

YEAR-END REPORT

1 JANUARY - 31 DECEMBER 2023

FOURTH QUARTER

- 5 per cent organic revenue growth (using fixed exchange rates and a comparable group structure)
- Reported operating net sales increased by 2 per cent to 1,435.3 MEUR (1,403.2). Net sales including the reduction of acquired deferred revenue also increased to 1,435.3 MEUR (1,401.9)
- Adjusted gross margin improved to 66.5 per cent (66.2)
- Adjusted operating earnings (EBIT1) increased by 5 per cent to 438.4 MEUR (418.0)
- Adjusted operating margin increased to 30.5 per cent (29.8)
- Earnings before taxes, excluding adjustments, amounted to 389.1 MEUR (399.6)
- Net earnings, excluding adjustments, amounted to 319.1 MEUR (327.7)
- Earnings per share, excluding adjustments, amounted to 11.8 Euro cent (12.1)
- Operating cash flow before non-recurring items increased to 353.1 MEUR (172.6)
- The Board of Directors proposes a dividend of 0.13 EUR (0.12) per share, an increase of 8 per cent

MEUR	Q4 2023	Q4 2022	Δ%	2023	2022	Δ%
Operating net sales ²⁾	1,435.3	1,403.2	5 ¹⁾	5,440.0	5,175.5	7 ¹⁾
Revenue adjustment ³⁾	-	-1.3	n.a.	-4.8	-15.0	n.a.
Net sales	1,435.3	1,401.9	5 ¹⁾	5,435.2	5,160.5	7 ¹⁾
Adjusted gross earnings ²⁾	955.2	928.9	3	3,593.4	3,384.7	6
Adjusted gross margin, % ²⁾	66.5	66.2	0.3	66.1	65.4	0.7
Adjusted operating earnings (EBITDA) ²⁾	583.6	521.3	12	2,026.6	1,877.1	8
Adjusted EBITDA margin, % ²⁾	40.7	37.2	3.5	37.3	36.3	1.0
Adjusted operating earnings (EBIT1) ²⁾	438.4	418.0	5	1,596.7	1,517.8	5
Adjusted operating margin, %	30.5	29.8	0.7	29.4	29.3	0.1
Earnings before taxes, excluding adjustments	389.1	399.6	-3	1,441.4	1,479.1	-3
Adjustments (before taxes) ³⁾	-47.8	-44.2	n.a.	-380.7	-231.1	n.a.
Earnings before taxes	341.3	355.4	-4	1,060.7	1,248.0	-15
Net earnings	279.9	291.4	-4	871.8	1,019.1	-14
Net earnings, excl. adjustments	319.1	327.7	-3	1,182.0	1,212.9	-3
Earnings per share, Euro cent	10.3	10.7	-4	32.0	37.4	-15
Earnings per share, excl. adjustments, Euro cent	11.8	12.1	-2	43.5	44.6	-2

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

²⁾For definition, see page 20.

³⁾See more information on page 2.

COMMENTS FROM THE CEO

"We closed the year with a strong set of results, making further progress towards our medium-term financial targets. For 2023 the group delivered 7% organic growth, with continued investment in innovation and good momentum in our software portfolio driving an increase in the gross margin to a very healthy 66.1% for the year. Despite currency headwinds, the EBIT1 margin was stable at 29.4%, and we wrapped the year up with a cash conversion within our target range, supported by a standout 103% conversion rate in Q4.

Organic growth for the group was 5% during the fourth quarter, with strong growth in Autonomy & Positioning (+11%), Asset Lifecycle Intelligence (+8%) and Manufacturing Intelligence (+7%) compensating for a slowdown in Geosystem's construction driven markets (+3%) and the deliberate exit from low margin service contracts in SIG (-4%). The quarter also saw a strong increase in our EBIT1 margin to 30.5%, a result of our cost rationalisation programme, where we remain on track to reach our goal of 160-170 MEUR savings, fully realised from 2025.

In the face of an uncertain global economy, we benefit from an increasingly resilient business, fuelled by growing software and recurring revenues, and investments focused on structurally attractive markets and industries. We closed the calendar year 2023 with a Capital Markets Day which highlighted our optimism in the future of Hexagon and our place at the heart of many secular growth trends which will use digitisation to reduce waste, improve safety and quality and increase productivity. These trends, coupled with our operational excellence, lead us to look to the future with confidence."

– Paolo Guglielmini, President and CEO, Hexagon AB

5%
ORGANIC
GROWTH

31%
ADJUSTED OPERATING
MARGIN

103%
CASH
CONVERSION

GROUP BUSINESS DEVELOPMENT Q4

NET SALES

Reported operating net sales increased by 2 per cent to 1,435.3 MEUR (1,403.2). On an organic basis, net sales increased by 5 per cent, with the delta between reported and organic being primarily driven by currency headwinds.

Regionally, organic growth was 9 per cent in Asia, 3 per cent in EMEA and 3 per cent in Americas.

In Asia, China recorded 6 per cent organic growth, driven by strong growth in power and energy and growth in infrastructure and construction markets, which had been particularly weak last year. The rest of Asia recorded 12 per cent organic growth, driven by strong growth in mining and general manufacturing.

In EMEA, Western Europe recorded 1 per cent organic growth, driven by good momentum in manufacturing industries and power and energy, but offset by a weak infrastructure and construction market. EMEA, excluding Western Europe, recorded 12 per cent organic growth, driven by growth in power and energy and general manufacturing.

In the Americas, North America recorded 5 per cent organic growth, fuelled by solid growth in aerospace and agriculture, but partially offset by the exit of some lower margin defence contracts, as highlighted in Q1 2023. South America recorded -7 per cent organic growth, with strong growth across manufacturing industries, but tough comparisons from last year in mining.

EARNINGS

Adjusted operating earnings (EBIT1) increased by 5 per cent to 438.4 MEUR (418.0), which corresponds to an adjusted operating margin of 30.5 per cent (29.8). The adjusted operating margin (EBIT1) was supported by strong organic growth and cost savings but negatively impacted by currency movements. The adjusted operating margin including amortisation of surplus values (PPA) of 29.5 MEUR (29.6) amounted to 28.5 per cent (27.7).

The rationalisation programme generated savings of around 20 MEUR during the quarter. Adjusted operating earnings (EBIT1) were negatively impacted by currency translation effects of -24.7 MEUR and negatively impacted by currency transaction effects of -10.5 MEUR (-20.5). Earnings before taxes, excluding adjustments, amounted to 389.1 MEUR (399.6) and were negatively impacted by currency translation effects of -22.3 MEUR.

ADJUSTMENTS

The adjustments for the quarter consist of share-based program expenses (LTIP) of 18.3 MEUR (13.3) and amortisation of surplus values (PPA) of 29.5 MEUR (29.6).

CASH

Operating cash flow before non-recurring items increased by 105 per cent to 353.1 MEUR (172.6), corresponding to a cash conversion of 103 per cent (61). Cash conversion for the full year was 80 per cent (72). Operating cash flow, and subsequently cash conversion, benefited from a release in working capital due to an increase in deferred revenue, improvement in collections and better inventory management. Net investments levels continued to stabilise, as previously communicated.

CASH FLOW SUMMARY - FOURTH QUARTER

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

FINANCIAL SUMMARY - FOURTH QUARTER

MEUR	Net sales			Earnings		
	Q4 2023	Q4 2022	Δ% ¹⁾	Q4 2023	Q4 2022	Δ%
Geospatial Enterprise Solutions	675.5	662.0	2	208.6	208.3	0
Industrial Enterprise Solutions	759.8	741.2	7	237.3	213.4	11
Operating net sales	1,435.3	1,403.2	5			
Revenue adjustment	0.0	-1.3	n.a.			
Net sales	1,435.3	1,401.9	5			
Group cost				-7.5	-3.7	-103
Adjusted operating earnings (EBIT1)				438.4	418.0	5
Adjusted operating margin, %				30.5	29.8	0.7
Interest income and expenses, net				-49.3	-18.4	-168
Earnings before adjustments				389.1	399.6	-3
Adjustments				-47.8	-44.2	n.a.
Earnings before taxes				341.3	355.4	-4
Taxes				-61.4	-64.0	4
Net earnings				279.9	291.4	-4

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

CURRENCY TRANSLATION IMPACT COMPARED TO EUR – FOURTH QUARTER

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Strengthened	3%	Negative	Negative
USD	Weakened	-5%	Positive	Negative
CNY	Weakened	-7%	Positive	Negative
EBIT1, MEUR				-24.7

¹⁾Compared to Q4 2022

SALES BRIDGE – FOURTH QUARTER

	Operating net sales ¹⁾
2022, MEUR	1,403.2
Structure, %	1
Currency, %	-4
Organic growth, %	5
Total, %	2
2023, MEUR	1,435.3

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

ORGANIC GROWTH PER REGION

	Q4 2023	
Asia excl. China (13% of sales)	↗	
EMEA excl. Western Europe (8% of sales)	↗	
China (12% of sales)	→	
North America (34% of sales)	→	>8% ↗
Western Europe (29% of sales)	→	0-8% →
South America (4% of sales)	↘	Negative ↘
Total	→	

GEOSPATIAL ENTERPRISE SOLUTIONS – Q4 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 675.5 MEUR (662.0). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 2 per cent. Regionally, organic growth was 11 per cent in Asia, 2 per cent in the Americas and flat in EMEA. In Asia, China recorded 5 per cent organic growth, with construction growing relative to low comparisons in 2022. The rest of Asia grew at double digit rates, driven by strong growth in mining. In the Americas, North America recorded 4 per cent organic growth, fuelled by strong growth for public safety and agriculture solutions, as well as solid growth in machine control. Growth was partially offset by the exit of some low margin defence contracts, as highlighted in Q1 2023. South America declined, hampered by tough comparisons in mining. In EMEA, Western Europe recorded -3 per cent organic growth, driven by the slowdown in construction markets. Excluding Western Europe, EMEA recorded double-digit organic growth.

The Geosystems division recorded 3 per cent organic growth, driven by the strong performance in mining and the reality capture portfolio, which delivered double-digit organic growth. The wider construction market remained challenging. The Safety, Infrastructure & Geospatial division recorded -4 per cent organic growth, due to the exit of a number of low margin defence contracts, positively offset by good growth in public safety. The Autonomy & Positioning division recorded 11 per cent organic growth, fuelled by strong growth in precision agriculture solutions.

EARNINGS

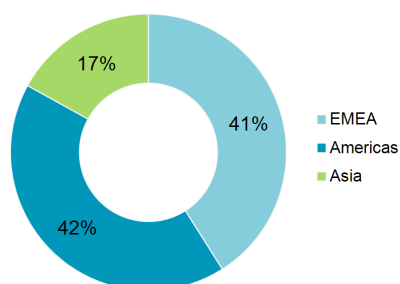
Adjusted operating earnings (EBIT1) increased by 0 per cent to 208.6 MEUR (208.3), which corresponds to an adjusted operating margin of 30.9 per cent (31.5). The adjusted operating margin (EBIT1) was negatively impacted by currency movements.

NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

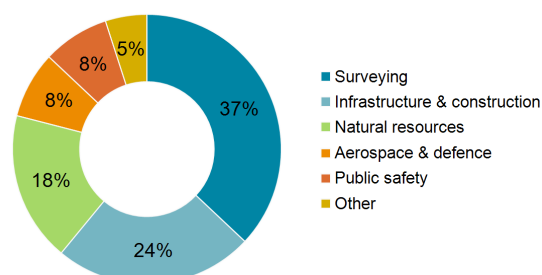
MEUR	Q4 2023	Q4 2022	Δ%	2023	2022	Δ%
Operating net sales	675.5	662.0	2 ¹⁾	2,638.0	2,537.0	5 ¹⁾
Adjusted operating earnings (EBIT1)	208.6	208.3	0	807.5	786.5	3
Adjusted operating margin, %	30.9	31.5	-0.6	30.6	31.0	-0.4
Avg. number of employees				10,895	10,134	8

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

NET SALES PER REGION – FOURTH QUARTER



NET SALES PER CUSTOMER SEGMENT - FOURTH QUARTER



INDUSTRIAL ENTERPRISE SOLUTIONS – Q4 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 759.8 MEUR (741.2). Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 7 per cent. Regionally, organic growth was 8 per cent in Asia, 7 per cent in EMEA and 5 per cent in the Americas. In Asia, China recorded 6 per cent organic growth, driven by strong growth in power and energy and growth in general manufacturing. The rest of Asia recorded double-digit organic growth, driven by strong demand for solutions within power & energy and general manufacturing. In EMEA, Western Europe recorded 6 per cent organic growth, driven by growth in aerospace and power and energy markets. The rest of EMEA recorded double-digit organic growth. In the Americas, North America recorded 5 per cent organic growth, driven by growth in general manufacturing and aerospace. South America recorded high single-digit organic growth, driven by strong demand across manufacturing industries.

The Manufacturing Intelligence division recorded 7 per cent organic growth, driven by strong growth in automated inspection solutions, with continued solid demand for enterprise quality management software. The Asset Lifecycle Intelligence division recorded 8 per cent organic growth, driven by strong growth across the portfolio, with cyber-security being a stand-out in the quarter.

EARNINGS

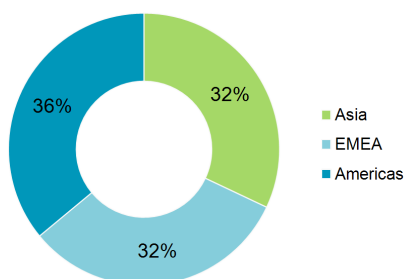
Adjusted operating earnings (EBIT1) increased by 11 per cent to 237.3 MEUR (213.4), which corresponds to an adjusted operating margin of 31.2 per cent (28.8). The adjusted operating margin (EBIT1) was negatively impacted by currency movements, but positively impacted by a strong product mix and benefits from the rationalisation programme.

NET SALES, EARNINGS AND NUMBER OF EMPLOYEES

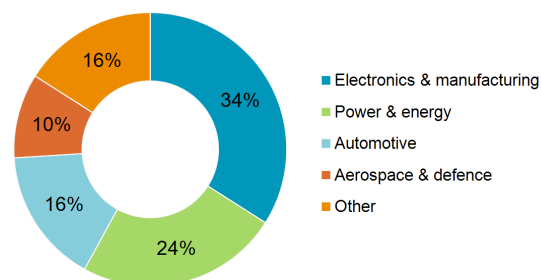
MEUR	Q4 2023	Q4 2022	Δ%	2023	2022	Δ%
Operating net sales	759.8	741.2	7 ¹⁾	2,802.0	2,638.5	10 ¹⁾
Adjusted operating earnings (EBIT1)	237.3	213.4	11	814.3	755.1	8
Adjusted operating margin, %	31.2	28.8	2.4	29.1	28.6	0.5
Avg. number of employees				13,501	12,939	4

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

NET SALES PER REGION – FOURTH QUARTER



NET SALES PER CUSTOMER SEGMENT – FOURTH QUARTER



FULL YEAR FINANCIAL SUMMARY

NET SALES

Operating net sales amounted to 5,440.0 MEUR (5,175.5) for the full year. Using fixed exchange rates and a comparable group structure (organic growth), net sales increased by 7 per cent.

EARNINGS

Adjusted operating earnings (EBIT1) amounted to 1,596.7 MEUR (1,517.8), which corresponds to an adjusted operating margin of 29.4 per cent (29.3). Adjusted operating margin (EBIT1) including amortisation of surplus values (PPA) of 115.9 MEUR (107.7) amounted to 27.2 per cent (27.2). Adjusted operating earnings (EBIT1) were negatively affected by currency translation effects of -81.1 MEUR and negatively affected by currency transaction effects of -23.9 MEUR.

Net interest amounted to -155.3 MEUR (-38.7) for the full year.

Earnings before taxes, excluding adjustments, amounted to 1,441.4 MEUR (1,479.1). Earnings before taxes, including these items, amounted to 1,060.7 MEUR (1,248.0) and were negatively impacted by currency translation effects of -77.1 MEUR.

Net earnings, excluding adjustments, amounted to 1,182.0 MEUR (1,212.9) or 43.5 Euro cent (44.6) per share. Net earnings, including these items, amounted to 871.8 MEUR (1,019.1) or 32.0 Euro cent (37.4) per share.

FINANCIAL SUMMARY - 2023

MEUR	Net sales			Earnings		
	2023	2022	Δ% ¹⁾	2023	2022	Δ%
Geospatial Enterprise Solutions	2,638.0	2,537.0	5	807.5	786.5	3
Industrial Enterprise Solutions	2,802.0	2,638.5	10	814.3	755.1	8
Operating net sales	5,440.0	5,175.5	7			
Revenue adjustment ²⁾	-4.8	-15.0	n.a.			
Net sales	5,435.2	5,160.5	7			
Group cost				-25.1	-23.8	-5
Adjusted operating earnings (EBIT1)				1,596.7	1,517.8	5
Adjusted operating margin, %				29.4	29.3	0.1
Interest income and expenses, net				-155.3	-38.7	-301
Earnings before adjustments				1,441.4	1,479.1	-3
Adjustments ³⁾				-380.7	-231.1	n.a.
Earnings before taxes				1,060.7	1,248.0	-15
Taxes				-188.9	-228.9	17
Net earnings				871.8	1,019.1	-14

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

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

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

CURRENCY TRANSLATION IMPACT COMPARED TO EUR - 2023

	Movement ¹⁾		Income less cost	Earnings impact
CHF	Strengthened	3%	Negative	Negative
USD	Weakened	-3%	Positive	Negative
CNY	Weakened	-8%	Positive	Negative
EBIT1, MEUR				-81.1

¹⁾Compared to 2022.



Hexagon hosted its Capital Markets Day where the mid-term targets for 2022-2026 were reaffirmed and a target to achieve a 95% reduction in scope 1 and 2 emissions by 2030, progressing towards net-zero emissions by 2050, was introduced. Hexagon also provided additional financial disclosures, with some to be continually reported at quarterly results and proposed adjustments to management incentives to align with the 2026 financial targets.

GROUP SUMMARY

PROFITABILITY

Capital employed increased to 14,186.4 MEUR (13,792.6). Return on average capital employed for the last twelve months was 11.4 per cent (11.5). Return on average shareholders' equity over the previous twelve months was 8.6 per cent (10.5). The capital turnover rate was 0.4 times (0.4).

FINANCIAL POSITION

Total shareholders' equity increased to 10,046.1 MEUR (9,864.6). The equity ratio was 59.5 per cent (59.9). Hexagon's total assets increased to 16,883.8 MEUR (16,477.0). The increase in total assets is driven primarily by acquisitions but off-set by currency movements. Following a refinancing in 2021, Hexagon's main sources of financing consist of:

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

On 31 December 2023, cash and unutilised credit limits totalled 1,268.6 MEUR (1,429.7). Hexagon's net debt was 3,593.2 MEUR (3,441.7). The net indebtedness was 0.33 times (0.32). Interest coverage ratio was 7.4 times (17.9).

CASH FLOW

During the fourth quarter, cash flow from operations before changes in working capital amounted to 441.3 MEUR (413.2), corresponding to 16.4 Euro cent (15.4) per share. Cash flow from operations in the fourth quarter amounted to 510.3 MEUR (337.1), corresponding to 19.0 Euro cent (12.5) per share. Operating cash flow in the fourth quarter, including non-recurring items, amounted to 321.0 MEUR (153.1).

For the full year, cash flow from operations amounted to 1,451.9 MEUR (1,372.7) corresponding to 54.0 Euro cent (51.0) per share. The operating cash flow, including non-recurring items, amounted to 772.1 MEUR (778.1).

INVESTMENTS, DEPRECIATION, AMORTISATION AND IMPAIRMENT

Hexagon's net investments, excluding acquisitions and divestitures, amounted to -157.2 MEUR (-164.5) in the fourth quarter and -598.3 MEUR (-552.7) in the full year.

Depreciation, amortisation and impairment amounted to -174.7 MEUR (-132.9) in the fourth quarter and -563.0 MEUR (-467.0) during the full year, whereof impairment charges amounted to -37.2 MEUR (-10.1) in the fourth quarter and -54.5 MEUR (-10.1) during the full year.

TAX RATE

The tax expense for the full year amounted to -188.9 MEUR (-228.9). The reported tax rate was 18.0 per cent (18.0) for the quarter and 17.8 per cent (18.3) for the full year. The tax rate, excluding non-recurring items, was 18.0 per cent (18.0) for the quarter and 18.0 per cent (18.0) for the full year.

EMPLOYEES

The average number of employees during the fourth quarter was 24,548 (23,196). The number of employees at the end of the quarter was 24,581 (24,001).

SHARE DATA

Earnings per share, including adjustments, for the fourth quarter amounted to 10.3 Euro cent (10.7). Earnings per share, excluding adjustments, for the fourth quarter amounted to 11.8 Euro cent (12.1).

Earnings per share, including adjustments, for the full year amounted to 32.0 Euro cent (37.4). Earnings per share, excluding adjustments, for the full year amounted to 43.5 Euro cent (44.6).

On 31 December 2023, equity per share was 3.73 EUR (3.65) and the share price was 121.00 SEK (109.00).

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 fourth quarter amounted to -71.3 MEUR (-1,501.5) and 1,658.8 MEUR (-1,228.2) for the full year. The equity was 6,333.3 MEUR (5,040.6). The equity ratio of the parent company was 38 per cent (34). Liquid funds including unutilised credit limits were 734.2 MEUR (930.7).



Hexagon entered into an agreement to sell its Tesa PMI (Precision Measurement Instruments) business to Hangzhou Great Star Industrial Company Ltd. This divestment reflects Hexagon's commitment to focus on core business activities directly accretive to its mid-term growth, margin and cash generation targets.

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 cost of each share-based incentive programme is estimated at 60 MEUR and is allocated over the respective vesting period. The cost is recognised as a personnel expense in the profit or loss statement during the vesting period. The purpose of the share programme is to strengthen Hexagon's ability to retain and recruit competent employees, provide competitive remuneration and to align

the interests of the shareholders with the interests of the employees concerned. Through a share-based incentive programme, the employees' remuneration is tied to the company's earnings and value growth and creates long-term incentives for the programme participants.

Currently, Hexagon has four ongoing programmes, with vesting periods of 2020/2023, 2021/2024, 2022/2025, 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).

DIVIDEND

The Hexagon Board of Directors proposes a dividend of 13 EUR per share (0.12) for the fiscal year 2023, corresponding to 41 per cent of profit after tax. The proposed record date will be 2 May and expected date for settlement is 10 May.

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 Year-End Report provides a true and fair overview of the Company's and the Group's operations, its financial position and performance, and describes material risks and uncertainties facing the Company and companies within the Group.

Stockholm, Sweden, 1 February 2024
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

This Year-End Report has not been reviewed by the Company's auditors.

CONDENSED INCOME STATEMENT

MEUR	Q4 2023	Q4 2022	2023	2022
Net sales	1,435.3	1,401.9	5,435.2	5,160.5
Cost of goods sold	-481.2	-475.4	-1,892.0	-1,799.5
Gross earnings	954.1	926.5	3,543.2	3,361.0
Sales expenses	-289.6	-279.8	-1,159.3	-1,019.3
Administration expenses	-109.4	-108.7	-481.2	-416.7
Research and development expenses	-163.3	-157.0	-674.5	-607.1
Other income and expenses, net	-1.2	-7.2	-12.2	-31.2
Operating earnings ¹⁾	390.6	373.8	1,216.0	1,286.7
Financial income	3.8	2.6	13.1	8.8
Financial expenses	-53.1	-21.0	-168.4	-47.5
Earnings before taxes	341.3	355.4	1,060.7	1,248.0
Taxes	-61.4	-64.0	-188.9	-228.9
Net earnings	279.9	291.4	871.8	1,019.1
Attributable to:				
Parent company shareholders	277.2	288.9	858.9	1,007.6
Non-controlling interest	2.7	2.5	12.9	11.5
¹⁾ of which adjustments	-47.8	-44.2	-380.7	-231.1
Earnings include depreciation, amortisation and impairments of	-174.7	-132.9	-563.0	-467.0
- of which amortisation of surplus values (included in adjustments)	-29.5	-29.6	-115.9	-107.7
Basic earnings per share, Euro cent	10.3	10.7	32.0	37.4
Earnings per share after dilution, Euro cent	10.2	10.7	31.7	37.2
Total shareholder's equity per share, EUR	3.73	3.65	3.73	3.65
Closing number of shares, thousands	2,684,378	2,689,678	2,684,378	2,689,678
Average number of shares, thousands	2,684,378	2,689,882	2,687,690	2,693,019
Average number of shares after dilution, thousands	2,705,478	2,705,682	2,706,141	2,706,294

CONDENSED COMPREHENSIVE INCOME STATEMENT

MEUR	Q4 2023	Q4 2022	2023	2022
Net earnings	279.9	291.4	871.8	1,019.1
Other comprehensive income				
Items that will not be reclassified to income statement				
Remeasurement of pensions	-10.2	21.4	-10.4	20.8
Taxes on items that will not be reclassified to income statement	1.5	-5.1	1.5	-5.0
Total items that will not be reclassified to income statement, net of taxes	-8.7	16.3	-8.9	15.8
Items that may be reclassified subsequently to income statement				
Exchange rate differences	-407.3	-902.8	-366.1	435.4
Taxes on items that may be reclassified subsequently to income statement	18.0	20.5	11.3	-35.5
Total items that may be reclassified subsequently to income statement, net of taxes	-389.3	-882.3	-354.8	399.9
Other comprehensive income, net of taxes	-398.0	-866.0	-363.7	415.7
Total comprehensive income for the period	-118.1	-574.6	508.1	1,434.8
Attributable to:				
Parent company shareholders	-120.4	-575.2	497.3	1,424.1
Non-controlling interest	2.3	0.6	10.8	10.7

CONDENSED BALANCE SHEET

MEUR	31/12 2023	31/12 2022
Intangible fixed assets	12,993.7	12,805.6
Tangible fixed assets	600.2	592.9
Right-of-use assets	200.4	198.0
Financial fixed assets	158.1	114.5
Deferred tax assets	179.3	122.3
Total fixed assets	14,131.7	13,833.3
Inventories	584.7	577.2
Accounts receivables	1,303.1	1,285.8
Other receivables	117.2	121.4
Prepaid expenses and accrued income	200.0	173.0
Total current receivables	1,620.3	1,580.2
Cash and cash equivalents	547.1	486.3
Total current assets	2,752.1	2,643.7
Total assets	16,883.8	16,477.0
Equity attributable to parent company shareholders	10,013.9	9,830.2
Equity attributable to non-controlling interest	32.2	34.4
Total shareholders' equity	10,046.1	9,864.6
Interest bearing liabilities	2,831.7	3,032.4
Lease liabilities	152.0	145.5
Other liabilities	124.4	121.9
Pension liabilities	56.9	53.9
Deferred tax liabilities	580.0	581.8
Other provisions	8.1	9.5
Total long-term liabilities	3,753.1	3,945.0
Interest bearing liabilities	1,040.2	633.8
Lease liabilities	59.5	62.4
Accounts payable	288.5	309.8
Other liabilities	280.4	377.8
Other provisions	159.4	59.2
Deferred income	790.4	741.2
Accrued expenses	466.2	483.2
Total short-term liabilities	3,084.6	2,667.4
Total equity and liabilities	16,883.8	16,477.0

FINANCIAL INSTRUMENTS

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

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

MEUR	2023	2022
Opening shareholders' equity	9,864.6	8,764.7
Total comprehensive income for the period¹⁾	508.1	1,434.8
Acquisition of treasury shares	-47.1	-71.0
Dividend	-335.8	-304.4
Share based programme (LTIP)	56.3	40.5
Closing shareholders' equity²⁾	10,046.1	9,864.6
1) Of which: Parent company shareholders	497.3	1,424.1
Non-controlling interest	10.8	10.7
2) Of which: Parent company shareholders	10,013.9	9,830.2
Non-controlling interest	32.2	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
2023-09-30 Total outstanding	110,250,000	2,574,127,888	2,684,377,888
2023-12-31 Total outstanding	110,250,000	2,574,127,888	2,684,377,888
Total amount of treasury shares	-	21,100,000	21,100,000
2023-12-31 Total issued	110,250,000	2,595,227,888	2,705,477,888

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

CONDENSED CASH FLOW STATEMENT

MEUR	Q4 2023	Q4 2022	2023	2022
Cash flow from operations before change in working capital excluding taxes and interest	539.3	497.6	1,952.8	1,820.4
Taxes paid	-51.1	-66.1	-276.2	-235.9
Interest received and paid, net	-46.9	-18.3	-146.5	-38.0
Cash flow from operations before change in working capital	441.3	413.2	1,530.1	1,546.5
Cash flow from change in working capital	69.0	-76.1	-78.2	-173.8
Cash flow from operations	510.3	337.1	1,451.9	1,372.7
Investments tangible assets, net	-27.4	-44.7	-108.3	-138.8
Investments intangible assets	-129.8	-119.8	-490.0	-413.9
Operating cash flow before non-recurring items	353.1	172.6	853.6	820.0
Non-recurring cash flow ¹⁾	-32.1	-19.5	-81.5	-41.9
Operating cash flow	321.0	153.1	772.1	778.1
Cash flow from acquisitions and divestments	0.0	-22.0	-375.8	-1,194.8
Cash flow from other investing activities	-3.9	-44.7	-56.4	-50.1
Cash flow after other investing activities	317.1	86.4	339.9	-466.8
Dividends paid	-3.0	-1.0	-335.8	-304.4
Repurchase of Treasury shares	-	-13.4	-47.1	-71.0
Cash flow from other financing activities	-211.1	-39.1	133.6	868.7
Cash flow for the period	103.0	32.9	90.6	26.5
Cash and cash equivalents, beginning of period	463.4	481.1	486.3	472.1
Effect of translation differences on cash and cash equivalents	-19.3	-27.7	-29.8	-12.3
Cash flow for the period	103.0	32.9	90.6	26.5
Cash and cash equivalents, end of period	547.1	486.3	547.1	486.3

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

KEY RATIOS

MEUR	Q4 2023	Q4 2022	2023	2022
Adjusted operating margin, %	30.5	29.8	29.4	29.3
Profit margin before taxes, %	23.8	25.4	19.5	24.2
Return on shareholders' equity, 12-month average, %	8.6	10.5	8.6	10.5
Return on capital employed, 12-month average, %	11.4	11.5	11.4	11.5
Equity ratio, %	59.5	59.9	59.5	59.9
Net indebtedness	0.33	0.32	0.33	0.32
Interest coverage ratio	7.4	17.9	7.3	27.3
Average number of shares, thousands	2,684,378	2,689,882	2,687,690	2,693,019
Basic earnings per share excl. adjustments, Euro cent	11.8	12.1	43.5	44.6
Basic earnings per share, Euro cent	10.3	10.7	32.0	37.4
Operating cash flow before non-recurring items, interest and tax	451.1	257.0	1,276.3	1,093.9
Cash flow per share, Euro cent	19.0	12.5	54.0	51.0
Cash flow per share before change in working cap, Euro cent	16.4	15.4	56.9	57.4
Share price, SEK	121.00	109.00	121.00	109.00
Share price, translated to EUR	10.90	9.80	10.90	9.80

SUPPLEMENTARY INFORMATION

NET SALES PER SEGMENT*

MEUR	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Geospatial Enterprise Solutions	675.5	666.1	679.4	617.0	2,638.0	662.0	641.9	650.4	582.7	2,537.0
Industrial Enterprise Solutions	759.8	686.0	686.6	669.6	2,802.0	741.2	678.3	638.3	580.7	2,638.5
Group	1,435.3	1,352.1	1,366.0	1,286.6	5,440.0	1,403.2	1,320.2	1,288.7	1,163.4	5,175.5

ADJUSTED OPERATING EARNINGS (EBIT1) PER SEGMENT

MEUR	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Geospatial Enterprise Solutions	208.6	203.2	208.6	187.1	807.5	208.3	197.0	205.6	175.6	786.5
Industrial Enterprise Solutions	237.3	196.8	191.6	188.6	814.3	213.4	198.1	177.9	165.7	755.1
Group costs	-7.5	-7.0	-6.1	-4.5	-25.1	-3.7	-8.9	-5.0	-6.2	-23.8
Group	438.4	393.0	394.1	371.2	1,596.7	418.0	386.2	378.5	335.1	1,517.8
Adjusted operating margin, %	30.5	29.1	28.9	28.9	29.4	29.8	29.3	29.4	28.8	29.3

AMORTISATION SURPLUS VALUES (PPA) PER SEGMENT

MEUR	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Geospatial Enterprise Solutions	-8.1	-8.1	-6.2	-5.7	-28.1	-5.6	-5.7	-5.5	-5.4	-22.2
Industrial Enterprise Solutions	-21.4	-20.9	-23.2	-22.3	-87.8	-24.0	-21.3	-23.1	-17.1	-85.5
Group	-29.5	-29.0	-29.4	-28.0	-115.9	-29.6	-27.0	-28.6	-22.5	-107.7

NET SALES BY REGION*

MEUR	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
EMEA	521.7	448.9	459.6	448.2	1,878.4	506.7	421.9	433.2	409.7	1,771.5
Americas	553.6	546.9	520.9	475.8	2,097.2	546.0	527.7	494.8	427.0	1,995.5
Asia	360.0	356.3	385.5	362.6	1,464.4	350.5	370.6	360.7	326.7	1,408.5
Group	1,435.3	1,352.1	1,366.0	1,286.6	5,440.0	1,403.2	1,320.2	1,288.7	1,163.4	5,175.5

EXCHANGE RATES

Average	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
SEK/EUR	0.0872	0.0850	0.0873	0.0893	0.0871	0.0914	0.0941	0.0955	0.0954	0.0941
USD/EUR	0.9299	0.9190	0.9176	0.9313	0.9248	0.9808	0.9929	0.9389	0.8914	0.9523
CNY/EUR	0.1287	0.1268	0.1309	0.1361	0.1306	0.1378	0.1449	0.1421	0.1405	0.1413
CHF/EUR	1.0481	1.0402	1.0219	1.0074	1.0289	1.0170	1.0271	0.9732	0.9648	0.9965
Closing	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
SEK/EUR	0.0901	0.0867	0.0847	0.0886	0.0901	0.0899	0.0917	0.0932	0.0967	0.0899
USD/EUR	0.9050	0.9439	0.9203	0.9195	0.9050	0.9376	1.0259	0.9627	0.9008	0.9376
CNY/EUR	0.1274	0.1293	0.1266	0.1338	0.1274	0.1359	0.1442	0.1436	0.1420	0.1359
CHF/EUR	1.0799	1.0342	1.0217	1.0032	1.0799	1.0155	1.0459	1.0040	0.9740	1.0155

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

ACQUISITIONS

MEUR	2023	2022
Fair value of acquired assets and assumed liabilities		
Intangible fixed assets	127.7	304.6
Other fixed assets	3.4	13.8
Total fixed assets	131.1	318.4
Total current assets	24.0	40.2
Total assets	155.1	358.6
Total long-term liabilities	-27.0	-69.5
Total current liabilities	-25.3	-59.8
Total liabilities	-52.3	-129.3
Fair value of acquired assets and assumed liabilities, net	102.8	229.3
Goodwill	331.2	1,023.0
Total purchase consideration transferred	434.0	1,252.3
Less cash and cash equivalents in acquired companies	-3.5	-22.1
Adjustment for non-paid consideration and considerations paid for prior years' acquisitions	-54.7	-35.4
Cash flow from acquisition of companies/businesses	375.8	1,194.8

During the full year 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
- 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)
- HARD-LINE, a global leader in mine automation, remote-control technology and mine production optimization

During the year, 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 175.8 MEUR (162.1) as of 31 December, whereof the fair value adjustment in 2023 amounted to 41.6 MEUR (16.7). 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 36.9 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 48.2 MEUR. The contribution to the group operating margin has been slightly dilutive.

HISTORICAL PERFORMANCE BY DIVISION

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

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

**From Q1 2024 the business area Mining will move from Geosystems to Autonomy & Positioning (which will be renamed to Autonomous Solutions)

CONDENSED PARENT COMPANY INCOME

MEUR	Q4 2023	Q4 2022	2023	2022
Net sales	10.3	7.2	26.3	19.9
Administration expenses	-12.8	-22.3	-41.4	-45.9
Operating earnings	-2.5	-15.1	-15.1	-26.0
Earnings from shares in Group companies	6.7	-1,485.8	1,807.8	-1,283.3
Interest income and expenses, net	-97.7	16.7	-156.1	98.4
Appropriations	22.2	-17.3	22.2	-17.3
Earnings before taxes	-71.3	-1,501.5	1,658.8	-1,228.2
Taxes	-11.6	3.0	3.7	-12.0
Net earnings	-82.9	-1,498.5	1,662.5	-1,240.2

CONDENSED PARENT COMPANY BALANCE SHEET

MEUR	31/12 2023	31/12 2022
Total fixed assets	14,919.3	13,921.2
Total current receivables	1,533.7	976.4
Cash and cash equivalents	60.2	33.3
Total current assets	1,593.9	1,009.7
Total assets	16,513.2	14,930.9
Total shareholders' equity	6,333.3	5,040.6
Untaxed reserves	-	14.6
Total long-term liabilities	2,835.6	3,033.5
Total short-term liabilities	7,344.3	6,842.2
Total equity and liabilities	16,513.2	14,930.9

DEFINITIONS

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

BUSINESS DEFINITIONS

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

FINANCIAL DEFINITIONS

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



Hexagon is a global leader in sensor, software and autonomous technologies. We are putting data to work to boost efficiency, productivity, and quality across industrial, manufacturing, infrastructure, safety, and mobility applications. Our technologies are shaping urban and production ecosystems to become increasingly connected and autonomous – ensuring a scalable, sustainable future. Hexagon (Nasdaq Stockholm: HEXA B) has approximately 24,500 employees in 50 countries and net sales of approximately 5.4bn EUR. Learn more at hexagon.com and follow us [@HexagonAB](https://twitter.com/HexagonAB).

FINANCIAL REPORT DATES

Hexagon gives financial information at the following occasions:

Interim Report Q1 2024	26 April 2024
Interim Report Q2 2024	26 July 2024
Interim Report Q3 2024	25 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

TELEPHONE CONFERENCE

The Year-End Report for 2023 will be presented on 1 February at 10:00 CET at a telephone conference.

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

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This information is information that Hexagon AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 1 February 2024.

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