

# INTERIM REPORT

**1 JANUARY - 30 SEPTEMBER 2023**

**THIRD QUARTER**

- 8 per cent organic revenue growth (using fixed exchange rates and a comparable group structure)
- Reported operating net sales increased by 2 per cent to 1,352.1 MEUR (1,320.2). Net sales including the reduction of acquired deferred revenue amounted to 1,349.8 MEUR (1,316.6)
- Adjusted gross margin of 65.5 per cent (65.2)
- Adjusted operating earnings (EBIT1) increased by 2 per cent to 393.0 MEUR (386.2)
- Adjusted operating margin amounted to at 29.1 per cent (29.3)
- Earnings before taxes, excluding adjustments, amounted to 350.0 MEUR (377.3)
- Net earnings, excluding adjustments, amounted to 287.1 MEUR (309.4)
- Earnings per share, excluding adjustments, amounted to 10.6 Euro cent (11.4)
- Operating cash flow before non-recurring items decreased to 146.5 MEUR (243.5)

MEUR	Q3 2023	Q3 2022	Δ%	9M 2023	9M 2022	Δ%
Operating net sales <sup>2)</sup>	1,352.1	1,320.2	8 <sup>1)</sup>	4,004.7	3,772.3	8 <sup>1)</sup>
Revenue adjustment <sup>3)</sup>	-2.3	-3.6	n.a.	-4.8	-13.7	n.a.
Net sales	1,349.8	1,316.6	8 <sup>1)</sup>	3,999.9	3,758.6	8 <sup>1)</sup>
Adjusted gross earnings <sup>2)</sup>	885.6	860.7	3	2,637.8	2,455.8	7
Adjusted gross margin, % <sup>2)</sup>	65.5	65.2	0.3	65.9	65.1	0.8
Adjusted operating earnings (EBITDA) <sup>2)</sup>	491.5	473.7	4	1,443.0	1,355.8	6
Adjusted EBITDA margin, % <sup>2)</sup>	36.4	35.9	0.5	36.0	35.9	0.1
Adjusted operating earnings (EBIT1) <sup>2)</sup>	393.0	386.2	2	1,158.3	1,099.8	5
Adjusted operating margin, %	29.1	29.3	-0.2	28.9	29.2	-0.3
Earnings before taxes, excluding adjustments	350.0	377.3	-7	1,052.3	1,079.5	-3
Adjustments (before taxes) <sup>3)</sup>	-246.2	-43.8	n.a.	-332.9	-186.9	n.a.
Earnings before taxes	103.8	333.5	-69	719.4	892.6	-19
Net earnings	87.2	273.5	-68	591.9	727.7	-19
Net earnings, excl. adjustments	287.1	309.4	-7	862.9	885.2	-3
Earnings per share, Euro cent	3.1	10.0	-69	21.6	26.7	-19
Earnings per share, excl. adjustments, Euro cent	10.6	11.4	-7	31.7	32.5	-2.4

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

<sup>2)</sup>For definition, see page 20.

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

## COMMENTS FROM THE CEO

"I am pleased to report another healthy performance in Q3 with strong organic revenue growth of 8%, resilient gross margins of 65.5% and adjusted operating margins of 29.1%, despite a significant negative impact from currency.

Organic growth was primarily driven by the strong performance of our autonomous solutions, the successful diversification efforts for our design and asset management software tools and the strength of our manufacturing suite in e-mobility and consumer electronics. For Geosystems, innovation-led demand in mining and reality capture offset the slowdown of construction markets. During the quarter we implemented a rationalisation programme targeting annualised savings of 160-170 MEUR by early 2025, whose implementation is so far tracking in line with expectations.

We saw good cash from operations, post investments, in the quarter, offset by a temporary tie-up in working capital driven by strong organic growth.

I am looking forward to hosting investors and analysts at our Capital Markets Day in London on 7th December, where I will discuss my vision for Hexagon. Please contact the Investor Relations team if you would like more details."

– Paolo Guglielmini, President and CEO, Hexagon AB

**8%**  
ORGANIC  
GROWTH

**29%**  
ADJUSTED OPERATING  
MARGIN

**64%**  
CASH  
CONVERSION

## GROUP BUSINESS DEVELOPMENT Q3

### NET SALES

Reported operating net sales increased by 2 per cent to 1,352.1 MEUR (1,320.2). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 8 per cent, with the delta between reported and organic growth being primarily driven by currency headwinds. Regionally, organic growth was 8 per cent in Americas, 8 per cent in EMEA and 7 per cent in Asia. In the Americas, North America recorded 7 per cent organic growth, with strong growth in aerospace and defence and reality capture solutions partially offset by the exit of some lower margin defence contracts, as highlighted in Q1 2023. South America recorded 13 per cent organic growth, driven by strength in mining. In EMEA, Western Europe recorded 4 per cent organic growth, driven by a positive development in manufacturing industries and power and energy, but offset by weaker infrastructure and construction markets. EMEA, excluding Western Europe, recorded 23 per cent organic growth, driven by strong growth in mining and general manufacturing. In Asia, China recorded 6 per cent organic growth, driven by good momentum in general manufacturing, power and energy, partially offset by weakness in infrastructure and construction markets. The rest of Asia recorded 8 per cent organic growth, driven by a strong performance across most industries, with high-double digit growth in India.

### EARNINGS

Adjusted operating earnings (EBIT1) increased by 2 per cent to 393.0 MEUR (386.2), which corresponds to an adjusted operating margin of 29.1 per cent (29.3). The adjusted operating margin (EBIT1) was supported by strong organic growth but negatively impacted by currency movements. The rationalisation programme implemented during the quarter generated savings of around 6 MEUR during the quarter. Adjusted operating earnings (EBIT1) were negatively impacted by currency translation effects (translation of prior period to current FX rates) of -34.1 MEUR and positively impacted by currency transaction effects (currency impacts posted in the income statement due to different reporting and transaction currencies) of 2.9 MEUR (9.7). Earnings before taxes, excluding adjustments, amounted to 350.0 MEUR (377.3) and were negatively impacted by currency translation effects of -32.5 MEUR.

### CASH FLOW

Operating cash flow before non-recurring items decreased by -39.8 per cent to 146.5 MEUR (243.5), corresponding to a cash conversion of 64 per cent (78). Operating cash flow, and subsequently cash conversion, was impacted by a tie-up in working capital due to high organic growth. A reconciliation of the movements affecting cash flow can be found below:

### CASH FLOW SUMMARY, THIRD QUARTER

MEUR	Q3 2023	Q3 2022	Δ%
Adjusted operating earnings (EBIT1)	393.0	386.2	2
Cash flow from operations, before change in working capital and excluding taxes and interest	489.6	463.1	6
Investments (tangible and intangible)	-141.2	-141.8	0
Cash flow from operations, post investments	348.4	321.3	8
Cash flow from change in working capital	-98.0	-21.9	n.a.
Operating cash flow before tax and interest	250.4	299.4	-16
Cash conversion, %	63.7	77.5	-14
Taxes paid	-61.5	-74.3	n.a.
Interest received and paid, net	-42.4	-8.6	n.a.
Operating cash flow before non-recurring items	146.5	243.5	-40

### ADJUSTMENTS

The adjustments for the quarter consist of share-based program expenses (LTIP) of 16.3 MEUR (13.2), amortisation of surplus values (PPA) of 29.0 MEUR (27.0), acquired deferred revenues of 2.3 MEUR (3.6) and non-recurring items of 198.6 (0.0) relating to the rationalisation programme implemented in Q3 2023.

## FINANCIAL SUMMARY - THIRD QUARTER

MEUR	Net sales			Earnings		
	Q3 2023	Q3 2022	Δ% <sup>1)</sup>	Q3 2023	Q3 2022	Δ%
Geospatial Enterprise Solutions	666.1	641.9	7	203.2	197.0	3
Industrial Enterprise Solutions	686.0	678.3	9	196.8	198.1	-1
Operating net sales	1,352.1	1,320.2	8			
Revenue adjustment	-2.3	-3.6	n.a.			
Net sales	1,349.8	1,316.6	8			
Group cost				-7.0	-8.9	21
Adjusted operating earnings (EBIT1)				393.0	386.2	2
Adjusted operating margin, %				29.1	29.3	-0.2
Interest income and expenses, net				-43.0	-8.9	-383
Earnings before adjustments				350.0	377.3	-7
Adjustments				-246.2	-43.8	n.a.
Earnings before taxes				103.8	333.5	-69
Taxes				-16.6	-60.0	72
Net earnings				87.2	273.5	-68

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

## CURRENCY TRANSLATION IMPACT COMPARED TO EUR - THIRD QUARTER

	Movement <sup>1)</sup>		Income less cost	Earnings impact
CHF	Strengthened	1%	Negative	Negative
USD	Weakened	-7%	Positive	Negative
CNY	Weakened	-12%	Positive	Negative
EBIT1, MEUR				-34.1

<sup>1)</sup>Compared to Q3 2022

## SALES BRIDGE - THIRD QUARTER

2022, MEUR	1,320.2
Structure, %	2
Currency, %	-7
Organic growth, %	8
Total, %	2
2023, MEUR	1,352.1

<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

EMEA excl. Western Europe (7% of sales)	↗
South America (5% of sales)	↗
Asia excl. China (12% of sales)	↗
North America (36% of sales)	→
Western Europe (26% of sales)	→
China (14% of sales)	→
Total	↗

>8% ↗

0-8% →

Negative ↘

## GEOSPATIAL ENTERPRISE SOLUTIONS – Q3 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 666.1 MEUR (641.9). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 7 per cent. Regionally, organic growth was 12 per cent in the Americas, 4 per cent in EMEA and flat in Asia. In the Americas, North America recorded 11 per cent organic growth, fueled by strong growth in defence and reality capture solutions, as well as solid growth in machine control solutions. Growth was partially offset by the exit of some low margin defence contracts, highlighted in Q1 2023. South America recorded double-digit growth, driven by strong growth in mining. In EMEA, Western Europe recorded 1 per cent organic growth, impacted by a slowdown in construction markets, offset by good growth in reality capture solutions. Excluding Western Europe, EMEA recorded double-digit organic growth. In Asia, China recorded -11 per cent organic growth, reflecting weakness in construction markets. The rest of Asia grew at single digit rates, driven by continued solid demand for mining solutions and strong growth for surveying solutions in India.

The Geosystems division recorded 6 per cent organic growth, driven by strong demand for mining solutions and continued growth in reality capture solutions and the AEC software portfolio, which offset a slowdown in developed economy construction markets. The Safety, Infrastructure & Geospatial division recorded -5 per cent organic growth, due to the ongoing exit of a number of low margin defence contracts. The Autonomy & Positioning division recorded 41 per cent organic growth, reflecting strong demand across all solutions and a significant perpetual software license deal within defence.

### EARNINGS

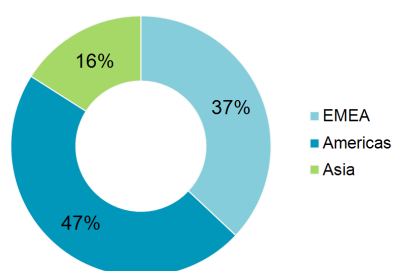
Adjusted operating earnings (EBIT1) increased by 3 per cent to 203.2 MEUR (197.0), which corresponds to an adjusted operating margin of 30.5 per cent (30.7). The adjusted operating margin (EBIT1) was negatively impacted by currency movements.

### NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

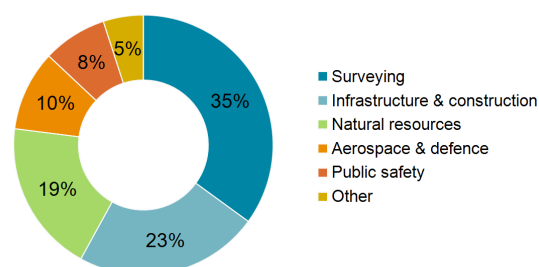
MEUR	Q3 2023	Q3 2022	Δ%	9M 2023	9M 2022	Δ%
Operating net sales	666.1	641.9	7 <sup>1)</sup>	1,962.5	1,875.0	6 <sup>1)</sup>
Adjusted operating earnings (EBIT1)	203.2	197.0	3	598.9	578.2	4
Adjusted operating margin, %	30.5	30.7	-0.2	30.5	30.8	-0.3
Avg. number of employees				10,743	10,036	7

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

### NET SALES PER REGION – THIRD QUARTER



### NET SALES PER CUSTOMER SEGMENT - THIRD QUARTER



## INDUSTRIAL ENTERPRISE SOLUTIONS – Q3 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 686.0 MEUR (678.3). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 9 per cent. Regionally, organic growth was 11 per cent in EMEA, 11 per cent in Asia, and 4 per cent in the Americas. In EMEA, Western Europe recorded 7 per cent organic growth, driven by strong demand for aerospace solutions and power & energy solutions. The rest of EMEA recorded high double-digit organic growth. In Asia, China recorded 11 per cent organic growth, driven by strong growth in general manufacturing and aerospace. The rest of Asia recorded double-digit organic growth, driven by solid demand for solutions within power & energy and general manufacturing. In the Americas, North America recorded 3 per cent organic growth, driven by growth in general manufacturing and solid growth for quality management- and asset management software, offset by a slowing automotive market. South America recorded double-digit organic growth, driven by strong demand across manufacturing industries and power & energy.

The Manufacturing Intelligence division recorded 8 per cent organic growth, driven by strong growth in aerospace and general manufacturing industries. The Asset Lifecycle Intelligence division recorded 10 per cent organic growth, driven by strong demand for design, operations & maintenance and cyber security software, as well as strong growth in asset management software.

### EARNINGS

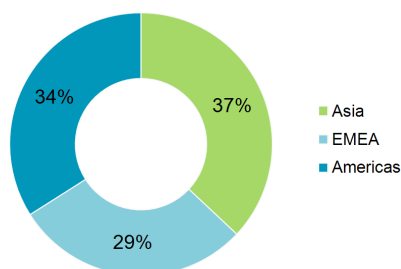
Adjusted operating earnings (EBIT1) decreased by -1 per cent to 196.8 MEUR (198.1), which corresponds to an adjusted operating margin of 28.7 per cent (29.2). The adjusted operating margin (EBIT1) was negatively impacted by currency movements, but positively impacted by strong organic growth.

### NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

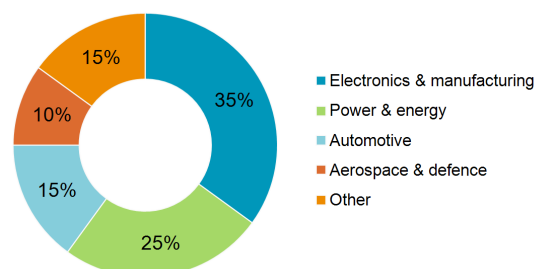
MEUR	Q3 2023	Q3 2022	Δ%	9M 2023	9M 2022	Δ%
Operating net sales	686.0	678.3	9 <sup>1)</sup>	2,042.2	1,897.3	10 <sup>1)</sup>
Adjusted operating earnings (EBIT1)	196.8	198.1	-1	577.0	541.7	7
Adjusted operating margin, %	28.7	29.2	-0.5	28.3	28.6	-0.3
Avg. number of employees				13,479	12,866	5

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

### NET SALES PER REGION – THIRD QUARTER



### NET SALES PER CUSTOMER SEGMENT – THIRD QUARTER





## FINANCIAL SUMMARY – 9M 2023

### NET SALES

Operating net sales amounted to 4,004.7 MEUR (3,772.3) for the first nine months of the year. Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 8 per cent.

### EARNINGS

Adjusted operating earnings (EBIT1) amounted to 1,158.3 MEUR (1,099.8), which corresponds to an adjusted operating margin of 28.9 per cent (29.2). Adjusted operating earnings (EBIT1) were negatively affected by currency translation effects of -56.4 MEUR and negatively affected by currency transaction effects of -13.4 (16.4) MEUR.

The financial net amounted to -106.0 MEUR (-20.3) for the first nine months of the year.

Earnings before taxes, excluding adjustments, amounted to 1,052.3 MEUR (1,079.5). Earnings before taxes, including these items, amounted to 719.4 MEUR (892.6) and were negatively impacted by currency translation effects of -54.8 MEUR.

Net earnings, excluding adjustments, amounted to 862.9 MEUR (885.2) or 31.7 Euro cent (32.5) per share. Net earnings, including these items, amounted to 591.9 MEUR (727.7) or 21.6 Euro cent (26.7) per share.

### FINANCIAL SUMMARY - 9M 2023

MEUR	Net sales			Earnings		
	9M 2023	9M 2022	Δ% <sup>1)</sup>	9M 2023	9M 2022	Δ%
Geospatial Enterprise Solutions	1,962.5	1,875.0	6	598.9	578.2	4
Industrial Enterprise Solutions	2,042.2	1,897.3	10	577.0	541.7	7
Operating net sales	4,004.7	3,772.3	8			
Revenue adjustment <sup>2)</sup>	-4.8	-13.7	n.a.			
Net sales	3,999.9	3,758.6	8			
Group cost				-17.6	-20.1	12
Adjusted operating earnings (EBIT1)				1,158.3	1,099.8	5
Adjusted operating margin, %				28.9	29.2	-0.3
Interest income and expenses, net				-106.0	-20.3	-422
Earnings before adjustments				1,052.3	1,079.5	-3
Adjustments <sup>3)</sup>				-332.9	-186.9	n.a.
Earnings before taxes				719.4	892.6	-19
Taxes				-127.5	-164.9	23
Net earnings				591.9	727.7	-19

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

<sup>2)</sup>Reduction of acquired deferred revenue (haircut) related to acquisitions

<sup>3)</sup>Adjustments in 2023 relates to share programmes (LTIP), amortisation of surplus values and non-recurring items.

### CURRENCY TRANSLATION IMPACT COMPARED TO EUR - 9M 2023

	Movement <sup>1)</sup>		Income less cost	Earnings impact
CHF	Strengthened	3%	Negative	Negative
USD	Weakened	-2%	Positive	Negative
CNY	Weakened	-8%	Positive	Negative
EBIT1, MEUR				-56.4

<sup>1)</sup>Compared to 9M 2022.



Hexagon announced a landmark agreement with leading diversified mining company Mineral Resources (MinRes) to provide an autonomous haulage solution for a fleet of 120 fully autonomous road trains in Australia, which will transform safety, productivity and sustainability in the region.

## GROUP SUMMARY

### PROFITABILITY

Capital employed increased to 14,475.6 MEUR (14,442.0). Return on average capital employed for the last twelve months was 11.2 per cent (11.9). Return on average shareholders' equity over the previous twelve months was 8.7 per cent (9.3). The capital turnover rate was 0.4 times (0.4).

### FINANCIAL POSITION

Total shareholders' equity decreased to 10,151.2 MEUR (10,441.9). The equity ratio was 58.7 per cent (60.5). Hexagon's total assets increased to 17,284.5 MEUR (17,256.4). The increase in total assets is driven primarily by acquisitions but off-set by currency movements.

Hexagon's main sources of financing consist of:

- 1) A multicurrency revolving credit facility (RCF) established in 2021. The RCF amounts to 1,500 MEUR with a tenor of 5+1+1 years.
- 2) A Swedish Medium Term Note Programme (MTN) established in 2014. The MTN programme amounts to 20,000 MSEK with tenor up to 6 years
- 3) A Swedish Commercial Paper Programme (CP) established in 2012. The CP programme amounts to 15,000 MSEK with tenor up to 12 months.

On 30 September 2023, cash and unutilised credit limits totalled 1,222.8 MEUR (1,400.8). Hexagon's net debt was 3,861.0 MEUR (3,519.0). The net indebtedness was 0.36 times (0.31). Interest coverage ratio was 3.2 times (31.0).

### CASH FLOW

During the third quarter, cash flow from operations before changes in working capital amounted to 385.7 MEUR (407.2), corresponding to 14.4 Euro cent (15.1) per share. Cash flow from operations in the third quarter amounted to 287.7 MEUR (385.3), corresponding to 10.7 Euro cent (14.3) per share. Operating cash flow in the third quarter, including non-recurring items, amounted to 130.3 MEUR (232.6).

For the first nine months of the year, cash flow from operations amounted to 941.6 MEUR (1,035.6) corresponding to 35.0 Euro cent (38.4) per share. The operating cash flow, including non-recurring items, amounted to 451.1 MEUR (625.0).

### INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -141.2 MEUR (-141.8) in the third quarter and -441.1 MEUR (-388.2) in the first nine months of the year. Depreciation, amortisation and impairment amounted to -144.7 MEUR (-114.5) in the third quarter and -388.3 MEUR (-334.1) during the first nine months of the year, whereof impairment charges amounted to -17.2 MEUR (0.0) in the third quarter and -17.2 MEUR (0.0) during the first nine months of the year.

### TAX RATE

The tax expense for the first nine months of the year amounted to 127.5 MEUR (-164.9). The reported tax rate was 16.0 per cent (18.0) for the quarter and 17.7 per cent (18.5) for the first nine months of the year. The tax rate, excluding non-recurring items, was 18.0 per cent (18.0) for the quarter and 18.0 per cent (18.0) for the first nine months of the year.

### EMPLOYEES

The average number of employees during the third quarter was 24,368 (23,024). The number of employees at the end of the quarter was 24,919 (23,696).

### SHARE DATA

Earnings per share, including adjustments, for the third quarter amounted to 3.1 Euro cent (10.0). Earnings per share, excluding adjustments, for the third quarter amounted to 10.6 Euro cent (11.4).

Earnings per share, including adjustments, for the first nine months of the year amounted to 21.6 Euro cent (26.7). Earnings per share, excluding adjustments, for the first nine months of the year amounted to 31.7 Euro cent (32.5).

On 30 September 2023, equity per share was 3.77 EUR (3.87) and the share price was 93.38 SEK (104.70).

Hexagon's share capital amounts to 85,761,451 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 21,100,000 treasury shares.

### PARENT COMPANY

The parent company's earnings before taxes in the third quarter amounted to 1,762.2 MEUR (-3.9) and 1,730.1 MEUR (273.3) for the first nine months of the year. The equity was 6,417.1 MEUR (6,552.6). The equity ratio of the parent company was 38 per cent (47). Liquid funds including unutilised credit limits were 719.8 MEUR (881.1).



Hexagon announced the acquisition of HARD-LINE, a fast-growing, global leader in mine automation, remote-control technology and mine production optimisation. Hard-Line specialises in remote control solutions and related network infrastructure, enabling the tele-remote operation of heavy machinery from a secure control station on the surface or underground, regardless of distance.

## 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.

## SHARE PROGRAMME

Hexagon's share programme is accounted for according to IFRS 2 and is classified as an equity-settled share-based payment transaction, which means the programme is reported within equity. Social fees are reported as a liability in the balance sheet. The total cost of the share-based incentive programme is estimated at 60 MEUR per programme and is recognised as a personnel expense in

profit or loss during the vesting period. The purpose of the share programme is to strengthen Hexagon's ability to retain and recruit competent employees, provide competitive remuneration and to align the interests of the shareholders with the interests of the employees concerned. Through a share-based incentive programme, the employees' remuneration is tied to the company's earnings and value growth and creates long-term incentives for the programme participants.

Currently, Hexagon has four ongoing programmes, 2020/2023, 2021/2024, 2022/2025 and 2023/2026.

## RELATED PARTY TRANSACTIONS

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

## ANNUAL GENERAL MEETING AND NOMINATION COMMITTEE

The AGM will be held on 29 April 2024 at 17:00 CET at IVA Konferenscenter, Grev Turegatan 16, Stockholm. The composition of the Hexagon Nomination Committee for the AGM 2024 is: Chairman Mikael Ekdahl (Melker Schörling AB), Jan Dworsky (Swedbank Robur fonder) Brett Watson (Infor) and Daniel Kristiansson (Alecta).

## SUBSEQUENT EVENTS

No significant events effecting the financial reporting have occurred during the period between quarter-end and date of issuance of this report.



The Board of Directors and the President and CEO declare that this Interim Report provides a true and fair overview of the Company's and the Group's operations, its financial position and performance, and describes material risks and uncertainties facing the Company and companies within the Group.

Stockholm, Sweden, 27 October 2023  
Hexagon AB (publ)

Ola Rollén  
Chair of the Board

Paolo Guglielmini  
President and CEO

John Brandon  
Board Member

Gun Nilsson  
Board Member

Erik Huggers  
Board Member

Märta Schörling Andreen  
Board Member

Sofia Schörling Högberg  
Board Member

Brett Watson  
Board Member

# AUDITORS' REVIEW REPORT

## Introduction

We have reviewed the condensed interim report for Hexagon AB as at September 30, 2023 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

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

## Conclusion

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

Stockholm, 27 October 2023

PricewaterhouseCoopers AB

Bo Karlsson  
Authorised Public Accountant

Helena Kaiser de Carolis  
Authorised Public Accountant

# CONDENSED INCOME STATEMENT

MEUR	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
Net sales	1,349.8	1,316.6	3,999.9	3,758.6	5,160.5
Cost of goods sold	-507.7	-460.6	-1,410.8	-1,324.1	-1,799.5
<b>Gross earnings</b>	<b>842.1</b>	<b>856.0</b>	<b>2,589.1</b>	<b>2,434.5</b>	<b>3,361.0</b>
Sales expenses	-333.3	-262.6	-869.7	-739.5	-1,019.3
Administration expenses	-153.2	-107.5	-371.8	-308.0	-416.7
Research and development expenses	-198.1	-155.4	-511.2	-450.1	-607.1
Other income and expenses, net	-10.7	11.9	-11.0	-24.0	-31.2
<b>Operating earnings <sup>1)</sup></b>	<b>146.8</b>	<b>342.4</b>	<b>825.4</b>	<b>912.9</b>	<b>1,286.7</b>
Financial income	3.6	2.2	9.3	6.2	8.8
Financial expenses	-46.6	-11.1	-115.3	-26.5	-47.5
<b>Earnings before taxes</b>	<b>103.8</b>	<b>333.5</b>	<b>719.4</b>	<b>892.6</b>	<b>1,248.0</b>
Taxes	-16.6	-60.0	-127.5	-164.9	-228.9
<b>Net earnings</b>	<b>87.2</b>	<b>273.5</b>	<b>591.9</b>	<b>727.7</b>	<b>1,019.1</b>
Attributable to:					
Parent company shareholders	83.6	270.2	581.7	718.7	1,007.6
Non-controlling interest	3.6	3.3	10.2	9.0	11.5
<sup>1)</sup> of which adjustments	-246.2	-43.8	-332.9	-186.9	-231.1
Earnings include depreciation, amortisation and impairments of	-144.7	-114.5	-388.3	-334.1	-467.0
- of which amortisation of surplus values (included in adjustments)	-29.0	-27.0	-86.4	-78.1	-107.7
Basic earnings per share, Euro cent	3.1	10.0	21.6	26.7	37.4
Earnings per share after dilution, Euro cent	3.1	10.0	21.5	26.6	37.2
Total shareholder's equity per share, EUR	3.77	3.87	3.77	3.87	3.65
Closing number of shares, thousands	2,684,378	2,690,928	2,684,378	2,690,928	2,689,678
Average number of shares, thousands	2,687,028	2,691,928	2,688,795	2,694,065	2,693,019
Average number of shares after dilution, thousands	2,708,128	2,706,478	2,706,361	2,706,498	2,706,294

# CONDENSED COMPREHENSIVE INCOME STATEMENT

MEUR	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
<b>Net earnings</b>	<b>87.2</b>	<b>273.5</b>	<b>591.9</b>	<b>727.7</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	-1.0	-0.2	-0.2	-0.6	20.8
Taxes on items that will not be reclassified to income statement	0.1	0.0	0.0	0.1	-5.0
<b>Total items that will not be reclassified to income statement, net of taxes</b>	<b>-0.9</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.5</b>	<b>15.8</b>
<b>Items that may be reclassified subsequently to income statement</b>					
Exchange rate differences	236.9	566.9	41.2	1,338.2	435.4
Taxes on items that may be reclassified subsequently to income statement	-6.0	-19.4	-6.7	-56.0	-35.5
<b>Total items that may be reclassified subsequently to income statement, net of taxes</b>	<b>230.9</b>	<b>547.5</b>	<b>34.5</b>	<b>1,282.2</b>	<b>399.9</b>
<b>Other comprehensive income, net of taxes</b>	<b>230.0</b>	<b>547.3</b>	<b>34.3</b>	<b>1,281.7</b>	<b>415.7</b>
<b>Total comprehensive income for the period</b>	<b>317.2</b>	<b>820.8</b>	<b>626.2</b>	<b>2,009.4</b>	<b>1,434.8</b>
Attributable to:					
Parent company shareholders	312.7	817.4	617.7	1,999.3	1,424.1
Non-controlling interest	4.5	3.4	8.5	10.1	10.7



# CONDENSED BALANCE SHEET

MEUR	30/9 2023	30/9 2022	31/12 2022
Intangible fixed assets	13,413.4	13,641.9	12,805.6
Tangible fixed assets	609.9	599.2	592.9
Right-of-use assets	197.5	217.3	198.0
Financial fixed assets	161.7	74.9	114.5
Deferred tax assets	186.2	121.7	122.3
<b>Total fixed assets</b>	<b>14,568.7</b>	<b>14,655.0</b>	<b>13,833.3</b>
Inventories	617.3	582.7	577.2
Accounts receivables	1,255.6	1,215.1	1,285.8
Other receivables	159.6	113.3	121.4
Prepaid expenses and accrued income	219.9	209.2	173.0
<b>Total current receivables</b>	<b>1,635.1</b>	<b>1,537.6</b>	<b>1,580.2</b>
Cash and cash equivalents	463.4	481.1	486.3
<b>Total current assets</b>	<b>2,715.8</b>	<b>2,601.4</b>	<b>2,643.7</b>
<b>Total assets</b>	<b>17,284.5</b>	<b>17,256.4</b>	<b>16,477.0</b>
Equity attributable to parent company shareholders	10,118.3	10,406.7	9,830.2
Equity attributable to non-controlling interest	32.9	35.2	34.4
<b>Total shareholders' equity</b>	<b>10,151.2</b>	<b>10,441.9</b>	<b>9,864.6</b>
Interest bearing liabilities	2,989.1	3,046.9	3,032.4
Lease liabilities	148.6	163.6	145.5
Other liabilities	150.9	122.8	121.9
Pension liabilities	48.5	76.3	53.9
Deferred tax liabilities	660.8	637.8	581.8
Other provisions	8.1	17.1	9.5
<b>Total long -term liabilities</b>	<b>4,006.0</b>	<b>4,064.5</b>	<b>3,945.0</b>
Interest bearing liabilities	1,078.7	646.6	633.8
Lease liabilities	59.5	66.7	62.4
Accounts payable	270.7	320.3	309.8
Other liabilities	312.8	365.2	377.8
Other provisions	198.9	93.7	59.2
Deferred income	750.4	763.7	741.2
Accrued expenses	456.3	493.8	483.2
<b>Total short -term liabilities</b>	<b>3,127.3</b>	<b>2,750.0</b>	<b>2,667.4</b>
<b>Total equity and liabilities</b>	<b>17,284.5</b>	<b>17,256.4</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	Q3 2023	Q3 2022	2022
<b>Opening shareholders' equity</b>	<b>9,864.6</b>	<b>8,764.7</b>	<b>8,764.7</b>
<b>Total comprehensive income for the period <sup>1)</sup></b>	<b>626.2</b>	<b>2,009.4</b>	<b>1,434.8</b>
Acquisition of treasury shares	-47.1	-57.6	-71.0
Dividend	-332.8	-303.4	-304.4
Acquisition of non-controlling interest	-	0.4	0.0
Share based programme (LTIP)	40.3	28.4	40.5
<b>Closing shareholders' equity <sup>2)</sup></b>	<b>10,151.2</b>	<b>10,441.9</b>	<b>9,864.6</b>
1) Of which: Parent company shareholders	617.7	1,999.3	1,424.1
Non-controlling interest	8.5	10.1	10.7
2) Of which: Parent company shareholders	10,118.3	10,406.7	9,830.2
Non-controlling interest	32.9	35.2	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
2023-06-30 Total outstanding	110,250,000	2,579,427,888	2,689,677,888
Repurchase of treasury shares	-	-5,300,000	-5,300,000
<b>2023-09-30 Total outstanding</b>	<b>110,250,000</b>	<b>2,574,127,888</b>	<b>2,684,377,888</b>
Total amount of treasury shares	-	21,100,000	21,100,000
<b>2023-09-30 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	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
<b>Cash flow from operations before change in working capital excluding taxes and interest</b>	<b>489.6</b>	<b>463.1</b>	<b>1,413.5</b>	<b>1,322.8</b>	<b>1,820.4</b>
Taxes paid	-61.5	-47.3	-225.1	-169.8	-235.9
Interest received and paid, net	-42.4	-8.6	-99.6	-19.7	-38.0
<b>Cash flow from operations before change in working capital</b>	<b>385.7</b>	<b>407.2</b>	<b>1,088.8</b>	<b>1,133.3</b>	<b>1,546.5</b>
Cash flow from change in working capital	-98.0	-21.9	-147.2	-97.7	-173.8
<b>Cash flow from operations</b>	<b>287.7</b>	<b>385.3</b>	<b>941.6</b>	<b>1,035.6</b>	<b>1,372.7</b>
Investments tangible assets, net	-19.1	-33.8	-80.9	-94.1	-138.8
Investments intangible assets	-122.1	-108.0	-360.2	-294.1	-413.9
<b>Operating cash flow before non-recurring items</b>	<b>146.5</b>	<b>243.5</b>	<b>500.5</b>	<b>647.4</b>	<b>820.0</b>
Non-recurring cash flow <sup>1)</sup>	-16.2	-10.9	-49.4	-22.4	-41.9
<b>Operating cash flow</b>	<b>130.3</b>	<b>232.6</b>	<b>451.1</b>	<b>625.0</b>	<b>778.1</b>
Cash flow from acquisitions and divestments	-58.5	-20.2	-375.8	-1,172.8	-1,194.8
Cash flow from other investing activities	-3.3	-7.4	-52.5	-5.4	-50.1
<b>Cash flow after other investing activities</b>	<b>68.5</b>	<b>205.0</b>	<b>22.8</b>	<b>-553.2</b>	<b>-466.8</b>
Dividends paid	-6.9	-7.6	-332.8	-303.4	-304.4
Repurchase of Treasury shares	-47.1	-21.7	-47.1	-57.6	-71.0
Cash flow from other financing activities	-63.7	-174.6	344.7	907.8	868.7
<b>Cash flow for the period</b>	<b>-49.2</b>	<b>1.1</b>	<b>-12.4</b>	<b>-6.4</b>	<b>26.5</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>505.1</b>	<b>472.8</b>	<b>486.3</b>	<b>472.1</b>	<b>472.1</b>
Effect of translation differences on cash and cash equivalents	7.5	7.2	-10.5	15.4	-12.3
Cash flow for the period	-49.2	1.1	-12.4	-6.4	26.5
<b>Cash and cash equivalents, end of period</b>	<b>463.4</b>	<b>481.1</b>	<b>463.4</b>	<b>481.1</b>	<b>486.3</b>

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

## KEY RATIOS

MEUR	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
Adjusted operating margin, %	29.1	29.3	28.9	29.2	29.3
Profit margin before taxes, %	7.7	25.3	18.0	23.7	24.2
Return on shareholders' equity, 12-month average, %	8.7	9.3	8.7	9.3	10.5
Return on capital employed, 12-month average, %	11.2	11.9	11.2	11.9	11.5
Equity ratio, %	58.7	60.5	58.7	60.5	59.9
Net indebtedness	0.36	0.31	0.36	0.31	0.32
Interest coverage ratio	3.2	31.0	7.2	34.7	27.3
Average number of shares, thousands	2,687,028	2,691,928	2,688,795	2,694,065	2,693,019
Basic earnings per share excl. adjustments, Euro cent	10.6	11.4	31.7	32.5	44.6
Basic earnings per share, Euro cent	3.1	10.0	21.6	26.7	37.4
Operating cash flow before non-recurring items, interest and tax	250.4	299.4	825.2	836.9	1 093.9
Cash flow per share, Euro cent	10.7	14.3	35.0	38.4	51.0
Cash flow per share before change in working cap, Euro cent	14.4	15.1	40.5	42.1	57.4
Share price, SEK	93.38	104.70	93.38	104.70	109.00
Share price, translated to EUR	8.10	9.61	8.10	9.61	9.80



# SUPPLEMENTARY INFORMATION

## NET SALES PER SEGMENT

MEUR	Q3 2023*	Q2 2023*	Q1 2023*	2023*	Q4 2022*	Q3 2022*	Q2 2022*	Q1 2022*	2022*
Geospatial Enterprise Solutions	666.1	679.4	617.0	1,962.5	662.0	641.9	650.4	582.7	2,537.0
Industrial Enterprise Solutions	686.0	686.6	669.6	2,042.2	741.2	678.3	638.3	580.7	2,638.5
<b>Group</b>	<b>1,352.1</b>	<b>1,366.0</b>	<b>1,286.6</b>	<b>4,004.7</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	Q3 2023	Q2 2023	Q1 2023	2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Geospatial Enterprise Solutions	203.2	208.6	187.1	598.9	208.3	197.0	205.6	175.6	786.5
Industrial Enterprise Solutions	196.8	191.6	188.6	577.0	213.4	198.1	177.9	165.7	755.1
Group costs	-7.0	-6.1	-4.5	-17.6	-3.7	-8.9	-5.0	-6.2	-23.8
<b>Group</b>	<b>393.0</b>	<b>394.1</b>	<b>371.2</b>	<b>1,158.3</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>29.1</b>	<b>28.9</b>	<b>28.9</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	Q3 2023	Q2 2023	Q1 2023	2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Geospatial Enterprise Solutions	-8.1	-6.2	-5.7	-20.0	-5.6	-5.7	-5.5	-5.4	-22.2
Industrial Enterprise Solutions	-20.9	-23.2	-22.3	-66.4	-24.0	-21.3	-23.1	-17.1	-85.5
<b>Group</b>	<b>-29.0</b>	<b>-29.4</b>	<b>-28.0</b>	<b>-86.4</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	Q3 2023*	Q2 2023*	Q1 2023*	2023*	Q4 2022*	Q3 2022*	Q2 2022*	Q1 2022*	2022*
EMEA	448.9	459.6	448.2	1,356.7	506.7	421.9	433.2	409.7	1,771.5
Americas	546.9	520.9	475.8	1,543.6	546.0	527.7	494.8	427.0	1,995.5
Asia	356.3	385.5	362.6	1,104.4	350.5	370.6	360.7	326.7	1,408.5
<b>Group</b>	<b>1,352.1</b>	<b>1,366.0</b>	<b>1,286.6</b>	<b>4,004.7</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	Q3 2023	Q2 2023	Q1 2023	2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
SEK/EUR	0.0850	0.0873	0.0893	0.0871	0.0914	0.0941	0.0955	0.0954	0.0941
USD/EUR	0.9190	0.9176	0.9313	0.9227	0.9808	0.9929	0.9389	0.8914	0.9523
CNY/EUR	0.1268	0.1309	0.1361	0.1312	0.1378	0.1449	0.1421	0.1405	0.1413
CHF/EUR	1.0402	1.0219	1.0074	1.0237	1.0170	1.0271	0.9732	0.9648	0.9965
Closing	Q3 2023	Q2 2023	Q1 2023	2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
SEK/EUR	0.0867	0.0847	0.0886	0.0867	0.0899	0.0917	0.0932	0.0967	0.0899
USD/EUR	0.9439	0.9203	0.9195	0.9439	0.9376	1.0259	0.9627	0.9008	0.9376
CNY/EUR	0.1293	0.1266	0.1338	0.1293	0.1359	0.1442	0.1436	0.1420	0.1359
CHF/EUR	1.0342	1.0217	1.0032	1.0342	1.0155	1.0459	1.0040	0.9740	1.0155

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

# ACQUISITIONS

MEUR	9M 2023	9M 2022
<b>Fair value of acquired assets and assumed liabilities</b>		
Intangible fixed assets	95.5	291.7
Other fixed assets	3.1	13.1
<b>Total fixed assets</b>	<b>98.6</b>	<b>304.8</b>
Total current assets	24.6	38.9
<b>Total assets</b>	<b>123.2</b>	<b>343.7</b>
Total long-term liabilities	-17.5	-70.1
Total current liabilities	-25.2	-52.5
<b>Total liabilities</b>	<b>-42.7</b>	<b>-122.6</b>
<b>Fair value of acquired assets and assumed liabilities, net</b>	<b>80.5</b>	<b>221.1</b>
Non-controlling interest in equity	0.0	-0.4
Goodwill	357.4	1,034.3
<b>Total purchase consideration transferred</b>	<b>437.9</b>	<b>1,255.0</b>
Less cash and cash equivalents in acquired companies	-3.5	-22.6
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-58.6	-59.6
<b>Cash flow from acquisition of companies/businesses</b>	<b>375.8</b>	<b>1,172.8</b>

During the quarter, Hexagon acquired the following companies:

- HARD-LINE, a global leader in mine automation, remote-control technology and mine production optimization (Full year 2022 revenue of 12.7 MEUR)

During the first six months of the year 2023, Hexagon acquired the following companies:

- LocLab, a leader in 3D digital twin content creation (2022 revenue
- Projectmates, a provider of SaaS-based enterprise construction project management software
- Comernal Software, a software development center
- Qognify, a leading provider of physical security and enterprise incident management software solutions
- Cads Additive, a provider of specialised software for metal additive manufacturing (AM)

During the quarter, Hexagon divested the following:

- A business within the Safety, Infrastructure and Geospatial division providing help-desk support and services. Full year 2022 revenues amounted to 12 MEUR.

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 215.9 MEUR (186.1) as of 30 September, whereof the fair value adjustment in 2023 amounted to 5.8 MEUR (0.6). 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 QOGNIFY

In April 2023, Hexagon acquired Qognify, a leading provider of physical security and enterprise incident management software solutions.

### Background and reasons for the transaction

Serving more than 4,000 customers worldwide in banking, government, logistics, manufacturing, retail, transportation and more, Qognify's solutions link business and operational workflows with video data to minimise the impact of security, safety and operational incidents. End markets include everything from large utility networks and educational campuses to complex industrial facilities - the same customers that also benefit from Hexagon's computer-aided dispatch (CAD) solutions, which play a crucial role in mobilising the people ultimately responsible for incident resolution. Qognify's solutions are a natural expansion of our public safety portfolio, adding comprehensive and tightly integrated video capabilities that can provide dispatchers, responders and investigators with new levels of intelligence to serve and protect their communities.

From the date of acquisition, Qognify has contributed 23.5 MEUR of net sales in 2023. If the acquisition had taken place at the beginning of the year, the contribution to net sales would have been 34.8 MEUR. The contribution to the group operating margin has been slightly dilutive.

# CONDENSED PARENT COMPANY INCOME STATEMENT

MEUR	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
Net sales	5.4	4.2	16.0	12.7	19.9
Administration expenses	-10.0	-8.6	-28.6	-23.6	-45.9
<b>Operating earnings</b>	<b>-4.6</b>	<b>-4.4</b>	<b>-12.6</b>	<b>-10.9</b>	<b>-26.0</b>
Earnings from shares in Group companies	1,801.1	-	1,801.1	202.5	-1,283.3
Interest income and expenses, net	-34.3	0.5	-58.4	81.7	98.4
Appropriations	-	-	-	-	-17.3
<b>Earnings before taxes</b>	<b>1,762.2</b>	<b>-3.9</b>	<b>1,730.1</b>	<b>273.3</b>	<b>-1,228.2</b>
Taxes	8.2	0.7	15.3	-15.0	-12.0
<b>Net earnings</b>	<b>1,770.4</b>	<b>-3.2</b>	<b>1,745.4</b>	<b>258.3</b>	<b>-1,240.2</b>

# CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	30/9 2023	30/9 2022	31/12 2022
Total fixed assets	14,981.0	12,524.3	13,921.2
Total current receivables	1,763.9	1,306.8	976.4
Cash and cash equivalents	10.2	8.5	33.3
Total current assets	1,774.1	1,315.3	1,009.7
<b>Total assets</b>	<b>16,755.1</b>	<b>13,839.6</b>	<b>14,930.9</b>
Total shareholders' equity	6,417.1	6,552.6	5,040.6
Untaxed reserves	13.2	-	14.6
Total long-term liabilities	2,990.3	3,048.1	3,033.5
Total short-term liabilities	7,334.5	4,238.9	6,842.2
<b>Total equity and liabilities</b>	<b>16,755.1</b>	<b>13,839.6</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:

Year-End Report 2023	1 February 2024
Interim Report Q1 2024	29 April 2024
Interim Report Q2 2024	26 July 2024
Interim Report Q3 2024	27 October 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 third quarter 2023 will be presented on 27 October at 10:00 CET at a telephone conference.

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

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This is information that Hexagon AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 27 October 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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