*	Q4 2022*	Q3 2022*	Q2 2022*	Q1 2022*	2022*
Geospatial Enterprise Solutions	617.0	662.0	641.9	650.4	582.7	2,537.0
Industrial Enterprise Solutions	669.6	741.2	678.3	638.3	580.7	2,638.5
<b>Group</b>	<b>1,286.6</b>	<b>1,403.2</b>	<b>1,320.2</b>	<b>1,288.7</b>	<b>1,163.4</b>	<b>5,175.5</b>

## ADJUSTED OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Geospatial Enterprise Solutions	187.1	208.3	197.0	205.6	175.6	786.5
Industrial Enterprise Solutions	188.6	213.4	198.1	177.9	165.7	755.1
Group costs	-4.5	-3.7	-8.9	-5.0	-6.2	-23.8
<b>Group</b>	<b>371.2</b>	<b>418.0</b>	<b>386.2</b>	<b>378.5</b>	<b>335.1</b>	<b>1,517.8</b>
<b>Adjusted operating margin, %</b>	<b>28.9</b>	<b>29.8</b>	<b>29.3</b>	<b>29.4</b>	<b>28.8</b>	<b>29.3</b>

## AMORTISATION SURPLUS VALUES (PPA) PER SEGMENT

MEUR	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Geospatial Enterprise Solutions	-5.7	-5.6	-5.7	-5.5	-5.4	-22.2
Industrial Enterprise Solutions	-22.3	-24.0	-21.3	-23.1	-17.1	-85.5
<b>Group</b>	<b>-28.0</b>	<b>-29.6</b>	<b>-27.0</b>	<b>-28.6</b>	<b>-22.5</b>	<b>-107.7</b>

## NET SALES BY REGION

MEUR	Q1 2023*	Q4 2022*	Q3 2022*	Q2 2022*	Q1 2022*	2022*
EMEA	448.2	506.7	421.9	433.2	409.7	1,771.5
Americas	475.8	546.0	527.7	494.8	427.0	1,995.5
Asia	362.6	350.5	370.6	360.7	326.7	1,408.5
<b>Group</b>	<b>1,286.6</b>	<b>1,403.2</b>	<b>1,320.2</b>	<b>1,288.7</b>	<b>1,163.4</b>	<b>5,175.5</b>

## EXCHANGE RATES

Average	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
SEK/EUR	0.0893	0.0914	0.0941	0.0955	0.0954	0.0941
USD/EUR	0.9313	0.9808	0.9929	0.9389	0.8914	0.9523
CNY/EUR	0.1361	0.1378	0.1449	0.1421	0.1405	0.1413
CHF/EUR	1.0074	1.0170	1.0271	0.9732	0.9648	0.9965
Closing	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
SEK/EUR	0.0886	0.0899	0.0917	0.0932	0.0967	0.0899
USD/EUR	0.9195	0.9376	1.0259	0.9627	0.9008	0.9376
CNY/EUR	0.1338	0.1359	0.1442	0.1436	0.1420	0.1359
CHF/EUR	1.0032	1.0155	1.0459	1.0040	0.9740	1.0155

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

# ACQUISITIONS

MEUR	Q1 2023	Q1 2022
<b>Fair value of acquired assets and assumed liabilities</b>		
Intangible fixed assets	9.6	5.8
Other fixed assets	0.2	4.8
<b>Total fixed assets</b>	<b>9.8</b>	<b>10.6</b>
Total current assets	1.7	3.1
<b>Total assets</b>	<b>11.5</b>	<b>13.7</b>
Total long-term liabilities	-2.9	-7.5
Total current liabilities	-5.3	-2.4
<b>Total liabilities</b>	<b>-8.2</b>	<b>-9.9</b>
<b>Fair value of acquired assets and assumed liabilities, net</b>	<b>3.3</b>	<b>3.8</b>
Goodwill	207.0	66.8
<b>Total purchase consideration transferred</b>	<b>210.2</b>	<b>70.6</b>
Less cash and cash equivalents in acquired companies	-0.5	-0.2
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-67.3	-42.1
<b>Cash flow from acquisition of companies/businesses</b>	<b>142.4</b>	<b>28.3</b>

During the first quarter 2023, Hexagon acquired the following companies:

- LocLab, a leader in 3D digital twin content creation
- Projectmates, provider of SaaS-based enterprise construction project management software

The acquisitions are individually assessed as immaterial from a group perspective which is why only aggregated information is presented. The analysis of the acquired net assets is preliminary and the fair value might be subject to change. Contingent considerations are recognised to fair value (level 3 according to definition in IFRS 13) each reporting period and based on the latest relevant forecast for the acquired company. The valuation method is unchanged compared to the previous period. The estimated liability for contingent considerations amounted to 227.6 MEUR (180.2) as of 31 March, whereof the fair value adjustment in 2023 amounted to 0.2 MEUR (0.1). In connection with the valuation of contingent considerations the assets acquired and liabilities assumed in the purchase price allocation are reviewed. Any indication of impairment due to the revaluation of contingent considerations is considered and adjustments are made to off-set the impact from revaluation.

## CONDENSED PARENT COMPANY INCOME

MEUR	Q1 2023	Q1 2022	2022
Net sales	5.3	4.2	19.9
Administration expenses	-10.0	-8.5	-45.9
<b>Operating earnings</b>	<b>-4.7</b>	<b>-4.3</b>	<b>-26.0</b>
Earnings from shares in Group companies	-	140.8	-1,283.3
Interest income and expenses, net	-17.8	2.0	98.4
Appropriations	-	-	-17.3
<b>Earnings before taxes</b>	<b>-22.5</b>	<b>138.5</b>	<b>-1,228.2</b>
Taxes	0.1	0.3	-12.0
<b>Net earnings</b>	<b>-22.4</b>	<b>138.8</b>	<b>-1,240.2</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	31/3 2023	31/3 2022	31/12 2022
Total fixed assets	13,859.8	11,490.7	13,921.2
Total current receivables	1,197.5	1,421.2	976.4
Cash and cash equivalents	167.2	285.8	33.3
Total current assets	1,364.7	1,707.0	1,009.7
<b>Total assets</b>	<b>15,224.5</b>	<b>13,197.7</b>	<b>14,930.9</b>
Total shareholders' equity	5,018.2	6,776.2	5,040.6
Untaxed reserves	14.5	-	14.6
Total long-term liabilities	2,822.2	2,252.8	3,033.5
Total short-term liabilities	7,369.6	4,168.7	6,842.2
<b>Total equity and liabilities</b>	<b>15,224.5</b>	<b>13,197.7</b>	<b>14,930.9</b>

## DEFINITIONS

In addition to the financial measures as required by the financial reporting framework based on IFRS, this report also includes other measures and indicators that are used to follow-up, analyze and manage the business. These measures also provide Hexagon stakeholders with useful financial information on the Group's financial position, performance and development in a consistent way. Below is a list of definitions of measures and indicators used in this report.

### BUSINESS DEFINITIONS

Americas	North, South and Central America
Asia	Asia, Australia and New Zealand
EMEA	Europe, Middle East and Africa
GES	Geospatial Enterprise Solutions
IES	Industrial Enterprise Solutions



## FINANCIAL DEFINITIONS

Amortisation of surplus values	When a company is acquired, the purchase consideration is allocated to the identified assets and liabilities of the company. Intangible assets are most often allocated the substantial part of the purchase consideration. The amortisation of surplus values is defined as the difference between the amortisation of such identified intangible assets and what the amortisation would have been in the acquired company had the acquisition not taken place at all
Adjusted gross earnings	Operational net sales less cost of goods sold excluding adjustments related to cost of goods sold
Adjusted gross margin	Adjusted gross earnings divided by operating net sales
Adjusted operating earnings (EBIT1)	Operating earnings excluding capital gains on shares in group companies and adjustments. Adjustments are excluded to facilitate the understanding of the Group's operational development and to give comparable numbers between periods
Adjusted operating earnings (EBITDA)	Adjusted operating earnings (EBIT 1) excluding amortisation, depreciation and impairment of fixed assets. The measure is presented to give depiction of the result generated by the operating activities
Adjusted EBITDA margin	Adjusted operating earnings (EBITDA) as a percentage of operating net sales
Adjusted operating margin	Adjusted operating earnings (EBIT1) as a percentage of operating net sales
Adjustments	Adjustments consists of expenses related to the share programme (LTIP), amortisation of surplus values (PPA) and non-recurring items which refers to income and expenses that are not expected to appear on a regular basis and impact comparability between periods
Capital employed	Total assets less non-interest-bearing liabilities
Capital turnover rate	Net sales divided by average capital employed
Cash conversion	Operating cash flow excluding interest, tax payments and non-recurring items divided by operating earnings (EBIT1)
Cash flow per share	Cash flow from operations, after change in working capital, excluding non-recurring items divided by average number of shares
Earnings per share	Net earnings excluding non-controlling interest divided by average number of shares
Equity ratio	Shareholders' equity including non-controlling interests as a percentage of total assets
Interest coverage ratio	Earnings before taxes plus financial expenses divided by financial expenses
Investments	Purchases less sales of tangible and intangible fixed assets, excluding those included in acquisitions and divestitures of subsidiaries
Net debt	Interest-bearing liabilities including pension liabilities and interest-bearing provisions less cash and cash equivalents
Net indebtedness	Interest-bearing liabilities less interest-bearing current receivables and liquid assets divided by shareholders' equity excluding non-controlling interests
Organic growth	Net sales compared to prior period excluding acquisitions and divestments and adjusted for currency exchange movements
Operating net sales	Net sales adjusted by the difference between fair value and book-value of deferred revenue regarding acquired businesses.
Profit margin before taxes	Earnings before taxes as a percentage of net sales
Return on capital employed (12-month average)	Twelve months to end of period earnings after financial items, excluding adjustments, plus financial expenses as a percentage of twelve months to end of period average capital employed. The twelve months average capital employed is based on average quarterly capital employed
Return on shareholders' equity (12-month average)	Twelve months to end of period net earnings excluding non-controlling interests as a percentage of twelve months to end of period average shareholders' equity excluding non-controlling interests last twelve months. The twelve months average shareholders' equity is based on quarterly average shareholders' equity
Shareholders' equity per share	Shareholders' equity excluding non-controlling interests divided by the number of shares at year-end
Share price	Last settled transaction on Nasdaq Stockholm on the last business day for the period



Hexagon is a global leader in 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 24,000 employees in 50 countries and net sales of approximately 5.2bn EUR. Learn more at [hexagon.com](https://www.hexagon.com) and follow us [@HexagonAB](https://twitter.com/HexagonAB).

#### FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

Interim Report Q2 2023	26 July 2023
Interim Report Q3 2023	27 October 2023
Year-End Report 2023	1 February 2024

#### FINANCIAL INFORMATION

Financial information is available in Swedish and English at the Hexagon website and can also be ordered via phone +46 8 601 26 20 or e-mail [ir@hexagon.com](mailto:ir@hexagon.com)

#### TELEPHONE CONFERENCE

The Interim Report for the first quarter 2023 will be presented on 28 April at 10:00 CET at a telephone conference.

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

#### CONTACT

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This 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 28 April 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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