HEXAGON

2024

Annual and Sustainability Report

Contents

About this report:

The audited annual accounts and consolidated accounts can be found on pages > **22–30**, > **46–55** and > **130–165**. The corporate governance report examined by the auditors can be found on pages > **31–44**. The sustainability report reviewed by the company's auditors for compliance with the Annual Accounts Act can be found on pages > **60–129**. The auditors have reviewed greenhouse gas emissions within Scope 1 and 2.

Hexagon AB is a Swedish public limited liability company with corporate registration number 556190-4771. All values are expressed in Euros unless otherwise stated. The Euro is abbreviated as EUR, thousands of Euro as KEUR, millions of Euro as MEUR, and billions of Euro as bn EUR. Figures in parentheses refer to 2023 unless otherwise stated. Data on markets and peers represent Hexagon's own assessments unless otherwise stated. Assessments are based on the most recent available facts from published sources. While every care has been taken in the translation of this annual report, readers are reminded that the original annual report, signed by the Board of Directors, is in Swedish.

This report contains forward-looking statements based on Hexagon management's current expectations. Although management considers the expectations expressed in such future-oriented information to be reasonable, no assurance can be given that these expectations will prove correct. Consequently, actual future results may differ considerably from those implied in the forward-looking statements due to factors such as changed conditions in the economy, market and competition, changes in legal requirements and other political measures, fluctuations in exchange rates, and other factors.

HEXAGON

This is Hexagon

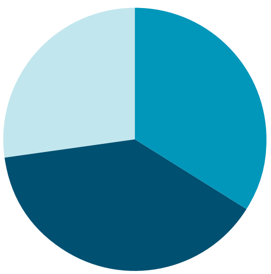
Hexagon is a global technology leader that combines sensor, software, and autonomous technologies to transform the world's most vital industries.

By putting data to work, Hexagon enhances efficiency, productivity, quality, and safety across a range of applications, including industrial manufacturing, infrastructure development, public sector management, and mobility solutions.

With a focus on connecting and automating production and people-centred ecosystems, Hexagon's technologies enable businesses and governments to operate more intelligently and sustainably. Through advanced innovations, Hexagon is driving the transition towards a scalable and sustainable future.

Revenue by geography

- **EMEA,** 34%
- **Americas,** 39%
- **Asia,** 27%



Revenue by division

- **Manufacturing Intelligence,** 36%
- **Asset Lifecycle Intelligence,** 15%
- **Geosystems,** 29%
- **Autonomous Solutions,** 10%
- **Safety, Infrastructure & Geospatial,** 9%

Hexagon in numbers 2024

5.4 bn
EUR revenue

30%
Operating margin, EBIT1

91%
Cash conversion

50+
Operating countries

24,800
Employees

Year in review

Letter from Interim President and CEO

First, allow me to introduce myself. I am Norbert Hanke, interim President and CEO of Hexagon. I have been with Hexagon for over 20 years and have held several leadership positions during that time, both within Manufacturing Intelligence and at a Group level. This year, I was pleased to step into the interim President and CEO role to support the business through a time of transformation as we look to position Hexagon for the exciting opportunities ahead with new leadership and a potential new group structure.

The year in review

I am proud to say that we made good progress across the board at Hexagon during 2024. We delivered a strong financial performance despite challenging construction and automotive markets, recording modest organic growth, good momentum in recurring revenues, improved profitability, and an annual cash conversion that was slightly above our target range.

Even with this financial discipline, we maintained our focus on investing for future success, both within our existing end markets and by pushing the boundaries to enter new ones. We launched over 450 products and updates and filed 71 new patent applications during the year. Highlights include the iCON Trades Solution in Geosystems – a layout and measurement tool designed to deliver high-quality outputs with easy, one-person operability; the ATS800 Absolute Tracker in Manufacturing Intelligence – a laser scanner capable of measuring small, crucial tolerances at a distance; SDx2 in Asset Lifecycle Intelligence – a SaaS-ready upgrade to our existing SDx solution, which allows contextualisation and visualisation of work processes; and Aura, a 3D imaging system targeted at the

"Our commitment to innovation and strategic transformation positions Hexagon for continued success in an evolving global landscape. By embracing change while staying true to our core strengths, we are creating sustainable value for our customers, shareholders, and employees."

healthcare and facial aesthetics market.

We are immensely proud that more than 6,800 team members work in research and development or related disciplines worldwide. They are either embedded in a division, where they remain close to customers and industries, or in the central Innovation Hub that serves the group, allowing them to be at the cutting edge of developments in new sensor technologies, robotics, and artificial intelligence.

We also announced a number of important acquisitions during the year, which continue to complement our R&D efforts, build market share, and develop competitive niches in our key industries. We acquired seven companies in 2024, including Geomagic – a suite of interoperable software packages used to create high-quality 3D models; Septentrio – a market leader and OEM provider of Global Navigation Satellite System (GNSS) technologies; Itus Digital – a provider of asset performance management (APM) software; and Indurad – a provider of radar, real-time location systems, and autonomous haulage technologies. We are excited to welcome all their employees to the group.

Finally, I was pleased to see the Science-Based Targets initiative approve our long- and short-term carbon emissions reduction goals in 2024. This significant endorsement reflects our commitment to sustainability and demonstrates our dedication to holding ourselves accountable for our environmental impact. We are proud to lead by example in our industry, setting ambitious targets that align with global efforts to combat climate change. We will continue to make sustainability part of our priorities going forward.

Looking ahead

2024 was a year of change and progress at Hexagon, and we have much to look forward to as we move into 2025 and beyond. We start the year with a strong pipeline of organic product innovation across the Group, which we will announce over the coming quarters. I am excited about the new developments that we will bring to market and the strong foundations for future growth that they will provide us moving forward.

The Board of Directors, after a comprehensive assessment, has directed management to prepare for the separation of its Asset Lifecycle Intelligence division and related businesses ("NewCo") by way of a Lex Asea distribution (or "spin-off") to its shareholders, as announced in late 2024. The Board intends to propose the distribution and listing of NewCo's shares at a shareholders' meeting in early 2026, provided that the circumstances are deemed appropriate at the time.

The separation will improve the focus and clarity of both NewCo and the Hexagon AB ("Hexagon Core") divisions, allowing both companies to capitalise on their competitive advantages, execute their increasingly distinct strategies, and leverage their greater agility to accelerate growth.

NewCo will be a pure-play software and SaaS company, offering comprehensive asset lifecycle intelligence, safety, infrastructure, and geospatial capabilities for a wide array of industries, supporting customers in planning, operating, and maintaining assets more effectively, enabling clearer insights and better incident response.

Hexagon Core will be the global leader in measurement technologies, with a comprehensive suite of metrology, reality capture, and positioning solutions that help customers improve the quality, productivity, reliability, and accuracy of both their products and operations. Looking forward, Hexagon's focus on robotic sensors and software, 3D digital environments, and AI-enhanced analytics will continue to help customers steadily move towards more autonomous solutions.

The Nomination Committee and the Board also announced in 2024 new members of the leadership team, including Björn Rosengren and Anders Svensson. Björn Rosengren has been nominated to join the Board of Hexagon AB as Deputy Chairman and will be available for election at the Annual General Meeting (AGM) in May 2025. It is intended that Björn will ultimately succeed Ola Rollén as Chairman when he steps down at the 2026 AGM. Anders Svensson will join as President and CEO, starting in July 2025 at the latest.

I'm confident and excited about the future because of the talented and hardworking employees at Hexagon. Their continued passion, creativity, and determination, even during times of deep change, are key to our growth and success. I look forward to more achievements in 2025.

Norbert Hanke

Interim President &
Chief Executive Officer

Year in brief

Resilient sales and strong margin progression

- Sales grew by 0% to 5,401.1 MEUR on an organic basis, with increasing recurring revenues and software sales offsetting weakness in sensor and robotic solutions sales, driven by global uncertainty and mixed markets.
- Adjusted operating margins of 29.7% increased from last year, with growth in gross margins and support from operating cost savings offsetting lower organic growth and currency headwinds.

Product innovation

- We launched more than 450 new products and solutions in 2024.
- 71 patents were registered during the year.

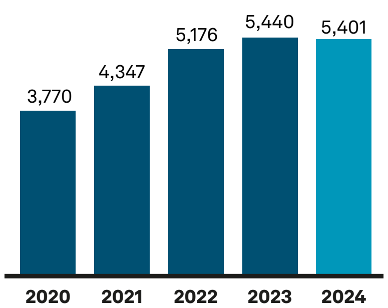
Acquisitions and divestments

- During 2024, we made seven acquisitions and divested the Tesa PMI business in Manufacturing Intelligence, resulting in a neutral impact on sales overall.
- Acquisitions included areas of strategic growth such as the Geomagic software suite in Manufacturing Intelligence, which will consolidate our market leadership in 3D modelling and inspection, Voyansi, an AEC (Architecture, Engineering & Construction) focused BIM (Building Information Modelling) provider, and Indurad, a global leader in radar and RTLS technologies.

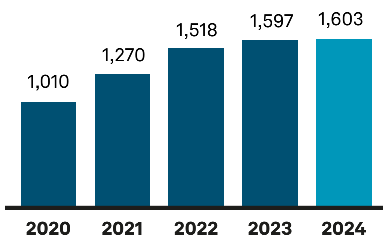
Sustainability

- During 2024, we gained approval for our reduction targets for near-term and net-zero greenhouse gas emissions from the Science Based Targets initiative (SBTi), an important step in our emissions reductions programme.
- We also continued to support our significant customer base in their efficiency and emission reduction programmes through our portfolio of solutions and services.

Revenue, MEUR



EBIT1, MEUR



2024

Key Performance Indicators (adjusted):

5,401
Operating net sales, MEUR

3,614
Gross earnings, MEUR

67%
Gross margin

1,603
Operating earnings (EBIT1), MEUR

30%
Operating margin

62%
Software and service revenues

41%
Recurring revenues

1,433
Earnings before taxes, MEUR

43
Earnings per share, Euro cent

Proposed Spin-off

The Board of Directors has instructed Hexagon's management team to prepare for the potential separation of its Asset Lifecycle Intelligence (ALI) and Safety, Infrastructure & Geospatial (SIG) divisions, along with its ETQ & Bricsys business units, into a new publicly listed entity, currently known as "NewCo". The Board intends to propose this separation, along with further information, at a shareholders' meeting in early 2026, provided that the circumstances are deemed appropriate at that time.

The proposed separation aims to establish two scaled public companies with distinct operational strategies and financial profiles:

- Hexagon is the global leader in measurement technologies, with a comprehensive suite of metrology, reality capture, and positioning solutions that connect the physical and digital worlds.
- NewCo is a pure industrial software and SaaS company, offering comprehensive asset lifecycle intelligence, safety, infrastructure, and geospatial capabilities for a wide array of industries.

"This split highlights Hexagon's commitment to aligning its operational focus with the changing needs of the industry, resulting in the creation of two global leaders, each positioned for strong growth. Hexagon will continue to drive innovation through advanced measurement technologies, AI, and automation, while NewCo will lead the way in digital transformation for asset-centric industries."

Ola Rollén
Chairman of the Board of Directors

NewCo

NewCo is envisioned as a leader in the digital solutions space, leveraging best-in-class capabilities across diverse domains and applying them in new ways to deliver previously unrealised market advantages. With a data-centric strategy, NewCo will support customers plan, operate, and maintain assets more effectively, enabling clearer insights and improved incident response.

Key Metrics (2024)*

Revenue	1,448 MEUR
Adjusted Operating Margin (EBIT1)	~31%
Employees	~7,200

Key solutions:

- Enterprise Asset Management (EAM) for performance and predictive insights.
- Dispatch, Records Management, Security, and Analytics.
- Advanced engineering, project planning, and operational management tools.
- Digital twin platforms enabling enhanced project design and lifecycle optimisation.

Leadership:

NewCo will be led by Mattias Stenberg, currently President of Hexagon's ALI division.

Hexagon Core

Post-separation of NewCo, the Hexagon divisions ("Hexagon Core") will be the market leader in precision measurement technologies, well positioned to benefit from the accelerated adoption of its core technologies, as customers strive to enhance the quality, productivity, reliability, and accuracy of both their products and operations in the face of growing sustainability and demographic challenges.

Key Metrics (2024)*

Revenue	3,953 MEUR
Adjusted Operating Margin (EBIT1)	~29%
Employees	~17,600

Hexagon will continue its focus on robotic sensors and software, 3D digital environments and AI-enhanced analytics to continue to assist customers progress towards more autonomous solutions, across discrete manufacturing, construction, mining and agricultural end markets.

* As all details about NewCo are subject to change as preparation for the spin-off progresses, the actual results of NewCo, and Hexagon excluding NewCo, may vary from the figures reflected herein, for reasons including, but not limited to, potential changes in accounting standards and the inclusion of stand-alone costs.

Why Hexagon?

1 Driving innovation to solve global challenges

Hexagon leverages technologies such as reality capture, AI, robotics, automation, and digital simulation to help industries tackle challenges in efficiency, productivity, safety, and precision. By transforming processes in key sectors like aerospace, automotive, construction, and energy, Hexagon empowers customers to operate smarter and compete more effectively.

2 Redefining value in the digital age

Through its platforms, Hexagon connects software, sensors, and ecosystems, enabling real-time data flow and collaboration. In addition, Hexagon has formed partnerships with global leaders such as NVIDIA, Microsoft, and Amazon Web Services, which drive innovation, accelerate market growth, and deliver solutions that create long-term value.

3 Consistent growth and profitability

Hexagon delivers proven financial performance with a strong 29.7% operating margin (2024) and targets 8–12% annual growth through a combination of organic innovation and strategic acquisitions. By shifting towards high-margin solutions and recurring revenue streams, Hexagon enhances profitability and ensures sustainable, long-term value creation.

4 Sustainability for a better future

Hexagon is committed to creating a more sustainable future by helping customers reduce waste, optimise resources, and operate responsibly. With ambitious climate targets and a focus on minimising its environmental impact, Hexagon generates long-term value for both society and the planet.

Strategy

Strategic partnerships

Hexagon's strategic alliances with leading technology providers strengthen its position as a leader in digital transformation. By integrating AI, cloud computing, and high-performance data processing through trusted partnerships, Hexagon expands its market reach and accelerates innovation across industries.

NVIDIA enhances Hexagon's open data ecosystem by integrating accelerated computing, AI, and simulation technologies into Hexagon's digital reality solutions.

Microsoft improves Hexagon's AI product offering with large language model productisation, document management, and serves as an open-platform cloud partner and technology partner for the industrial metaverse.

Amazon Web Services boosts Hexagon's digital reality solutions, enabling autonomous operations and delivering AI-driven insights that transform industrial data into actionable intelligence.

Market trends driving Hexagon's solutions

Operating in a world characterised by uncertainty, Hexagon transforms challenges into opportunities for its customers.

1

Labour shortages

The growing demand for higher productivity and quality, coupled with demographic changes, drives the adoption of automation and robotic technologies. Hexagon's solutions enable precise measurement of physical objects, and this data can be leveraged to increase autonomy across industries.

2

Extracting value from data

By linking sensor technologies with advanced software and AI, Hexagon is able to fully leverage data sets, providing customers with increasingly sophisticated insights that drive stronger decision-making and allow for greater efficiency.

3

Large and complex projects

In modern complex industries like semiconductor manufacturing, accelerating project timelines and maintaining operational efficiency are critical. With geographically dispersed project teams and increasing project complexity, Hexagon offers solutions to boost productivity, reduce delays, and mitigate cost overruns.

4

Mobile data capture

The rise of mobile sensors, including UAVs, smartphones, and social media-based data, is transforming geospatial information capture. Hexagon's solutions enhance communication, reduce errors, and improve cost control in industries such as construction, where mobile sensors are used to monitor activities in real time.

Hexagon: Embracing AI at every level

Hexagon AI transforms data into a differentiator for our customers by turning insights into impactful actions, improving efficiency, quality, safety, and sustainability in industrial operations. Hexagon AI accelerates innovation, enhancing efficiencies and making the previously impossible possible.

For over a decade, Hexagon has been advancing its domain-specific AI capabilities, beginning with machine learning in 2012. Together with our customers, academia, and strategic and technology partners, Hexagon continues to integrate AI into workflows, sensors, and platforms to push the art of the possible.

At Hexagon, we use artificial intelligence to power our industry-specific workflows, sensors, and platforms. We train domain-specific AI models and apply foundation models where they provide value to our customers.

Hexagon's approach to AI:

At Hexagon, we believe in the responsible and ethical use of AI. Our technology enables our sensors and software to support, emulate, match, or surpass human intelligence and problem-solving capabilities, always with a focus on adhering to our guiding principles.

AI company programme:

We embrace AI at every level of our company. Hexagon's company culture ensures global teams are at the forefront of AI for internal productivity and customer applications.

Since launching the AI company programme in 2024, we have:

- Trained more than 50% of the global workforce on AI in general, our guiding principles, generative AI models, and available AI-enabled tools within Hexagon.
- Fostered AI Circles for peer learning to further drive efficiency and adoption across the workforce.
- Launched more than 60 initiatives to further drive the efficiency of our operations.

Across more than 25 products in our portfolio, Hexagon AI powers industry specific workflows and sensors.

Hexagon AI helps our customers with:

On-site decision making with Agtek Reveal and Hexagon Alix

AI- driven Mining Operations Awareness system and analytics to improve jobsite safety

Budget control with Construction Analytics Portal

Peace of mind with Document Smartification in Hexagon SDx2 and detecting underground assets in IDS AI Maps

Unprecedented quality with VGSTUDIO MAX

Performance simulation of advanced materials with Nexus Materials Enrich

Spatial intelligence with Hexagon's Digital Reality platform

Real time skin analysis for the aesthetic industry with Aura

Using Hexagon AI to become climate-neutral

In Klagenfurt, Austria, city planners collaborated with Hexagon to leverage geospatial data, enabling residents to optimise their properties’ solar energy potential.

A detailed map of the city’s properties was created by capturing reality data and processing it with Hexagon Digital Reality. This map highlighted how each property is used and showcased roofs with a colour scale indicating solar energy levels. The project also assessed the impact of tree shadows in different seasons, providing accurate solar energy potential for each home and business.

This AI-driven analysis helps city officials visualise the current state of the urban environment, simulate future developments, and measure their impact on sustainability.

Using Hexagon’s M.App Enterprise and Hexagon Digital Reality has enabled the city to enhance urban planning and work towards its goal of climate neutrality by 2030.

Financial targets

Our financial targets reflect our commitment to sustainable growth, operational excellence, and value creation for our stakeholders. By targeting the efficient use of capital, we aim to generate strong cash flow, maintain a sound equity ratio, and achieve a balanced debt structure.

N.B., Short-term targets were set in 2022, ending in 2026.

SHORT-TERM TARGETS

Average total growth per year

Target	**8-12%**
Outcome 2024	**-1%**

Note: Average annual total growth of 8-12% during 2022-2026.

Progress as of 2022-2024: 8%

Organic growth

Target	**5-7%**
Outcome 2024	**0%**

Note: Average annual organic growth of 5-7% during 2022-2026.

Progress as of 2022-2024: 5%

M&A growth

Target	**3-5%**
Outcome 2024	**0%**

Note: Average annual growth from acquisition of 3-5% during 2022-2026.

Progress as of 2022-2024: 2%

Operating margin

Target	**>30%**
Outcome 2024	**28%**

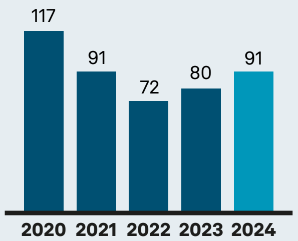
Note: Reach more than 30% operating margin (EBIT1 incl. amortisation of surplus values) by the end of 2026.

Progress as of 2024: 27.6%

LONG-TERM TARGETS

Cash conversion

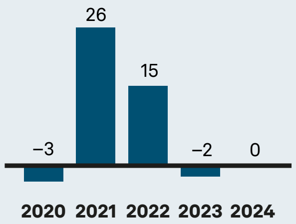
Target	**80-90%**
Outcome 2024	**91%**



Note: Annual target range of 80-90%.

Earnings per share

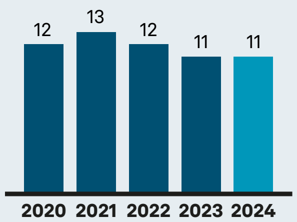
Target	**> 15%**
Outcome 2024	**0%**



Note: Hexagon's overall long-term objective is to annually increase EPS by at least 15%.

Return on capital employed

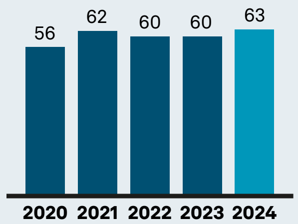
Target	**> 15%**
Outcome 2024	**11%**



Note: Hexagon's overall long-term objective is to annually achieve a return on capital employed exceeding 15%.

Equity ratio

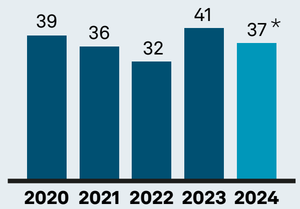
Target	**> 25%**
Outcome 2024	**63%**



Note: Hexagon targets an equity ratio of at least 25%.

Dividend policy
% of net earnings

Target	**25-35%**
Outcome 2024	**41%**

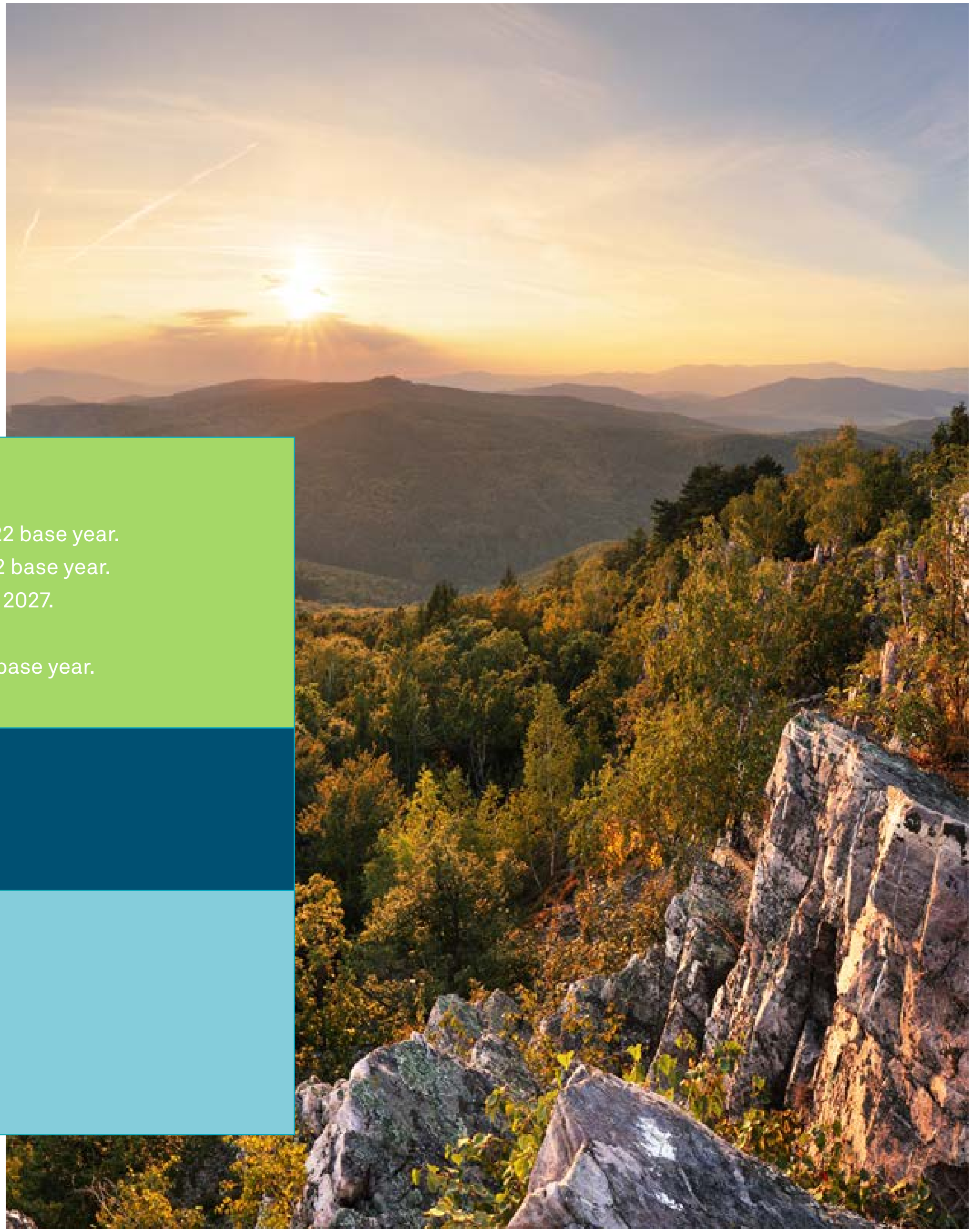


Note: Hexagon's dividend policy is to distribute 25-35% of net earnings after tax.

* Refers to the proposed dividend.

Sustainability targets

At Hexagon, sustainability drives both our vision and operations. We create long-term value by integrating environmental, social, and governance (ESG) principles into our decision-making. Our targets address global challenges while fostering resilience, innovation, and ethical growth. These include reducing our environmental impact, promoting social equity, and upholding strong corporate governance. For detailed insights into our sustainability targets and progress, see our Sustainability Report on page 60.



E

Environmental

- Reduce absolute Scope 1 and Scope 2 GHG emissions by 95% by 2030 from a 2022 base year.
- Reduce Scope 3 GHG emissions by 51.6% per unit of revenue by 2030 from a 2022 base year.
- Increase annual sourcing of renewable electricity from 34.8% in 2022 to 100% by 2027.
- Reach net-zero GHG emissions across the value chain by 2050.
- Reduce Scope 3 GHG emissions by 97% per unit of revenue by 2050 from a 2022 base year.

S

Social

- Achieve at least 30% women in leading positions by 2025.

G

Governance

- 50% of suppliers by spend covering purchased goods and services will have science-based targets by 2028.
- Key suppliers in high-risk areas will be audited every three years.

Divisions

Manufacturing Intelligence

Hexagon's Manufacturing Intelligence division provides technology solutions to accelerate innovation, shape a better reality, and improve the quality of life for all. From product design and engineering to production and quality assurance, the division enables manufacturers to enhance quality, improve efficiency, and reduce waste across the entire product lifecycle. By leveraging data-driven insights, Hexagon's tools empower industries such as aerospace, automotive, electronics, and energy to innovate and address the challenges of modern manufacturing.

1,956
Revenue, MEUR

0%
Organic growth

531
EBIT1, MEUR

27%
Operating margin

2024 highlights

In 2024, Hexagon's Manufacturing Intelligence division saw strong demand in Aerospace and steady growth in Electronics, while General Manufacturing and Automotive faced challenges. Growth in the Americas slowed, Asia showed mixed results with weakness in China but strength in India, and the market in EMEA was challenging. Portable Metrology Solutions continued to perform well, and ETQ software experienced notable SaaS growth.

Build Your Dreams (BYD)

Hexagon signed a three-year global cooperation agreement with BYD at its Shenzhen headquarters. With operations in 88 countries, BYD is focused on technological innovation and invested 5.2 bn EUR in innovation in 2023.

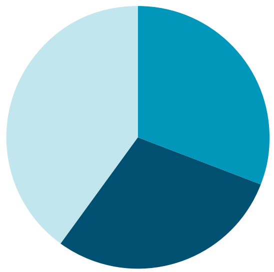
BYD's vertically integrated business covers electronics, automobiles, new energy, and rail transit, making it the world's largest EV maker by production volume in 2024.

Hexagon's advanced metrology solutions ensure quality control throughout BYD's value chain in China. With new factories being established across Asia, Europe, and the Americas, Hexagon's global footprint allows for consistent deployment of quality control processes.

The new agreement with Hexagon builds on a long-term relationship in China to support BYD's rapid globalisation with consistent and repeatable quality control processes, enabling efficient technology solutions and local support services.

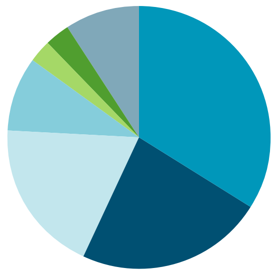
Revenue by geography

- **Americas,** 31%
- **EMEA,** 29%
- **Asia,** 40%



Revenue by industry

- **General manufacturing,** 34%
- **Automotive,** 23%
- **Aerospace & Defence,** 19%
- **Electronics,** 9%
- **Energy & Power,** 3%
- **Healthcare & Life sciences,** 3%
- **Other,** 9%



Asset Lifecycle Intelligence

Hexagon's Asset Lifecycle Intelligence division empowers industries to optimise the performance and sustainability of capital-intensive assets throughout their lifecycle. By integrating advanced enterprise asset management (EAM) and asset lifecycle management solutions, the division facilitates the efficient design, construction, operation, and maintenance of industrial facilities. Serving industries such as oil and gas, chemicals, and utilities, Hexagon's tools transform data into actionable insights, enhancing safety, reducing costs, and driving operational excellence.

832
Revenue, MEUR

7%
Organic growth

297
EBIT1, MEUR

36%
Operating margin

2024 highlights

In 2024, Hexagon's Asset Lifecycle Intelligence (ALI) division achieved 7% organic growth, driven by strong SaaS expansion and consistent double-digit recurring revenue growth. EMEA and the Americas performed steadily, while APAC experienced strong growth in the fourth quarter. Key contributors included Design & Engineering, Operations & Maintenance software, and Enterprise Asset Management's SaaS growth.

Ecopetrol

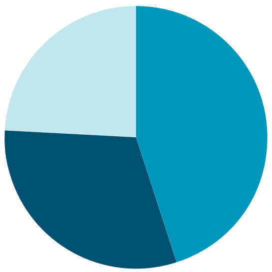
Ecopetrol, a Fortune Global 500 Colombian oil and gas company with 40.3bn USD in annual revenue, manages the entire hydrocarbon value chain with over 18,000 workers. Initially reliant on multiple digital platforms, Ecopetrol faced security risks from outdated systems and struggled with inefficiencies in project execution, prompting the need for a comprehensive digital solution.

By implementing Hexagon's solutions across more than 200 projects, Ecopetrol achieved standardisation, optimised change management, and automated workflows. This transformation resulted in 11.4 MUSD in cost reduction and avoided costs of up to 26.2 MUSD, while achieving a compliance rate of 148%.

The project has positioned Ecopetrol as an industry leader, with users now connected to Hexagon daily as their central repository for asset management. Their successful transformation serves as a model for organisations seeking to optimise project management and embrace sustainable practices.

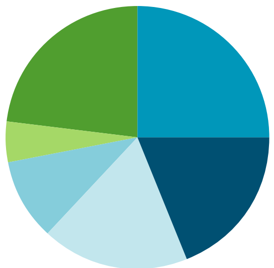
Revenue by geography

- **Americas,** 45%
- **EMEA,** 31%
- **Asia,** 24%



Revenue by industry

- **Oil & Gas,** 25%
- **Chemicals,** 19%
- **Heavy construction –Industrial facilities,** 18%
- **Energy & Power,** 10%
- **Mining,** 5%
- **Other,** 23%



Geosystems

Hexagon's Geosystems division provides cutting-edge solutions for capturing, measuring, and visualising the physical world. By leveraging reality-capture technologies such as 3D scanning, surveying instruments, and geospatial software, the division enables customers to create accurate digital twins for infrastructure, construction, and mapping projects. With its comprehensive portfolio, Hexagon's Geosystems division helps industries transform real-world data into actionable insights, driving efficiency and informed decision-making.

1,555
Revenue, MEUR

-4%
Organic growth

494
EBIT1, MEUR

32%
Operating margin

2024 highlights

In 2024, Hexagon's Geosystems division experienced a -4% organic decline due to challenges in global construction markets, particularly in EMEA and China. Growth in US infrastructure, South America, and the Middle East partially offset this decline. Software and services saw consistent growth, while new products such as the Leica GS05 and the Leica iCON trades solution contributed to performance as the year came to a close.

McCarthy

McCarthy Building Companies is a US construction firm known for operational excellence and maximising client outcomes with lasting results. Like most construction companies, they faced challenges in ensuring information flowed effectively between the office and the field. They turned to Hexagon, their long-time partner, for solutions.

McCarthy used Hexagon's laser scanners and integrated software to share data more quickly with a larger number of people. This allowed the firm to save time and make more accurate decisions while building the Patient Care Tower at Barnes Jewish Hospital in St. Louis, MO. The technology enabled field teams to access and trust model-based information directly on site.

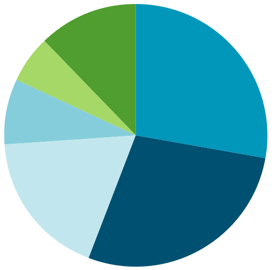
Hexagon's technologies are helping McCarthy make faster and more efficient decisions at the right time, allowing their job sites to maintain production flow.

Revenue by geography

- **Americas,** 33%
- **EMEA,** 47%
- **Asia,** 20%

Revenue by industry

- **Heavy construction – Infrastructure,** 28%
- **Buildings,** 28%
- **Surveying,** 18%
- **Mining,** 8%
- **Mapping,** 6%
- **Other,** 12%



Autonomous Solutions

Hexagon’s Autonomous Solutions division develops advanced technologies that enable autonomy across industries such as agriculture, mining, and transportation. By combining positioning systems, perception technologies, and AI-powered orchestration tools, the division provides comprehensive solutions for autonomous vehicles and operations. These technologies empower customers to enhance productivity, ensure safety, and achieve operational precision in dynamic environments.

558
Revenue, MEUR

-2%
Organic growth

192
EBIT[1], MEUR

34%
Operating margin

2024 highlights

In 2024, Hexagon’s Autonomous Solutions division experienced a 2% organic revenue decline due to market volatility and difficult comparisons from the previous year. Strong performances in marine positioning and mining safety were offset by weaker agricultural demand and challenging aerospace and defence comparisons. EMEA remained resilient, while APAC rebounded towards the end of the year. The decline was largely attributed to tough year-over-year comparisons from significant software deals last year.

Codelco

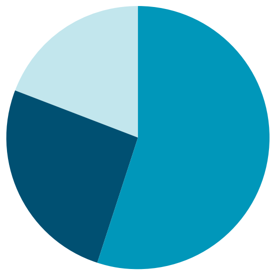
Codelco, Chile’s state-owned mining company and one of the world’s largest copper producers, has integrated Hexagon solutions to enhance efficiency and decision-making. At its Radomiro Tomic mine, over 600 vehicles use Hexagon safety solutions, improving driver safety and operational efficiency. Training for 5,000 personnel has reduced incidents, achieving zero equipment-related accidents.

The vertical integration of technology enables real-time risk identification and improved mining planning, allowing Codelco to develop its own reporting system, which enables supervisors to make informed decisions with greater accuracy. The implementation of Hexagon’s fleet management system has minimised operational costs and maximised truck fleet efficiency, yielding significant economic benefits.

Codelco continues to lead in mining’s digital transformation, advancing safety, planning, and operational efficiency with Hexagon technology.

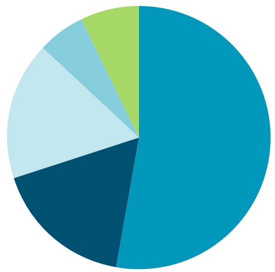
Revenue by geography

- **Americas,** 55%
- **EMEA,** 26%
- **Asia,** 19%



Revenue by industry

- **Mining,** 53%
- **Agriculture,** 17%
- **Aerospace & Defence,** 17%
- **Marine,** 6%
- **Other,** 7%



Safety, Infrastructure & Geospatial

Hexagon's Safety, Infrastructure & Geospatial division transforms complex data about people, assets, and locations into actionable insights that enhance resilience and sustainability. Supporting industries such as public safety, utilities, transportation, and government, the division provides integrated solutions for critical infrastructure management, emergency response, and urban planning. By facilitating better decision-making, Hexagon helps customers improve safety, efficiency, and long-term sustainability.

497
Revenue, MEUR

6%
Organic growth

115
EBIT1, MEUR

23%
Operating margin

2024 highlights

In 2024, Hexagon's Safety, Infrastructure & Geospatial (SIG) division achieved 6% organic growth, driven by demand in public safety, utilities, and geospatial software. The Americas led with strong momentum in public safety and utilities. EMEA experienced steady growth, while Asia finished strongly with key wins in Malaysia. The OnCall dispatch platform and utilities solutions performed well, offsetting a decline in the US federal services business in the second half of the year.

North Dakota Division of State Radio Study

The North Dakota Division of State Radio needed a dispatch and communications system capable of serving more than 300 federal, state, local, and tribal agencies across 26 of the state's 53 counties, as well as North Dakota Game and Fish, the state highway patrol, and the state parole board. The division coordinates 911 services statewide, including emergency medical, fire, and law enforcement response.

The agency migrated to HxGN OnCall Dispatch at its headquarters in Bismarck. The 24/7 communications centre fields more than 280,000 calls per year, particularly during the harsh winter months, and required a modern system to provide situational awareness and coordinate dispatching statewide. Its implementation of OnCall Dispatch enables the agency to coordinate across county and jurisdictional lines, including volunteer organisations in more rural areas.

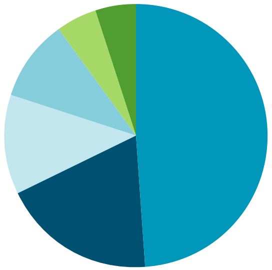
This technology upgrade enhances coordination and response times in emergency situations and provides a seamless communication system, mapping, resource management tools, and real-time situational awareness for the statewide network of emergency response agencies.

Revenue by geography

- **Americas,** 58%
- **EMEA,** 33%
- **Asia,** 9%

Revenue by industry

- **Public safety,** 49%
- **Aerospace & Defence,** 19%
- **Utilities,** 12%
- **Transportation,** 10%
- **Consumer goods,** 5%
- **Other,** 5%



Director's report

Director's report

The Board of Directors and the President of Hexagon AB hereby submit their annual report for the year of operation 1 January 2024 to 31 December 2024. Hexagon AB is a public limited liability company with its registered office in Stockholm, Sweden and its corporate registration number is 556190-4771.

Operating structure

Hexagon's business activities are conducted through more than 300 operating companies in about 50 countries worldwide. The president and CEO is responsible for daily management and decision-making together with the other members of Hexagon Group Management, including the group executive vice president, the chief financial officer, the chief strategy officer, the general counsel, the chief marketing officer, the chief technology officer and the divisional presidents.

Hexagon's Group functions consist of Finance (group accounting, treasury and tax), Business and Technology Development (Innovation Hub), Legal, Strategy, Marketing, Sustainability, Investor Relations and IT.

Risks are managed by each relevant function. For more information about managing risks see page 46.

Hexagon's reporting structure

Hexagon

Hexagon's reporting structure is divided into the divisions below, with Group functions serving all:

Divisions

- Manufacturing Intelligence
- Asset Lifecycle Intelligence
- Geosystems
- Autonomous Solutions
- Safety, Infrastructure & Geospatial

Group functions

- Finance
- Innovation Hub
- Investor Relations
- IT
- Legal and Compliance
- Marketing
- Strategy
- Sustainability

Important events 2024

Q1

Hexagon completed the **divestment of TESA PMI**.

Q2

Hexagon announced the **acquisition of Voyansi,** a provider of machine control hardware and software technologies.

Q3

Hexagon announced the **launch of HxGN Sdx2**, a cloud-native, multi-tenant SaaS solution designed to deliver a connected, insightful digital backbone for industrial facilities.

Hexagon announced the **launch of the Leica GS05**, a lightweight GNSS Smart Antenna.

Hexagon announced the **launch of the Leica iCON** trades solution.

Q4

Hexagon's nomination committee announced the nomination of **Björn Rosengren as Deputy Chairman** for the Hexagon Board of Directors.

Hexagon announced an **agreement to acquire Septentrio NV**, a leading OEM provider of GNSS technologies.

Hexagon announced the **acquisition of 3D Systems' Geomagic suite** of interoperable software packages.

2024 key financials

- Operating net sales decreased by -1% to 5,401.1 MEUR (5,440.0). Using fixed exchange rates and a comparable group structure (organic growth), net sales were flat at 0%
- Adjusted operating earnings (EBIT1) increased by 0% to 1,602.9 MEUR (1,596.7)
- Earnings before tax, excluding adjustments, amounted to 1,432.8 MEUR (1,441.4)
- Net earnings, excluding adjustments, amounted to 1,175.0 MEUR (1,182.0)
- Earnings per share, excluding adjustments, decreased by 0% to 43.3 Euro cent (43.5)
- Operating cash flow increased by 25% to 965.8 MEUR (772.1)

Key figures[1]

	2024	2023	Δ %
Operating net sales	5,401.1	5,440.0	0[2]
Revenue adjustment[3]	-	-4.8	n.a.
Net sales	5,401.1	5,435.2	0[2]
Adjusted operating earnings (EBIT1)	1,602.9	1,596.7	0
Adjusted operating margin	29.7	29.4	0.3
Earnings before taxes excl. adjustments	1,432.8	1,441.4	-1
Adjustments (before taxes)[4]	-170.7	-380.7	n.a.
Earnings before taxes	1,262.1	1,060.7	19
Net earnings	1,035.0	871.8	19
Earnings per share, Euro cent	38.1	32.0	1
Operating cash flow	965.8	772.1	25
Return on equity, %	9.8	8.6	14
Return on capital employed, %	11.1	11.4	-3
Share price, SEK	105.60	121.00	n.a.
Net debt	3,231.1	3,593.2	-10
Average number of employees	24,692	24,548	1

1) All figures are in MEUR unless otherwise stated
2) Adjusted to fixed exchange rates and a comparable group structure, i.e., organic growth
3) Reduction of acquired deferred revenue (haircut) related to acquisitions
4) See more information on page 26

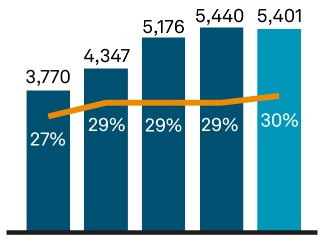
Adjusted operating margin

30%

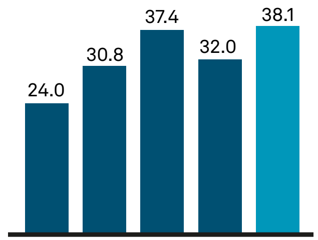
Organic growth

0%

Operating net sales, MEUR
Adjusted operating margin, %



Earnings per share, EUR

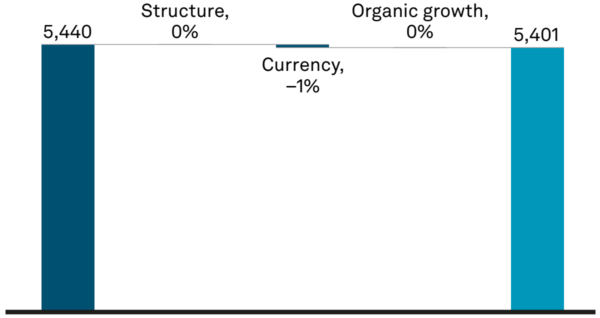


Five-year overview

MEUR	2024	2023	2022	2021	2020
Operating net sales	5,401.1	5,440.0	5,175.5	4,347.4	3,770.5
Revenue adjustment[1]	-	-4.8	-15.0	-6.3	-6.1
Net sales	5,401.1	5,435.2	5,160.5	4,341.1	3,764.4
Adjusted operating earnings (EBIT1)	1,602.9	1,596.7	1,517.8	1,269.6	1,009.5
Adjusted operating margin, %	29.7	29.4	29.3	29.2	26.8
Earnings before taxes excl. adjustments	1,432.8	1,441.4	1,479.1	1,243.4	982.1
Adjustments	-170.7	-380.7	-231.1	-259.8	-222.5
Earnings before taxes	1,262.1	1,060.7	1,248.0	983.6	759.6
Net earnings	1,035.0	871.8	1,019.1	810.0	624.7
Earnings per share, Euro cent	38.1	32.0	37.4	30.8	24.0

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

Sales bridge[1]



1) Operating net sales from completed acquisitions and divestments during the year are recognised as "Structure". Percentages are rounded to the nearest whole per cent

Net sales

Operating net sales amounted to 5,401.0 MEUR (5,440.0). Using fixed exchange rates and a comparable group structure (organic growth), net sales were flat at 0%.

Market demand

Regionally, organic growth was 0% in the Americas, 2% in Asia, and -1% in EMEA. Operating net sales in the Americas amounted to 2,091.7 MEUR (2,097.2), representing 39% (39) of Group sales. North America recorded 0% organic growth, with solid performance in Manufacturing Intelligence and Safety, Infrastructure & Geospatial offset by continued softness in construction and infrastructure markets, as well as tough comparatives in Autonomous Solutions due to prior-year defence contracts. South America recorded 6% organic growth, supported by strength in mining and Safety, Infrastructure & Geospatial, though partially offset by weaker demand in agriculture.

Operating net sales in Asia amounted to 1,439.4 MEUR (1,464.4), representing 27% (27) of Group sales. China recorded -1% organic growth, driven by a weak infrastructure and construction market, as well as challenges across manufacturing industries during the year. The rest of Asia recorded 5% organic growth, with strong contributions from Manufacturing Intelligence in India, progress in Autonomous Solutions in Australia, and key public safety wins in Malaysia.

Operating net sales in EMEA amounted to 1,870.0 MEUR (1,878.4), representing 34% (34) of Group sales. Western Europe recorded -2% organic growth, as continued challenges in the manufacturing and automotive industries were partially offset by strong demand in aerospace and steady performance in Asset Lifecycle Intelligence (ALI). EEMEA recorded 4% organic growth, supported by robust performance in Autonomous Solutions and continued strength in mining and energy-related markets.

Software and services grew by 4% in 2024, with growth in this product category in every division. This contributed to an increase of 7% in recurring revenues. The sensors and robotics portfolio faced headwinds, primarily reflecting the weakness in manufacturing and construction end markets, resulting in a -7% decline for the full year.

Manufacturing Intelligence

Manufacturing Intelligence operating net sales amounted to 1,955.7 MEUR (2,013.0), generating flat organic growth of 0%. Strong demand in aerospace and a steady performance in electronics was offset by weakness in general manufacturing and automotive markets. The Americas grew in the first half of 2024 but softened in the second half. Asia was more mixed, with a difficult market environment in China partially offset by strong growth in India. EMEA was challenging throughout the year, particularly within Western Europe. Portable Metrology Solutions maintained consistent demand, offsetting softness in stationary products. Design & Engineering software and Quality Management Software (ETQ) performed well, with ETQ seeing significant SaaS growth.

Asset Lifecycle Intelligence

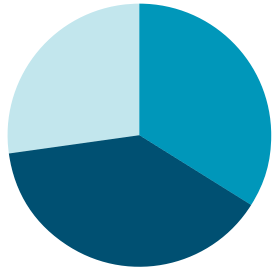
Asset Lifecycle Intelligence (ALI) recorded operating net sales of 831.7 MEUR (782.0), with organic growth of 7%. Growth was driven by an increase in SaaS-related revenues, which supported double-digit growth in recurring revenues. Growth was consistently good in EMEA and the Americas, but performance in APAC was centred around the fourth quarter, supported by some large perpetual wins. By product area, Enterprise Asset Management (EAM) delivered consistent double-digit SaaS growth, supported by strong bookings. Design & Engineering and Operations & Maintenance software were key contributors, with Project, Planning, and Execution solutions gaining momentum in the latter half of the year.

Geosystems

Geosystems recorded operating net sales of 1,555.4 MEUR (1,603.0), reflecting an organic decline of -4%. Demand was impacted by softness in global construction markets, particularly in EMEA and China, with residential construction being the most challenged segment. This was

Revenue by geography

- **EMEA,** 34%
- **Americas,** 39%
- **Asia,** 27%



Revenue by division

- **Manufacturing Intelligence,** 36%
- **Asset Lifecycle Intelligence,** 15%
- **Geosystems,** 29%
- **Autonomous Solutions,** 10%
- **Safety, Infrastructure & Geospatial,** 9%

partially offset by growth in US infrastructure projects and sustained momentum in South America and the Middle East. EMEA was weak throughout 2024, with the exception of the Middle East, which remained strong, and some improvements in the UK market by the end of the year. North America worsened throughout 2024, as infrastructure construction activity began to slow. Asia faced tough comparatives in India for much of 2024, but performance recovered as these eased in the fourth quarter. Software and services recorded consistent growth, generating good growth in recurring revenues. The sensors and robotic solutions portfolio faced headwinds, with subdued demand for surveying and machine control solutions. New products like the Leica GS05 and Leica iCON trades contributed positively in the fourth quarter.

Autonomous Solutions

Autonomous Solutions recorded operating net sales of 558.0 MEUR (571.1), reflecting an organic decline of -2%. Growth was impacted by strong prior-year comparatives and weaker markets in precision agriculture. Underlying demand remained good in most markets, particularly marine positioning, mining safety, and aerospace and defence. EMEA was the most resilient region, benefiting from sustained demand for aerospace and defence solutions. The Americas faced challenges due to softness in South American agriculture and high comparatives in aerospace and defence. APAC declined in the first half but saw strong growth in fourth quarter, supported by the autonomous road train project in Australia. Demand remained strong for safety solutions in mining and correction services in the marine segment. Positioning solutions performed well, especially in defence. The decline in net sales was primarily due to the timing of large perpetual software license deals in 2023, creating difficult year-over-year comparisons.

Safety, Infrastructure & Geospatial

Safety, Infrastructure & Geospatial (SIG) delivered a strong performance in 2024, with operating net sales of 497.1 MEUR (463.9), reflecting organic growth of 6%. Growth was driven by continued demand across public safety, utilities, and geospatial software solutions. The Americas led growth with a high-single-digit increase, supported by strong momentum in public safety and utilities. EMEA recorded steady growth, while Asia finished the year strong with key wins in Malaysia in the fourth quarter, despite mixed performance earlier. Growth was negatively impacted by a significant decline in the US federal services business in the second half of the year. The OnCall dispatch software platform showed strong growth and bookings momentum, while networks and utilities solutions performed well.

Adjusted operating earnings

Adjusted operating earnings (EBITDA) increased by 2% to 2,068.0 MEUR (2,026.6), corresponding to an adjusted EBITDA margin of 38.3% (37.3). Adjusted operating earnings (EBIT1) increased by 0% to 1,602.9 MEUR (1,596.7), corresponding to an adjusted operating margin (EBIT1 margin) of 29.7% (29.4).

Segments

MEUR	Operating net sales 2024	Operating net sales 2023	Adjusted operating earnings (EBIT1) 2024	Adjusted operating earnings (EBIT1) 2023
Manufacturing Intelligence	1,955.7	2,013.0	531.2	530.8
Asset Lifecycle Intelligence	831.7	782.0	296.9	283.2
Geosystems	1,555.4	1,603.0	494.3	510.3
Autonomous Solutions	558.0	571.1	192.0	193.6
Safety, Infrastructure & Geospatial	497.1	463.9	114.7	104.0
Other operations & Group costs	3.2	7.0	-26.2	-25.2
Total	5,401.1	5,440.0	1,602.9	1,596.7

Adjusted gross earnings

Adjusted gross earnings amounted to 3,613.8 MEUR (3,593.4). The adjusted gross margin was 66.9% (66.1).

Financial income and expenses

The financial net amounted to -170.1 MEUR (-155.3) in 2024.

Adjustments

During 2024, adjustments amounted to -170.7 MEUR (-380.7). Adjustments consist of share-based programme expenses (LTIP), amortisation of surplus values (PPA), acquired deferred revenue, transaction costs, and severance costs following the departure of the former CEO. In 2023, the adjustments also included costs related to the implementation of a rationalisation programme.

Earnings before tax

Earnings before tax, excluding adjustments, amounted to 1,432.8 MEUR (1,441.4). Including adjustments, earnings before tax were 1,262.1 MEUR (1,060.7).

Effective tax rate

Hexagon's tax expense for the year totalled -227.1 MEUR (-188.9), corresponding to an effective tax rate of 18.0% (17.8). The tax rate, excluding adjustments, was 18.0% (18.0) for 2024.

Non-controlling interest

The non-controlling interest's share of net earnings was 11.6 MEUR (12.9).

Net earnings

Net earnings, excluding adjustments, amounted to 1,175.0 MEUR (1,182.0) or 43.3 euro cent per share (43.5).

Net earnings, including adjustments, amounted to 1,035.0 MEUR (871.8) or 38.1 euro cent per share (32.0).

Cash flow

Cash flow from operations before changes in working capital and items affecting comparability amounted to 1,583.7 MEUR (1,530.1), corresponding to 59.0 euro cent per share (56.9). Including changes in working capital, but excluding items affecting comparability, cash flow from operations was 1,677.7 MEUR (1,451.9), corresponding to 62.5 euro cent per share (54.0). Cash flow from other investment activities was -87.7 MEUR (-432.2). Cash flow after other investments amounted to 878.1 MEUR (339.9). The change in borrowings was -317.5 MEUR (133.6). Cash dividends to the Parent company shareholders amounted to -349.0 MEUR (-322.8), corresponding to 0.13 EUR per share (0.12).

Profitability

Capital employed, defined as total assets less non-interest-bearing liabilities, increased to 15,091.0 MEUR (14,186.4). Return on average capital employed, excluding adjustments, for the last 12 months was 11.1% (11.4). Return on average shareholders' equity for the last 12 months was 9.8% (8.6). The capital turnover rate was 0.4 times (0.4).

Financing and financial position

Shareholders' equity, including non-controlling interest, increased to 11,196.1 MEUR (10,046.1). The equity ratio was 62.7% (59.5).

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 during 2014. The MTN programme amounts to 20,000 MSEK with tenor up to 6 years. On 31 December 2024, Hexagon had issued bonds for a total amount of 13,150 MSEK (11,650).
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 2024, Hexagon had issued commercial paper for a total amount of 6,020 MSEK (10,827) and 97 MEUR (63).

On 31 December 2024, cash and unutilised credit limits totalled 1,835.2 MEUR (1,268.6). Hexagon's net debt was 3,231.1 MEUR (3,593.2). The net indebtedness was 0.26 times (0.33). Interest coverage ratio was 7.9 times (7.3).

Investments

Ordinary investments consist mainly of investments in production facilities, production equipment and intangible assets, primarily capitalised development expenses. Of the ordinary investments of 632.3 MEUR (626.6) during 2024, approximately 78% (74) were capitalised expenses for development work. Development work is primarily performed in Hexagon's R&D centres with its primary units located in Switzerland, China, India and the USA, that results in products and services that are sold worldwide. The remaining part of the current investments, approximately 22%, comprised mostly of investments in business equipment and machines. All current investments during the year have been financed by cash flow from operating activities. Investments corresponded to 12% (12) of net sales. Depreciation, amortisation and impairment during the year amounted to -577.5 MEUR (-563.0).

Investments

MEUR	2024	2023
Investments in intangible fixed assets	516.8	489.9
Investments in tangible fixed assets	115.5	136.7
Divestments of tangible fixed assets	-9.9	-28.3
Total ordinary investments	622.4	598.3
Investments in subsidiaries	112.4	375.8
Divestments of subsidiaries	-27.8	-
Investments in financial fixed assets	10.0	63.8
Divestments of financial fixed assets	-6.9	-7.4
Total other investments	87.7	432.2
Total investments	710.1	1,030.5

Intangible fixed assets

As of 31 December 2024, Hexagon's carrying value of intangible fixed assets was 13,767.1 MEUR (12,993.7). Amortisation of intangible fixed assets was -371.5 MEUR (-339.6). Impairment tests are made to determine whether the value of goodwill and/or similar intangible assets is justifiable or whether there is any impairment need in full or in part. Goodwill as of 31 December 2024 amounted to 10,159.0 MEUR (9,616.6), corresponding to 57% (57) of total assets.

Goodwill

MEUR	2024	2023
Manufacturing Intelligence	2,714.6	2,583.7
Asset Lifecycle Intelligence	4,067.7	3,807.8
Geosystems	1,523.7	1,472.0
Autonomous Solutions	1,103.3	1,057.5
Safety, Infrastructure & Geospatial	749.7	695.6
Total	10,159.0	9,616.6

Research and development

Hexagon places a high priority on investments in R&D. Being one of the most innovative suppliers in the industry, it is important not only to improve and adapt existing products, but also to identify new applications and thereby increase the total addressable market for Hexagon's products and services. Total expenditure for R&D during 2024 amounted to 855.7 MEUR (836.3), corresponding to 16% (15) of net sales. Development expenses are capitalised only if they pertain to new products, the cost is significant and the product is believed to have future economic benefits. The current level of R&D costs is in line with other leading companies in the industry.

R&D cost

MEUR	2024	2023
Capitalised	491.8	461.5
Expensed (excl. amortisation)	363.9	374.8
Total	855.7	836.3
Amortisation	242.3	205.3
Other amortisations R&D[1]	77.5	94.4

1) Other amortisations consists of PPA amortisations on acquired technology and depreciation on fixed assets

Share capital and ownership

On December 31, 2024, Hexagon's share capital was 85,761,451 EUR, represented by 2,705,477,888 shares. Total shares was 110,250,000 series A shares, each carrying ten votes and 2,574,127,888 series B shares, each carrying one vote. On December 31, 2024, Melker Schörling AB, the single largest shareholder in Hexagon, held a total of 110,250,000 series A shares and 471,081,440 series B shares, representing 42.6% of the votes and 21.5% of the capital. Hexagon AB holds 21,100,000 of the company's own shares of series B at the year end. The purpose of the repurchase is to ensure Hexagon's undertakings in respect to the long-term incentive programme (other than delivery of shares to participants in the incentive programme), including covering social security costs. For more information about the share see page 171.

Significant agreements

To the best of the Board of Director's knowledge, there are no shareholder agreements or similar agreements between the shareholders of Hexagon with the purpose of exercising joint control of the company. Neither is the Board aware of any agreements that could lead to a change of control of the company.

As far as the Board knows, there is no shareholder agreement that could prevent the transfer of shares. Nor are there agreements between the company, directors or employees, other than as described in Note 30 on page 162, which stipulate the right to compensation if such a person voluntarily leaves the company, is dismissed without cause or if such a person's employment is terminated as a result of a public offer for shares of the company.

Management of Hexagon's capital

Hexagon's reported shareholders' equity, including non-controlling interest, was 11,196.1 MEUR (10,046.1) at year-end. Hexagon's overall long-term objective is to increase earnings per share by at least 15% annually and to achieve a return on capital employed of at least 15%. Another Group objective is to achieve an equity ratio of 25% as Hexagon is seeking to minimise the weighted average cost of capital for the company's financing.

Hexagon has undertaken to comply with a requirement regarding a key financial ratio (covenant) towards lenders. The key financial ratio is reported to lenders in conjunction with the quarterly reports. If the requirement is not complied with, the terms and conditions are renegotiated and there is a risk of a temporary increase in borrowing costs. In addition, lenders have a right to terminate loan agreements. Hexagon has never breached any covenants, not in 2024 nor in prior years.

The company's strategy, as well as its financial position and other financial objectives, are considered in connection with the annual decision concerning the dividend.

Risk management

The Board of Directors' report includes the section on risk management, which can be found on pages 46–55 in this document.

Corporate governance

In accordance with the Swedish Annual Accounts Act, Hexagon has prepared a corporate governance report separate from the annual report. It can be found in this document on pages 31–44. The Corporate governance report contains the Board of Directors' report on internal control.

Acquisitions 2024

Hexagon's ambition is to generate profitable growth through a combination of organic growth and acquisitions. Acquisitions are an important part of Hexagon's long-term growth strategy. During 2024, Hexagon acquired the following companies:

Company	Division	Area
Edge Technology	Manufacturing Intelligence	A reseller of Hexagon Production Software (CAM)
Helmee	Manufacturing Intelligence	A provider of metrology inspection solutions
Itus Digital	Asset Lifecycle Intelligence	A provider of asset performance management (APM) software
X Watch	Geosystems	A provider of machine control hardware and software technologies
Voyansi	Geosystems	A provider of BIM (Building Information Modelling) and VDC (Virtual Design and Construction) solutions
Indurad	Autonomous Solutions	A provider of Real-Time Location Systems (RTLS) technologies
Schleupen	Safety, Infrastructure & Geospatial	A reseller of Hexagon's geospatial and network asset management software solutions

Read about acquisitions on page 161 →

Statutory sustainability report

Hexagon has prepared a sustainability report in accordance with the Global Reporting Initiative's guidelines (GRI Standards 2021) and in accordance with the requirements of the Swedish Annual Act. The Board of Director's are responsible for the sustainability report that has been prepared. The Group's sustainability report can be found on pages 60–129 in this document.

Dividend

The dividend policy of Hexagon states that, over the long term, the dividend should comprise 25–35% of earnings per share after tax, assuming that Hexagon satisfies its equity ratio objective.

A dividend of 0.13 EUR per share for the fiscal year 2023 was resolved by the Annual General Meeting (AGM) in April 2024. The record date was 2 May and date of settlement was 10 May 2024.

The Hexagon Board of Directors proposes a dividend of 0.14 EUR per share for the fiscal year 2024, corresponding to 37% of net earnings after tax. The proposed record date will be 7 May and expected date for settlement is 14 May 2025.

Guidelines for remuneration to senior executives

The AGM 2024 resolved on guidelines for remuneration to the President and CEO and other senior executives as follows. Other senior executives are defined as members of the group management. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the AGM 2024. These guidelines do not apply to any remuneration decided or approved by the general meeting.

A prerequisite for the successful implementation of the company's business and safeguarding of its longterm interests, including its sustainability, is that the company is able to attract and retain qualified senior executives. To this end, it is necessary that the company offers competitive remuneration on market terms. These guidelines enable the company to offer the executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim to promote the company's business strategy and long-term interests, including its sustainability.

The remuneration shall be on market terms and consist of fixed salary, variable remuneration, other benefits and pension. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share-price related incentive programmes. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration is capped and shall be maximised at up to 150 per cent of the fixed annual cash salary.

For senior executives, pension benefits shall be paid not earlier than from the age of 60 years. As a general guideline, pension benefits for the CEO, including health insurance, shall be fee based. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 20 per cent of the fixed annual cash salary. As a general guideline, pension benefits for other executives, including health insurance, shall be fee based. Deviations from this general guideline may be made when appointing new senior executives whose employment agreements already comprise benefit-based pension plans or if the executive is covered by benefit pensions in accordance with mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits only to the extent required by mandatory collective agreement provisions applicable to the executive. The pension premiums for premium defined pension shall amount to not more than 25 per cent of the fixed annual cash salary. Other benefits may include, for example, life insurance, medical insurance and company cars. Premiums and other costs relating to such benefits may amount to not more than two per cent of the fixed annual cash salary.

For employments governed by rules other than Swedish, adjustments may be made for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

The notice period for the President and CEO is six months. Upon termination by the company or in case of a change of principal ownership the President and CEO is entitled to severance pay equal to 18 months of salary. The period of notice for other senior executives is a maximum of 24 months upon termination by the company, and a maximum of six months upon termination by the senior executive. Basic salary and other employment benefits during the notice period may together with severance pay not exceed an amount equivalent to the basic cash salary for 24 months. When the employment is terminated by the senior executive, no severance pay shall be paid.

The variable cash remuneration shall be linked to individualised predetermined and measurable criteria. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development. The variable cash remuneration is based on results and other financial targets, such as organic growth and the cash conversion target rate. The design of the criteria for variable cash remuneration contributes to the company's business strategy, long-term interests and sustainability.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable cash remuneration to the President and CEO. For variable cash remuneration to other executives, the President and CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company. In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The Board of Directors has established a remuneration committee. Remuneration to the President and CEO and other senior executives shall be prepared by the remuneration committee and resolved by the Board of Directors based on the proposal of the remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programmes for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent in relation to the company and the company management. The President and CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines. The guidelines for remuneration to senior executives, adopted by the AGM 2024, are applicable until further notice and the Board of Directors will not propose any changes to the guidelines at the AGM 2025.

For a description of remuneration to senior executives see Note 30 on page 162.

Incentive programmes

The Board of Directors proposed that the AGM resolved on implementation of a performance based long-term share programme for 2024 (Share Programme 2024/2027), for more information on the share programme see Note 30 on page 162 and the share section on page 171.

Parent company

The Parent Company's earnings before tax were 5,136.7 MEUR (1,658.8). The equity was 11,113.4 MEUR (6,333.3). The equity ratio of the Parent company was 52% (38). Liquid funds including unutilised credit limits were 1,134.0 MEUR (734.2).

Hexagon's activities are financed via equity and external borrowings in the Parent company. Substantial currency effects arise due to Intra-Group and external lending and borrowing transactions in multiple currencies.

Proposed appropriation of earnings

The following earnings in the Parent company are at the disposal of the annual general meeting (KEUR):

Premium reserve	2,903,123
Retained earnings	2,628,733
Net earnings	5,173,566
Total	10,705,422

The Board of Directors proposes that these funds are allocated as follows:

Cash dividend to shareholders of 0.14 EUR per share	375,813
Balance remaining in the premium reserve	2,903,123
Balance remaining in retained earnings	7,426,486
Total	10,705,422

Significant events after the fiscal year

On 7 January 2025, Hexagon announced an agreement to acquire Septentrio NV, a leading OEM provider of Global Navigation Satellite System (GNSS) technologies.

On 20 January 2025, the Hexagon Board of Directors appointed Anders Svensson as new President and CEO of Hexagon. Anders Svensson will take office on 20 July 2025 at the latest, succeeding Norbert Hanke, who will continue as Interim President and CEO until then.

On 21 January 2025, Hexagon announced the acquisition of CAD Service, a developer of advanced visualisation tools used to integrate computer-aided design (CAD) drawings, BIM models, and Reality Capture data into HxGN EAM.

On 4 March 2025, Hexagon announced that the Board of Directors, after a comprehensive assessment, has directed management to prepare for the separation of its Asset Lifecycle Intelligence (ALI) division and related businesses (NewCo), which now also includes the complete Safety, Infrastructure & Geospatial division, by way of a Lex Asea distribution (or "spin-off") to its shareholders, as previously announced on 25 October 2024. The Board intends to propose the distribution and listing of NewCo's shares at a shareholder's meeting in early 2026, provided that the circumstances are deemed right at the time.

On 17 March 2025, Hexagon appointed Gordon Dale as President of the division Autonomous Solutions.

Corporate governance

Corporate governance report

Hexagon AB is a public company listed on Nasdaq Stockholm. The corporate governance of Hexagon is based on Swedish legislation, primarily the Swedish Companies Act, Hexagon's Articles of Association, the Board of Directors' internal rules, Nasdaq Stockholm's rules and regulations, the Swedish Corporate Governance Code (the "Code") and regulations and recommendations issued by relevant organisations.

Hexagon applies the Code, which is based on the principle "comply or explain". Hexagon did not note any deviations from the Code for the 2024 financial year.

This corporate governance report has been prepared in accordance with the provisions of the Annual Accounts Act and the Code and has, by virtue of Section 6, paragraph 8 of the Annual Accounts Act, been issued as a document separate from the annual report.

Ownership structure and share information

At 31 December 2024, Hexagon's share capital was 85,761,450.56 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. As of 31 December 2024, Hexagon AB holds in total 21,100,000 of the company's own shares of series B acquired on Nasdaq Stockholm. No repurchases of the company's own shares were made during 2024 pursuant to the authorisation granted by the Annual General Meeting on 29 April 2024. The authorisation comprises acquisitions on Nasdaq Stockholm, on one or more occasions for the period up until the Annual General Meeting 2025, of maximum so many Series B shares that the company's holding does not exceed 10 per cent of all shares in the company at that time. According to the authorisation any acquisitions of shares on Nasdaq Stockholm may only occur at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and the lowest selling price. The Board of Directors was further authorised, for the period up until the Annual General Meeting 2025 on one or more occasions, to resolve on transfer of the company's own series B shares. According to the authorisation, transfer of series B shares may be made at a maximum of 10 per cent of the total number of shares in the company from time to time. A transfer may be made with deviation from the shareholders' preferential rights on Nasdaq Stockholm as well as to third parties in connection with acquisition of a company or a business. Compensation for transferred shares can be paid in cash, through an issue in kind or a set-off. Transfers of shares on Nasdaq Stockholm may only occur at a price per share within the share price interval registered at that time. Transfer in connection with acquisitions may be made at a market value assessed by the Board of Directors. The purpose of the authorisations is to give the Board of Directors the opportunity to adjust the company's capital structure, to finance potential company acquisitions, and as a hedge for the company's share-based incentive programmes. The Board of Directors did not exercise the authorisations to resolve on acquisition or transfer of own shares during 2024.

The Annual General Meeting held on 29 April 2024 also authorised the Board of Directors to, with or without deviation from the shareholders' preferential rights, and with or without provisions for contribution in kind, setoff or other conditions, resolve to issue Series B shares, convertibles and/or warrants (with rights to subscribe for or convert into Series B shares). The authorisation may be utilised on one or more occasions during the period up until the Annual General Meeting 2025. By resolutions in accordance with the authorisation, the number of shares may be increased by a number corresponding to a maximum of 10 per cent of the number of outstanding shares in the company at the time when the Board of Directors first uses the authorisation. The purpose of the authorisation is to ensure financing of acquisitions of companies, part of companies or businesses or to strengthen the company's capital base and equity/assets ratio. In case of deviation from the shareholders' preferential rights, issues by virtue of the authorisation shall be made on market conditions.

Melker Schörling AB, the single largest shareholder in Hexagon, held a total of 110,250,000 series A shares and 471,081,440 series B shares at year-end 2024, representing 42.6 per cent of the votes and 21.5 per cent of the capital. No other shareholder has any direct or indirect shareholding representing 10 per cent or more of the total votes.

To the best of the knowledge of the Board of Directors (the "Board"), there are no shareholder agreements or similar agreements between the shareholders of Hexagon with the purpose of exercising joint control of the company. The Board also is not aware of any agreements that could lead to a change in control of the company or that could prevent the transfer of shares of the company.

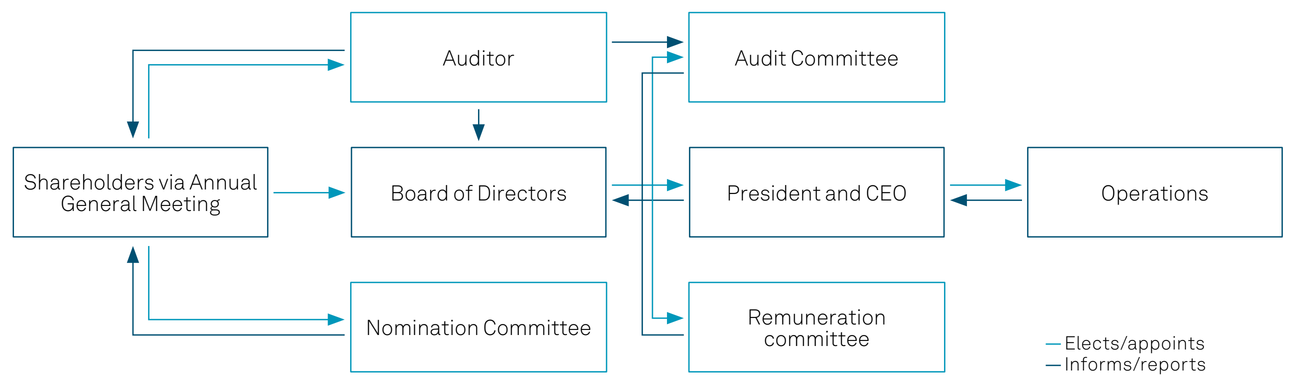
Annual General Meeting

The General Meeting is Hexagon's supreme decision-making body in which all shareholders are entitled to participate. The Articles of Association of the company contain no restrictions regarding the number of votes that may be cast by a shareholder at general meetings. At the Annual General Meeting (AGM), the Board presents the annual report (including the consolidated accounts) and the audit report. Hexagon issues the notice convening the AGM no later than four weeks prior to the meeting. To attend the AGM, a shareholder must be recorded in the share register and notify the company of his/her intention to attend the AGM within the time limit set forth in the notice convening the AGM. The AGM is held in Stockholm, Sweden, usually at the end of April or in the beginning of May. The AGM provides shareholders with an opportunity to address a number of issues, such as the adoption of the income statement and balance sheet, the appropriation of the company's profit or loss according to the adopted balance sheet, the discharge from liability to the company of the Board members and the President and CEO, the remuneration of the Board and auditors, the principles for remuneration and employment terms for the President and CEO and other senior executives, approval of the remuneration report for the previous financial year, the election of members and the Chair of the Board, the election of the auditor, and any amendments to the Articles of Association.

Nomination Committee

The AGM has resolved that the Nomination Committee's assignment shall comprise the preparation and presentation of proposals to the shareholders at the AGM on the election of Board members, Chair of the Board, Chair of the AGM, and the company's auditors. In addition, the Nomination Committee presents proposals regarding remuneration of the Board of Directors (including for committee work) and the auditors.

The Nomination Committee shall consist of representatives for major shareholders of the company elected by the AGM. In case a shareholder, who a member of the Nomination Committee represents, is no longer one of the major shareholders of Hexagon or if a member of the Nomination Committee is no longer employed by such shareholder or for any other reason leaves the Committee before the next AGM, the Committee is entitled to appoint another representative among the major shareholders to replace such a member. No fees are paid to the members of the Nomination Committee.



Board of Directors

In accordance with the Articles of Association, the Board of Directors of Hexagon shall consist of no less than three and not more than ten members, elected annually by the AGM for the period until the end of the next AGM. The Articles of Association of the company contain no special provisions regarding the election and discharge of Board members or regarding changes to the Articles of Association. The AGM 2024 elected nine members. The President and CEO, The Chief Financial Officer, the General Counsel and the Chief Strategy Officer participate in the Board meetings. Other Hexagon employees participate in the Board meetings to make presentations on particular matters if requested.

The Nomination Committee's conclusions regarding the Board members' independence in relation to the company, its management and major shareholders is presented on pages 40–41. According to the requirements set out in the Code, the majority of the Board members elected by the AGM must be independent in relation to the company and its management and at least two of such Board members shall also be independent in relation to the company's major shareholders. The criteria set forth in the Code and other relevant factors were considered in making determinations about independence.

The Board of Directors is responsible for determining Hexagon's overall objectives, developing and monitoring the overall strategy, deciding on major acquisitions, divestments and investments, and ongoing monitoring of operations. The Board is also responsible for ongoing evaluation of management, as well as systems for monitoring internal controls and the company's financial position. The Board ensures that the company's external disclosure of information is characterised by openness and that it is accurate, relevant and clear. Procedural rules and instructions for the Board and the President and CEO govern issues requiring board approval and financial information and other reporting to be submitted to the Board.

The Chair directs the Board's activities to ensure that they are conducted pursuant to the Swedish Companies Act, the prevailing regulations for listed companies and the Board's internal control instruments.

At all scheduled board meetings, information concerning Hexagon's financial position and important events affecting the company's operations is presented.

Audit Committee

The Audit Committee, which is a preparatory body in the Board's contacts with the company's auditors, is appointed annually by the Board and regularly submits reports to the Board about its work. The Audit Committee follows written instructions and is, through its activities, to meet the requirements stipulated in the Swedish Companies Act and in the EU's audit regulation. The Committee's tasks include assisting the Nomination Committee in drawing up proposals for AGM resolutions on the election of auditors and remuneration to auditors, monitoring that the auditor's term of office does not exceed applicable rules, procuring the audit and making a recommendation in accordance with the EU's audit regulation. Furthermore, the Audit Committee shall review and monitor the auditors' impartiality and independence, paying particular attention to whether the auditor provides the company with other services than the audit. The Audit Committee shall also issue guidelines for services in addition to auditing services provided by the auditors and in applicable cases approve these services according to the issued guidelines. The Audit Committee shall take part in planning auditing services and related reporting and regularly meet with the external auditors to stay informed on the orientation and scope of the audit. The Audit Committee shall also review and monitor the Group's financial reporting, the activities of the external auditors, the company's internal controls, the current risk situation and the company's financial information to the market. The Audit Committee's tasks also include submitting recommendations and proposals to ensure the reliability of financial reporting and other issues that the Board assigns the Committee to consider. The Committee has not, other than pursuant to written instructions approved by the Board specifically for the Audit Committee, been authorised to make any decisions on behalf of the Board.

Key data for board members

			Committee membership		Meeting attendance		
Board Member[1]	Elected	Independent	Audit Committee	Remuneration Committee	Board of Directors	Audit Committee	Remuneration Committee
Ola Rollén	2000	No[2]		⦿	15/15		1/1
John Brandon	2017	Yes			13/15		
Annika Falkengren[4]	2024	Yes	⦿		8/11	4/4	
Ralph Haupter[4]	2024	Yes			9/11		
Erik Huggers	2021	Yes	⦿		15/15	7/7	
Gun Nilsson	2008	Yes	⦿		15/15	7/7	
Märta Schörling Andreen	2017	No[3]			15/15		
Sofia Schörling Högberg	2017	No[3]	⦿	⦿	14/15	7/7	1/1
Brett Watson	2021	Yes			11/15		

1) A complete presentation of the Board Members is included on pages 40–41
2) Ola Rollén is not deemed to be independent of the company and its management
3) Märta Schörling Andreen and Sofia Schörling Högberg are not deemed to be independent of the company's major shareholders
4) Annika Falkengren and Ralph Haupter were elected at the Annual General Meeting 2024

Board and committee meetings

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board of Directors	⦿		⦿	⦿⦿⦿		⦿	⦿	⦿		⦿	⦿⦿⦿⦿	⦿⦿
Audit Committee	⦿		⦿	⦿			⦿	⦿		⦿		⦿
Remuneration Committee	⦿											

Remuneration Committee

The Remuneration Committee is appointed by the Board annually and its task is, on behalf of the Board, to consider issues regarding remuneration of the President and CEO and executives that report directly to the President and CEO and other similar issues that the Board assigns the Committee to consider. The Committee shall also follow and evaluate ongoing programmes or programmes completed during the year for variable remuneration to group management, as well as the application of the guidelines for remuneration to senior executives as resolved by the AGM. The Committee has not been authorised to make any decisions on behalf of the Board.

External auditors

The AGM appoints the company's auditors. On behalf of the shareholders, the auditors' task is to examine the company's Annual Report and accounting records and the administration by the Board of Directors and the President and CEO. In addition to the audit, the auditors occasionally have other assignments, such as work relating to acquisitions and tax. Hexagon's auditors normally attend the first Board meeting each year, at which the auditor report observations from the examination of Hexagon's internal controls and the annual financial statements. Moreover, the auditors report to and regularly meet with the Audit Committee. In addition, the auditors participate in the AGM to present the Auditor's report, which describes the audit work and observations made.

Internal control

The responsibility of the Board for internal control is regulated in the Swedish Companies Act and in the Code. It is the duty of the Board to ascertain that the internal control and formalised routines of the company ensure that the principles for internal control and financial reporting are adhered to and that the financial reports comply with the law and other requirements applicable to listed companies. The Board bears the overall responsibility for internal control of the financial reporting. The Board has established written formal rules of procedure that clarify the Board's responsibilities and regulate the internal distribution of work between the Board and its committees.

President and CEO and Executive leadership

The President and CEO is responsible for leading and controlling Hexagon's operations in accordance with the Swedish Companies Act, other legislation and regulations, applicable rules for listed companies, as well as the Code, the Articles of Association and the instructions and strategies determined by the Board. The President and CEO shall ensure that the Board is provided with objective, detailed and relevant information required in order for the Board to make well-informed decisions. Furthermore, the President and CEO is responsible for keeping the Board informed of the company's development between board meetings.

The Group management, comprising the President and CEO, divisional presidents, heads of geographical regions and certain specific group staff functions, totals 14 persons. Group management is responsible for the overall business development and the apportioning of financial resources between the business areas, as well as matters involving financing and capital structure. Regular management meetings constitute Hexagon's forum for implementing overall controls down to a particular business operation and in turn, down to the individual company level.

Operations

In financial terms, Hexagon's business operations are controlled on the basis of the return on capital employed. This requires focus on maximising operating earnings and minimising working capital. Hexagon's organisational structure is decentralised with central oversight and coordination. Targets, guidelines and strategies are set centrally in collaboration with the business units. Managers assume overall responsibility for their respective business and pursue the clearly stated objectives.

ACTIVITIES DURING THE YEAR

Annual General Meeting 2024

The AGM, held on 29 April 2024 in Stockholm, Sweden, was attended by shareholders representing 74 per cent of the total number of shares and 82 per cent of the total number of votes. Apart from attending the AGM, the shareholders had the opportunity to vote by mail before the meeting. Ola Rollén was elected Chair of the AGM.

The following main resolutions were passed at the AGM 2024:

- Re-election of Directors Ola Rollén, Gun Nilsson, John Brandon, Märta Schörling Andreen, Sofia Schörling Högberg, Brett Watson and Erik Huggers
- Election of Directors Annika Falkengren and Ralph Haupter Re-election of Ola Rollén as Chair of the Board
- Re-election of Ola Rollén as Chair of the Board
- Election of the accounting firm PricewaterhouseCoopers AB (PwC) for a one-year period of mandate. PwC has appointed the authorised public accountant Bo Karlsson as auditor in charge
- Dividend of 0.13 EUR per share for 2023 as per the Board's proposal
- Resolution on approval of remuneration report for 2023
- Resolution on guidelines for remuneration to senior executives
- Approval of a performance based long term incentive programme (Share Programme 2024/2027)
- Authorisation for the Board of Directors on acquisition and transfer of Hexagon shares
- Authorisation for the Board of Directors to issue shares, convertibles and/or warrants

Nomination Committee

For the proposal for the AGM 2024, the Nomination Committee applied rule 4.1 of the Code as the diversity policy related to the Committee's nomination work. The Nomination Committee confirmed that the Board of Hexagon has an equal gender balance and an appropriate composition in general. Additional criteria, such as background, experience, previous leadership roles, relevant insights into Hexagon's industries and other customary attributes were considered when nominating the directors.

In respect of the 2025 AGM, the Nomination Committee comprises:

- Mikael Ekdahl, Melker Schörling AB (Chair)
- Jan Dworsky, Swedbank Robur fonder
- Brett Watson, Infor
- Daniel Kristiansson, Alecta

The Chairman of the Board, Ola Rollén, was co-opted to the Nomination Committee. During 2024, the Nomination Committee held four minuted meetings at which the Chair gave an account of the process of evaluation of the Board's work. The Committee discussed and decided on proposals to submit to the AGM 2025 concerning the election of Chair of the AGM, the election of Chair and other Board Members, remuneration to the Board, including remuneration for committee work, and fees to the auditors. Shareholders wishing to submit proposals have been able to do so by contacting the Nomination Committee via mail or email. Addresses have been made available on Hexagon's website.

Board of Directors' activities

In 2024, the Board held 15 minuted meetings, including the statutory board meeting. At the Board meetings, the President and CEO presented the financial and market position of Hexagon and important events affecting the company's operations. On different occasions, Hexagon senior executives presented their operations and business strategies to the Board. In addition, items such as the approval of the interim reports, the annual report, acquisitions, cyber security and sustainability are part of the Board's work plan and the company's auditors presented a report on their audit work during the year.

Evaluation of the Board's work

The Board continuously evaluates its work and the format of its activities. This evaluation considers factors such as how the Board's work can be improved, whether the character of meetings stimulates open discussion and whether each Board member participates actively and contributes to discussions. The evaluation is coordinated by the Chair of the Board. In 2024, the Chair conducted a written survey with all the Board members. The result of the evaluation has been reported to and discussed by the Board and the Nomination Committee. The Board is also evaluated within the framework of the Nomination Committee's activities.

Audit Committee

During 2024, the Audit Committee comprised:

- Annika Falkengren (Chair)
- Gun Nilsson
- Sofia Schörling Högberg
- Erik Huggers

In 2024, the Committee held seven minuted meetings where the financial reporting and risks of Hexagon were monitored and discussed. The Committee dealt with relevant accounting issues, audit work and reviews, new financing, and testing for impairment of goodwill.

Remuneration Committee

During 2024, the Remuneration Committee comprised:

- Ola Rollén (Chair)
- Sofia Schörling Högberg

In 2024, the Committee held one minuted meetings where remuneration and other employment terms and conditions for the President and CEO and other Group management were discussed. The Remuneration Committee also monitored and evaluated the ongoing programmes for variable remuneration to senior executives as well as the application of the guidelines for remuneration to senior managers and the structure and levels of remuneration in the company.

External auditors

The AGM 2024 re-elected the accounting firm PricewaterhouseCoopers AB (PwC) as auditor for a one-year period of mandate. PwC has appointed authorised public accountant Bo Karlsson as auditor in charge. In addition to the assignment for Hexagon, he performs audit assignments for VNV Global AB (publ), VEF AB (publ) and Rottneros AB (publ). Other recent assignments include audit assignments for companies such as ASSA ABLOY AB (publ), SKF AB (publ) and Investment AB Latour (publ).

Hexagon's auditors attended the first Board meeting of the year, at which they reported observations from their examination of Hexagon's internal controls and the annual financial statements. The auditors met with the Audit Committee on seven occasions during 2024. The address of the auditors is PricewaterhouseCoopers AB, 113 97 Stockholm, Sweden.

Remuneration principles

The following principles for remuneration to senior executives in Hexagon were adopted by the AGM 2024.

Remuneration shall consist of a basic salary, variable remuneration, pension and other benefits and all remuneration shall be competitive and in accordance with market practice. The variable remuneration shall be maximised at up to 150 per cent in relation to the basic remuneration, related to the earnings trend which the relevant individual may influence and other financial targets, such as organic growth and the cash conversion target rate, and based on the outcome in relation to individual targets.

The Board annually considers whether a share or sharebased incentive programme shall be proposed to the AGM. The notice period shall normally be six months when notice of termination of employment is delivered by the employee. In case of notice of termination of employment delivered by the company, the notice period and the period during which severance payment is paid shall, all in all, not exceed 24 months. Basic salary and other employment benefits during the notice period may together with severance pay not exceed an amount equivalent to the basic cash salary for 24 months. Pension benefits shall, as a main rule, be defined contribution. Deviation from this main rule may be permitted when appointing new senior executives whose previous employment agreement included a defined benefit pension plan. The pension age for senior executives is individually determined, although not less than 60 years of age. The guidelines are intended to apply until further notice and the Board of Directors will not propose any changes to the guidelines at the AGM 2025. The complete guidelines are presented on pages 28–30.

Remuneration of Executive Leadership

Remuneration of the President and CEO and other senior executives is presented in Note 30 on page 162. The Board has prepared a remuneration report for approval by the AGM 2025.

There are no agreements between the company and its directors or employees, other than as described in Note 30, which stipulate the right to compensation if such person voluntarily leaves the company, such person is dismissed with cause or if such person's employment is terminated as a result of a public offer for shares in the company.

Incentive programmes

Details of the Share Programme 2021/2024, the Share Programme 2022/2025, the Share Programme 2023/2026 and the Share Programme 2024/2027 are presented on page 171 (The share section) and in Note 30 on page 162.

Remuneration of Board of Directors

Remuneration of the Board of Directors is resolved by the AGM upon proposal from the Nomination Committee. During 2024, the Chair of the Board and other Board Members received remuneration totaling 843.1 KEUR (636.8). Remuneration of the Board of Directors is presented in Note 30 on page 162.

Remuneration ofexternal auditors

Remuneration for services in addition to auditing services primarily refers to work related to acquisitions and tax. Remuneration of the external auditors is presented in Note 31 on page 164.

For more details about principles practised →
- The Swedish Companies Act, regeringen.se
- The Swedish Code of Corporate Governance, corporategovernanceboard.se

More information is available at hexagon.com →
- Articles of Association
- Information from earlier General Meetings
- Information about the members of the Board of Directors, the President and CEO and the auditor
- Information about the Nomination Committee, including the company's instructions for the Nomination Committee
- Information ahead of the Annual General Meeting 2025

Internal control pertaining to financial reporting

The Annual Accounts Act and the Code stipulate that the Board of Directors must submit a report on the key aspects of the company's systems for internal controls and risk management regarding financial reports. Internal control pertaining to financial reporting is a process that involves the Board, company management and other personnel. The process has been designed so that it provides assurance of the reliability of the external reporting. According to a generally accepted framework that has been established for this purpose, internal control is usually described from five different perspectives:

1. Control environment

Hexagon's organisation is designed to facilitate rapid decision making. Accordingly, operational decisions are taken at the business area or subsidiary level, while decisions concerning strategies, acquisitions and company-wide financial matters are taken by the company's Board and Group management. The organisation is characterised by well-defined allocation of responsibility and well-functioning and well-established governance and control systems, which apply to all Hexagon units. The basis for the internal control pertaining to financial reporting is comprised of an overall control environment in which the organisation, decision-making routes, authorities and responsibilities have been documented and communicated in control documents, such as Hexagon's finance policy and reporting instructions and in accordance with the authorisation arrangements established by the President and CEO.

Hexagon's functions for financial control are integrated by means of a group-wide reporting system. Hexagon's financial control unit engages in close and well-functioning cooperation with the subsidiaries' controllers in terms of the financial statements and the reporting process. The Board's monitoring of the company's assessment of its internal control includes contacts with the company's auditor. Hexagon has no internal audit function, since the functions described above satisfy this need. All of Hexagon's subsidiaries report complete financial statements on a monthly basis. This reporting provides the basis for Hexagon's consolidated financial reporting. Each legal entity has a controller responsible for the financial control and for ensuring that the financial reports are correct, complete and delivered in time for consolidated financial reporting.

2. Risk assessment

The significant risks affecting the internal control of financial reporting are identified and managed at group, business area, subsidiary and unit level. Within the Board, the Audit Committee is responsible for ensuring that significant financial risks and the risk of error in financial reporting is identified and managed in a manner that ensures correct financial reporting. Special priority has been assigned to identifying processes that, to some extent, give rise to a higher risk of significant error due to the complexity of the process or of the contexts in which major values are involved.

3. Control activities

The risks identified with respect to the financial reporting process are managed via the company's control activities. The control activities are designed to prevent, uncover and correct errors and non-conformities. Their management is conducted by means of manual controls in the form of, for example, reconciliations, automatic controls using IT systems and general controls conducted in the underlying IT environment. Detailed analyses of financial results and evaluation in relation to budget and forecasts supplement the business-specific controls and provide general confirmation of the quality of the financial reporting.

4. Information and communication

To ensure the completeness and correctness of financial reporting, Hexagon has formulated information and communication guidelines designed to ensure that relevant and significant information is exchanged within the business, within the particular unit and to and from management and the Board. Guidelines, handbooks and job descriptions pertaining to the financial process are communicated between management and personnel and are accessible electronically and/or in a printed format. The Board receives regular feedback in respect of the internal control process from the Audit Committee. To ensure that the external communication of information is correct and complete, Hexagon complies with a Board approved information policy that stipulates what may be communicated, by whom and in what manner.

5. Monitoring activities

The efficiency of the process for risk assessment and the implementation of control activities are reviewed continuously. The follow-up pertains to both formal and informal procedures used by the officers responsible at each level. The procedures incorporate the review of financial results in relation to budget and plans, analyses and key figures. The Board obtains current and regular reports on Hexagon's financial position and performance. At each Board meeting, the company's financial position is addressed and, on a monthly basis, management analyses the company's financial reporting at a detailed level. The Audit Committee follows up the financial reporting at its meetings and receives reports from the auditors describing their observations.

Auditor's report on the corporate governance statement

Unofficial translation

To the general meeting of the shareholders of Hexagon AB (publ), corporate identity number 556190-4771

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2024 on pages 31–44 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 27 March 2025

PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Auditor in charge

Helena Kaiser de Carolis
Authorised Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Board of Directors





Ola Rollén
Born in 1965
Member of the Board since 2000
Chair of the Board since 2023
Chair of the Remuneration Committee
Education: B.Sc. (Economics)
Work experience: Chief Executive Officer of Greenbridge S.A., President and Chief Executive Officer of Hexagon, President of Sandvik Materials Technology and Kanthal, Executive Vice President of Avesta-Sheffield
Other assignments: –
Previous assignments in the past five years: Chair of the Board at Greenbridge S.A., Board Member at Divergent Technologies Inc., Neo4j Inc. and Nstech S.A.
Shareholding[1]*:* 669,949 shares of series B and 350,321 awards through share programmes
Independent of major shareholders

John Brandon
Born in 1956
Member of the Board since 2017
Education: B.A. (History)
Work experience: Chief Executive Officer of TreisD Corporation, Advisor at Conductive Ventures, Vice President International of Apple Inc., Chief Executive Officer of Academic Systems Inc., Vice President and General Manager at North America of Adobe Systems Inc.
Other assignments: Board Member of Securitas AB
Previous assignments in the past five years: –
Shareholding[1]*:* 21,000 shares of series B
Independent of the company, its management and major shareholders

Annika Falkengren
Born in 1962
Member of the Board since 2024
Chair of the Audit Committee
Education: B.Sc. (Economics)
Work experience: Managing Partner Lombard Odier, President and Chief Executive Officer at Skandinaviska Enskilda Banken (SEB), various leading positions within SEB.
Other assignments: Board Member of Vontobel Holding
Previous assignments in the past five years: –
Shareholding[1]*:* 75,000 shares of series B
Independent of the company, its management and major shareholders

Ralph Haupter
Born in 1968
Member of the Board since 2024
Education: B.Sc. (Engineering), B.Sc. (Business & International Relations)
Work experience: President Global Small Medium Enterprises & Channel at Microsoft, President Microsoft EMEA, President Microsoft ASIA, Area Leader Microsoft China, Executive President IBM Software EMEA
Other assignments: : Investor and advisor at Advisor TWO Investment
Previous assignments in the past five years: –
Shareholding[1]*:* –
Independent of the company, its management and major shareholders

Erik Huggers
Born in 1973
Member of the Board since 2021
Member of the Audit Committee
Education: B.Sc. (Business Economics & Marketing)
Work experience: President & Chief Executive Officer of VEVO LLC, Senior Vice President of Verizon Communications, President at Intel Media Inc., Executive Director British Broadcasting Corporation, Senior Director Microsoft Corporation
Other assignments: Chair of the Board at Freepik Company SL, GotPhoto and EveryoneTV Ltd., Senior advisor to EQT Group.
Previous assignments in the past five years: Member of the Board at WeTransfer B.V., Supervisory Board Member at ProSibenSat.1 Meida SE
Shareholding[1]*:* –
Independent of the company, its management and major shareholders

1) Shareholding is based on information per 26 March 2025 and also include related-party holdings. Holding through share programmes are the total number of awards in all active share programmes and before tax deductions

Board of Directors contin. →

Board of Directors contin.

Gun Nilsson
Born in 1955
Member of the Board since 2008
Member of the Audit Committee
Education: B.Sc. (Economics)
Work experience: President of Melker Schörling AB, Chief Financial Officer of IP-Only Group, Sanitec Group and Nobia Group, Chief Executive Officer of Gambro Holding AB, Deputy Chief Executive Officer and Chief Financial Officer of Duni AB
Other assignments: Board Member of Konecranes Plc, Bonnier Group AB and Einar Mattsson AB, Member of Listing Committee at NASDAQ Stockholm
Previous assignments in the past five years: Board Member of AAK AB, Absolent Air Care Group AB, Hexpol AB and Loomis AB
Shareholding[1]: 88,662 shares of series B
Independent of the company, its management and major shareholders

Märta Schörling Andreen
Born in 1984
Member of the Board since 2017
Education: B.Sc. (Economics)
Work experience: Brand and innovation consultant at Pond Innovation & Design
Other assignments: Board Member of Melker Schörling AB, Hexpol AB, AAK AB and Absolent Group
Previous assignments in the past five years: –
Shareholding[1]: 110,250,000 shares of series A and 471,081,440 shares of series B through Melker Schörling AB
Independent of the company and its management

Sofia Schörling Högberg
Born in 1978
Member of the Board since 2017
Member of the Audit Committee and the Remuneration Committee
Education: B.Sc. (Economics)
Work experience: Trademark consultant at Essen International
Other assignments: Vice Chair of Melker Schörling AB, Board Member of Securitas AB and Assa Abloy AB
Previous assignments in the past five years: –
Shareholding[1]: 110,250,000 shares of series A and 471,081,440 shares of series B through Melker Schörling AB
Independent of the company and its management

Brett Watson
Born in 1980
Member of the Board since 2021
Education: B.Sc., MBA (Finance)
Work experience: President of Koch Equity Development (KED), Senior Managing Director at KED’s Principal Investment Team, various positions in investment banking, principal investment and private equity
Other assignments: Board Member at Infor, Getty Images, Transaction Network Services, Globus Group, and MITER Brands
Previous assignments in the past five years: Board Member Globus Group, Flint Group, ADT Inc., and Solera Holdings Inc.
Shareholding[1]: –
Independent of the company, its management and major shareholders

1) Shareholding is based on information per 26 March 2025 and also include related-party holdings

Executive Leadership

Norbert Hanke
Born in 1962
Interim President and Chief Executive Officer, Executive Vice President
Employed since 2001
Education: Diploma of Business Administration
Work experience: Chief Operating Officer Hexagon, President Manufacturing Intelligence division, Chief Financial Officer at Brown & Sharpe and various positions within the Kloeckner Group
Other assignments: –
Previous assignments in the past five years: –
Shareholding[1]: 190,995 shares of series B and 190,918 awards through share programmes

Burkhard Böckem
Born in 1971
Chief Technology Officer
Employed since 2001
Education: Ph.D. (Technology), M.Sc. (Geodesy)
Work experience: Chief Technology Officer Geosystems division, various R&D manager positions within Manufacturing Intelligence division
Other assignments: –
Previous assignments in the past five years: –
Shareholding[1]: 38,109 shares of series B and 112,991 awards through share programmes

Steven Cost
Born in 1967
President, Safety, Infrastructure & Geospatial division
Employed since 2007
Education: B.Sc., MBA (Accounting)
Work experience: President of Safety & Infrastructure division, Chief Accountant Officer/Controller/Treasurer at Intergraph, and senior management positions with Adtran, AVEX Electronics and Benchmark Electronics
Other assignments: –
Previous assignments in the past five years: –

Shareholding[1]: 146,203 awards through share programmes

Gordon Dale
Born in 1963
President Autonomous Solutions division
Employed since 2008
Education: B.Sc. (Engineering) MBA (Accounting)
Work experience: Chief Synergy Officer, Chief Operating Officer, Vice President Engineering, Vice President Product Management at Autonomy & Positioning, various senior positions within telecommunication industry
Other assignments: –
Previous assignments in the past five years: –
Shareholding[1]: 5,805 shares of series B and 67,861 awards through share programmes

Thomas Harring
Born in 1971
Group Executive Vice President
Employed since 2003
Education: Diploma of Technically-oriented Business Administration
Work experience: President Geosystems division, various leadning positions within Geosystems i.a. Chief Operating Officer and Chief Financial Officer, Senior Management Consultant at Baker Tilly
Other assignments: –
Previous assignments in the past five years: –
Shareholding[1]: 123,560 shares of series B and 166,367 awards through share programmes

1) Shareholding is based on information per 26 March 2025 and also include related-party holdings. Holding through share programmes are the total number of awards in all active share programmes and before tax deductions

Executive Leadership contin. →

Executive Leadership contin.

Li Hongquan
Born in 1966
President of China Region
Employed since 2001.
Education: M.Sc. (Engineering)
Work experience: President of Qingdao Brown & Sharpe and Qianshao Technology Co. Ltd. Various positions in the Chinese manufacturing industry
Other assignments: –
Previous assignments in the past five years: –
Shareholding[1]*:* 840,000 shares of series B and 225,436 awards through share programmes

Ben Maslen
Born in 1972
Chief Strategy Officer
Employed since 2017
Education: B.Sc. (Economics & Politics) and Chartered Accountant
Work experience: Co-head of European capital goods equity research Morgan Stanley and equity analyst at BoAML
Other assignments: Member of the Board of Martlet Capital Limited
Previous assignments in the past five years: –
Shareholding[1]*:* 20,295 shares of series B and 110,935 awards through share programmes

David Mills
Born in 1972
Chief Financial Officer
Employed since 2001
Education: B.Sc. (Economics and accounting) ACMA
Work experience: Chief Financial Officer Manufacturing Intelligence division, various financial positions within Brown & Sharpe, GEC and Telecoms industry
Other assignments: –
Previous assignments in the past five years: –
Shareholding[1]*:* 47,455 shares of series B and 107,857 awards through share programmes

Madlen Nicolaus
Born in 1981
Chief Marketing Officer
Employed since 2023
Education: Diploma in Media Management and Marketing
Work experience: Vice President ENT Marketing EMEA SAP Concur, Head of EMEA Cloud Marketing Salesforce, Social Media Manager at EMEAR Kodak
Other assignments: –
Previous assignments in the past five years: –
Shareholding[1]*:* 13,343 awards through share programmes

Henning Sandfort
Born in 1976
President, Geosystems division
Employed since 2025
Education: Diploma in Industrial Engineering & Management
Work experience: Global Chief Executive Officer of Building Products Business Unit at Siemens Smart Infrastructure, various leadership positions within Siemens AG
Other assignments: –
Previous assignments in the past five years: –
Shareholding[1]*:* -

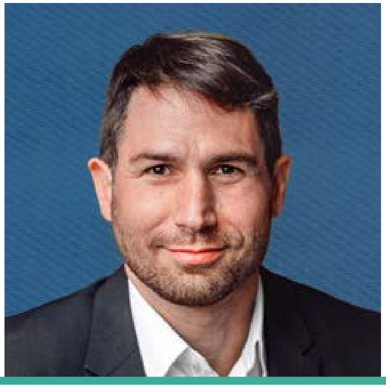
1) Shareholding is based on information per 26 March 2025 and also include related-party holdings. Holding through share programmes are the total number of awards in all active share programmes and before tax deductions

Executive Leadership contin. →

Executive Leadership contin.

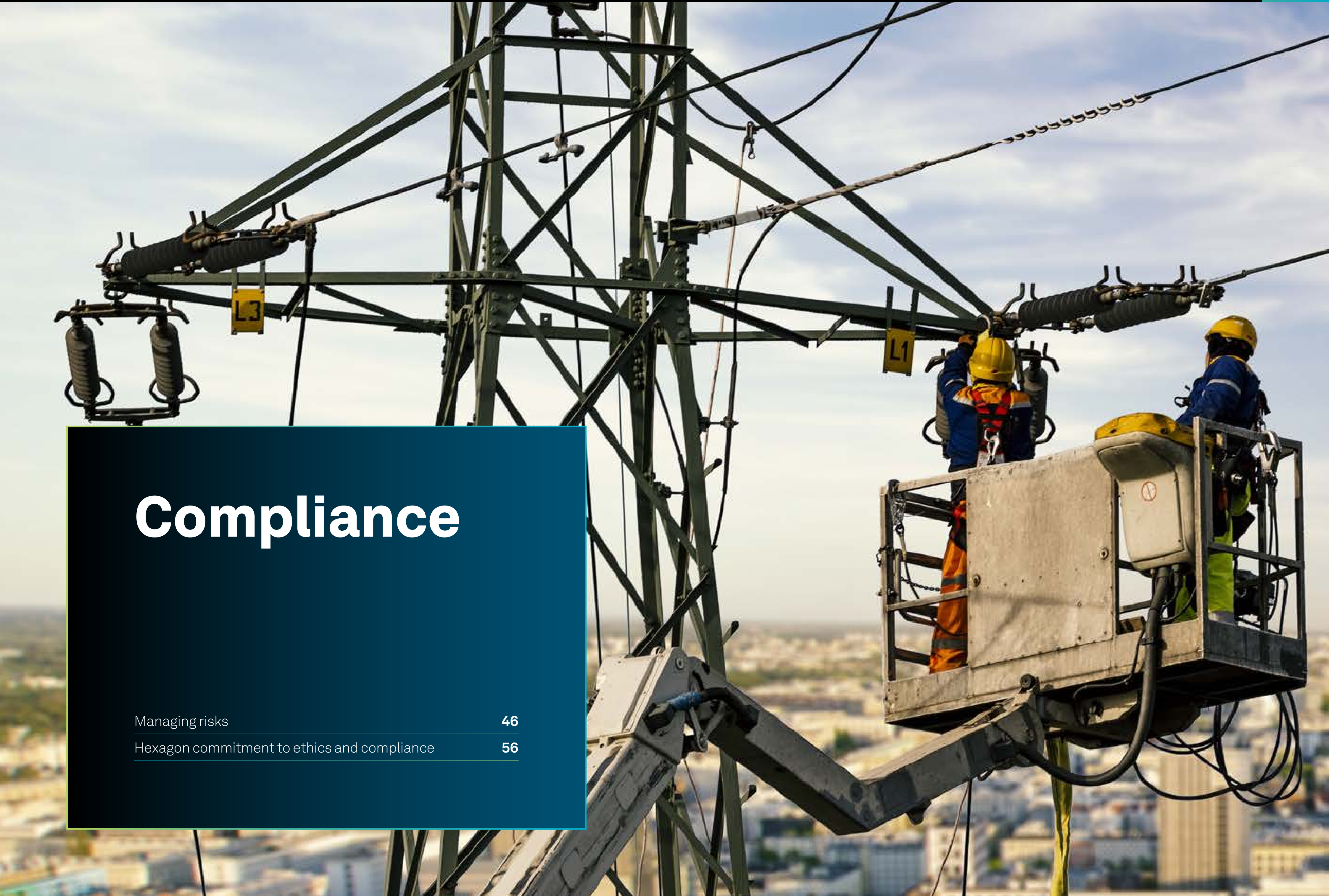
Mattias Stenberg
Born in 1977
President, Asset Lifecycle Intelligence division
Employed since 2009
Education: B.Sc. (Economics)
Work experience: Chief Strategy Officer and Vice President of Strategy and Communications at Hexagon AB, various Investor Relations positions at Teleca AB and Autoliv Inc.
Other assignments: Board Member of Sinch AB
Previous assignments in the past five years: –
Shareholding[1]*:* 135,000 shares of series B and 167,131 awards through share programmes

Josh Weiss
Born in 1986
President, Manufacturing Intelligence division
Employed since 2015
Education: B.Sc. (Finance and Computer Science & Engineering), MBA
Work experience: Chief Operation Officer/Chief Digital Officer Geosystems division, President Geosystems' mining and heavy construction businesses, Senior Manager Deloitte, various leading positions at ArcelorMittal
Other assignments: –
Previous assignments in the past five years: –
Shareholding[1]*:* 10,420 shares of series B and 124,570 awards through share programmes



Tony Zana
Born in 1979
General Counsel and Chief Compliance Officer
Employed since 2008
Education: D.Jur. (Law), B.Sc. (Management Information Systems)
Work experience: Deputy General Counsel at Hexagon, Vice President, General Counsel and Corporate Secretary at Intergraph Corporation, Attorney at Maynard, Cooper & Gale, Law Clerk at U.S. District Court
Other assignments: –
Previous assignments in the past five years: –
Shareholding[1]: 5,000 shares of series B and 97,340 awards through share programmes

1) Shareholding is based on information per 26 March 2025 and also include related-party holdings. Holding through share programmes are the total number of awards in all active share programmes and before tax deductions



Compliance

Managing risks

Hexagon's risk management activities are designed to identify, control and reduce risks associated with its business. The "Group", which includes Hexagon AB and its subsidiaries, operates across diverse industries and geographies, managing risks both locally at the subsidiary level and centrally at the Group level. While market-specific risks are addressed primarily within individual subsidiaries, legal, compliance, strategic, sustainability, and financial risks are overseen centrally to ensure alignment with Hexagon's global objectives.

Market risk management

Market risks concern risks such as economic trends, competition and risks related to acquisitions and integration. Market risks are primarily managed within each subsidiary of Hexagon.

Risk	Risk management
Acquisitions and integration	
An important part of Hexagon's current and future growth strategy is to actively pursue strategic acquisitions of companies and businesses. It cannot be guaranteed, however, that Hexagon will be able to find suitable acquisition targets, nor can it be guaranteed that the necessary financing for future acquisition targets can be obtained on terms acceptable to Hexagon, or at all. A lack of acquisition financing or suitable acquisition targets may lead to a decreasing growth rate for Hexagon. Acquisitions entail multiple risks. The acquired entities' relations with customers, suppliers, key personnel and affiliates may be negatively affected by the acquisition. There is also some risk that integration processes may prove more costly or time consuming than estimated and that anticipated synergies in whole or in part fail to materialise or that positive impacts on earnings may take longer to realise than expected. An acquisition of a company that is not conducting its business at the high-level of Hexagon's standards, such as not in a sustainable way or in compliance with Hexagon's Code of Business Conduct and Ethics may have a negative impact on Hexagon's reputation and brand, despite Hexagon's efforts to promptly remediate such conditions.	Hexagon monitors many companies to find acquisitions that can strengthen the Group's product portfolio or improve its distribution network. Potential targets are regularly evaluated based on financial, technology and commercial grounds. Every acquisition candidate's potential place in the Group is determined based on many considerations, including synergy simulations and implementation strategies. Hexagon conducts an extensive due diligence process, often Involving external subject matter experts, in order to evaluate potential risks and there are well-established procedures and structures for pricing, acquiring and integrating acquired companies. From 2000 to date, Hexagon completed more than 195 acquisitions. Based on its extensive experience in acquisitions and integration and clear strategies and goals, Hexagon is well positioned to successfully integrate acquired companies into the Group. In Hexagon's standard due diligence process, a number of risk management, compliance and sustainability elements are included, such as detailed consideration about the internal controls of the target company, quality business practices, environmental matters, employee matters, ISO (International Organisation for Standardisation) or other industry certifications, and compliance programmes of the target, including those related to anti-corruption/ FCPA (Foreign Corrupt Practices Act) export controls, data protection and IT Security.

Risk	Risk management
Impact of the economy and financial markets	
Hexagon engages in worldwide operations that are dependent on global economic and financial market conditions, as well as conditions that are unique to certain countries or regions. General economic and financial market conditions including the interest rate environment, affect the inclination and the capabilities of Hexagon's existing and potential customers to invest in various technologies. Weak macroeconomic conditions globally or in part of the world may therefore result in lower market growth that falls below expectations and may reduce revenues for Hexagon, or it may have other effects, like extending the sales cycle. The resurgence of a pandemic such as Covid-19 could have an impact on important Hexagon customer industries, and an increase of raw material and intermediate goods costs could impact Hexagon's sales potential and cost structure. While the duration and severity of those impacts on Hexagon's business are highly uncertain, they could have an adverse effect on the business, financial condition and results of operations in many ways, including disruptions in Hexagon's supply chains.	Hexagon's business is widely spread geographically, with a broad customer base within numerous market segments which may make the Group less sensitive to economic fluctuations in individual sectors, industries and geographical regions. Potential negative effects of a downturn in the developed world may, for example, be partially off-set by growth in emerging markets and vice-versa. While Hexagon has developed and continues to develop plans intended to help mitigate the negative impact of economic downturns on the business, a protracted event would likely limit the effectiveness of those mitigation efforts.

Risk	Risk management
Geopolitical risks	
Understanding geopolitical risk, how geography and economics influence politics and the relations between countries, is important in a world that has become more closely intertwined due interconnected global networks and systems– and additionally the trends of regionalisation that we have observed more recently in certain jurisdictions. Current geopolitical risks include the current war in Ukraine and the corresponding global sanctions, the conflict between Israel and Palestine as well as Israel and other middle eastern countries, the resurgence of the civil war in Syria, other political and economic uncertainties and the potential for further escalation of the trade tensions among various countries and regions, for example the US, China and the EU. Although it is difficult to assess the evolution and impact of intensification of war hostilities, ongoing political tensions and international economic sanctions could have significant negative impacts on the global economy and the performance of financial markets, new legislation, various governmental approvals or permits, interest rates, availability of supply and on the markets for raw materials. Understanding how geopolitical risks may affect Hexagon's organisation, activities, operating results and strategies is critical to making accurate projections about Hexagon's future growth and profitability. However, what impact the wars, crises, pandemics and/or an escalating trade complexity will have on commercial activities and/or global markets, and the demand for Hexagon's products, over the coming years remains uncertain and will to some extent depend upon resolution of any crises.	In order to mitigate risks that may occur due to geopolitics, such as sanctions and/or global perception and reputational risk, Hexagon follows developments closely while evaluating different strategies in order to prepare for and handle possible scenarios that may affect Hexagon's organisation and the ability to do business in different parts of the world in the near term and over the coming years. Among other things, Hexagon seeks to mitigate geopolitical risk through its local operations and localised products, adapted to local requirements, which mitigates risks associated with international tensions. Further, Hexagon has defined a Group Policy ensuring strict compliance with economic sanctions and a global team of subject matter experts that monitor regulatory developments and best practices.

Risk	Risk management
Competition and price pressure	
Parts of Hexagon's operation are carried out in sectors which are subject to price pressure and rapid technological change. Hexagon's ability to compete in the market by introducing new and successful products with enhanced functionality while simultaneously cutting costs on new and existing products is of the utmost importance in order to retain customers and avoid erosion of market share. Other inherent risks exist with competitors, such as consolidation or entry into Hexagon's markets by companies with significant resources. Such competition may result in price reductions, reduced margins or loss of market share. R&D efforts are costly and new product development always entails a risk of unsuccessful product launches or commercialisation, which could have material adverse consequences on Hexagon. Further, technological innovation and changing trends, such as disruptive technologies, technical capabilities, supply chains, new market entrants or novel business models, creates inherent risks that are difficult to foresee.	Hexagon makes significant Investments into R&D. The objectives for Hexagon's R&D division are to transform customer needs into products and services and to detect and advance market and technology opportunities as early as practicable. Introducing new products and technologies require active intellectual property management to secure Hexagon's technological position. In addition to innovation, Hexagon recognises that competition matters are reflected as compliance risks and has incorporated these considerations into its Hexagon Compliance Programme.

Operational risk management

Operational risks concern risks related to reception of new products and services, dependence on suppliers and risks related to human capital. Since the majority of operational risks are attributable to Hexagon's customer and supplier relations, ongoing risk analyses of customers and suppliers are conducted to assess business risks. Operational risks are primarily managed within each subsidiary of Hexagon.

Risk	Risk management
Customers	
Hexagon's business activities are conducted in a large number of markets with multiple customer categories. In 2024, General Manufacturing was the single largest customer category and accounted for 12 per cent of net sales. For Hexagon, this customer category may involve certain risks as a downturn or weak development in the general manufacturing sector can have a negative impact on Hexagon's business. General Manufacturing is followed by customer categories Other with 11 per cent, Aerospace and Defence with 10 per cent and Mining with 9 per cent. Changing demand of Hexagon's customers is possible as technology needs and consumption change over time. Hexagon may face risks, including reputational risks, while global conflicts persist, due to unauthorised use or misuse of the Group's products. Further, the resurgence of the Covid-19 pandemic or any other outbreak or pandemic could result in delays, cancellations, or changes to user and industry conferences and other marketing events relating to Hexagon's solutions, including its own customer and partner activities, which may negatively impact the ability to obtain new and retain existing customers, and effectively market Hexagon's solutions.	Hexagon has a favourable risk diversification in products and geographical areas, and no single customer or customer category is decisive for the Group's performance. The largest customer represents approximately 1 per cent of the Group's total net sales. Credit risk in customer receivables accounts for the majority of Hexagon's counterparty risk. Hexagon's Compliance Programme addresses all principles contained in the Code of Business Conduct and Ethics, including trade with export controls, customs, anti-corruption, competition, public contracting and data privacy. Hexagon is committed to adhering to all applicable legal requirements, including those specified above. The Group's compliance efforts are designed to ensure peace and security by preventing the unlawful trade of items (such as goods, software, or technology) and their diversion to destinations where they may be used for illegal purposes.

Risk	Risk management
Suppliers	
Hexagon's hardware products consist of components from several different suppliers. To be in a position to sell and deliver solutions to customers, Hexagon is dependent upon deliveries from third parties in accordance with agreed requirements relating to, for example, quantity, quality and delivery times. Erroneous or default deliveries by suppliers can cause delay or default in Hexagon's deliveries, which can result in reduced sales. Further, Hexagon uses subcontractors, distributors, resellers and other representatives. Hexagon may face risks, including reputational risks, if suppliers do not maintain a high level of business ethics in terms of, for example human rights working conditions and corruption. The resurgence of a pandemic such as Covid-19 could temporarily result in an inability to meet in person or otherwise effectively communicate with current or potential vendors, suppliers, and partners, which may negatively affect current and future relationships with such vendors, suppliers, and partners and Hexagon's ability to generate demand for solutions. If there were to be unmanaged negative impacts following a supplier's noncompliance with Hexagon's Code of Business Conduct and Ethics and/or Hexagon's Supplier Code of Conduct, it may result in reputational risks for Hexagon.	Hexagon seeks a favorable risk diversification, and no single supplier is decisive for the Group's performance. The largest supplier accounted for 1 per cent of Hexagon's total net sales in 2024. To minimise the risk of supply shortages or of excessive price variations among suppliers, Hexagon works actively to coordinate sourcing within the Group and to identify alternative suppliers for strategic components. Supplier risk surveys are performed (including those by Hexagon's external partner) in order to identify and mitigate risks associated with the suppliers' operations. Hexagon also has a sustainability risk assessment and supplier audit process in place, including handling the risk of breaches in human rights. Hexagon has implemented a comprehensive compliance programme for suppliers to manage social, legal, and ethical risks. The Group regularly conducts supplier audits to ensure adherence to Hexagon's Code of Business Conduct and Ethics, as well as Hexagon's Supplier Code of Conduct. Compliance training is offered to Hexagon's suppliers. Hexagon also ensures strict adherence to the new EU regulations on supply chain management and updates its supply chain management system accordingly.

Risk	Risk management
Production and distribution units	
Hexagon's production and distribution units are exposed to risks (fire, explosion, natural hazards, machinery damages, cyber threats, infrastructure failures, power outages, etc.) that could lead to property damage and business interruption. This risk may be further accentuated by climate change, which may impact the frequency and severity of many of these events.	Risk grading surveys are performed (including by Hexagon's external partner) in order to identify and mitigate risks as well as support local management in their loss prevention work. Surveys are conducted with each subsidiary in accordance with a long-term plan. Hexagon has implemented ISO 9001 at the majority of the largest production sites.
Human capital	
The resignation of key employees or Hexagon's failure to attract skilled and diverse personnel to all different levels within the organisation may have an adverse impact on the Group's operations. Further, maintaining Hexagon's company culture is critical to attracting and retaining top talent. In the event that all or a portion of Hexagon's workforce becomes unable or unwilling to work on-site or travel as a result of event cancellations, facility closures, shelter-in-place, travel and other restrictions and changes in industry practice due to any causes (including pandemics), these workforce disruptions could adversely affect Hexagon's ability to operate, including to develop, manufacture, generate sales of, promote, market and deliver hardware and software products, solutions and services, and provide customer support. Adoption of new laws or regulations, or changes to existing laws or regulations, that may be imposed as a result of the resurgence of a pandemic such as Covid-19, or any other wide-spread public health situation, may cause risks in the company's ability to hire and retain skilled professionals.	Since future success is largely dependent on the capacity to retain, recruit and develop skilled staff, being an attractive employer to both potential and existing employees is an important success factor for Hexagon. Group and business area management jointly handle risks associated with human capital. Hexagon works with a structured approach to HR and market-based remuneration to better ensure employee satisfaction. Hexagon uses employee engagement as the overall measure in the employee survey. In order to attract skilled employees, Hexagon cooperates with multiple universities and colleges around the world, aiming at training, developing and hiring students with industry-ready skills.

Risk	Risk management
Environment	
Hexagon provides sensors, software and data to its customers. 57 per cent of the revenues are from software and services. Hexagon does not currently operate any business that requires carbon credits, but that could change in the future. However, stricter regulation of environmental matters can result in increased costs or further investments for the companies within Hexagon which are subject to such regulation. Climate change can result in natural disasters and increase the risk of physical damage on assets and supply shortages. Hexagon is impacted by such legislation in a manner similar to other companies operating in these fields.	Hexagon believes that it is in material compliance with all applicable laws and obligations and obtains relevant approvals where needed. Hexagon continuously monitors anticipated and implemented changes in legislation in the countries in which it operates, and potential environmental risks are regularly monitored. Hexagon routinely assesses the risk of climate change on its operations as part of its insurance programme. Hexagon has implemented ISO 14001 at the majority of the largest production sites and has implemented a sustainability programme to reduce its carbon impact in its own operations and in its value chain.
Business ethics and corruption	
Corruption negatively impacts communities and overall global economic development and erodes the trust necessary to build a stable business environment. Additionally, under the anti-corruption laws of many jurisdictions, businesses such as Hexagon may potentially be held liable for the corrupt actions taken by employees, strategic or local partners or other representatives. If Hexagon or its intermediaries fail to comply with anti-corruption laws, governmental authorities could potentially seek to impose civil and/ or criminal fines and penalties which could have an adverse effect on Hexagon's business and reputation.	Hexagon places paramount importance on anti-corruption compliance for numerous reasons, including the advancement of its financial interests, sustainability objectives, brand value and its reputation. Hexagon has established a comprehensive Code of Business Conduct and Ethics together with an Anti-Corruption Compliance Programme that covers the entire Group. This programme includes policies, processes, and training related to various potential corruption areas such as gifts and entertainment (both given and received from third parties), hiring candidates with government connections, and conducting business transactions with third parties.

Risk	Risk management
Cyber risks and data protection	
Hexagon relies on IT systems in its operations. Disruptions or faults in critical systems may have a negative impact on Hexagon's operations, including impacts on production, Hexagon's tangible and intellectual property and, in some cases, the intellectual property and operations of external parties. Advances in digital technology such as artificial intelligence and increases in device connectivity have presented new security challenges as employees and Hexagon's partners, customers and service providers to a greater extent, work remotely from non-corporate managed networks. Incidents may also lead to data privacy infringements such as unauthorised access, leakage or loss of data. The use of AI-driven software may further exacerbate this risk. Data security and integrity are critical issues for Hexagon. Under the GDPR, and other analogous legislation in various jurisdictions, and ePrivacy regulations, Hexagon has firm legal requirements to protect against personal information (PI) data breaches. The regulations extend to all vendors that Hexagon uses to collect, store and process PI data on its behalf. In China and several other jurisdictions, there are also similar laws in place to protect various data types, including PI data. It is critical for Hexagon to protect and secure all data as the costs of remediating a serious breach are high and can also be damaging to Hexagon's reputation.	Cyber security risks are increasing in society in general and Hexagon works continuously to keep the Group's IT systems protected. In addition, Hexagon invests in enhanced disaster recovery and data storage capabilities, cyber security expertise and tools, and other appropriate risk mitigation techniques. Hexagon also mitigates IT-related risks through contracts with external parties. Hexagon manages risk through a formal risk assessment process, aligning with the NIST Risk Management Framework and ISO 31000 approaches. Risks are identified, assessed and evaluated before mitigating controls are selected to reduce risk to an acceptable level. Control selection has dependencies on external factors such as industrial regulation, local legislation and customer specific requirements. Accordingly, Hexagon operates a matrix of security certification standards such as ISO 27001, CMMC, TISAX and Cyber Essentials among others. Controls are mapped to the various standards and assured through both internal and independent external audit procedures.

Financial risk management

Financial risks are primarily managed at the Group level. The Group Treasury Policy, which is updated and approved annually by the Board of Directors, stipulates the rules and limitations for the management of financial risks throughout the Group. Hexagon's internal bank coordinates the management of financial risks and is also responsible for the Group's external borrowing and internal financing. Additional financial risks include, but are not limited to, the risks of varying business results, seasonal variation, and changes to accounting principles (or application thereof).

Risk	Risk management
Currency	
Hexagon's operations are conducted internationally. During 2024, total operating earnings, excluding adjustments, from operations in currencies other than EUR amounted to an equivalent of 1,278.8 MEUR (1,271.5). Of these currencies, CHF, CNY and USD have the biggest impact on Hexagon's earnings and net assets. Currency risk is the risk that currency exchange rate fluctuations will have an adverse effect on the income statement, balance sheet and/or cash flow. Sales and purchases of goods and services in currencies other than the subsidiary's functional currency give rise to transaction exposure. Translation exposure arises when the income statement and balance sheet are translated into EUR. The balance sheet translation exposure might substantially affect other comprehensive income negatively. Furthermore, the comparability of Hexagon's earnings between periods is affected by changes in currency exchange rates. The income statement translation exposure is described in the table below for the currencies having the largest impact on Hexagon's earnings and net assets, including the effect on Hexagon's operating earnings in 2024.	Hexagon's reporting currency is EUR, which has a stabilising effect on certain key ratios that are of importance to Hexagon's cost of capital. As much as possible, currency transaction exposure is concentrated in the countries where the manufacturing entities are located. This is achieved by invoicing the sales entities in their respective functional currency by the manufacturing entities. According to the Group's financial policy, currency transaction exposure should not be hedged using external financial instruments. The rationale for this is that the vast majority of transactions entail a short period of time from order to payment. Moreover, a transaction hedge only postpones the effect of a change in currency rates. The translation exposure can be mitigated by denominating borrowings in the same currency as the corresponding net assets. In order to have the volatility in net debt at an acceptable level, the majority of the borrowings is currently denominated in EUR.

	Movement[1]	Net of income and cost	Profit impact
CHF	Strengthened 2%	Negative	Negative
USD	Weakened 0%	Positive	Negative
CNY	Weakened -2%	Positive	Negative
EBIT1, MEUR			23.1

1) Compared to EUR and 2023

Risk	Risk management
Interest	
Interest rate risk refers to the potential adverse impact of market interest rate fluctuations on the Group's net interest expense and cash flow. Interest rate exposure arises primarily from outstanding loans. The impact on the Group's net interest expense depends, among other things, on the average interest rate for borrowings. Further, increasing interest rates may have an impact on Hexagon's customers, vendors and suppliers. For example, customers may invest less in Hexagon solutions, or the sales cycle may lengthen. Vendors and suppliers may reduce inventory levels of available products to deliver to Hexagon, which could extend delivery times, or could fail to fulfil their obligations.	In accordance with the Group Treasury Policy, the average interest rate duration of the external debt is to be between 6 months and 3 years. During the year, interest rate derivatives were used to manage the interest rate risk. Customer interest-rate sensitivity is mitigated by the variety of products and services at various prices that Hexagon offers. Supplier and vendor interest-rate sensitivity mitigate through monitoring key vendors and suppliers.
Credit	
Credit risk, i.e., the risk that customers may be unable to fulfill their payment obligations, accounts for the majority of Hexagon's counterparty risk. Financial credit risk is the exposure to default of counterparties with which Hexagon has invested cash or has entered into forward exchange contracts or other financial instruments.	Through a combination of geographical and industry diversification of customers, the risk for significant credit losses is reduced. To reduce Hexagon's financial credit risk, surplus cash is only invested with a limited number of approved banks and derivative transactions are only conducted with counterparties where an ISDA (International Swaps and Derivatives Association) netting agreement has been established. As Hexagon is a net borrower, excess liquidity is primarily used to repay external debt and therefore the average surplus cash invested with banks is kept as low as possible.
Liquidity	
Liquidity risk is the risk of not being able to meet payment obligations in full as they become due or only being able to do so at materially disadvantageous terms due to lack of cash resources.	The Group Treasury Policy states that the total liquidity reserve shall at all times be at least 10 per cent of forecasted annual net sales. A sufficient liquidity reserve limits the risk of not being able to meet payment obligations in full when they become due. At year-end 2024, cash and unutilised credit limits totalled 1,835.2 MEUR (1,268.6).

Risk	Risk management
Refinancing	
Refinancing risk refers to the risk that Hexagon does not have sufficient financing available when needed to refinance maturing debt, because existing lenders decline to provide additional credit or difficulties arise in procuring new lines of credit at a given point in time. Hexagon's ability to satisfy future capital needs is to a large degree dependent on successful sales of the Group's products and services. There is no guarantee that Hexagon will be able to generate necessary capital from sales or from third party financing arrangements. In this regard, the general development of the capital and credit markets is also of major importance. Hexagon, moreover, requires sufficient financing in order to refinance maturing debt. In order to ensure that appropriate financing is in place and to decrease refinancing risk, no more than 20 per cent of the Group's gross debt, including committed credit facilities, is allowed	to mature within the succeeding 12 months unless replacement facilities have been entered into. Hexagon's main sources of financing consist of: • A multicurrency revolving credit facility (RCF) established during 2021. The RCF amounts to 1,500 MEUR with a tenor of 5+1+1 years. • A Swedish Medium-Term Note Programme (MTN) established during 2014. The MTN programme amounts to 20,000 MSEK and gives Hexagon the option to issue bonds with tenors of up to 6 years • A Swedish Commercial Paper Programme (CP) established during 2012. The CP programme gives Hexagon the option to issue commercial paper for a total amount of 15,000 MSEK with tenor up to 12 months.
Insurable risk	
Hexagon's operations, assets and staff are to a certain degree exposed to various risks of damages, losses and injuries which could tentatively threaten the Group's business continuity, earnings, financial assets and personnel.	To ensure a well-balanced insurance coverage and financial economies of scale, Hexagon's insurance programme includes, among other things, group-wide property and liability insurance, travel insurance, errors and omissions insurance and transport insurance, as well as several other programmes, combined with local insurance coverage wherever needed. The insurance programme is periodically amended so that owned risk and insured risk are optimally balanced.

Legal risk management

Legal risks are managed for each subsidiary of Hexagon. The Group legal function supports the subsidiaries and manages certain legal risks at the Group level.

Risk	Risk management
Legislation and regulation	
Hexagon's main markets are subject to regulation and applicable laws. Hexagon's operations may be affected by regulatory changes, tax changes (including tariffs and customs duties) and other trading obstacles, political changes and pricing and currency controls, as well as other government legislation and restrictions in the countries where Hexagon is active. For example, more stringent regulations have been passed, such as in the EU, or are being developed in several jurisdictions relating to the use of artificial intelligence in product development and solutions deployment. In addition, Hexagon remains subject to data protection regulations, which continue to evolve. These changing requirements and more stringent rules impose a risk of non-compliance with these regulations, which could potentially result in substantial legal fees and damage to Hexagon's reputation. Additional areas of regulatory uncertainty include laws and regulations related to export controls and sanctions, foreign-direct investment controls and disclosures, and environmental sustainability (including climate change). New laws and regulations could result in increased compliance and operating costs, such as the Corporate Sustainability Reporting Directive within the EU. Further, delivery of products and services that comply with contractual requirements may present certain risks at times, particularly in light of frequent regulatory change, natural disasters, wars and regional conflicts, and pandemics and similar force majeure events.	Hexagon closely monitors legislation, regulations and applicable ordinances in each market and seeks to adapt the business to identified future changes in each market. The Group's legal function is staffed with experienced professionals and Hexagon also regularly consults with external subject matter experts to address legal risk management topics. To manage country-specific risks, Hexagon observes local legislation and monitors political developments in the countries where the Group conducts operations. To this effect, Hexagon has adopted a worldwide compliance programme across the Group to ensure that its subsidiaries at all times comply with all applicable legislation, rules and ordinances. Hexagon's Compliance Programme is regularly reviewed and updated as needed based on changes in laws and regulations. Further, Hexagon will continue to comply with all applicable trade restrictions and sanctions laws relevant to our operations and with the rules of ethics and international standards.

Risk	Risk management
Intellectual property rights	
Intellectual property infringement and plagiarism by third parties are risks to which Hexagon is exposed. There is no guarantee that Hexagon will be able to protect obtained patents, trademarks and other intellectual property rights or that submitted applications for registration will be granted. Furthermore, there is a risk that new technologies and products are developed which circumvent or replace Hexagon's intellectual property rights. Infringement disputes, and legal disputes in general, can be costly and time consuming and may therefore adversely affect Hexagon's business. Additionally, third parties may assert that Hexagon's products infringe their intellectual property rights.	Hexagon seeks to protect its technology innovations to safeguard the returns on the resources that Hexagon assigns to R&D. The Group strives to protect its technical innovations through patents, trademarks, copyrights, and trade secrets and enforces its intellectual property rights through legal proceedings when warranted. Such intellectual property rights can generally only be enforced in jurisdictions that have granted such protections or recognise these rights. Hexagon closely monitors any new regulations impacting IP rights.

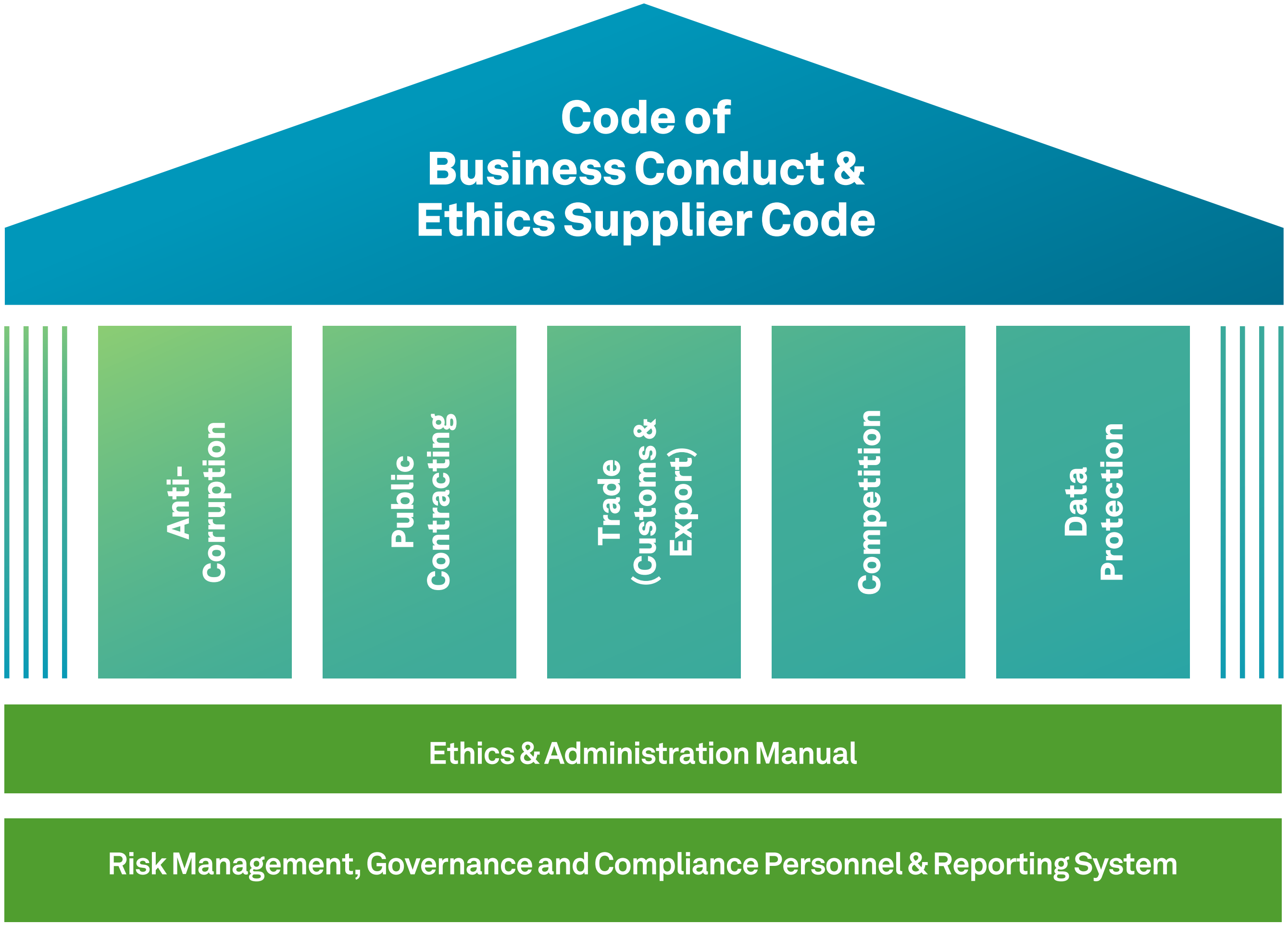
Risk	Risk management
Tax	
Hexagon operates through subsidiaries in a number of jurisdictions and all cross-border transactions are normally a tax risk because there are no global transfer pricing rules. Local tax authorities follow their own local transfer pricing rules and authorities interpret transfer pricing guidelines differently. Risks are also presented by new accounting rules or interpretations by the applicable governing bodies. Hexagon interacts with local taxing authorities and frequently has several ongoing tax audits in progress. Hexagon's interpretation of prevailing tax law, tax treaties, OECD guidelines and agreements entered into with foreign tax authorities may be challenged by tax authorities in some countries. Rules and guidelines may also be subject to future changes which can have an adverse effect on the Group's tax position. Furthermore, a change in the business or part of the business can have an impact on agreements entered into with tax authorities in some tax jurisdictions. The tax rate may increase if large acquisitions are made in high tax jurisdictions or if the corporate tax rates change in countries where Hexagon carries out substantial business.	Transactions between the Group companies are carried out in accordance with Hexagon's interpretation of prevailing tax laws, tax treaties, OECD's guidelines and agreements entered into with foreign tax authorities. Hexagon has a tax policy that is annually reviewed and adopted by its Board of Directors.

Hexagon commitment to ethics and compliance

Introduction
Hexagon is dedicated to upholding the highest standards of ethics and compliance within all aspects of our operations. Our Ethics and Compliance System ("System") is designed to detect, prevent, and respond effectively to legal risks and misconduct, ensuring that our business practices not only comply with applicable laws and regulations but also align with recognised best practices, such as the 10 business principles recommended by Transparency International and the UN Global Compact Standards. This System contributes to Hexagon's culture of integrity, transparency, and reliability.

System design
Risk assessment
Hexagon conducts regular risk assessments to identify and prioritise legal and compliance risks associated with our global operations. This proactive approach enables us to tailor our compliance strategies and effectively allocate resources, addressing the unique challenges of our diverse and global business environments. Our risk management process evolves continually, incorporating insights from industry trends, regulatory changes, external professionals and our own experiences to refine our focus and resource allocation.

System architecture
At the top of our System are our Code of Business Conduct and Ethics and Supplier Code of Conduct. These pivotal documents form the bedrock of our ethical culture, providing overarching guidance to navigate business operations with integrity. These documents are regularly reviewed and updated to reflect evolving legal and industry standards. Integral to the interpretation of all System documents, these Codes ensure that our ethical directives reach every facet of our operations.



The Ethics and Compliance Administration Manual sets out the System's governance and accountability by assigning the roles and responsibilities to both management leadership and the Compliance Team.

The System is intentionally designed with a clear focus on key areas of heightened risk, shaping our specific Compliance Programmes to cover critical aspects such as anti-corruption, competition, public contracting, trade (including export and customs compliance), data protection and ESG. These Compliance Programmes are operationalised through comprehensive manuals, procedures, instructions, guidance, worksheets, templates, and other tools that enable practical compliance implementation.

In addition to these core areas, the System is augmented by further policies and procedures that address other areas of heightened risk, further fortifying our compliance infrastructure. The accessibility of our System documentation is paramount; hence, we ensure it is readily available to all employees, often in many different languages.

For broader transparency, our Codes, Summaries of our Compliance Programmes, and key policies are publicly accessible on our website.

Training and communication

Effective training and communication are vital components of our System, ensuring that our global workforce is well-informed and aligned with our ethics and compliance standards. Our multifaceted approach includes in-person and online training sessions, strategic management meetings, external training opportunities, internal compliance briefings, and ad-hoc guidance addressing emerging risks. In addition, annually, Hexagon defines a compliance plan addressing communication, training, and audit activities.

This approach ensures systematic training on all essential compliance topics for every employee, aligning with Hexagon's commitment to an informed and compliant workforce.

We recognise the importance of tailoring training to specific roles, which is why our training programmes are customised to address the distinct risks and responsibilities and needs of different employee groups. These efforts are enhanced by lessons learned from past compliance matters and the influence of internationally renowned advisors, ensuring that we continually learn and improve.

Hexagon enables collaborative efforts across various departments – Legal, Finance, Order Fulfilment, Treasury, and Supply Chain/Procurement – to further integrate compliance processes into our daily operations.

In 2024, the Compliance Team has personally trained more than 5,500 employees in addition to the different compliance e-learning.

Implementation and resources

Commitment from the top

Effective compliance starts with leadership. At Hexagon, our senior management and the board of directors are deeply committed to fostering a culture of ethics and compliance. They demonstrate this commitment by consistently emphasising ethical behaviour and compliance in both their communications and actions. This approach ensures that ethics and compliance are central to Hexagon's business strategies, making ethical conduct a fundamental part of our decision-making process. Their proactive efforts to align compliance with business objectives and address emerging risks underscore their strong commitment to maintaining Hexagon's ethical foundation.

A key practice is the annual Compliance Certification by Hexagon Management, which confirms leadership's commitment to our System. Periodic communications throughout the year from various business leaders supplement our compliance alignment, ensuring ongoing adherence to our standards of integrity.

Further, the senior management of any newly acquired entity is onboarded by the designated member of the Compliance Team, who ensures they understand their responsibilities and the critical importance of setting a strong example through their leadership.

Governance

Hexagon's compliance function, overseen by the Chief Compliance Officer (CCO), operates independently and maintains direct access to the Board of Directors and Audit Committee leadership. The CCO routinely reports to these bodies on compliance matters, training activity, regulatory developments, and other pertinent activities of interest. This reporting mechanism ensures that compliance considerations are seamlessly integrated into strategic decision-making processes.

The CCO is supported by a global team of compliance experts, adequately resourced, both in terms of personnel and technology, which ensures effective monitoring, auditing and enforcement of compliance activities. The Group Compliance Officer together with the Division and Regional Compliance Officers and assisted by a large network of selected compliance coordinators manage and lead the operational implementation of the Ethics and Compliance System within all Hexagon entities.

Further, the Hexagon compliance network provides guidance, advice, and supports all employees on any issue related to compliance.

Incentives and disciplinary measures

Hexagon looks for ways to enforce its compliance standards through incentives for ethical behaviour and disciplinary measures for violations. This approach ensures accountability and promotes a culture where integrity and compliance are valued and rewarded.

Effectiveness in practice

Continuous improvement

Hexagon is committed to the ongoing enhancement of the System, ensuring it remains effective in responding to evolving challenges. The Strategic Compliance Cabinet, a dedicated international team of experienced compliance and legal professionals, monitors regulatory developments and changes in the business landscape to propose necessary improvements to the System.

Insights into the strengths and weaknesses of our compliance framework are also gained through regular internal audits, observations of the compliance team and whistleblower reports. Additionally, Hexagon has defined a set of compliance-related Key Performance Indicators (KPIs) to systematically measure and monitor compliance activity. These KPIs serve as valuable metrics for evaluating the effectiveness of the System and identifying areas for improvement. This proactive approach allows us to refine and improve our System continually, ensuring our compliance strategy is both robust and responsive.

Response to misconduct

Our commitment to upholding the highest standards of ethics and compliance is shown by our well-documented process for investigating allegations of misconduct. Our methodology in dealing with misconduct reports follows a risk-oriented approach and ensures thorough and impartial investigations, identifying root causes, implementing effective steps to remediate issues and prevent their recurrence.

Hexagon actively promotes a culture of integrity and responsibility among its employees, while also empowering external stakeholders—including suppliers, customers, freelancers, contractors, and shareholders—to report any suspected violations of law or Hexagon's internal policies and procedures. We provide several reporting channels to submit such reports.

Since 2021, Hexagon has used an external whistleblower reporting system to manage whistleblower reports and ensure consistent case management and recordkeeping. Operational 24/7/365, it provides a secure platform for reporting in various languages, either in writing or by phone, and allows for confidential submissions.

In 2022, Hexagon introduced the Procedure for Internal Reporting and Investigations to establish a uniform standard for the management of reports and the conduct of investigations. This procedure, while informed by the EU Whistleblower Directive's approach to managing reports and conducting investigations, extends its applicability beyond the EU Directive's scope, allowing for a wider range of violations to be reported.

Hexagon ensures that responses to reports are tailored to the specifics of each case. The typical process involves logging the report into our case management system, acknowledging its receipt within five business days, and conducting a preliminary assessment. Depending on the findings, we may initiate a detailed investigation, take other appropriate actions, or close the matter. Necessary responsive measures are implemented, and progress updates are provided to the reporter when deemed appropriate.

We uphold a strict no-retaliation policy to protect individuals who report concerns in good faith. Additionally, the whistleblower reporting system's activity is reviewed anonymously by Hexagon's Board of Directors and Audit Committee, ensuring oversight and accountability.

System evolution through 2024

In 2024, Hexagon demonstrated a proactive and dynamic approach to enhancing its compliance framework, by addressing emerging challenges and integrating valuable insights. Key developments and actions undertaken to reinforce compliance efforts include:

- **Enhanced Compliance Team:** The Hexagon Compliance Network expanded significantly with the addition of numerous compliance coordinators. These coordinators play a pivotal role in supporting the Division and Region Compliance officers as well as serve as local liaisons with operational teams.
- **Training:** Hexagon's compliance team participated in a range of external training programs, focusing on topics such as investigations, compliance, geopolitical developments, and fraud. These efforts demonstrate our commitment to maintaining expertise, professionalism, and best practices. Furthermore, in 2024, Hexagon Global Compliance introduced tailored e-learning modules to align with the Hexagon Compliance Programme, addressing employees' specific needs for improvement. Informative training sessions for employees were also provided throughout the year.
- **Third-Party Hotline Audit and Improvements:** As part of Hexagon's ongoing commitment to fostering employees' trust in its internal reporting channels, an independent third-party audit of the Ethics and Compliance Reporting System (ECRS) was conducted in 2024. The audit aimed to evaluate compliance with relevant Swedish and EU legislation, as well as Hexagon's internal policies and procedures.

  Following the audit, Hexagon implemented targeted improvements based on the auditors' findings and recommendations. These enhancements were subsequently reviewed during a follow-up audit, after which the auditors concluded the compliance of the ECRS with the aforementioned standards.

  This initiative highlights Hexagon's dedication to promoting transparency, trust, and accountability across its operations.
- **Employee engagement:** Insights from the 2023 employee survey provided valuable feedback, including perspectives on compliance matters. In response, the compliance team reviewed and reinforced communication about the "speak-up" initiative, ensuring employees are well-informed about the available reporting channels.
- **Potential Misconduct reporting:** In 2024, 74 reports of potential misconduct were received. Each report was carefully reviewed, and appropriate actions were taken, underscoring our dedication to promptly addressing and resolving compliance concerns.
- **Risk management initiatives:** Effective September 30, 2024, Hexagon ceased all remaining sales and support operations in Russia, Belarus, and Ukraine's non-government-controlled areas to mitigate risks of non-compliance with EU sanctions.

- **Policy implementation:** In 2024, Hexagon Compliance Team worked together with HR to introduce a new Alcohol Consumption Policy. This policy together with further guidance such as on Fraud or Speak-up strengthens Hexagon's compliance architecture by addressing evolving risks and ensuring robust controls.
- **Continuous improvement:** As part of our commitment to ongoing enhancement, the annual compliance audit plan emphasized fraud and competition risks.

  While no critical issues were identified, the compliance team remains vigilant and continues to train Hexagon employees actively. Additionally, the Compliance section on Hexagon.com was completely redesigned, offering greater clarity and transparency about the Hexagon Compliance Programme.

Enhanced Competition Compliance Programme
In 2024, Hexagon's Competition Compliance Programme underwent a comprehensive review and update to ensure alignment with the latest EU legal framework. To strengthen our commitment to fair competition, the Compliance Team conducted targeted training sessions for selected employees, focusing on the risks and challenges associated with competition matters.

Fraud Prevention and Compliance Risk Monitoring
In 2024, Hexagon's robust and consistent compliance risk monitoring system enabled the early identification of instances of fraud and embezzlement. In response, a targeted mitigation program was swiftly implemented to strengthen our detection and prevention capabilities for potential white-collar crime and fraudulent activities.

As part of these efforts, detailed guidance on fraud detection and a comprehensive awareness poster campaign were distributed company-wide, ensuring that all employees are well-informed and vigilant. To further bolster our preventative measures, we are currently developing an e-learning module designed to equip all employees with the knowledge and tools necessary to identify and address potential fraud risks effectively. Hexagon has implemented an engaging, internally developed AI tool for employees to use to gain answers to compliance questions and increase visibility of the programme.

Implementation of compliance tool
Late 2024, Hexagon has signed with EQS a contract onboarding a new solution to ensure the professional management and implementation of the administration of gifts, hospitality, and conflict of interest policies.

Conclusion
Hexagon remains steadfast in our commitment to maintaining the highest standards of ethics and compliance. Our dynamic approach to compliance management ensures that our System not only meets current legal requirements but is also poised to address future challenges.

2024 Sustainability Report

Contents

About the 2024 Sustainability Report

This is Hexagon's eighth sustainability report, covering the 2024 fiscal year. The report has been prepared in line with the EU directive on mandatory annual disclosures of non-financial information. The report highlights Hexagon's company-wide sustainability performance and approach to managing key sustainability issues.

HEXAGON

2024 sustainability highlights

Environment

Hexagon's reduction targets for near-term and net-zero greenhouse gas emissions have been approved by the Science Based Targets initiative (SBTi).

Avoided Emissions Framework implemented for key product lines, avoiding 39 million tCO_2e historical avoided emissions for customers.

Launched Green Cubes, enabling accurate forest assessments on a large scale.

8 percentage points reduction in Scope 1 and 2 emissions.

2 percentage points reduction Scope 3 emissions.

3 percentage points increase of renewable energy in operations.

6.5 percentage points decrease of combustion cars in company car fleet.

Social

1 percentage point increase in under-represented gender in leadership positions.

Company-wide training held in:

- Cyber security
- Code of Business Conduct and Ethics
- Diversity, Equity & Inclusion
- Artificial Intelligence

Participated in the UN Global Compact's Target Gender Equality Accelerator program.

Governance

Established guiding principles for Artificial Intelligence.

Implemented new supply chain management platform.

Increased transparency initiatives through external ESG reporting platforms and achieved ratings upgrades with CDP, MSCI, Ecovadis and CSA.

Hexagon's science-based targets for carbon emissions reductions

OVERALL NET-ZERO TARGET:

Reach net-zero greenhouse gas emissions across the value chain by 2050.

↓ **2050**

NEAR-TERM TARGETS:

Reduce absolute Scope 1 and 2 GHG emissions by 95% by 2030 from a 2022 base year.

↓ **95%**

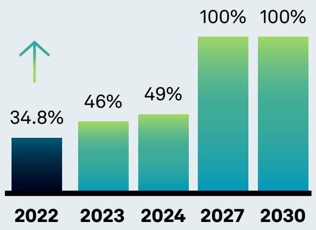
Reduce Scope 3 GHG emissions by 51.6% per EUR value added by 2030 from a 2022 base year.

↓ **51.6%**

50% of suppliers by spend covering purchased goods and services will have science-based targets by 2028.

↑ **50%**

Increase active annual sourcing of renewable electricity from 34.8% in 2022 to 100% by 2027 and continue active annual sourcing of 100% renewable electricity through 2030.



LONG-TERM TARGETS:

Maintain a minimum of 95% absolute Scope 1 and 2 GHG emissions from 2030 through 2050 from a 2022 base year.

↓ **≥95%**

Reduce Scope 3 GHG emissions by 97% per EUR value added by 2050 from a 2022 base year.

↓ **97%**

Letter from the CSO – Ben Maslen

Maintaining momentum
Looking back at 2024, I am proud of the achievements and milestones that we have reached at Hexagon in all key areas of our sustainability strategy. Perhaps most notably, we had our long- and short-term reduction goals for carbon emissions approved by the Science-Based Targets initiative in August. In practice, this means that our roadmap and emissions reduction targets are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement, tested and verified by an independent organisation. But setting ambitious and credible targets is one thing; the real test comes when faced with making the operational changes necessary to reach these goals. Also in this regard, we are maintaining strong momentum in terms of carbon reductions. Compared to 2023, key highlights include an 8 percentage points reduction in overall Scope 1 and 2 emissions, an increased renewable energy ratio by 3 percentage points, an uptick in electric and hybrid vehicles in the company car fleet by 6.5 percentage points, and the launch of a Supplier Engagement Programme aiming to ensure suppliers align with our decarbonisation journey. It is gratifying to see our sustainability efforts are recognised by external partners, reflected in major ESG rating upgrades by MSCI, EcoVadis, S&P, and others. I'm happy to present more information on the carbon roadmap and sustainability programmes later on in this sustainability report.

Macro perspective: mitigate and adapt
When it comes to addressing sustainability challenges, the world's businesses and societies are running on two parallel tracks: mitigation and adaptation. For the mitigation track, the main focus is to try to mitigate and slow down the negative effects and trends we are observing in many areas of the globe, such as global warming, extreme weather events, scarcity of critical minerals, biodiversity loss, water scarcity, and food insecurity. The adaptation track revolves more around adapting to these same trends and finding ways to cope with them.

From a business perspective, Hexagon is in the very midst of both tracks. Our technology helps entire industries to mitigate their impact on the environment and ecosystems by significantly reducing their carbon emissions, lowering material input and waste, and increasing energy outputs. One great example is how we helped a customer manufacturing electric scooters to reduce its annual scrap count by 93 percent by implementing a camera-based metrology solution that calculates bending correction data and feeds it back to the bending machines in real-time. Another example comes from India and China, where Hexagon's gearbox design for wind turbines has enabled the installation of 16.6 GW of wind power in both countries from 2011 to 2023, delivering clean energy to the regions daily. A third example is from a region in Scotland that leveraged Hexagon's geospatial platform to calculate the most effective locations for electric vehicle charging stations. Between

> **"We remain confident in our conviction that Hexagon's tools and solutions are becoming increasingly relevant in a world trying to mitigate and adapt to sustainability challenges, and in the long term we consider sustainability as a significant growth opportunity."**

2019 and 2024, the growth rate of supplied charging energy outperformed the UK's annual electric vehicle growth rate by 60 percentage points. These are three isolated examples showcasing the sustainability benefits Hexagon's solutions bring to its customers and the world. We present them in more detail in the Avoided Emissions Framework chapter in this report, and we look forward to conducting more of these quantitative analyses of our products across the world.

For the adaptation track, we see how Hexagon's solutions are becoming increasingly used to help cities and infrastructure predict and act on environmental change before they happen, such as preparing local communities for rising sea levels with the help of simulations in digital twins, or by installing automatic alarm systems for landslides and avalanches. We also see an increased need for 911 dispatch solutions where all emergency services in a city or region need to be able to work together through one single platform, allowing them to better react to any event or crisis involving multiple teams. Hexagon is the leading provider of both hardware and software used for these exact needs.

We remain confident in our conviction that Hexagon's tools and solutions are becoming increasingly relevant in a world trying to mitigate and adapt to sustainability challenges, and in the long term, we consider sustainability a significant growth opportunity. Whether a valued shareholder, customer, or employee, we thank you for your continued trust in Hexagon.

Ben Maslen
Chief Strategy Officer

Sustainability strategy

Hexagon's sustainability strategy is built on two pillars: empowering customers and other stakeholders with the solutions and platforms to create a positive ESG impact, and creating the impact through its value chain and people.

Empowering change
The company empowers customers across manufacturing, construction, government, transportation, automotive, and utilities to leverage cutting-edge technology to solve existing challenges, improving outcomes while minimising environmental impact. Solutions such as design and engineering software, production software, and metrology tools enhance efficiency throughout the lifecycle of manufactured products, reducing resource consumption, emissions, and waste across industries. Hexagon's geospatial technology is instrumental in monitoring and analysing environmental shifts, providing real-time data on deforestation, flooding, wildfires, glacial melting, and other climate-related impacts. This critical information aids authorities, urban planners, and research organisations worldwide in addressing and mitigating these challenges while keeping workers and societies safe. Additionally, Hexagon's investments in green tech start-ups accelerate the transition to a sustainable future.

Creating change
Hexagon creates its positive sustainability outcomes by setting ambitious carbon reduction targets that address energy consumption and transportation methods, leading to facility and operational improvements worldwide. The company also upholds rigorous ESG criteria in its sourcing and supplier contracts. Additionally, Hexagon fosters sustainability by cultivating an inclusive culture that encourages innovation and supports employee retention.

Empowering change

Enabling sustainability through our solutions

- Sustainability criteria in product innovation
- Innovations to optimise efficiency, productivity, quality and safety at scale

Empowering other stakeholders to accelerate change

- Engaging with industry-specific platforms
- Distribution Partners Programme
- Accelerating green-tech with R-evolution

Creating change

Improving sustainability across our value chain

- Division-specific net-zero roadmap
- Resource efficiency improvements
- Sustainable procurement programme

Driving sustainability through culture and people

- Inclusive and performance-driven culture
- Social responsibility through education and partnerships

Hexagon's goals and commitments

Focus areas	Commitment	Goals	2024 impact	Supported sustainable development goals (SDGs)
Environment **Driving change across entire value chain to generate positive environmental impact**	• Monitoring and reporting regularly on environmental performance across entire organisation. • Reducing greenhouse gas emissions in operations and supply chain, and undertake initiatives to promote greater environmental responsibility. • Supporting a precautionary approach to environmental challenges. • Increasing energy efficiency, reducing waste and hazardous waste in all facilities and implementing processes for sustainable resource management. • Reducing the stress of water and air quality from own operations and supply chain. • Integrating sustainability considerations into product development, design and production processes. • Leveraging technology innovation, investment and venture capital to profitably grow and accelerate green-tech business opportunities.	• Reduce absolute Scope 1 and 2 GHG emissions 95% by 2030 from a 2022 base year. • Increase active annual sourcing of renewable electricity from 34.8% in 2022 to 100% by 2027. • Reduce Scope 3 GHG emissions 51.6% per EUR value added by 2030 from a 2022 base year. • 50% of suppliers by spend covering purchased goods and services will have science-based targets by 2028.	• Increased share of purchased or produced renewable electricity out of total electricity to 49%, compared to 46% in 2023. • Implemented Avoided Emissions Framework for key product lines. • Reduced overall electricity consumption with 9% compared to 2023. • Increased the share of electric vehicles in the total vehicle fleet to 13% compared to 8% in 2023. • Mitigated 11,200 tCO_2e related to travel by purchasing Sustainable Aviation Fuel (SAF).	3, 6, 7, 9, 11, 12, 13, 17
Social **Driving sustainability through people and culture**	• Ensuring health and safety for employees. Upholding the freedom of association and the effective recognition of the right to collective bargaining. • Eliminating any form of forced or compulsory labour, child labour and discrimination. • Creating a culture of sustainability among employees through recurring training. Being an attractive employer and recruiting the most talented and professional employees. • Respecting human rights throughout operations and the value chain as described in the Universal Declaration of Human Rights from the UN and the Declaration on Fundamental Principles and Rights at Work from the International Labour Organization (ILO).	• Achieve at least 30% women in leadership positions by 2025.	• Increased the number of women in leading positions to 24% compared to 23% in 2023. • Engaged more than 90% of employees in equity and inclusion training.	5, 8, 10
Governance **Setting high standards of labour conditions and adherence to Hexagon's Code of Business Conduct and Ethics**	• Ensuring strict adherence to Hexagon's Code of Business Conduct and Ethics for employees and suppliers. • Working against corruption in all forms, including extortion and bribery. • Supporting and respecting the protection of internationally proclaimed human rights.	• Audit key suppliers in high-risk areas every three years.	• 406 executives certified in Hexagon's Ethics & Compliance System. • Implemented Supply Chain Management System across all divisions. • Engaged more than 90% of employees in compliance training.	8, 12, 16

Hexagon's solutions driving sustainable impact

Empowering smart technologies

Hexagon's primary contribution to a sustainable future is through its solutions. By leveraging its broad product portfolio and competencies, Hexagon generates sustainable value in almost all industries and regions in the world. There is not a business, an industry or geographic region that is unaffected by the struggle to tackle the environmental and social challenges of the 21st century. This is why Hexagon's technologies and capabilities are becoming increasingly relevant in creating sustainable business practices that, in turn, do good for society and the planet at large.

Every day, Hexagon solutions are shaping entire industries to become more connected and autonomous. Unique combinations of sensors and software are leveraging automation, Artificial Intelligence (AI) and other technologies to put data to work in ways that enable more efficient processes and improved decision-making. The result is fewer inputs, less waste, reduced emissions, increased safety and better preparedness – making entire industries more sustainable.

Hexagon is composed of five business divisions:

- Manufacturing Intelligence
- Asset Lifecycle Intelligence
- Geosystems
- Autonomous Solutions
- Safety, Infrastructure & Geospatial

All five divisions help solve some of the most urgent challenges of our lifetimes. By unleashing data to do its greatest work – boosting efficiency, productivity, quality and safety – Hexagon is making smarter use of the Earth's resources and enabling sustainable development.

Sustainability through

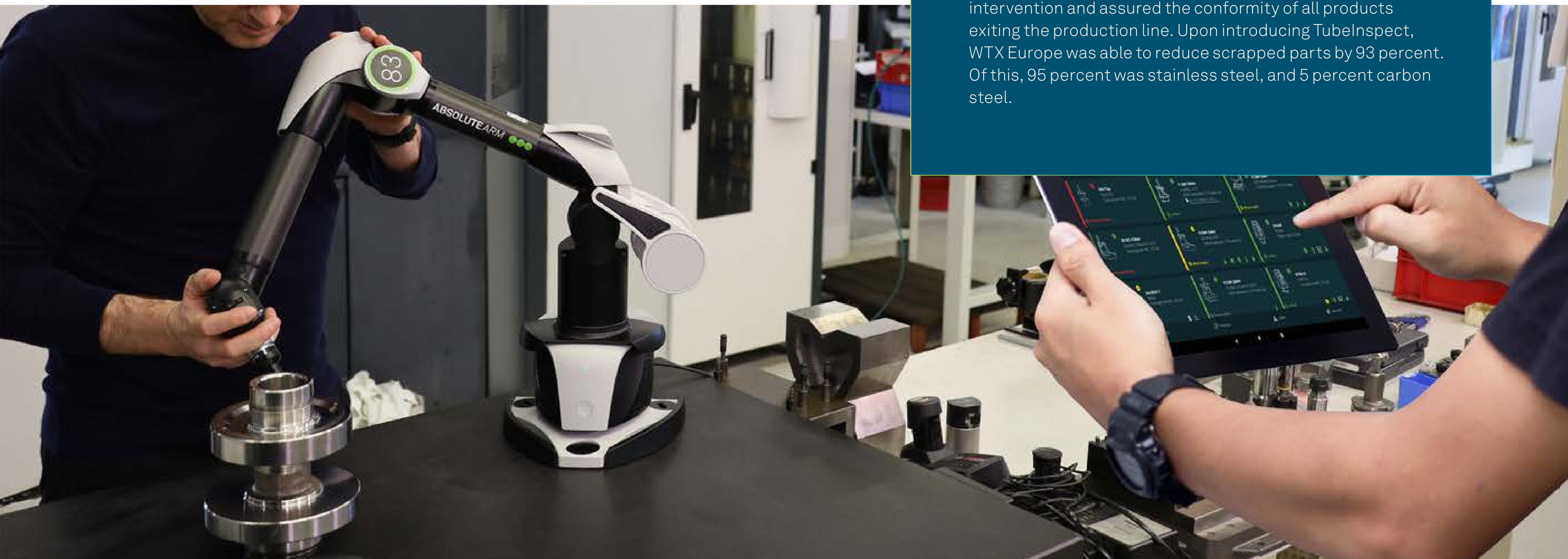
Manufacturing Intelligence

The Manufacturing Intelligence division offers metrology tools, 3D scanners, simulation software and computer-aided engineering capabilities that help manufacturers and asset managers to optimise designs before physically creating a product, identifying opportunities to reduce the quantity of material used, generate less waste and lower energy consumption.

Reducing scrap in manufacturing

WTX Europe, a leading player in the automotive supply industry known for its high-quality components and innovative manufacturing, faced the common challenge of high scrap rates in the production of tubular chassis for an electric scooter provider. The tube bending process is complex and often inefficient due to issues related to material variability, tube dimensions, tool wear and temperature changes, leading to high scrap production and significant energy consumption.

By adopting TubeInspect, a Hexagon inspection technology operated by a manufacturing robot, together with software enabling the bending machine to autocorrect, WTX significantly reduced the need for consistent human intervention and assured the conformity of all products exiting the production line. Upon introducing TubeInspect, WTX Europe was able to reduce scrapped parts by 93 percent. Of this, 95 percent was stainless steel, and 5 percent carbon steel.



Sustainability through

Asset Lifecycle Intelligence

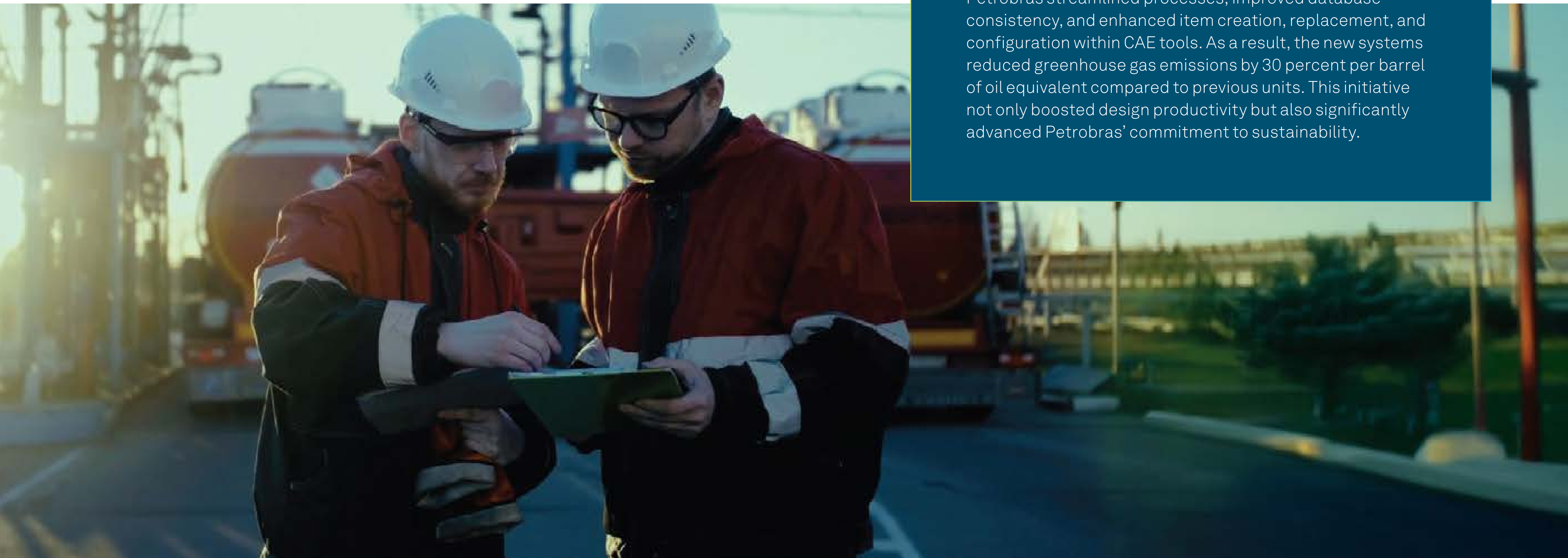
The Asset Lifecycle Intelligence division helps clients design, construct, and operate more profitable, safe, and sustainable industrial facilities. It empowers customers to unlock data, accelerate industrial project modernisation and digital maturity, increase productivity, and move the sustainability needle.

By transforming complex data into actionable insights, we enable better decision-making throughout industrial operations, improving safety, quality, and efficiency, which advances both economic and environmental sustainability.

Powering sustainable offshore production

Petrobras, a multinational oil, gas, and energy company based in Brazil, is the world's largest Floating Production Storage and Offloading (FPSO) operator. The company faced the challenge of increasing sustainability and efficiency across its operations, which include production units with a daily capacity of 225,000 barrels of oil and the compression of 10 million cubic metres of gas. In a large-scale project, Petrobras implemented Hexagon's digital engineering solutions to design a centralised electric energy generation system for its production units.

By leveraging automation and advanced design tools, Petrobras streamlined processes, improved database consistency, and enhanced item creation, replacement, and configuration within CAE tools. As a result, the new systems reduced greenhouse gas emissions by 30 percent per barrel of oil equivalent compared to previous units. This initiative not only boosted design productivity but also significantly advanced Petrobras' commitment to sustainability.



Sustainability through

Geosystems

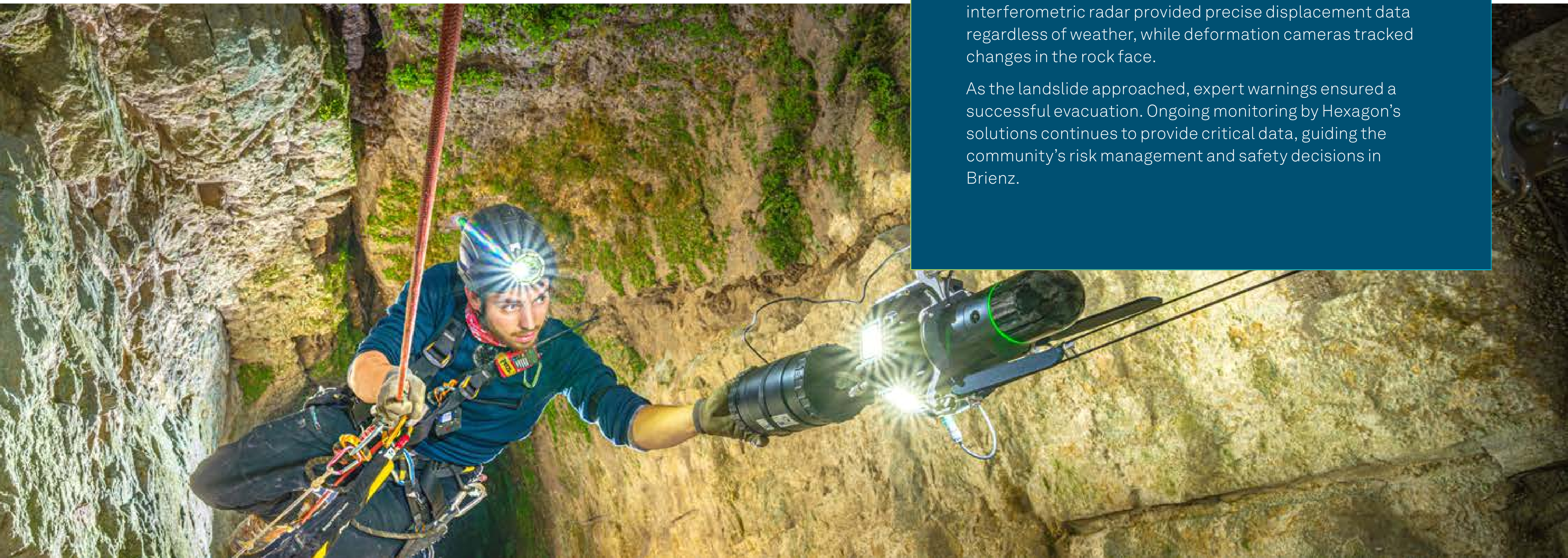
The Geosystems division offers reality capture, measuring and positioning solutions that enable enhanced productivity, accuracy and safety, and drive more sustainable practices across multiple industries. Collecting precise environmental data supports resource management, decision-making processes and construction efficiency with reduced waste and lower carbon emissions, and also saves lives by monitoring and predicting environmental change.

Precision monitoring helped evacuate Swiss village ahead of imminent landslides

In 2023, a significant landslide threatened the Swiss alpine village of Brienz, with over 1.3 million cubic metres of rock and earth cascading near the village. Thanks to Hexagon's advanced monitoring technologies, including precision sensors, radar, and imaging systems, authorities issued timely warnings and evacuated residents, ensuring their safety.

Hexagon's automated real-time data collection enabled geological experts to monitor accelerating slope movements and assess risks effectively. Ground-based interferometric radar provided precise displacement data regardless of weather, while deformation cameras tracked changes in the rock face.

As the landslide approached, expert warnings ensured a successful evacuation. Ongoing monitoring by Hexagon's solutions continues to provide critical data, guiding the community's risk management and safety decisions in Brienz.



Sustainability through

Autonomous Solutions

The Autonomous Solutions division offers precise and intelligent positioning and location intelligence technology that enables safe and secure operations on land, sea, and air, as autonomous vehicles, planes, tractors, vessels, and offshore platforms can be operated with lower risk of incidents, saving lives and avoiding environmental disasters.

The first digital mine in the Middle East

To meet the growing demand for critical minerals needed for batteries, renewable energy, and housing, mine processing sites must be built faster while maintaining safety and efficiency. Historically, building a site could take up to 20 years — time the world cannot afford.

Ma'aden, the largest mining and metals company in the Middle East, partnered with Hexagon to create the region's first digital mine. Hexagon's technology digitises every step of a gold mine in Saudi Arabia, from ore processing to decision-making on where to mine next, ensuring fleet safety, fuel efficiency, and energy savings.

Over five years, Hexagon's solutions have enabled:

- 20% reduction in carbon emissions across operations.
- 4–8% reduction in operational costs.
- 12–15% reduction in time and schedule delays.

Hexagon's technologies allow the mining industry to scale sustainably and efficiently, meeting global resource demands.

Sustainability through

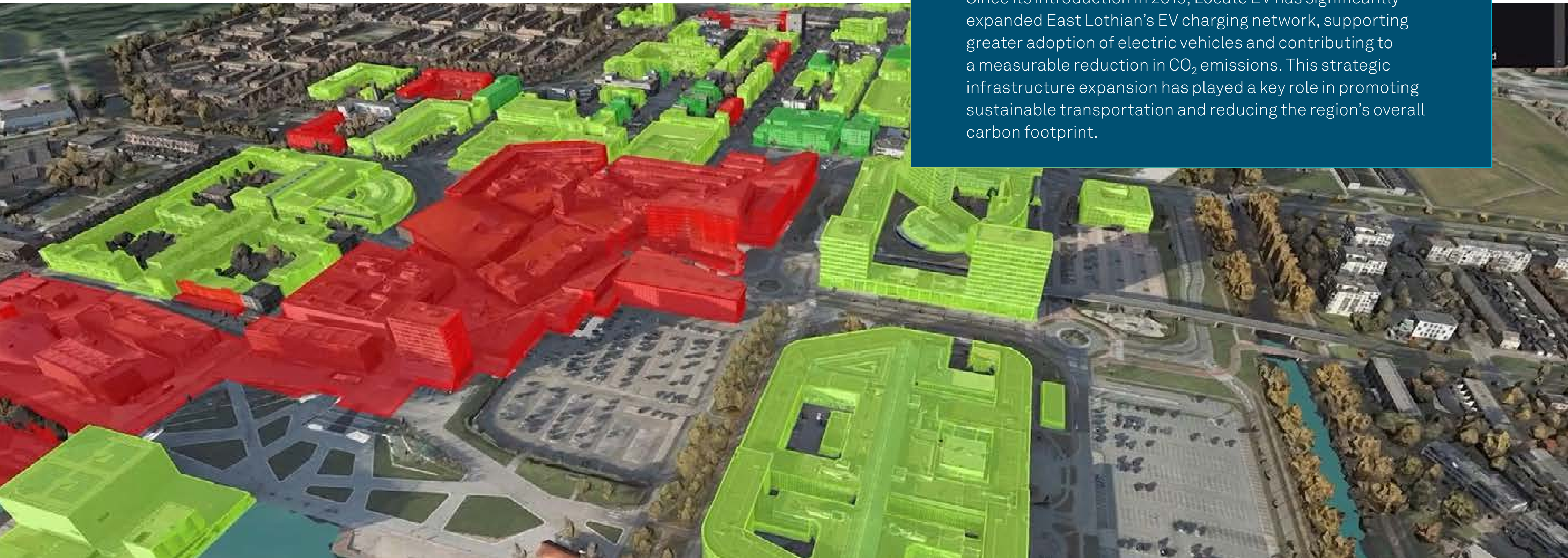
Safety, Infrastructure & Geospatial

The Safety, Infrastructure & Geospatial division improves the resilience and sustainability of the world's critical services and infrastructure. Its technologies transform complex data about people, places, and assets into meaningful information and capabilities for better, faster decision-making in public safety, utilities, defence, transportation, and government.

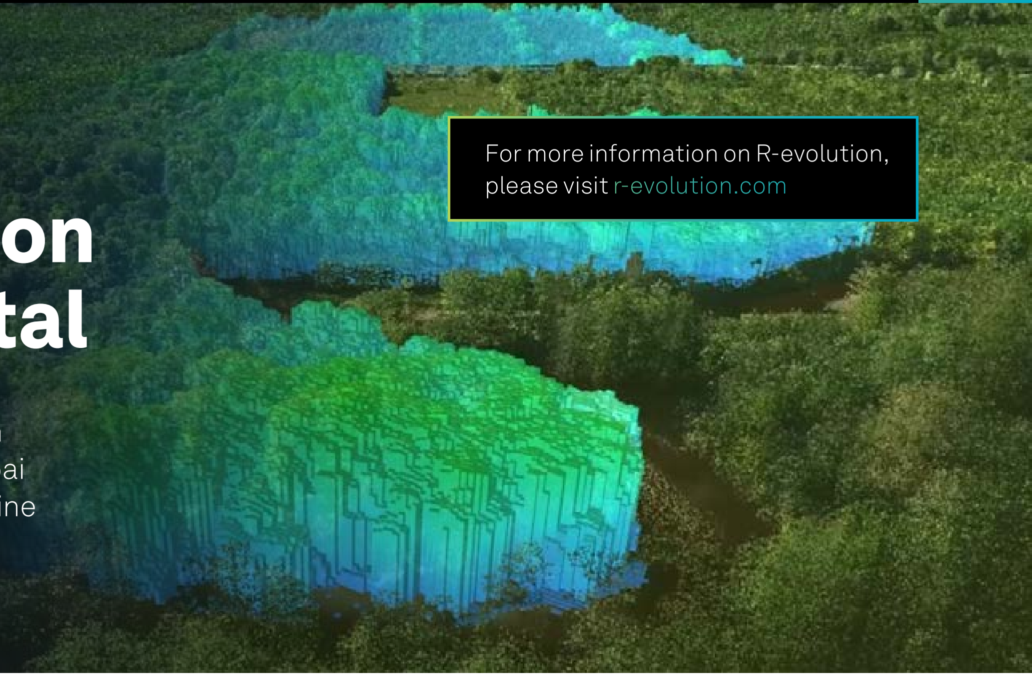
Enabling the electric vehicle transition

With the rise of EV adoption, East Lothian in Scotland faced a challenge in efficiently planning and deploying its charging infrastructure. To address this need, the region approached Hexagon's partner Geospatial Insight (GSI) to introduce Locate EV — a location-based intelligence tool built on top of Hexagon's M.App Enterprise, designed to optimise charge point placement.

By leveraging Hexagon's advanced analytics on driveway availability, footway widths, and potential catchment areas for off-street charging hubs, charge point operators were able to rapidly identify and prioritise deployment sites. Since its introduction in 2019, Locate EV has significantly expanded East Lothian's EV charging network, supporting greater adoption of electric vehicles and contributing to a measurable reduction in CO_2 emissions. This strategic infrastructure expansion has played a key role in promoting sustainable transportation and reducing the region's overall carbon footprint.



R-evolution: Accelerating sustainability through Hexagon technology and venture capital



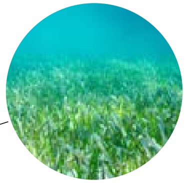
For more information on R-evolution, please visit r-evolution.com

R-evolution, Hexagon's green tech business subsidiary, made significant progress in 2024 with Hexagon technology in action. From new desalination plants south of Dubai to rainforest conservation in Costa Rica, R-evolution is uniquely positioned to combine Hexagon's digital reality solutions and new business models to save the planet.

Green Cubes

R-evolution launched Green Cubes in January 2024 to protect the planet's most critical biodiversity hotspots through sponsorship of cubic metres of rainforest. By leveraging Hexagon and partner technology, R-evolution creates a full digital twin of nature, providing transparency to rainforest biodiversity at an unprecedented level.

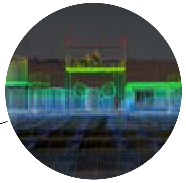
In July 2024, Green Cubes extended the offering with Digital Reality, transforming the way we Measure, Report and Validate (MRV) environmental projects in the extraction industry.



Ocean

Highest accuracy seabed classification delivered for a total of 3,300 km² in The Bahamas, enabling the Bahamian government to protect and monetise this environment via blue carbon credits.

Moving from 360-degree cameras deployed on sharks, Hexagon has developed a solution that combines bathymetric LiDAR and multi-spectral imaging solutions for mapping tropical seagrass meadows, publishing the methodology as part of a scientific paper released in September 2024.



Desalination

Water scarcity is creating a huge demand for fresh water. R-evolution invested in Desolenator to expand the Hexagon portfolio for clean water production with a digital desalination offering.

The first plant, located in Al Ain, UAE, was commissioned in July 2024 and is currently producing 25 m³ of distilled water and 500 kWh of greenhouse cooling daily, using Hexagon's Smart Digital Reality powered by Hexagon EAM, OxBlue, and BLK2GO, now exploring CADWorx and BricsCAD for the design phase.

Solar

In 2024, R-evolution generated over 30,501 MWh of energy from two 16.4 MWp solar PV parks near Málaga in Spain, which is enough power for 8,800 households on an annual basis.

R-evolution has continued to use Hexagon technology for asset optimisation, including the OxBlue Camera for visual asset monitoring and EAM for asset performance management of the site, including device and work order management.

Green Cubes: Monitoring and reporting biodiversity assets through digital twins

Along with climate change and pollution, the continuing decline of biodiversity is one of the three major global crises. As recognition of biodiversity's critical role in economies and societies expands, so does the demand for businesses to reduce their environmental impact and adopt nature-positive business models. In this context, the need to 'make nature visible' through the collection, evaluation, and reporting of reliable biodiversity data is becoming essential.

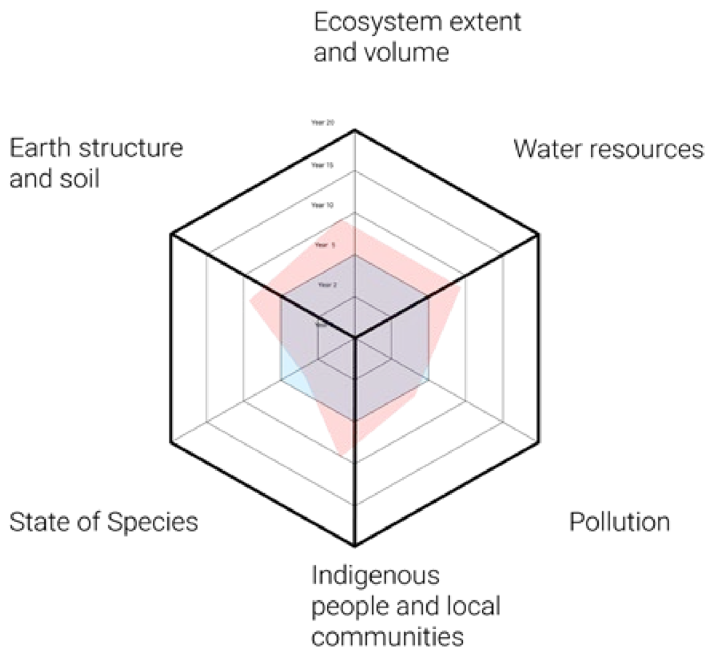
Hexagon's green tech subsidiary R-evolution is collaborating with KPMG Sweden to assess how digital twins can be used to monitor and report biodiversity assets. R-evolution has developed a digital twin solution specifically tailored for biodiversity called Green Cubes Digital Reality. Green Cubes is a processing and AI SaaS platform that combine information collected through technologies such as satellite imagery, LiDAR instruments, audio and camera traps, soil sampling, ground penetrating radars, and pollution sensors for a cubic metre. This digital twin of a cubic metre can, among other things, be used to compare the differences between two locations over time and across a wide range of values such as forest height and profile, flora and fauna richness and abundance, soil quality and biodiversity. Monitoring of biodiversity assets can help companies comply with emerging disclosure requirements and transition to strategic, nature-positive action by assessing, managing, and disclosing nature-related risks and opportunities. Understanding such metrics is becoming increasingly important for companies as frameworks such as the European Union's Corporate Sustainability Reporting Directive (CSRD), the Taskforce on Nature-related Financial Disclosures (TNFD), and the Global Reporting Initiative's new GRI 101: Biodiversity 2024 standard expect corporations to report against multiple quantitative data points.

In the collaboration with KPMG, the "Making Nature Visible Report" was released in October 2024, using the extraction sector as a case study to demonstrate how digital twins can be applied to biodiversity monitoring and reporting. As one of the top five industries with the greatest impact on biodiversity, mining accounts for 40 percent of activity in regions experiencing a decline in ecological health. However, mining is also crucial to the energy transition, with projections indicating that 6.5 billion tonnes of end-use materials will be needed between 2022 and 2050 to support this shift.

The report found that digital twin solutions such as Green Cubes Digital Reality can have multiple use cases, including:

- Enhanced data collection and analysis to support environmental impact assessments,
- Licensing applications and mine rehabilitation activities,
- The generation of reliable data to be reported as part of corporate sustainability disclosures,
- The use of real-time information and predictive modelling to better integrate biodiversity into a company's strategy and business model.

Hexagon is keen to continue exploring opportunities on how its products and solutions can benefit sustainability in all industries.



ESG integrated at all management levels across Hexagon

Hexagon recognises that integrating Environmental, Social, and Governance (ESG) principles at all management levels is essential for driving sustainable value. By embedding ESG considerations into decision-making processes, Hexagon improves operational efficiency and strengthens its commitment to responsible business practices. This approach enables Hexagon to proactively identify and mitigate risks associated with environmental impact and social responsibility.

Overview of ESG governance at Hexagon

- The Board of Directors has the ultimate responsibility for Hexagon's sustainability strategy and ESG governance. The Board is composed of Directors with expertise in sustainability and is informed about relevant sustainability topics at all meetings, at least on a quarterly basis. The Board approves major changes to Hexagon's sustainability framework, including updates to ESG targets.
- The Hexagon Audit Committee serves as the guiding body for sustainability-related business at Hexagon.
- Hexagon's Chief Strategy Officer (CSO) holds operational responsibility for sustainability, under the oversight of the Board of Directors.
- At the divisional level, all relevant sustainability-related topics are reported and reviewed in the Quarterly Business Review (QBR) for all Hexagon divisions. These topics include updates on progress towards ESG targets, ensuring accountability across Executive Leadership Teams.

Sustainability Management
Hexagon is committed to following established corporate governance principles that guide its sustainability management. The company integrates ESG topics throughout the organisation, engaging all divisions and operational functions. This approach ensures that ESG criteria are included in all functions, enabling the right teams to tackle specific sustainability issues effectively. By embedding these principles across the organisation, Hexagon can better address relevant sustainability challenges and drive positive change. The governance of sustainability is distributed as follows:

The Board of Directors has the ultimate responsibility for Hexagon's sustainability strategy and ESG governance. The Board of Directors is informed on relevant sustainability topics in all meetings and approves major changes to Hexagon's sustainability framework, including updates to ESG targets.

The Audit Committee assesses risks and opportunities of strategic importance related to sustainability. It adopts appropriate measures to ensure company-wide implementation of the sustainability framework. The Audit Committee also oversees Hexagon's ESG management and internal controls.

The ESG Steering Committee is formed by representatives from each of the divisions and key corporate functions. Its main purpose is to discuss topics of company-wide materiality. After prioritising needs, the key initiatives and investments are proposed to the Executive Leadership Team.

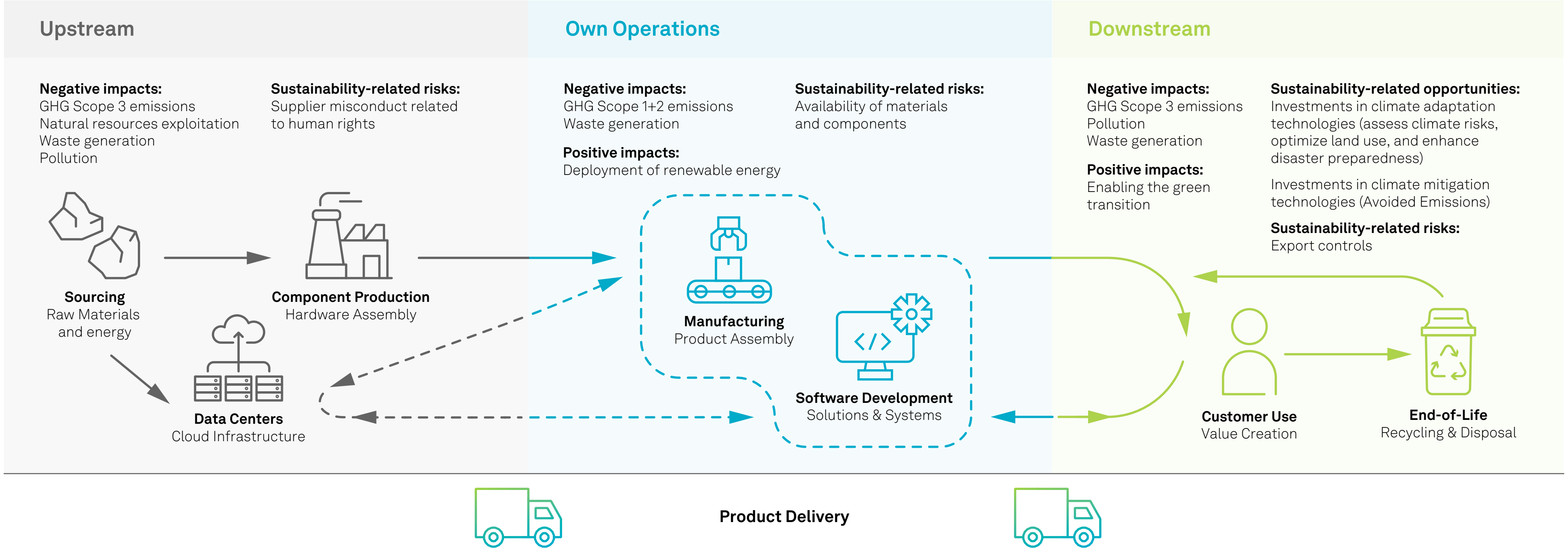
The CSO oversees Hexagon's sustainability topics. The CSO is a member of the Hexagon Executive Leadership team and is invited to the Audit Committee for all sustainability meetings. The approval process for major investments and capital expenditures, acquisitions, and/or divestitures includes sustainability considerations in the assessment. The CSO is also responsible for Hexagon's Sustainability Department.

The Head of Sustainability leads the Hexagon Sustainability Department. The Head of Sustainability reports to the CSO on Hexagon's sustainability topics, including the ESG strategy. The Head of Sustainability is part of the Quarterly Business Review and regularly informs the Hexagon Executive Leadership Team on sustainability matters. During each Quarterly Business Review, the divisions' progress against CO_2 reduction targets is discussed.

The Sustainability Department of Hexagon is responsible for defining the group's sustainability strategy, including the specific targets. The department closely monitors developments concerning sustainability by engaging with relevant stakeholders, investors and analysts, customers, non-governmental organisations, and policymakers. Material topics are determined through a double materiality analysis, which considers the social and environmental as well as financial impacts of the material issues, taking an outside-in and inside-out perspective of relevant opportunities and risks.

All existing and new ESG programmes are supported by the Sustainability Department of Hexagon AB. This includes designing the structure and processes, and developing the tools and training needed to address overarching sustainability topics for Hexagon's businesses. The implementation of the net-zero roadmap lies with the department, which also governs the purchase of credits related to renewables and carbon reduction.

Hexagon's value chain



Upstream operations
Hexagon's key upstream operations related to its hardware business primarily involve component suppliers and manufacturers. These stakeholders supply specialised parts and materials, such as semiconductors, batteries, and circuit boards, which are integral to Hexagon's technology. Additionally, these suppliers source raw materials such as metals, plastics, and minerals for the components provided. The components are stored by third-party logistics providers and transported by shipping companies or freight carriers, depending on the location. Other important upstream stakeholders include utility companies and energy partners who supply electricity to the facilities producing these components. For Hexagon's software business, key upstream stakeholders consist primarily of cloud infrastructure providers, data centre operators, and energy providers.

Own operations
Hexagon's own operations focus on hardware component assembly and software development. At the assembly sites, advanced machinery is used to construct the components into the final Hexagon technology solutions. Key stakeholders in this process include facility leasing partners, energy providers, and vehicle fleet leasing partners. Additionally, fuel and logistics providers play a role in transporting employees and technology. Hexagon's operations also generate waste, including landfill, organic, plastic, electronic, and hazardous waste. Recycling companies and transportation providers are crucial to managing this waste efficiently and supporting daily operations.

Downstream operations
Downstream operations play a pivotal role in Hexagon's value chain, as the use of Hexagon's technology drives improvements across almost all industries. By reducing resource consumption, carbon emissions, and waste in production, and by increasing the efficiency of batteries and renewable energy solutions, Hexagon's products help enhance environmental sustainability. Furthermore, Hexagon's safety solutions contribute to reducing workplace injuries globally. Once the products reach the end of their life cycle, they generate waste due to the metals and materials contained within them. Recycling is essential at this stage to minimise environmental impact and avoid climate stress and pollution; thus, Hexagon repairs and refurbishes the products to extend their lifetime. Logistics providers ensure the timely delivery of technology to customers and are vital to Hexagon's downstream operations.

Stakeholder mapping

Stakeholder group	Stakeholder type	Profile description	Method of engagement	Purpose of engagement	How Hexagon is using their input?
Upstream Stakeholders	**Suppliers**	Providers of raw materials, technology components, and software necessary for Hexagon's products and solutions. Role: Ensure ethical sourcing, compliance with sustainability requirements, and adherence to human rights and environmental standards in the supply chain.	• Supplier programme. • Collection of data on conflict minerals/sourcing. • Integration of ESG-related topics in the Supplier Code of Conduct, onsite audits, and ESG Self-Assessments.	• To ensure ethical sourcing, enhance sustainability in the supply chain, and foster collaborative growth aligned with ESG principles.	• Strengthen ethical sourcing by collaborating on sustainability frameworks (e.g., supplier codes of conduct). • Identify supply chain risks related to compliance, labour rights, and environmental impact to enhance sustainable procurement policies. • Improve transparency and traceability in sourcing, ensuring alignment with global ESG standards and customer expectations. • Support suppliers with training and resources to meet sustainability goals. • Recognise high-performing suppliers excelling in ESG practices.
	Technology and R&D Partners	Institutions or companies providing research, innovation (including open co-creation), and technological solutions. Role: Collaborate on the innovation and development of sustainability-driven products.	• Best practice exchange. • Collaborative working groups to set standards. • Technical function groups and guidance committees.	• To co-develop innovative solutions, enhance product offerings, and drive sustainability through advanced technologies.	• Cooperate to design pioneering, sustainability-focused solutions that address complex challenges. • Refine product offerings to enhance the efficiency, usability, and environmental impact of Hexagon's technologies. • Partner on projects to tackle industry-wide sustainability priorities and inspire new approaches. • Strengthen market leadership to maintain Hexagon's position as a trailblazer in technological and ESG advancements.
	Regulators and Policy Makers	Entities setting frameworks that shape the operational environment (e.g., CSRD, ESRS, and environmental standards). Role: Guide the upstream activities through compliance requirements and legislation.	• Seminars and events. • Materiality assessment. • Function groups and guidance committees.	• To ensure compliance with laws and standards, align with emerging regulations, and proactively address sustainability matters.	• Align ESG practices with CSRD, ESRS, and TCFD to ensure compliance and address regulatory gaps. • Monitor evolving policies to proactively adjust strategies and mitigate non-compliance risks. • Enhance sustainability reporting by incorporating regulatory guidance for accuracy, transparency, and stakeholder trust. • Integrate ESG risks into enterprise risk management, strengthening resilience to climate, human rights, and governance challenges. • Adapt business strategies to meet future regulatory changes, ensuring long-term sustainability and operational stability.
Own Operations	**Employees**	All employees, including management and the workforce in various divisions, are impacted by policies on DEI, well-being, career development, and sustainability-driven goals. Role: Requires fair working conditions, equal opportunities, and clarity on Hexagon's sustainability priorities and business goals.	• Employee survey. • Employee representatives (including Work Councils) • Collection of H&S data. • Employee councils (DEI). • Compliance and ethics channel (whistleblower).	• To ensure fair working conditions, foster well-being, enhance employee development, increase employee retention, attract the best talent, and align workforce efforts with sustainability goals.	• Enhance inclusion, employee belonging, and well-being initiatives based on employee feedback and engagement. • Improve ESG communication to help employees connect sustainability with business success and innovation. • Align ESG with performance metrics to reinforce employees' contributions to sustainability goals. • Leverage employee insights for innovation in areas like waste reduction, energy efficiency, and sustainable product development. • Strengthen employee impact by demonstrating how their actions contribute to Hexagon's overall ESG achievements.
	Executive Leadership / Board of Directors	Decision-making bodies are responsible for corporate strategy, risk management, and long-term sustainability objectives. Role: Shape the company's ESG vision, oversee compliance, and ensure the integration of sustainability into core business strategies.	• ESG topics in Board of Directors, Audit Committee and Executive Leadership meetings. • Quarterly divisional business performance reviews. • Business strategy workshops. • Meetings & employee events.	• To integrate sustainability into strategic decision-making and ensure alignment with regulatory standards. • To benefit from product, industry, and market-level insights for the long-term development of future solutions, which will be good for the whole enterprise.	• Shape corporate strategy by integrating ESG into governance, resource allocation, and decision-making. • Ensure regulatory compliance with CSRD, ESRS, and TCFD while preparing for future policy changes. • Align ESG with business priorities to drive growth, risk mitigation, and competitive advantage. • Enhance governance structures by embedding sustainability metrics into leadership accountability frameworks. • Cascade ESG principles across all levels to embed a culture of sustainability within the organisation. • Refine sustainability reporting based on leadership insights to ensure transparency, investor alignment, and a compelling ESG narrative.
	Shareholders/ Investors	Financial stakeholders provide capital and expect proper risk management, ESG disclosures, and long-term value creation. Role: Influence corporate sustainability priorities by integrating ESG factors into investment decisions.	• Double Materiality Assessment. • Regular Hexagon-specific meetings and exchanges. • Seminars and events.	• To provide transparency on ESG performance and manage risks tied to financial and sustainability goals.	• Strengthen relationships by aligning Hexagon's ESG strategy with investor feedback. • Ensure ongoing dialogue to meet evolving investor priorities and enhance the company's reputation. • Refine ESG disclosures to comply with global standards (CSRD, ESRS, GRI, TCFD). • Provide clear, transparent data on ESG performance to meet investor expectations. • Incorporate shareholder insights into sustainability strategies that balance financial growth and long-term value. • Integrate ESG risks and opportunities into risk management to enhance profitability and market potential. • Promote sustainable investment products, such as green bonds, to attract impact-focused investors.

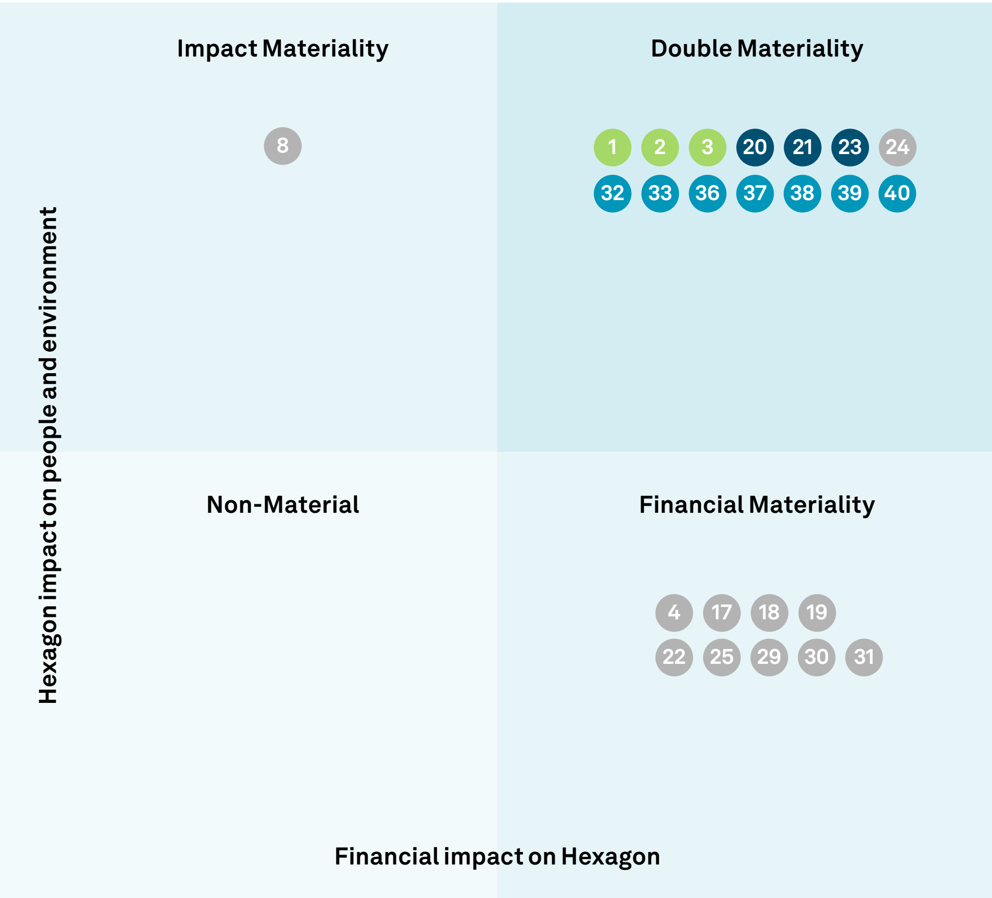
Stakeholder mapping cont. →

Stakeholder mapping cont.

Stakeholder group	Stakeholder type	Profile description	Method of engagement	Purpose of engagement	How Hexagon is using their input?
Downstream Stakeholders	**Customers**	Organisations or individuals purchasing Hexagon's solutions are influenced by their industries' challenges, the need to remain efficient and profitable, the requirements to improve sustainability performance, ethical practices, and product innovation. Role: Drive demand for sustainable solutions and influence ESG-related product development.	• Double Materiality Assessment • Industry-specific customer events • Customer engagement programmes and User Group meetings • Avoided Emissions Framework	• To meet their expectations for innovative, sustainable solutions and enhance customer satisfaction. • To support them in solving their challenges with regard to ESG performance.	• Identify customer needs for sustainable solutions and tailor products to help achieve ESG goals such as dematerialisation, energy efficiency, and carbon reduction. • Develop solutions addressing environmental and societal challenges in alignment with customer values and market demands. • Leverage customer input to explore new applications in renewable energy, biodiversity monitoring, and the circular economy. • Highlight the environmental and societal impact of Hexagon's solutions in messaging to align with customer sustainability priorities. • Create case studies and success stories that resonate with current and potential clients. • Collaborate with customers to co-develop and refine solutions, improving features and expanding Hexagon's innovation pipeline.
	End-Users	Individuals or entities utilising Hexagon's products and services in their daily operations. Role: Expect safe, high-quality, and ethically sourced solutions that deliver high value with minimal environmental impact.	• Double Materiality Assessment • Industry-specific customer events • Customer engagement programmes and User Group meetings • Avoided Emissions Framework	• To ensure solutions meet their needs, enhance their ability to address sustainability challenges, and improve the user experience.	• Ensure Hexagon's products deliver meaningful environmental and operational benefits. • Make technologies more accessible, efficient, and aligned with real-world applications. • Tailor product offerings based on users' experiences to better support end-user goals and sustainability challenges. • Build trust by demonstrating how their input shapes Hexagon's innovations and amplifies positive outcomes.
	Local Communities	Communities directly or indirectly affected by Hexagon's operations, resource use, and environmental footprint. Role: Benefit from sustainable business practices, community engagement initiatives, and biodiversity protection.	• Surveys • Community-based events, feedback forums	• To contribute positively to societal well-being, bring more value to the local communities where we operate, and address local environmental and social concerns.	• Design community-focused initiatives that support education, skill development, and local economic growth, ensuring Hexagon's projects support societal well-being. • Address environmental challenges by minimising operational impacts and supporting projects such as biodiversity conservation and pollution reduction. • Monitor and measure impact by assessing the effectiveness of initiatives, using KPIs to track progress and ensure meaningful benefits to communities.
	Nature	Ecosystems, biodiversity, and natural resources impacted by Hexagon's operations, along with the broader environmental landscape that benefits from the company's products and solutions. Role: Enhance ecosystem monitoring, support biodiversity conservation, and promote sustainability through advanced environmental management solutions.	• Collaboration with environmental NGOs, governmental bodies, and academic institutions • Integration of nature-related metrics into Hexagon's product features, such as real-time ecosystem data and predictive analytics	• To ensure Hexagon's products support the management of natural resources and biodiversity, advancing global sustainability goals and ecosystem preservation.	• Refine and enhance nature-focused products to improve ecosystem management capabilities. • Integrate feedback into feature development, enabling more effective monitoring of natural habitats. • Use insights to align product innovations with environmental impact goals and regulatory requirements. • Support organisations in achieving sustainability targets through advanced data solutions for nature management.

Double Materiality Assessment

Hexagon's double materiality assessment (DMA) considers the social and environmental, as well as financial, impacts of the material issues, taking an outside-in and inside-out perspective of relevant impacts, risks, and opportunities (IROs).



Environmental

1 Adaptation to Climate Change
2 Climate Change Mitigation
3 Energy
4 Air Pollution
5 Pollution of Water
6 Pollution of Soil
7 Pollution of Living Organisms and Food Resources
8 Substances of Concern
9 Substances of Very High Concern
10 Microplastics
11 Water
12 Marine Resources
13 Direct Impact Drivers of Biodiversity Loss
14 Impact on Species
15 Impact on the Range and State of Ecosystems
16 Impact on Ecosystem Services
17 Resource Impact, Including Resource Use
18 Resource Impacts Related to Products and Services
19 Waste

Social

20 Own Workforce: Working Conditions
21 Own Workforce: Equal Treatment and Opportunities for All
22 Own Workforce: Other Work-Related Rights
23 Value Chain: Working Conditions
24 Value Chain: Equal Treatment and Opportunities for All
25 Value Chain: Other Work-Related Rights
26 Economic, Social, and Cultural Rights
27 Civil and Political Rights
28 Indigenous Peoples' Rights
29 Impact of Information on Consumers or End-Users
30 Personal Safety of Consumers or End-Users
31 Social Inclusion of Consumers or End-Users

Governance

32 Corporate Culture
33 Whistleblower Protection
34 Animal Welfare
35 Political Engagement
36 Supplier Relationships, Including Payment Practices
37 Corruption and Bribery
38 Improper use of goods: Dual use, export controls
39 Business Responsiveness: Industry 4.0, innovation/digitalisation
40 Cyber security: Cyber- and data-related topics

Materiality assessment methodology

The double materiality assessment consisted of three stages, including:

- Due diligence preparation to identify potentially material topics, utilising the European Sustainability Reporting Standards (ESRS) and topics defined in the CSRD, as well as including a review of Sustainability Accounting Standards Board (SASB) sectors and peer disclosures for a comprehensive analysis.
- Surveys, workshops, and interviews assessing the financial and sustainability impacts on the company, people, and environment, considering both risks and opportunities. The assessment involved internal and external stakeholders, including shareholders, employees, suppliers, customers, subject matter experts, investors, and community groups. The broad range of stakeholders ensured expertise and a relevant mix of experiences on financial and sustainability topics.
- Defining the key material impacts (positive and negative), along with opportunities and risks for Hexagon, prioritising efforts based on assessment outcomes and adhering to relevant ESRS standards for transparent disclosure.

Hexagon strengthened the previous year's DMA by further refining the identification of sustainability matters most material to its business and value chain. This process was consolidated upon gaining feedback from each company division, ensuring alignment with their specific material topics.

Materiality assessment issue pool

The issue pool of potential material topics is mapped in the matrix, defined under ESG. Each topic is consolidated based on its financial materiality for Hexagon and its impact on the environment and society.

A topic was considered material if it was likely to affect Hexagon's future cash flow, or if it had a significant impact on people or the environment. During 2024, the assessment of the topics' financial or environmental impact included a review of their actual and potential positive or negative effects over a short, medium and long term, as well as their potential remediability. To determine the severity of an impact, its likelihood and magnitude were evaluated, ranging from low to high. The respective inputs generated a threshold value used to determine the key material topics. If only one perspective—impact or financial materiality—was identified, the matter was considered relevant but not material for the group, with disclosures limited to the applicable perspective in line with materiality assessment outcomes.

The stakeholder engagement process included a review of the engagement methods, the stakeholders' respective importance, and their alignment with engagement objectives conducted by all Hexagon divisions.

Following this, Hexagon applied the CSRD and the specific requirements of the ESRS and evaluated Impact, Risk, and Opportunity (IRO) considerations, assessing the likelihood, magnitude, and irremediability of identified matters.

Materiality assessment results

The key material topics identified through the double materiality assessment were:

- Climate change (ESRS E1)
- Own workforce (ESRS S1)
- Workers in the value chain (ESRS S2)
- Business conduct (ESRS G1)

Each material topic is also associated with related material sub-topics, as shown in the table. The majority of the issues defined as highly material for Hexagon are primarily considered opportunities by its stakeholders. Hexagon provides solutions that address the main environmental and social challenges that companies and nations face today. Furthermore, Hexagon recognises that some of the topics that scored lower and therefore have been deemed non-material, such as circular economy, biodiversity, and land use, are relevant for Hexagon's future product portfolio. Embracing these topics as opportunities is necessary to ensure a more forward-thinking approach to developing future solutions.

The broad portfolio suite aiming to solve customers' challenges related to productivity, energy efficiency, data protection, climate change adaptation and mitigation, digitalisation, and more, is not positioned as threats or risks but rather as an opening for increased profitability and stronger financial performance. By investing in bringing new tools, solutions, and technologies that better meet the sustainability needs of its customers, Hexagon can continue strengthening its position as an enabler of a sustainable future.

The key material risk areas for Hexagon are within the fields of cyber security, export controls, supplier management, and data protection, highlighting the need for continuous improvement and investments in strong compliance and governance processes. Hexagon's material topics are clearly linked to the United Nations' Sustainable Development Goals (SDGs) and are the starting point for Hexagon's sustainability strategy.

Following the double materiality assessment, Hexagon is focusing on enhancing positive impacts and improving efficiency while minimising negative effects on the world as part of its business strategy. This approach ensures that the company addresses the expectations of its stakeholders while aligning its operations with the sustainability ambitions

Environmental

Climate change (ESRS E1)

Adaptation to Climate Change

Climate Change Mitigation

Energy

Social

Own workforce (ESRS S1)

Working Conditions

Equal Treatment and Opportunities for All

Workers in the value chain (ESRS S2)

Working Conditions

Governance

Business conduct (ESRS G1)

Corporate Culture

Whistleblower Protection

Supplier Relationships

Corruption and bribery

Improper use of goods

Business responsiveness

Cybersecurity

Impact, risk and opportunities

Sub-Topic	IRO name	IRO type	Description	Time Horizon				Business Model & Value Chain Impacted		
				S	M	L	Irremediable character	Upstream	Own Operations	Downstream
Environment										
E1 Climate Change										
Adaptation to Climate Change	Advanced Technologies enhancing climate adaptation	Positive Impact	Hexagon's advanced technologies enhance climate adaptation and disaster resilience: Geospatial solutions provide real-time environmental insights for risk assessment and infrastructure planning; intelligent positioning technology improves emergency response efficiency, while simulations and digital twins strengthen infrastructure resilience against extreme weather.	●	●	●	●	Suppliers and technology providers.	R&D and product teams.	Governments, businesses, and emergency services.
	Extreme weather events and regulatory changes increasing financial risk	Financial Risk	Extreme weather and supply chain disruptions increase costs and impact order fulfilment. Stricter regulations and climate-related financial losses may reduce demand and raise compliance expenses.	●	●	●		Suppliers, contract manufacturers, and logistics providers.	Production sites, infrastructure, and supply chain management.	Clients in key sectors.
	Growing demand for climate adaptation solutions	Financial Opportunity	Hexagon's technologies support climate risk assessment, resilient infrastructure, and sustainable urban planning. Rising demand and public-private partnerships drive growth in climate adaptation solutions.	●	●	●		Suppliers, technology providers, research partners.	R&D, product development, corporate strategy.	
Climate Change Mitigation	Solutions enhancing efficiency	Positive Impact	Hexagon's solutions enhance materials and energy efficiency, lowering emissions in the industries it serves. Location intelligence improves efficiency in day-to-day operations, optimises public transit and supports EV adoption, while simulations drive material and energy-efficient product design. Reality capture and digital modelling improve construction precision, reducing waste, energy use, and emissions.	●	●	●			Manufacturing, data processing, energy use, and product development.	Clients in various sectors for low-emission design.
	Greenhouse gas emissions from transport, production and use phase	Negative Impact	Some components of hardware production rely on raw materials like rare earth metals, which have an environmental impact during extraction and processing. Furthermore, shipping and transportation of products contribute to Scope 3 emissions, challenging climate mitigation efforts. Onsite needs for fuels and power, as well as business travel, further increase carbon footprints. During the use phase of products, both hardware and AI-powered simulations require energy consumption, increasing electricity demand and carbon emissions.	●	●	●	●	Raw material extraction and refinement.	Employee commuting and corporate travel.	Shipping and transportation.
	Stricter regulations and cost pressure for manufacturing	Financial Risk	Manufacturing processes require materials and energy, and manufacturing sites are facing stricter regulations and cost pressures. Tougher global carbon policies may require emission reductions and operational changes. Hexagon is working to improve energy and material efficiency and to transition to renewable energy and higher recycling in the value chain.		●	●		Regulatory pressures on suppliers for emissions reduction.	Manufacturing emissions and compliance requirements.	Market shifts and customer demands for low-carbon solutions.
	Advancing green tech and AI for emission reduction	Financial Opportunity	Improved quality during the process, digital twins, and AI-powered simulation tools help industries reduce emissions. Advanced technology supports green manufacturing, renewable energy, carbon capture, and optimised logistics. Clean tech adoption and autonomous solutions drive efficiency and lower carbon footprints.	●	●	●			Development and internal use of AI, simulation, and optimisation tools.	Solutions for clients for emissions reduction.

Sub-Topic	IRO name	IRO type	Description	Time Horizon				Business Model & Value Chain Impacted		
				S	M	L	Irremediable character	Upstream	Own Operations	Downstream
Energy	Advanced technologies enhancing energy efficiency	Positive Impact	Reality capture improves renewable projects through precise monitoring and resource mapping. Digital twin technology and simulations enhance efficiency in manufacturing, construction, and infrastructure. Intelligent sensors reduce energy consumption in industrial processes and smart cities, while AI-driven autonomous solutions minimise fuel use in offshore and maritime operations.	●	●	●			Internal utilisation of Hegaxon's tools for energy efficiency.	Solutions for clients for energy use reduction.
Energy	Energy-intensive manufacturing process and use-phase	Negative Impact	Hexagon's software solutions require significant computing power, leading to high electricity use in data centres, cloud storage, and edge computing infrastructure. GNSS receivers, LiDAR scanners, high-precision sensors, metrology tools, and autonomous system components require energy-intensive manufacturing processes, contributing to the company's overall carbon footprint.	●	●	●		Energy use in supplier and contract manufacturer production processes.	In-house manufacturing and assembly. Energy consumption from Hexagon's internal data processing and IT infrastructure.	
Energy	Increased energy costs	Financial Risk	Rising electricity demand from AI, cloud computing, and manufacturing increases exposure to energy costs and carbon taxes. Stricter regulations and higher overall energy demand may increase power costs. Delayed adoption of energy-efficient solutions could impact profitability and competitiveness.	●	●	●		Energy efficiency regulations affecting suppliers.	High energy consumption, regulatory compliance costs, and operational inefficiencies.	Market risks from slow sustainability adoption affecting competitiveness.
Energy	Digital solutions enhancing energy efficiency and sustainability	Financial Opportunity	Reality capture, geospatial intelligence, and digital twins enhance construction, manufacturing, and renewable energy projects, driving high energy efficiency demand from developers. Intelligent positioning and EV integration optimise logistics for low-carbon mobility. IoT and digital twin solutions help industries cut energy use, reduce waste, and improve sustainability.	●	●	●				Clients in renewables, transportation, and industrial sectors.
Social										
S1 Own Workforce										
Working Conditions	Enhancing working conditions and employee well-being	Positive Impact	Hexagon drives best practices in working conditions and workforce inclusivity, creating a positive impact in its communities. Fair hiring practices eliminate unconscious bias while ensuring stable careers, skill development, and growth opportunities. Interactive sessions with external experts promote inclusivity and cultural awareness, while competitive salaries, flexible work, and strong health and safety standards enhance well-being and engagement.	●	●	●			Own workforce.	
Working Conditions	Workforce sustainability risks impacting costs and compliance	Financial Risk	Hexagon may encounter financial risks related to workforce sustainability, including talent shortages, rising recruitment costs, and compliance with evolving labour laws. Investments in AI upskilling and an inclusive work culture are essential to mitigate legal and reputational risks. Failure to adapt could reduce employer attractiveness, increase salary costs, and impact productivity. Gaps in human rights due diligence may lead to regulatory penalties and investor concerns.		●	●			Own workforce.	
Equal Treatment and Opportunities for All	Promoting fair pay, career growth, and workplace diversity	Positive Impact	Equality initiatives, non-discrimination policies, and fair pay policies ensure equal compensation. Hexagon encourages training programmes to support career growth and lifelong learning. Hexagon's inclusive employment policies facilitate the integration of persons with specific personal needs, while diversity initiatives foster innovation and a respectful workplace culture.	●	●	●			Own workforce.	
Equal Treatment and Opportunities for All	Challenges in pay equity, career progression, and workplace inclusion	Negative Impact	Gender pay gaps and career progression disparities may persist despite equality commitments. Unequal access to training and workplace accessibility gaps can limit opportunities for some employees. Harassment, discrimination, and lack of diversity in leadership require ongoing efforts to ensure inclusivity and fair representation.	●	●	●	●		Own workforce.	

Sub-Topic	IRO name	IRO type	Description	Time Horizon S	Time Horizon M	Time Horizon L	Irremediable character	Business Model & Value Chain Impacted: Upstream	Own Operations	Downstream
S2 Workers in the Value Chain										
Working Conditions	Labour rights risks in the value chain	Potential Negative Impact	Hexagon operates in 93 risk areas where child labour, forced labour, inadequate housing, and poor sanitary conditions may persist. Weak enforcement of labour rights among sub-tier suppliers increases the risks of exploitation and poor working conditions. Limited access to grievance mechanisms and privacy protections may prevent workers from reporting violations, requiring stronger oversight and due diligence.	●	●	●		Suppliers and contract manufacturers.	Compliance and procurement teams.	Investors, governments, and clients.
Equal Treatment and Opportunities for All	Advancing fair labour practices and supplier diversity	Positive Impact	Hexagon promotes fair labour practices in its value chain by enforcing non-discrimination, fair wages, and equal opportunities through its Supplier Code of Conduct. Regular audits, due diligence, and capacity-building initiatives support supplier compliance with global labour standards, fostering workplace inclusivity. By encouraging supplier diversity and inclusive hiring, Hexagon strengthens social sustainability and equitable opportunities across its supply chain.	●	●	●		Suppliers and contract manufacturers in high-risk areas.	Compliance and procurement teams.	Commercial operations and clients.
	Barriers to fair labour and supplier diversity	Negative Impact	Sourcing from 93 high-risk areas presents challenges related to proper review against discrimination, unfair wages, and gender inequality. Weak enforcement of non-discrimination policies among sub-tier suppliers may limit equal opportunities. Limited supplier diversity programmes and grievance mechanisms in some regions can affect workforce equity and worker protections.	●	●	●		Suppliers and contract manufacturers operating in high-risk areas.	Compliance and corporate governance teams.	Commercial operations and clients impacted by inequalities.
Other Work-Related Rights[1]	Labour rights and human rights due diligence gaps in the supply chain	Negative Impact	Having suppliers and sub-suppliers that operate in regions with limited supply chain transparency increases the risk of labour rights violations, including child and forced labour. Gaps in human rights due diligence make it challenging to fully assess working and living conditions in sub-tier suppliers. Inadequate housing, sanitation, and water access in some supplier facilities remain unverified due to limited oversight. Hexagon has therefore prioritised the mapping of its supply chain with regards to Conflict Minerals to address the risk associated with human rights abuses in the supply chain of electronic components used.	●	●	●	●	Suppliers and contract manufacturers in high-risk areas.	Compliance and procurement teams.	Commercial operations and clients.
	Human rights due diligence gaps posing legal and reputational risks	Financial Risk	Gaps in human rights due diligence may result in non-compliance with labour laws, leading to legal, financial, and reputational risks. Limited oversight of housing, sanitation, and worker conditions in supplier facilities could expose Hexagon to human rights controversies. Weak data protection and monitoring may lead to privacy violations, regulatory challenges, and investor concerns.	●	●	●		Suppliers and contract manufacturers.	Compliance and procurement teams managing human rights due diligence.	Investors, governments, and clients.

Sub-Topic	IRO name	IRO type	Description	Time Horizon S	Time Horizon M	Time Horizon L	Irremediable character	Business Model & Value Chain Impacted: Upstream	Own Operations	Downstream
Governance										
G1 Business conduct										
Corporate Culture	Fostering ethical governance and inclusive corporate culture	Positive Impact	Hexagon upholds strong ethical governance through anti-corruption policies, regulatory compliance, and transparent reporting. DEI commitments promote equal opportunities and inclusive leadership, fostering a fair and ethical workplace. A culture of open communication, sustainability, and continuous ethical training strengthens corporate integrity and responsible business practices.	●	●	●		Suppliers and procurement teams.	Corporate functions, HR, compliance, legal, leadership, and training teams.	
Corporate Culture	Ethical and compliance challenges in a global workforce	Negative Impact	Ensuring consistent compliance across global operations is complex, increasing the risk of ethical and regulatory gaps. Third-party suppliers may pose risks of unethical labour practices, corruption, or non-compliance. Remote work and diverse cultural landscapes can challenge DEI enforcement and corporate ethics engagement, while rapid technological innovation requires ongoing assessment of AI, data privacy, and ethical automation.	●	●	●		Suppliers, contract manufacturers, and procurement teams.	Corporate functions, HR, compliance, R&D, and leadership.	Clients using Hexagon's AI and automation technologies, requiring ethical oversight.
Corporate Culture	Financial and reputational risks from governance gaps	Financial Risk	Weak governance and corporate culture inconsistencies may lead to reputational damage, regulatory scrutiny, and reduced stakeholder trust. Failure to enforce ethical practices, anti-corruption measures, and DEI commitments could result in legal penalties and financial liabilities. Long-term risks include investor concerns, talent retention challenges, and operational disruptions.	●	●	●		Suppliers and contract manufacturers.	Compliance and procurement teams.	Commercial operations and clients.
Whistleblower Protection	Strengthening transparency and whistleblower protection	Positive Impact	Hexagon ensures secure, anonymous reporting channels to protect whistleblowers from retaliation. A culture of transparency and compliance reinforces zero tolerance for corruption and unethical behaviour. Regular training, independent investigations, and adherence to global whistleblower laws strengthen accountability and corporate integrity.	●	●	●			Corporate functions, HR, compliance, legal teams, and leadership.	
Supplier Relationships, Including Payment Practices	Enhancing ethical supplier relationships and responsible sourcing	Positive Impact	Hexagon enforces high labour and ethical standards, ensuring fair wages, safe working conditions, and human rights protections. Transparent payment practices strengthen supplier relationships, while responsible sourcing and ESG training promote sustainability. Regular audits and due diligence mitigate risks, ensuring compliance with ethical and regulatory standards.	●	●	●		Suppliers, contract manufacturers, and procurement teams.		
Corruption and Bribery: (a) Prevention and Detection (b) Incidents	Strengthening anti-corruption compliance and ethical business conduct	Positive Impact	Hexagon enforces strict anti-corruption policies, ensuring compliance with global regulations like the UK Bribery Act and US FCPA. Regular training for employees and suppliers promotes ethical business conduct, while due diligence and a Supplier Code of Conduct uphold transparency. Whistleblower protections and strong compliance frameworks enhance trust, strengthening Hexagon's market position and business relationships.	●	●	●		Suppliers and procurement teams ensuring ethical compliance.	Corporate governance, HR, compliance, and legal teams.	Clients, investors, and government partners.
Corruption and Bribery: (a) Prevention and Detection (b) Incidents	Exposure to corruption-related legal and financial liabilities	Negative Impact	Corruption risks persist in global supply chains and third-party relationships despite strict policies. Varying regulations across jurisdictions create enforcement challenges, and failure to prevent misconduct could damage Hexagon's reputation. Regulatory investigations and legal non-compliance may lead to financial penalties, operational disruptions, and restricted market access.	●	●	●		Third-party suppliers, intermediaries, and joint ventures posing corruption risks in global supply chains.	Corporate governance, compliance, and legal teams managing.	Clients and investors.
Corruption and Bribery: (a) Prevention and Detection (b) Incidents	Financial and legal risks from third-party corruption	Financial Risk	Third-party corruption risks require continuous due diligence, supplier audits, and strict policy enforcement. Failure to prevent misconduct could result in legal sanctions, reputational damage, and loss of business partnerships. Strong compliance measures and clear incident management protocols help mitigate these risks, ensuring accountability and ethical business practices.	●	●	●		Suppliers, intermediaries, and third parties.	Corporate governance, compliance, and legal teams.	Clients, investors, and government partners affected by legal, reputational, and business risks.

Sub-Topic	IRO name	IRO type	Description	Time Horizon				Business Model & Value Chain Impacted		
				S	M	L	Irremediable character	Upstream	Own Operations	Downstream
			Business conduct and Responsiveness							
Improper use of goods: Dual use, export controls[2]	Ethical and security concerns in dual-use technology and export controls	Negative Impact	Hexagon's high-tech solutions, including geospatial intelligence and automation, may be misused for military or surveillance purposes, raising ethical and security concerns. Weak enforcement of export controls or regulatory gaps could lead to unauthorised use, potentially contributing to geopolitical tensions or human rights violations. Additionally, advanced technologies used in infrastructure or resource extraction could inadvertently cause environmental degradation or displacement of local communities.	●	●	●	●	Suppliers and procurement teams.	Legal, compliance, and risk management teams.	Customers, distributors, and government agencies.
	Regulatory and financial exposure from export controls and dual use compliance	Financial Risk	Non-compliance with export controls and dual-use regulations could result in trade restrictions, legal sanctions, and financial penalties. Unauthorised use of Hexagon's technology in restricted sectors may lead to reputational damage and loss of business partnerships. Geopolitical tensions and shifting trade policies could impact market access, delay shipments, and raise compliance costs.	●	●	●		Suppliers and procurement teams.	Legal, compliance, and risk management teams.	Customers, distributors, and government agencies.
Business responsiveness: Industry 4.0, innovation/ digitalisation[3]	Driving innovation and sustainability through digitalisation	Positive Impact	"AI-driven analytics, automation, and IoT solutions enhance business agility, supporting sustainability, precision manufacturing, and infrastructure resilience. Through collaborative innovation with customers, Hexagon raises industry standards, ensuring digital solutions contribute positively to economic and environmental progress.	●	●	●		Technology providers, R&D partners, and suppliers.	R&D, product development, and corporate strategy teams.	Clients, industrial partners, and government agencies.
	Revenue opportunities from Industry 4.0 and digital transformation	Financial Opportunity	Hexagon's advancements in Industry 4.0, AI, and digitalisation create financial opportunities by enhancing operational efficiency, reducing costs, and optimising resource use for clients. The integration of predictive analytics and digital twin simulations strengthens business agility, driving demand across manufacturing, infrastructure, and industrial sectors.	●	●	●		Technology providers, R&D partners, and suppliers.	R&D, corporate strategy, and product development teams.	Clients, industrial partners, and government agencies.
Cybersecurity: Cyber- and data-related topics[4]	Enhancing cybersecurity, data protection, and digital trust	Positive Impact	Hexagon embeds data protection and resilience into its digital solutions, safeguarding customers, employees, and supply chains. Workforce-wide cybersecurity training minimises vulnerabilities, ensuring secure data handling. Continuous security enhancements strengthen digital trust, privacy, and regulatory compliance.	●	●	●		IT infrastructure providers, cybersecurity vendors, and data protection service providers.	Corporate IT, cybersecurity teams, and compliance departments.	Customers, partners, and regulatory bodies benefiting from secure digital solutions, privacy protection, and compliance with cybersecurity regulations.
	Financial exposure from cyber threats and regulatory compliance	Financial Risk	Cyberattacks, ransomware, or data breaches could lead to financial losses, legal liabilities, and reputational damage. IT system disruptions may impact production, supply chains, and customer service, resulting in revenue loss and contract risks. Compliance with cybersecurity regulations requires ongoing investments in IT security infrastructure.	●	●	●		IT infrastructure providers, cybersecurity vendors, and data protection service providers.	Corporate IT, cybersecurity teams, and compliance departments.	Customers, partners, and regulatory bodies.

1 *Other Work-Related Rights: (a) Child Labour; (b) Forced Labour; (c) Adequate Housing Conditions; (d) Privacy; (f) Water and Sanitary Conditions.*

2 *Improper Use of Goods: Dual Use, Export Controls*
Hexagon operates in high-tech industries where certain product could be classified as dual-use—they can be used for both civilian and military applications or to created negative socioeconomic or environmental impact. To prevent unauthorized or unethical use, Hexagon enforces strict export controls, trade compliance policies, and due diligence processes that comply with international regulations, including EU and US export control laws.

3 *Business Responsiveness: Industry 4.0, Innovation & Digitalisation*
Hexagon drives Industry 4.0 by integrating AI, IoT, automation, and data-driven technologies into multiple sectors. Collaborating with clients, research institutions, and industry leaders, Hexagon ensures continuous innovation for sustainable industrial progress.

4 *Cybersecurity: Cyber- and Data-Related Topics*
Hexagon prioritises cybersecurity to maintain trust, ensure continuity, and comply with regulations like GDPR and ISO 27001. Its approach includes data protection through encryption, threat prevention via risk management and testing, and workforce training. Robust response plans and policies ensure business resilience and regulatory compliance.

Environment

Solutions driving ESG progress

Committed to advancing the UN Sustainable Development Goals and the Paris Agreement 2030 Agenda for Sustainable Development, Hexagon acknowledges its responsibility for addressing environmental challenges both within its own operations and throughout the entire value chain. As a signatory to the United Nations Global Compact (UNGC), Hexagon endorses and actively promotes its ten principles related to environmental stewardship, both in its own practices and with external partners. This commitment reflects Hexagon's dedication to conducting business responsibly and ethically while supporting the UN SDGs. The expectations and commitments are outlined in Hexagon's Environmental Policy.

Hexagon's sustainability targets and roadmap

	2022	2023	2024	2025	2027	2030
Employees	19,562 employees conducted **diversity training**	All employees **trained in cyber security and anti-harassment**	18,421 employees trained in **equity and inclusion**	**30%** women in leadership positions		
Energy	**35%** renewable electricity	**~35,000 MWh** renewable energy produced	**49.2%** renewable electricity	**20%** reduction in power consumption	**100%** renewable electricity	
Company vehicles	**-5.3%** combustion vehicles in car fleet	**Guidance of green vehicles** in car fleet	**-6.5%** combustion vehicles in car fleet compared with 2023			**90%** electric vehicles in car fleet
Nature			**Waste management programme** in manufacturing sites	**Water management programme** for sites in high-risk areas	**Biodiversity action plan** implemented in major facilities	**Zero waste** to landfill ambition
Products		**Eco design trainings** in product innovation and development	**Quantified avoided emissions** of 20+ product use cases	**Avoided emissions framework** expanded to all product lines	**Doubled sale** of circular products	
Suppliers	**11 key suppliers** in high-risk countries audited	**100%** of key suppliers in high-risk countries audited	**Key suppliers** in high-risk areas audited every three years	**Human rights due diligence** hot spots in value chain	**20%** CO_2 reduction in logistics emissions	**>50%** of procurement spend covered by SBTi validated targets

Hexagon's path to net zero

To support its climate journey across the full value chain, Hexagon has set clear short- and long-term goals for its carbon emissions:

Overall Net-Zero Target:
- Hexagon commits to reach net-zero greenhouse gas emissions across the value chain by 2050.

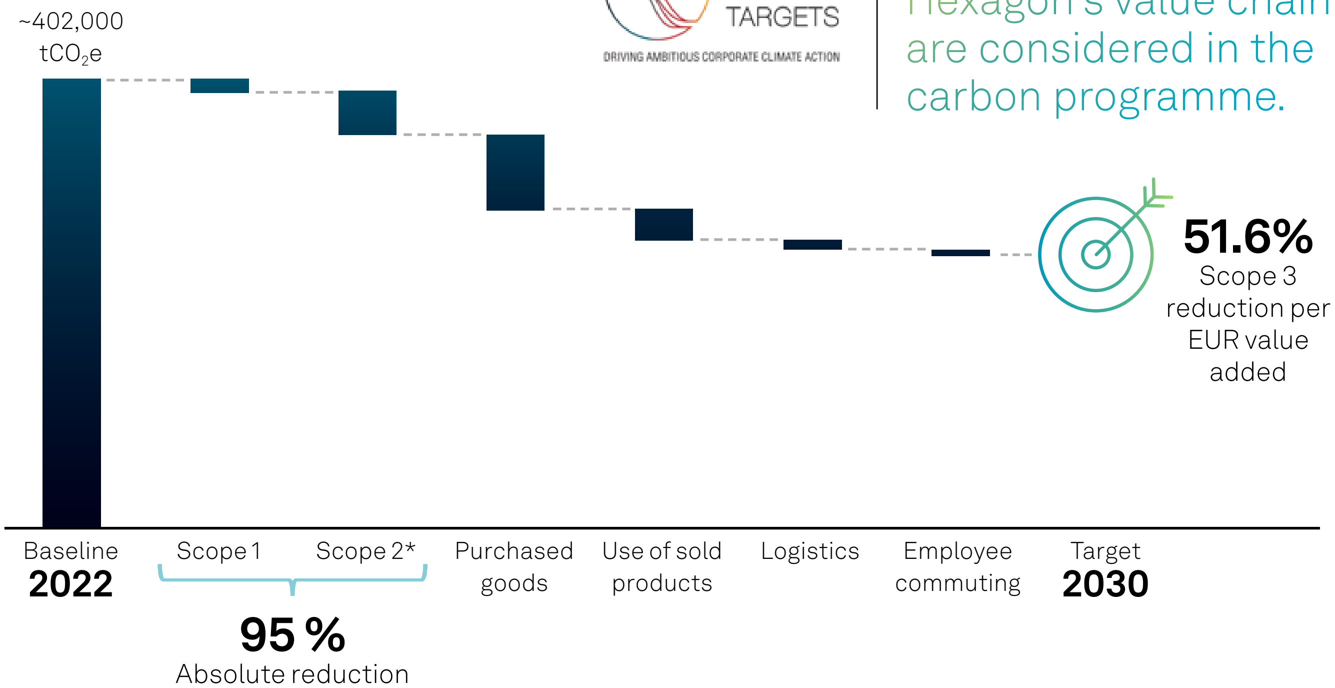
Near-Term Targets:
- Hexagon commits to reduce absolute Scope 1 and 2 GHG emissions by 95% by 2030 from a 2022 base year.
- Hexagon also commits to increase active annual sourcing of renewable electricity from 34.8% in 2022 to 100% by 2027 and to continue active annual sourcing of 100% renewable electricity through 2030.
- Hexagon further commits to reduce Scope 3 GHG emissions by 51.6% per EUR value added by 2030 from a 2022 base year.
- Hexagon finally commits that 50% of its suppliers by spend covering purchased goods and services will have science-based targets by 2028.

Long-Term Targets:
- Hexagon commits to maintain a minimum of 95% absolute Scope 1 and 2 GHG emissions from 2030 through 2050 from a 2022 base year.
- Hexagon commits to reduce Scope 3 GHG emissions by 97% per EUR value added by 2050 from a 2022 base year.

CO_2 reduction levers
To reach the goal of reducing its Scope 1 and 2 GHG emissions by 95 percent by 2030, and its Scope 3 GHG emissions by 51.6 percent per EUR value added by the same date, Hexagon has identified its key reduction levers that it will focus on in order to reach the goal. The key

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Almost all parts of Hexagon's value chain are considered in the carbon programme.



* Hexagon's Scope 2 targets refer to market-based emissions

enablers are purchased goods, logistics, business travel, purchased electricity, and vehicle fleet, where Hexagon will implement activities and change its processes in order to achieve long-term carbon reduction. To address the Scope 3 GHG emissions, Hexagon's supplier engagement programme and service providers will be critical in the progress plan, as well as enable and incentivise employees in new and more environmentally friendly ways of commuting and travelling at work, also including home office and remote working options.

Avoided Emissions Framework
–Enabling positive climate impact for customers

What are the climate benefits of Hexagon's portfolio?
Carbon emissions need to decrease rapidly to meet the goals of the Paris Agreement. Previous chapters have outlined Hexagon's ambitious goals to reduce its carbon footprint, validated by the Science Based Targets Initiative (SBTi).

Acknowledging the urgency of the climate crisis, Hexagon has started an initiative to quantify the carbon benefits of its solutions. Hexagon considers its impactful solutions a key responsibility, as they present a significant lever for decarbonisation.

This strategy goes beyond reducing environmental harm. It accelerates solutions that help customers reduce their emissions. Hexagon's customers' reduced emissions are Hexagon's avoided emissions.

Avoided emissions are determined by comparing a solution scenario with a reference scenario; see Figure 1.

Hexagon prioritises the initiative because:

- It contributes to Hexagon's social licence to operate by demonstrating the positive impact of Hexagon's solutions.
- It enables investors to build impactful portfolios.
- It highlights areas for investment and future growth.

Hexagon aims to report growing avoided emissions every year. Therefore, quantifying and reporting avoided emissions becomes a vast opportunity to reshape Hexagon's portfolio.

Process and progress
In 2024, Hexagon started scanning its portfolio for solutions with a distinct mechanism to avoid emissions. The solutions have been prioritised according to their financial impact and estimated avoided emissions; see Figure 2. For every prioritised solution, customers have been selected and contacted.

Together with customers, Hexagon has quantified avoided emissions for numerous solutions[1], spanning six industries and 12 countries[2].

Checking eligibility
Hexagon's quantification of avoided emissions complies with the Guidance on Avoided Emissions, which the World Business Council for Sustainable Development (WBCSD) published in March 2023. It defines three compulsory eligibility gates for reporting:

- Gate 1: Climate action credibility
  Hexagon has a solid climate strategy, SBTi-validated carbon reduction targets, site-specific roadmaps and regular reporting.
- Gate 2: Climate science alignment
  The solution must have mitigation potential, not contribute to fossil fuel exploitation, and be compatible with the Paris Agreement. To pass this gate, Hexagon proves that each solution has mitigation potential according to the EU taxonomy and the Intergovernmental Panel on Climate Change's (IPCC) Annual Report 6.
- Gate 3: Contribution legitimacy
  The solution needs to directly and significantly contribute to avoiding emissions.

1) HxGN InService, M.App Enterprise, Metrology, RADAN, TubeInspect, Virtual Test Drive, wind turbine gearbox design
2) Austria, Canada, China, France, Germany, India, Italy, Japan, Switzerland, The Netherlands, the United States, and the United Kingdom

Figure 1 – Avoided emissions

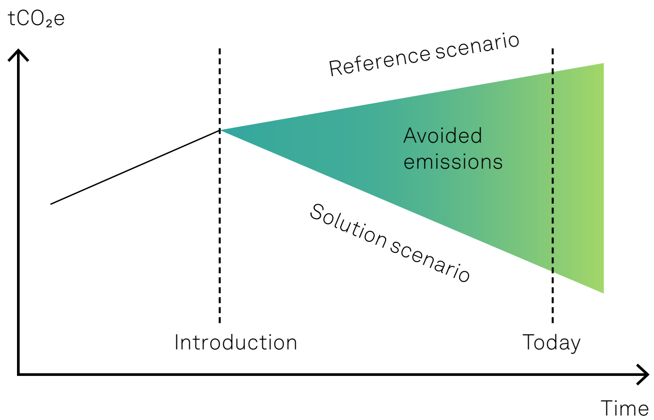
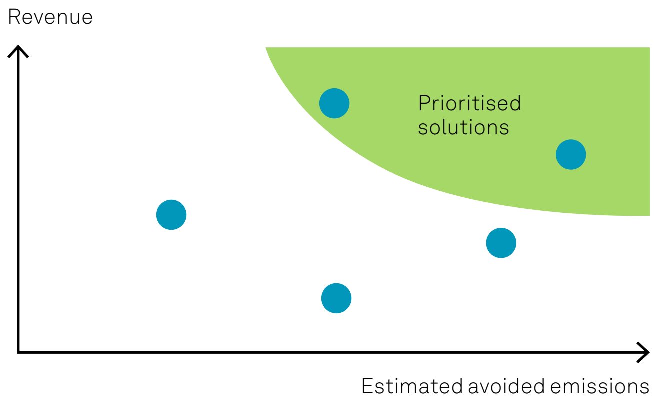


Figure 2 – Prioritising solutions



Reporting on selected customer use cases only

Case studies have shown that avoided emissions may differ considerably between customers, even if the solution and its use case are comparable. Therefore, avoiding scaling to a product level ensures a high level of specificity. Representing a fraction of customers, the reported avoided emissions are a lower bound of actual avoided emissions. Historical avoided emissions refer to emissions avoided up to and including year 2023.

> **Hexagon only reports on conducted case studies without scaling the results. Therefore, the reported avoided emissions are a lower bound of actual avoided emissions.**

Solution developer vs. key component

Most solutions require multiple stakeholders to deliver avoided emissions. Following the WBCSD guidance, Hexagon will not perform quantitative allocation in those cases. Instead, Hexagon differentiates between:

- Use cases in which Hexagon is solely responsible for the solution ("solution developer") and
- Use cases in which Hexagon supplies an essential part of the solution ("key component").

In 2023, almost all of Hexagon's reported avoided emissions come from providing key components.

Hexagon will not report on use cases in which it supplies a generic component, since this would also violate eligibility gate 3: contribution legitimacy.

Outlook

In 2025, Hexagon will finalise establishing its avoided emissions reporting:

- Comprehensively analyse the portfolio to identify solutions with a distinct mechanism to avoid emissions.
- Conduct further customer case studies on the identified products and projects.
- Set up a framework for reporting.

Throughout the coming months and years, Hexagon will continue leveraging its initial results to strategically shape Hexagon's future portfolio scale decarbonisation in the industries Hexagon serves.

39 $MtCO_2e$ Historical avoided emissions ("key components")

17 $MtCO_2e$ Avoided emissions in 2023 ("key components")

Accelerating renewables

Based on the solutions quantified so far, the most impactful project is Hexagon's gearbox design for wind turbines, representing 99.97 percent of avoided emissions in 2023. Between 2011 and 2023, the gearbox design was used to install 16.6 GW of wind power in China and India. The avoided emissions have been calculated relative to a scenario in which the electricity grid would have supplied the generated energy.

For the Austrian city of Klagenfurt, Hexagon created a digital twin that enabled feasibility and economic analyses of rooftop solar panels. Since its introduction in 2021, the solar power growth rate has been 50 percentage points. above the Austrian average.

In East Lothian, Scotland, a Hexagon partner has leveraged Hexagon's geospatial platform, M.App Enterprise, to calculate the most effective locations for electric vehicle charging stations. Between 2019 and 2023, the growth rate of supplied charging energy outperformed the UK's annual electric vehicle growth rate by 60 percentage points.

Reducing scrap in manufacturing

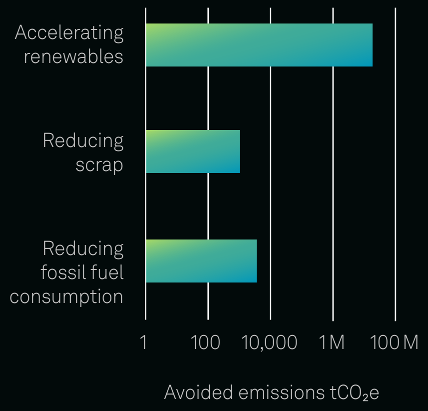
Hexagon's CAD/CAM software RADAN helps reduce material input for metal sheet laser cutting applications. Compared with the competitor solution two Hexagon customers have used before, RADAN reduced material input by 15 percent and 18.8 percent, respectively, avoiding a combined 950 tCO_2e in 2023.

Manufacturing electric scooters requires tube bending. Introducing TubeInspect, a French Hexagon customer, reduced its annual scrap count by 93 percent. TubeInspect is a camera-based metrology solution that can calculate bending correction data and feed it back to the bending machines in real time.

Reducing fossil fuel consumption

HxGN InService is an integrated outage management system that helps prevent and quickly resolve outages. Hexagon has conducted case studies with five North American customers. Looking at the System Average Interuption Duration Index (SAIDI), an important reliability metric, their outage performance is between 26 percent and 69 percent better than the province/country average. Fewer outage hours reduce the need to run fossil-fuel-powered generators. Conservative assumptions predict 2,300 tCO_2e avoided emissions in 2023.

2023 avoided emissions per mechanism



CO_2 reduction roadmap yearly milestones

To ensure the journey towards net-zero in the full value chain by 2050 is on track, Hexagon's sustainability goals are broken down with milestones for Scope 1, 2, 3, and avoided emissions for the years 2025, 2027, 2030, and 2050. The initiatives include training for all employees in CO_2 emissions reduction activities, a programme for expanding the use of renewable energy at all facilities and offices, criteria for product development, supplier requirements, and reduction targets for downstream and upstream logistics-related carbon emissions. Hexagon will present its progress regularly in upcoming sustainability reports to increase transparency and maintain its momentum in realising its sustainability strategy.

	Scope 1	Scope 2	Scope 3		Avoided emissions
	Direct emissions	**Electricity**	**Upstream**	**Downstream**	**Customers' use**
2025	All employees completed training on CO_2	>50% energy from renewables	Eco-design criteria in product innovation and development	Distribution partners programme	Avoided emissions guidance in place
2027	At least 50% reduction in Scope 1	100% energy from renewables	20% reduction in logistics emissions	20% reduction in logistics emissions Double sales of circular products	Goal set for CO_2 avoidance through products Credits through R-evolution
2030	At least 90% reduction in Scope 1		>50% procurement spend covered by SBTi validated targets		
2050	Net–zero in value chain				

Climate mitigation measures

1. Facility improvement programmes

Hexagon facilities have initiated an improvement programme aimed at enhancing their resource efficiency to reduce their environmental impact. Many facilities reduced their power consumption in 2024 compared to 2023, despite an increase in production. At the same time, Hexagon increased its total installed capacity for renewable energy production through photovoltaic energy and managed to increase the renewable energy produced to approximately 31,490 MWh (12 percent CAGR compared to 2022). To ensure the reduction of its Scope 2 emissions, Hexagon entered into a green power purchase agreement (PPA) for its major facilities. Furthermore, Hexagon covers the demand for renewable electricity in areas where direct access to renewable energy sources is not feasible through the purchase of RECs in order to stimulate investment in renewable energy projects.

Hexagon has also obtained ISO 14001 certifications for the majority of its production sites. On these, as well as on other sites, environmental management is approached systematically and with a focus on continuous improvement.

- Progress highlights from 2023 to 2024 include:
  - Reduced Scope 1 emissions by 10%.
  - Reduced Scope 2 emissions by 7%.
  - Reduced total electricity consumption by 9%.

2. Minimising carbon emissions from cloud storage

A significant part of Hexagon's business is software-related, meaning that a large share of the company's total carbon emissions is related to the operations of cloud computing and storage at its providers and internal servers. To reduce its cloud waste, which refers to the unnecessary consumption of cloud resources leading to higher costs without providing significant benefits or value, Hexagon initiated a project with one of its major cloud providers. The purpose is to map and decrease its unnecessary emissions through purchasing server capacity hosted with green energy and to more efficiently utilise the available server computing and storage resources.

- Progress highlights from 2024 include:
  - A decrease of 576.19 metric tonnes CO_2e due to renewable energy purchases and cloud efficiencies compared to on-premises equivalent workloads. Since its implementation, Hexagon tracks its related cloud emissions on a monthly basis.

3. Transition of company car fleet

Hexagon has around 2,640 company vehicles, which account for approximately 67 percent of the company's Scope 1 carbon emissions. These emissions are largely derived from traditional petrol and diesel vehicles, contributing to environmental degradation and climate change. To address this issue, Hexagon is committed to transitioning its fleet to electric vehicles (EVs), aiming to significantly reduce its carbon footprint. By adopting EVs, Hexagon will not only decrease greenhouse gas emissions but also lower operational costs associated with fuel consumption and maintenance. The company is exploring partnerships with electric vehicle manufacturers and charging infrastructure providers to ensure a smooth transition.

- Progress highlights from 2024 includes:
  - Successfully increased the amount of electric vehicles by 6.5% compared to previous year.

4. Supplier Engagement Programme

A material portion of Hexagon's Scope 3 carbon footprint arises from its supply chain, making it a critical area for reducing greenhouse gas emissions. Recognising the significant impact of supplier operations on overall emissions, Hexagon launched a comprehensive Supplier Engagement Programme in 2024 and stipulated an ambitious goal for its suppliers, aiming for 50 percent of its key suppliers establish and commit to emissions reduction targets aligned with the Paris Agreement by 2028. By engaging suppliers in this initiative, Hexagon seeks to foster a collaborative approach towards sustainability. The programme will provide resources and guidance for suppliers to set meaningful and achievable carbon reduction targets, ultimately enhancing their environmental performance. Furthermore, Hexagon has been investing in Sustainable Aviation Fuel (SAF) to partially mitigate the CO_2 emissions associated with its business travel. In 2024, Hexagon mitigated 11,200 tCO_2 by purchasing SAF.

5. ESG criteria in the design process

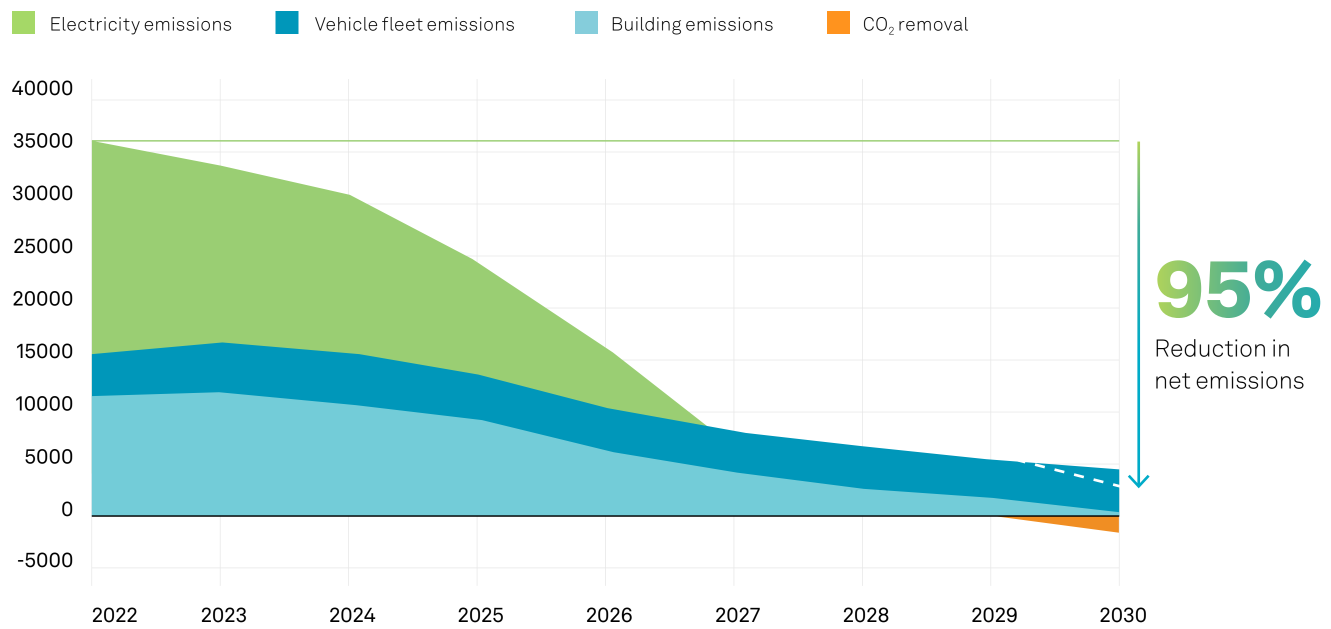
When developing new products, a robust design phase is critical to ensure that sustainability considerations encompass all products throughout their life cycles. New solutions are leveraged through Hexagon's Innovation Process (HIP), a process that drives the efficiency and effectiveness of products (hardware, software or services) through continuous development and improvement. In addition to quality and cost management, ESG criteria have been implemented in the process to increase transparency and enable product development teams to consider the environmental impact of the alternatives while they prototype a new or upgraded solution. The process includes conducting lifecycle assessments

(LCAs) of targeted products, assessment of improvement potentials, and assessment of these alternatives during product development. The LCAs include assessing the materials' water usage, land usage, and effects on climate change together with logistics, manufacturing, usage and end-of-life scenarios. The ambition is to also include data on the components from suppliers to understand the full cradle-to-gate environmental impact of each product to support decision-making and drive sales.

6. Extending product life-cycles

To extend the life cycles of products and to minimise unnecessary waste, Hexagon has a programme in place for its used equipment at the hardware divisions. At the Certified Pre-Owned Equipment Centre (CPEC) at the Geosystems division, all used Total Stations, GPS, HDS, and construction tool equipment is checked by Hexagon's technical service team and then fully serviced to provide the same level of reliability as a new product. It is then brought back to more than 120 countries through refurbished second-hand product sales, significantly extending product life usage and avoids unnecessary sourcing and production of new components. The core principles at the CPEC are to reduce, reuse, and recycle to drive the circularity of products and components. Its goal is to make sustainable tools readily available globally, facilitating a wider impact on environmental conservation. The quality refurbishments are conducted by Hexagon experts to guarantee that the tools undergo top-quality refurbishment and repairs, backed by a professional warranty. The CPEC's commitment to environmental and social responsibility goes beyond business and strives to foster a positive environmental and societal impact. At the Manufacturing Intelligence division, over 100 Hexagon service centres are strategically distributed throughout the world to guarantee customers fast and efficient repairs for their coordinating measuring machines, supporting a culture among its customers where updating and renovating equipment is encouraged to extend its life cycle.

Scope 1 and 2 reduction roadmap



100% renewable energy program
Investments in onsite renewable energy at 7 sites in the coming 3 years. Estimated adoption of the Global Energy Attribute Certificate (EAC) framework to cover 40 percent of the renewable power needs.

Facility optimisation
Upgrading energy-inefficient sites, assuming a 5 percent y-o-y improvement despite business growth.

Green vehicle framework
Right-sizing fleet size according to local and business requirements. Switching the remaining vehicle fleet to electric or full hybrid latest by the end of 2030.

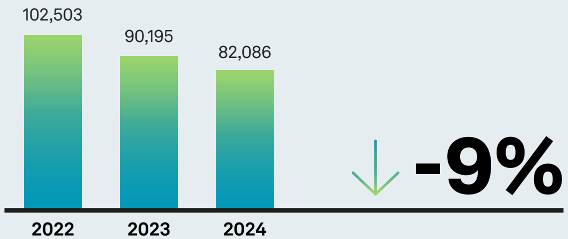
Carbon sequestration
Carbon removals will be used for the share of emissions that are difficult to abate (onsite combustion heaters).

Carbon emissions — highlights and progress

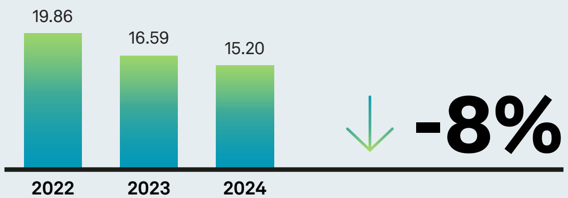
In 2024, Hexagon continued its efforts to reduce carbon emissions and improve energy efficiency across its operations. Compared to its 2022 baseline, Hexagon has made measurable progress in key areas. This section provides an overview of the performance, highlighting the reductions achieved and the ongoing work towards long-term sustainability goals.

CONSUMPTION

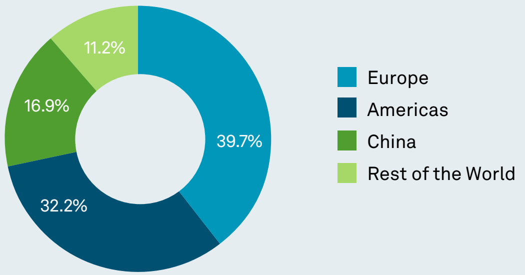
Electricity consumption (MWh)



Power consumption/net sales ('000)

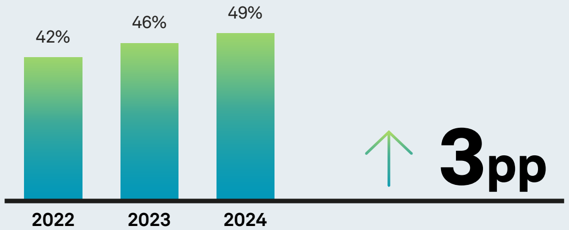


Energy consumption by region

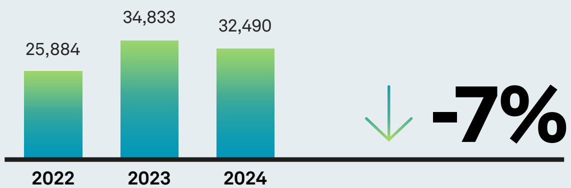


RENEWABLE ELECTRICITY

Share of renewable electricity in total electricity consumption

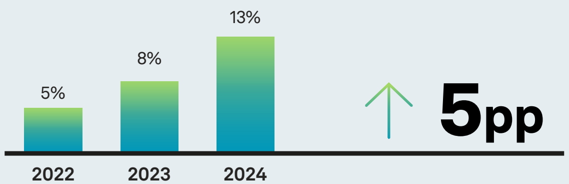


Renewable electricity produced (MWh)



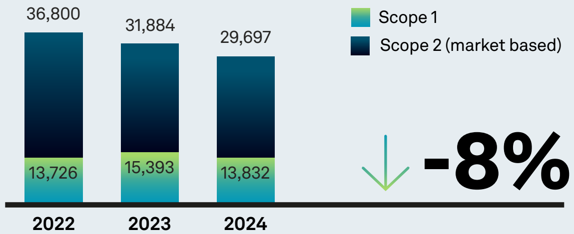
ELECTRIC VEHICLES

Electric vehicles share of company car fleet

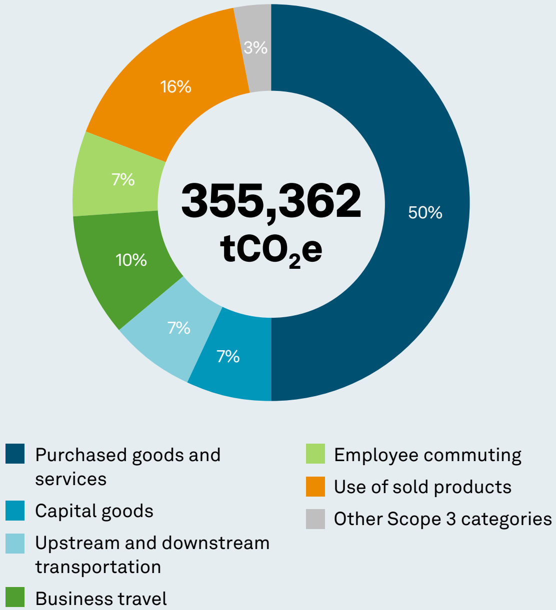


SCOPE 1, 2 AND 3

Scope 1 and Scope 2 emissions (tonne of CO_2e)



Scope 3 by category



Environmental Key Performance Indicators

Environmental Key Performance Indicators (KPIs)	Unit	FY 2024	FY 2023	FY 2022	YoY change
Total Energy consumed	MWh	104,706	111,236	120,694	-6%
Energy intensity ratio	MWh / MEUR	19.4	20.5	23.4	-5%
Total GHG emissions (Scope 1)	tCO_2	13,832	15,393	13,726	-10%
Total electricity consumption*	MWh	82,086	90,195	102,503	-9%
Electricity consumption from grid*	MWh	56,137	68,371	69,374	-18%
Renewable electricity produced and consumed on-site	MWh	1,676	1,608	1,264	4%
Renewable electricity produced	MWh	32,490	34,833	25,884	-7%
Green electricity and REC consumed	MWh	16,227	18,280	11,726	-11%
Share of renewable electricity out of total consumption	%	49	46	42	3 pp.
Total Indirect GHG emissions (Scope 2, market-based)*	tCO_2	29,131	31,710	36,800	-8%
Total Indirect GHG emissions (Scope 2, location-based)*	tCO_2	29,375	33,239	38,306	-12%
Total Scope 3 emissions	tCO_2	355,362	362,351	350,816	-2%
GHG emissions intensity ratio Scope 1	tCO_2 / MEUR	2.6	2.8	2.7	-10%
GHG emissions intensity ratio Scope 2 (market-based)	tCO_2 / MEUR	5.5	5.9	7.1	-6%
GHG emissions intensity ratio Scope 2 (market-based)	$kgCO_2$ /MWh	361.8	353.5	353.5	2%
GHG emissions intensity ratio Scope 3	tCO_2 / MEUR	65.8	66.7	68.0	-1%
Total hazardous waste generated	MT	41	159.5	265	-74%
Total waste recycled	MT	1,288	1,690.6	1,473	-24%
Total recycled input materials used	MT	128	159.6	-	-20%
Water consumption	m^3	253,529	240,640.1	221,672	5%

* Restatement of 2023 data following the revision of power consumption, see more on sustainability related notes page 118.

Full GRI and SASB reporting table can be found on page 121 - 128.

EU Taxonomy report

This is Hexagon's fourth EU Taxonomy report. Hexagon deems its Taxonomy eligible revenue for 2024 to be approximately 6.06 percent of its total turnover. While being an enabler of sustainability, the significant majority of Hexagon's business activities are currently not clearly defined in the description to the economic activities within the EU Taxonomy and therefore will not be eligible. Hexagon applied the precautionary principle to determine applicable eligible activities and excluded activities not matching precisely with the definitions in the EU Taxonomy, its Delegated Act, and supporting NACE code classifications.

Hexagon used the EU Delegated Acts information to determine its eligible activities. Of the total 2024 revenue, 6.06 percent is eligible and 0.02 percent is aligned with the criteria defined in the EU Taxonomy. Hexagon has interpreted its relevance in the EU Taxonomy into the following sections under Climate Change Mitigation, Circular economy, and Water:

- Electricity generation using solar photovoltaic technology (CCM 4.1)
- Data-driven solutions for GHG emissions reductions (CCM 8.2)
- Provision of IT/OT data-driven solutions (CE 4.1)
- Manufacture, installation, and associated services for leakage control technologies enabling leakage reduction (WTR 1.1)
- Repair, refurbishment, and remanufacturing (CE 5.1)

Following a review and second opinion from EU Taxonomy experts, the eligible activities reported for 2023 were restated,and the two activities reported under "Emergency Services" and "Conservation, including restoration, of habitats[1], ecosystems[2], and species" were removed. For the reporting year 2024, the eligible economic activity "Electricity generation using solar photovoltaic technology" is associated with the Archidona solar park Hexagon acquired during 2021.

The eligible economic activity "Data-driven solutions for GHG emissions reductions" is associated with isolated activities related to Hexagon's applied solutions for eMobility and wind farm engineering services, as well as the optimiser feature for the MineOperate solution.

The eligible economic activity "Provision of IT/OT data-driven solutions" is associated with solutions related to Hexagon's solutions suite at Intergraph Smart Construction, iConstruct, EAM, SDx, PAS and Jovix.

The eligible economic activity "Manufacture, installation and associated services for leakage control technologies enabling leakage reduction" is associated with the HxGN NetWorks solutions suite.

The eligible economic activity "Repair, refurbishment and remanufacturing of electronic and optical products" are associated with Hexagon's Certified Pre-Owned Equipment Centre.

Alignment:
The activity CCM 4.1 Electricity generation using solar photovoltaic technology (the Archidona solar park) fulfils the EU Taxonomy criteria for alignment as it has a substantial contribution to climate mitigation, meets the criteria for DNSH in regards of climate change adaptation and biodiversity set forth in Appendices A and D. It also meets the criteria for circular economy as it uses equipment and components of high durability and recyclability that are easy to dismantle and refurbish. It also meets the criteria of the Minimum Safeguards as it has established processes and policies for due diligence of Human Rights, Corruption, Taxation and Fair Competition based on the EU Guiding Principles. In addition Hexagon did not have any conviction in court on any of these topics.

The remaining eligible activities are not considered aligned as they do not meet the technical screening criteria set forth in the Delegated Acts (2021) 2800 and (2023) 2486. While the activities may support at least one of the environmental goals and do no significant harm to the other environmental goals, there is currently not enough data available to fully comply with all technical screening criteria set forth in the Delegated Acts (2021) 2800 and (2023) 2486.

Nuclear and fossil gas-related activities

Row	Nuclear energy related activities	YES/NO
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

Row	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Turnover

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Turnover (3) MEUR	Proportion of Turnover, year 2024 (4) %	Climate Change Mitigation (5), Y; N; N/EL	Climate Change Adaptation (6) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular Economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N	Minimum Safeguards (17) Y/N	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2023 (18) %	Category enabling activity (19) E	Category transitional activity (20) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1.	1.10	0.02%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	Y	Y	0.05%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1.10**	**0.02%**	**0.02%**	-	-	-	-	-	-	-	-	-	-	-	-	**0.05%**		
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Transitional		-	-	-						-	-	-	-	-	-	-	-		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Provision of IT/OT data-driven solutions	CE 4.1.	265.15	4.91%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								4.69%		
Data-driven solutions for GHG emissions reductions	CCM 8.2.	5.47	0.10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.12%		
Repair, refurbishment and remanufacturing	CE 5.1.	6.61	0.12%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.10%		
Manufacture, installation and associated services for leakage control	WTR 1.1.	48.90	0.91%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								0.25%		
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**326.13**	**6.04%**	**0.10%**	-	**0.91%**	-	**5.03%**	-								**5.16%**		
A. Turnover of Taxonomy eligible activities (A1+A2)		**327.22**	**6.06%**	**0.12%**	-	**0.91%**	-	**5.03%**	-								**5.21%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		5,073.88	93.94%																
TOTAL		5,401.10	100%																

Total turnover corresponds to net sales in the consolidated income statement in the Hexagon 2024 Annual Report. The turnover KPI represents the proportion of the turnover derived from products or services that are taxonomy-eligible and taxonomy-aligned. The taxonomy-eligible activities were screened for associated turnover. Turnover is derived from the sale of products and the provision of services after deducting sales rebates, and value-added tax, and other taxes directly linked to turnover. Hexagon's revenue streams stem from the sales of information technology solutions in which hardware and software are integrated, as well as services, licences, and other assignments. Revenue from agreements with customers is reported in the income statement as net sales.

CapEx

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	CapEx (3) MEUR	Proportion of CapEx, year2024 (4) %	Climate Change Mitigation (5), Y; N; N/EL	Climate Change Adaptation (6) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular Economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N	Minimum Safeguards (17) Y/N	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023 (18) %	Category enabling activity (19) E	Category transitional activity (20) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1.	0.00	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	Y	Y	0.01%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	%	%	%	%	%	-	-	-	-	-	-	-	0.01%		
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Transitional		-	-	-						-	-	-	-	-	-	-	-		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Provision of IT/OT data-driven solutions	CE 4.1.	26.32	3.87%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								3.21%		
Data-driven solutions for GHG emissions reductions	CCM 8.2.	0.00	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Repair, refurbishment and remanufacturing	CE 5.1.	0.00	0.00%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.00%		
Manufacture, installation and associated services for leakage control	WTR 1.1.	5.51	0.81%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								0.28%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**31.84**	**4.68%**	**0,00%**	**-**	**0.81%**	**-**	**3.87%**	**-**								**3.49%**		
A. CapEx of Taxonomy eligible activities (A1+A2)		**31.84**	**4.68%**	**0,00%**	**-**	**0.81%**	**-**	**3.87%**	**-**								**3.50%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		649.06	95.32%																
TOTAL		680.90	100%																

CapEx is defined as investments in intangible assets excluding goodwill and tangible assets such as property, machinery, and other equipment, together with the IFRS 16 right-of-use assets. The total CapEx amount can be found in the Hexagon 2024 Annual Report in notes 14-16. The CapEx KPI represents the proportion of the capital expenditure of an activity that is taxonomy-eligible and taxonomy-aligned. The taxonomy-eligible activities were screened for associated CapEx using cost types. The taxonomy-aligned CapEx investments mainly consist of intangible assets. Own measures and purchased output from suppliers' economic activities have not been screened for eligibility in 2024.

OpEx

Financial year 2024		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	OpEx (3) MEUR	Proportion of OpEx, year 2024 (4) %	Climate Change Mitigation (5), Y; N; N/EL	Climate Change Adaptation (6) Y; N; N/EL	Water (7) Y; N; N/EL	Pollution (8) Y; N; N/EL	Circular Economy (9) Y; N; N/EL	Biodiversity (10) Y; N; N/EL	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N	Minimum Safeguards (17) Y/N	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year2023 (18) %	Category enabling activity (19) E	Category transitional activity (20) T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Provision of IT/OT data-driven solutions	CCM 4.1.	0.30	0.07%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	-	-	Y	Y	Y	0.07%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.30**	**0.07%**	**0.07%**	**%**	**%**	**%**	**%**	**%**	-	-	-	-	-	-	-	**0.07%**		
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Transitional		-	-	-						-	-	-	-	-	-	-	-		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Provision of IT/OT data-driven solutions	CE 4.1.	37.99	8.44%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								7.97%		
Data-driven solutions for GHG emissions reductions	CCM 8.2.	2.45	0.54%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.95%		
Repair, refurbishment and remanufacturing	CE 5.1.	0.00	0.00%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.17%		
Manufacture, installation and associated services for leakage control	WTR 1.1.	2.92	0.65%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								0.61%		
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**43.36**	**9.63%**	**0.54%**	**-**	**0.65%**	**-**	**8.44%**	**-**								**9.70%**		
A. OpEx of Taxonomy eligible activities (A1+A2)		**43.67**	**9.70%**	**0.61%**	**-**	**0.65%**	**-**	**8.44%**	**-**								**9.77%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		406.61	90.30%																
TOTAL		450.28	100%																

OpEx is defined as direct expenditures relating to the day-to-day servicing of assets of the property, plant, and equipment that are necessary to ensure the continued and effective use of such assets (e.g., research and development, building renovation measures, short-term lease, maintenance, and repair). The OpEx KPI represents the proportion of the operating expenditure of an activity that is taxonomy-eligible and taxonomy aligned. The taxonomy-eligible activities were screened for associated OpEx using cost types. Own measures and purchased output from suppliers' economic activities have not been screened for eligibility in 2024.

The allocation of the turnover for eligible activities was prepared by using product accounts. CapEx and OpEx were allocated by using cost types. All activities were isolated when allocating turnover, CapEx and OpEx to avoid double counting.

Social

An inclusive workforce imperative for innovation

Hexagon is committed to being a diverse workplace that mirrors the international nature of the business – with employees, customers, and suppliers working across the world in more than 50 countries. With an approach focused on competence development, diversity and inclusion, employee engagement, and health and safety, Hexagon is able to increase its innovativeness and remain competitive with its peers, regardless of where it operates.

As a global organisation, Hexagon celebrates the differences among its employees and strives to build a working environment where diverse values and perspectives are actively harnessed in order to create the best solutions for an equally diverse customer base. In promoting equity and inclusion, Hexagon also ensures access to a greater range of talent. The Hexagon Code of Business Conduct and Ethics ("the Code") helps govern issues such as fair employment, diversity, discrimination, harassment and health and safety. All businesses within the company are obliged to adopt and implement the Code to ensure a uniform approach to these issues. All employees and contractors undergo mandatory training in the Code to ensure it is adopted broadly throughout the organisation, which is repeated regularly to ensure adherence. In 2024, emphasis was placed on the Conflict of Interest topic, and 24,154 employees were trained on this subject.

24,154

employees were trained on the Conflict of Interest topic in 2024

Community engagement and volunteering

To support and maintain a strong and inclusive culture, Hexagon implemented several initiatives in 2024, reaching internal employees and global industry associations. One example is the Care Program, a global effort to foster greater engagement and teamwork within the company, encouraging employees and managers to participate together in local community involvement and charitable activities. The Care Program is currently implemented in three divisions and enables employees to support charitable organisations by providing one day of paid time off per year to engage in volunteer activities, thereby supporting local communities while also strengthening an ethical and socially engaged culture. Another example is the Femme Like You initiative, a network that creates a community of professionals sharing best practices for fostering a healthy business culture across all regions and industries.

ESG

Equity and inclusion — from recruitment to senior management trainings

Building an inclusive workforce is a long-term commitment that requires a dedicated approach to diversity throughout the employment cycle – from recruitment to senior management training. Hexagon is committed to ensuring equity and inclusive behaviour across four career stages: recruitment, early career, career development, and senior management. In recruitment, Hexagon uses inclusive hiring practices and gender-neutral university recruiting. For early career development, all employees undergo Diversity & Inclusion training, which defines the rights, expectations, and obligations of all colleagues. In 2024, the completion rate for DEI training was 76 percent For career development, Hexagon offers mentoring, training, awareness campaigns, workshops, women's leadership forums, and networks for underrepresented employees to foster a more diverse and inclusive culture. An example is the Hexagon women's network, Femme Like You, designed to promote equity, diversity, and create events for employees to discuss challenges, pitch ideas, and share best practices. Additionally, all senior management are provided with a toolkit to help them lead by example.

Hexagon strives to be an inclusive workplace across all levels of management. At year-end 2024, the Hexagon Board of Directors comprises 4 women and 5 men, while executive management consists of 2 women and 13 men. Gender distribution in leading positions, including divisional management and their direct reports, was 24 percent women and 76 percent men in 2024. The goal is to reach 30 percent female managers by 2025, and Hexagon is currently implementing a set of initiatives for recruiting, retaining, and developing female leaders to meet this goal.

Discrimination

Any kind of discrimination is completely unacceptable at Hexagon, whether it is exhibited internally or in relation to customer and supplier relations. Prohibiting discrimination is part of the Hexagon Code of Business Conduct and Ethics and the Unfair Discrimination and Harassment Policy. To ensure that discriminatory behaviour does not exist within the organisation, employees are trained on expectations and have several channels to report any discriminatory actions. The first avenue for reporting is through direct access to the HR leader within their division. If the issue cannot be handled at the divisional level, the HR Executive Vice President is approached. Alternatively, Hexagon's compliance team can be reached out directly or an issue can be reported through the anonymous third-party Ethics and Compliance reporting system. Employees who may be subject to unfair discrimination and/or harassment have the right to report it to Hexagon, and there are processes in place to ensure that the employee can do so without fear of victimisation or intimidation.

People — transparency builds trust

Hexagon is proud of its diverse workforce and strives to increase transparency in employee data to promote accountability and highlight areas for improvement related to representation and equality. Hexagon's employee report includes the representation of both women and men at different job levels globally. Hexagon's ambition is to further support initiatives that foster an inclusive culture, enhancing its competitiveness as an employer, where all employees have the same opportunities to grow and prosper.

Occupational health and safety

The safety of personnel in the workplace is a top priority for Hexagon. Hexagon aims to provide a workplace that is free of incidents and promotes a culture of hazard identification and awareness, near-misses and incident reporting, and self-accountability. Where appropriate, Hexagon supports a flexible workplace and the opportunity to work from home. Hexagon is responsible for maintaining a safe work environment by implementing all applicable health and safety rules and practices within each Hexagon entity. Employees are provided with appropriate training and safety equipment to perform their jobs securely. Each employee is personally responsible for working in a safe manner, following all health and safety policies and procedures, participating in safety training, and identifying and reporting any health and safety issues and hazards to management or the relevant internal stakeholders. In 2024, the number of work-related injuries was 65. In 2024, Hexagon reinforced its commitment to safety for customers and partners by focusing its training on Geospatial technology to enhance public safety and climate resilience. Experts were trained to monitor climate hazards, predict risks, and analyse spatial data to identify vulnerable areas for timely interventions. The training also covered disaster preparedness, sustainable development, and advancing climate research through the integration of spatial and socio-economic data. The participants learned to optimise emergency responses, improve disaster management, and support search and rescue operations with geospatial analytics, thereby extending Hexagon's safety commitment to its customers and partners.

Talent development

Upskilling employees in AI

In 2024, Hexagon launched its AI-enabled company programme, demonstrating a strong commitment to upskilling its workforce and integrating responsible and value-driven AI practices across its operations. By investing in continuous learning and development, Hexagon has trained over 50 percent of its global workforce on AI principles, generative AI models, and AI-enabled tools. The company has, in addition to a central knowledge page for the use of AI, fostered AI Circles, which serve as platforms for peer learning, best practices and knowledge exchange. Examples of AI Circles include coding and software development, marketing, and general usage of tools such as Microsoft Co-Pilots and Hexagon ChatGPT. These initiatives are designed to empower employees, diminish scepticism around AI, and promote a culture of innovation and collaboration.

Hexagon's strategic focus on AI is not just about enhancing internal productivity but also about leveraging technology to improve environmental, social, and governance (ESG) outcomes. For instance, in Klagenfurt, Austria, Hexagon's AI-driven geospatial analysis is helping the city identifying and increasing solar panel potential. By transforming data into actionable insights, Hexagon is enabling smarter urban planning, optimising solar energy potential, and supporting sustainable development. Through these efforts, Hexagon is not only advancing its technological capabilities but also reinforcing its commitment to the responsible use of AI and sustainable impact, positioning itself as a leader in the integration of AI for ESG improvements.

>50%

of the company's global workforce has been trained on AI principles, generative AI models, and AI-enabled tools

Trainings, collaborations with universities and research institutes

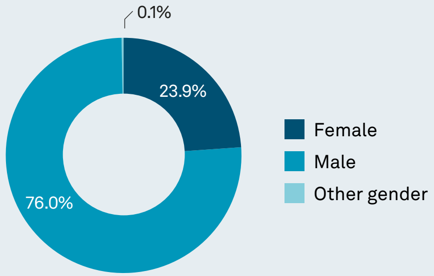
Hexagon is proud to partner with universities and higher education institutions to support future talent development through involvement in education programmes, advisory panels, and sponsored forums and events. Through collaboration with universities and colleges around the world, graduates will gain exposure to Hexagon's technologies and develop industry-ready skills using the company's solutions. One example from 2024 is the new partnership with the Southern California Institute of Architecture (SCI-Arc), established to help train the next generation of architects. The partnership will enable students and faculty at SCI-Arc to experiment with advanced, user-friendly laser-scanning hardware and software, providing hands-on experience with intuitive reality capture solutions that will shape the future of architecture, landscape architecture, urban planning and design, media-based art, and more.

Workforce metrics — highlights and progress

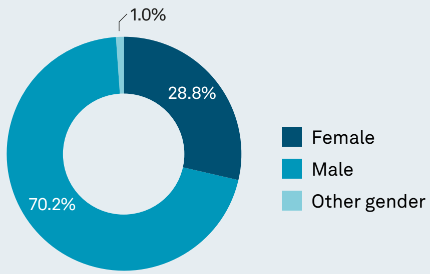
In 2024, Hexagon continued its commitment to fostering a diverse, inclusive, and dynamic workplace. This section highlights key workforce metrics. By tracking these indicators, Hexagon aims to drive innovation, promote equal opportunities, and enhance employee engagement across the organisation.

GENDER

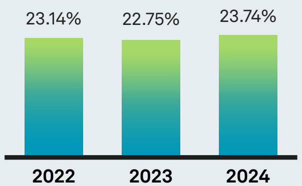
Employees by gender



New hires by gender

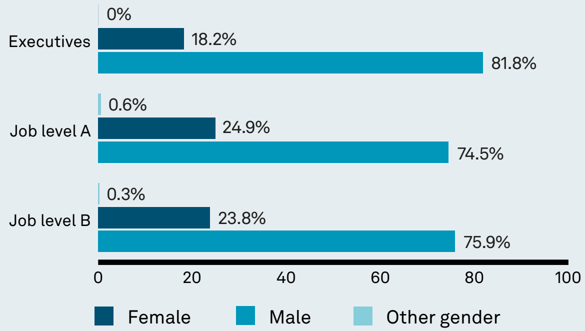


Share of female in leadership position

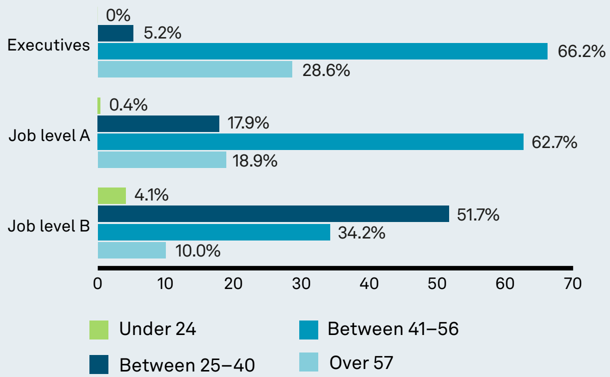


EMPLOYEE CATEGORY

Employee category by gender

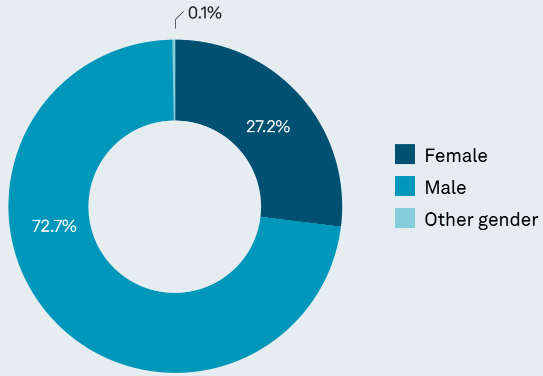


Employee category by age

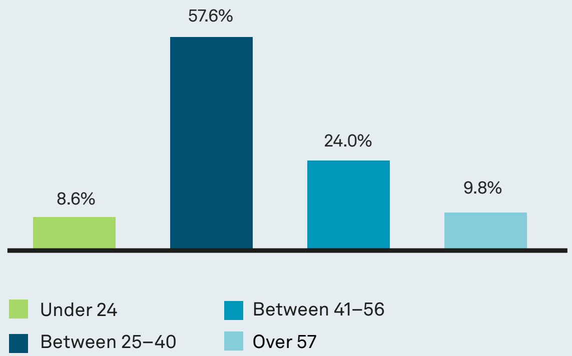


VOLUNTARY TURNOVER

Voluntary turnover by gender



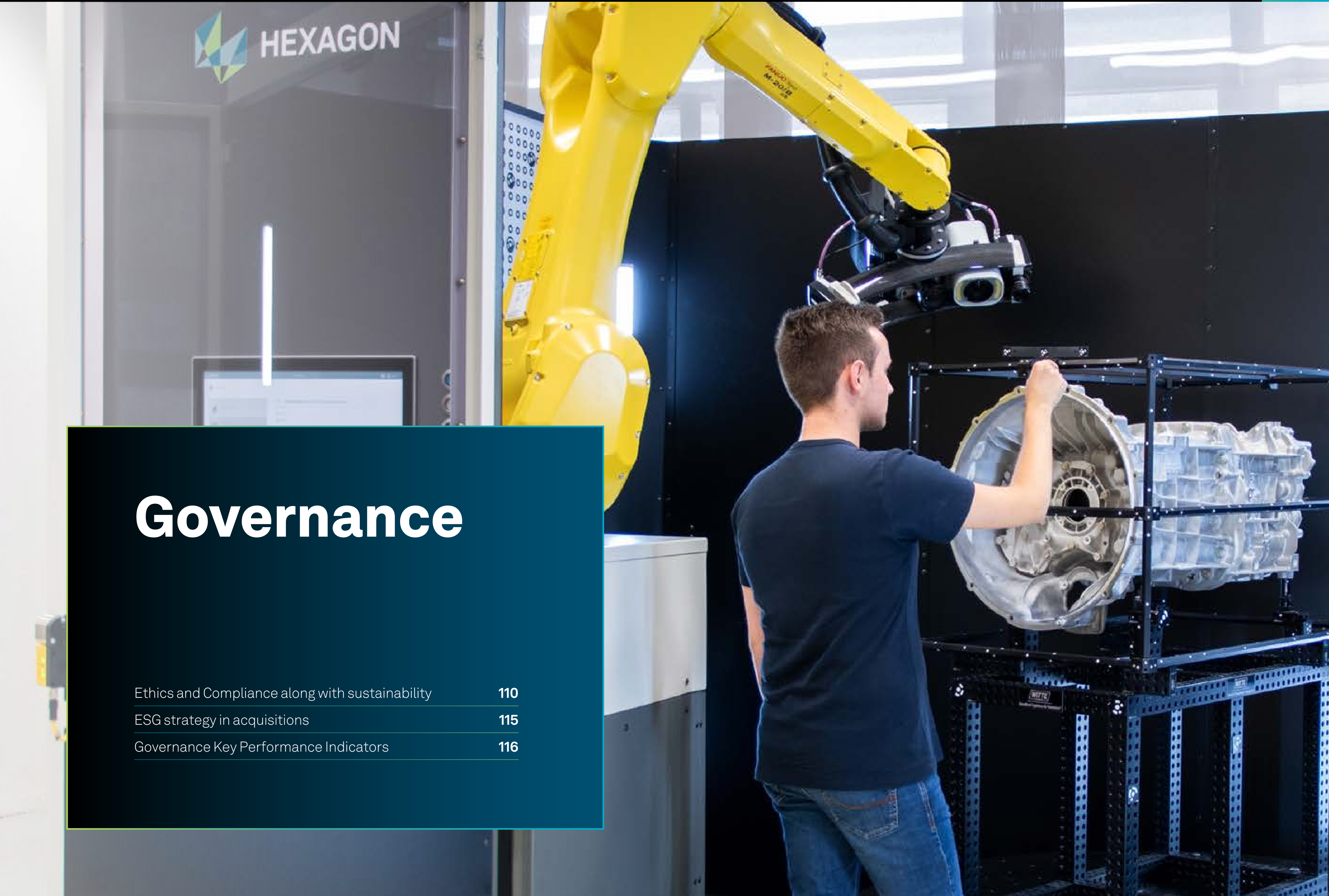
Voluntary turnover by age



Social Key Performance Indicators

Social Key Performance Indicators (KPIs)	Unit	FY 2024	FY 2023	FY 2022	YoY change
Total number of employees	No.	24,802	24,581	24,001	1%
Total working hours by all employees	hours	37,854,539	36,330,702	-	4%
Share of women within the Board of Directors	%	44.4	42.9	40.0	2 pp.
Share of women at top management level	%	23.7	22.7	23.1	1 pp.
Total share of women employed	%	23.9	23.6	23.7	0 pp.
Employees covered in Hexagon Share Programme	No.	1,956	1,753	-	12%
Number of recordable work related injuries	No.	65	31	-	110%
Lost time injury frequency rate (LTIFR)	No.	0.3	0.2	-	101%
Employees covered by H&S system	No.	17,047	17,134	-	-1%
Voluntary employee turnover rate, of total workforce	%	6.3	7.8	10.4	-1 pp.
Employees covered by collective bargaining agreements	%	18.2	22.5	-	-4 pp.
Share of ISO 14001 certified production sites	%	71.9	82.8	75.9	-11 pp.
Share of ISO 45001 certified production sites	%	7	6.9	6.9	0 pp.

Full GRI and SASB reporting table can be found on page 121 - 128.



Governance

Ethics and Compliance along with sustainability

Management of Ethics and Compliance

At Hexagon, Ethics and Compliance are centrally managed by Hexagon's Chief Compliance Officer through a global compliance organisation, established across the entire group and extended into each division or region. Hexagon's Chief Compliance Officer, along with the Compliance Team oversees Ethics and Compliance. The Group Compliance Officer, together with the Division or Regional Compliance Officers within each of Hexagon's divisions or regions, manages and implements the Ethics and Compliance Programme. Additionally, a Compliance Strategic Cabinet monitors legal developments in compliance and sets policies accordingly. To support day-to-day compliance routines, Hexagon has established a global team of compliance coordinators who are responsible for the administration of the Ethics & Compliance System.

The Hexagon Code of Business Conduct and Ethics (the "Code"), the Hexagon Supplier Code of Conduct (the "Supplier Code"), and the Hexagon Ethics and Compliance System Administration Manual (the "Administration Manual") form the framework of Hexagon's Ethics & Compliance System. The Compliance team, along with Hexagon's management, is responsible for implementing this fundamental framework.

The Code defines Hexagon's values and sets forth Hexagon's expectations and requirements with respect to activities performed on Hexagon's behalf. The Code is intended to serve as a central guide and reference for Hexagon personnel to support day-to-day decision-making. The Code also sets out Hexagon's Ethics and Compliance's programme in key areas of law applicable to Hexagon's activities, addressing among others anti-corruption, including government procurement, competition, trade covering export and customs, data protection, and human rights. All Hexagon personnel are required to comply with the Code and with the specific compliance policies established thereunder.

Hexagon continuously reviews and improves the Code and the Supplier Code to reflect evolving industry standards and changes to legislation. The Code reflects Hexagon's responsibility as a market leader to uphold the highest standards of ethics, integrity, and sustainability and reinforces Hexagon's commitment to act and behave professionally and beyond legal compliance. To this end, Hexagon trains employees regarding its expectations, utilises experts in multiple jurisdictions across different disciplines, and employs an in-house team of legal and compliance professionals to ensure that Hexagon's compliance and business ethics policies and practices remain at the forefront of industry practices.

The Administration Manual outlines the structure of the Ethics and Compliance System, specifying management roles and responsibilities in implementing the programme with strong support from the top.

Each Hexagon division or region must implement and/or communicate the Hexagon Compliance Programme set of documentation (such as policies, procedures and further guidance) and related minimum requirements. In compliance with applicable local laws, local management with the support of the Compliance Team, can define additional local work instructions.

Hexagon seeks to positively impact the environment by acting sustainably and addressing environmental challenges through its supply chain. Therefore, the Supplier Code is intended to communicate Hexagon's minimum requirements for the standards and business practices of Hexagon Suppliers. All Suppliers must comply with the Supplier Code as well as all applicable laws, regulations, and standards in every country in which they operate. Further, Suppliers are expected to conduct their business in an ethical and sustainable manner and to act with integrity. Risk assessments for corruption, bribery and anti-competitive practices are performed continuously across the organisation on yearly basis. Should any violations appear, a corrective action plan and appropriate follow-up initiatives are implemented to ensure that the issue will not be repeated.

Additionally, with the support of the Compliance Team, Hexagon managers are responsible for ensuring that employees are fully aware of the Code and take the necessary steps to promote and monitor compliance with the Ethics & Compliance Programme. Managers involved with Hexagon's supply chain are also responsible for implementing the Supplier Code.

Hexagon mandates that its senior leadership and management annually certify their adherence to Hexagon's Ethics & Compliance System. In 2024, 406 senior managers and executives completed the certification process.

Human Rights is an integral component of our Code, ensuring that the company upholds ethical standards in all aspects of its operations. Human Rights are also embedded within the Supplier Code, which reflects the commitment to responsible business practices throughout the supply chain. These codes have been widely communicated both internally to employees and externally to stakeholders. The framework is aligned with the OECD's 6 Pillars of Corporate Governance, ensuring adherence to internationally recognised guidelines for promoting ethical business practices and continuously improving its governance structures.

Supply chain management

Hexagon's compliance policies regarding supply chain management are set out in the Supplier Code and in various Compliance Programme manuals and procedures. Hexagon selects suppliers based on an assessment of the overall competitiveness of their offering and whether they uphold the goals and values expressed in the United Nations Global Compact's ten principles in the areas of human rights, labour rights, environmental impact, and anti-corruption. Compliance with the Supplier Code, or another agreed equivalent standard, is a mandatory qualifying condition for Hexagon to enter a business relationship with a supplier. In addition, third-party suppliers and subcontractors in Hexagon's global supply chain are contractually required to meet these obligations. The Hexagon policies related to supply chain management include requirements for:

1. Screening Hexagon suppliers against applicable sanctions lists
2. Conducting additional due diligence on suppliers that may be developing Hexagon business
3. Appropriate anti-corruption and other compliance provisions in supplier agreements
4. Prohibiting the acceptance of items of value or other benefits while knowing or suspecting that they are offered or provided with an expectation that a business advantage will be provided by Hexagon.

Supply chain due diligence

A key initiative during 2024 related to supplier due diligence was the deployment of a new supply chain management platform implemented across Hexagon. The new software solution drives sustainable supply chain compliance and impact across environmental, social and governance topics, ensuring traceability and transparency for risk assessments. In 2024, key suppliers of Hexagon were engaged to review compliance with Hexagon's Supplier Code, monitor performance and results, establish a safe line for grievance and remediation, and integrate human rights and environmental topics into all supplier relationships to prevent or mitigate adverse impacts.

Supplier Engagement Programs

Hexagon is committed to fostering strong, long-lasting relationships with its suppliers through various engagement programmes. These initiatives are designed to recognise and reward supplier performance, provide financial incentives, and offer training and capacity-building opportunities.

Suppliers who excel in risk management, cash flow, sustainable practices, and innovation receive special status and preferential treatment, such as being preferred suppliers in tenders. Moreover, Hexagon conducts Business Reviews and Long-Term Supply Agreements with key suppliers, recognising their performance based on scorecards and highlights for the quarter or year, depending on the category type.

Hexagon provides suppliers with online training covering the topics in its Supplier Code and CO_2 reporting. Onsite audits also serve as training for suppliers, where improvements in the quality of their production are assessed and key business processes reviewed. Its supplier sourcing and assessment team defines requirements and develops supplier-specific qualification plans to ensure Hexagon and the given supplier agree on the areas that need improvement.

Supplier audits

In 2024, Hexagon reviewed 31 of its key suppliers through supplier audits. The purpose of these audits was to ensure that the suppliers live up to the expectation on environmental stewardship of Hexagon and to prevent any forced labour, child labour or human trafficking within the value chain. Of the 31 audits of new and existing suppliers, 15 were of suppliers in risk areas. Risk areas were considered as areas defined by the United Nations Environment Programme Finance Initiative (UNEPFI) and Transparency International, considering both environmental and social risks. The total number of suppliers in risk areas is 80, and all have been audited in the past three years. During 2024, no major non-conformances were found in the audits. When existing suppliers fail to comply with Hexagon's compliance requirements, Hexagon engages with the supplier and conducts an impact assessment to understand the root cause. Appropriate follow-up actions consist of taking suitable actions to ensure that the issue will not be repeated. Should infringements be deemed significant and intentional, Hexagon will terminate the supplier contract and seek an alternative sourcing option. Key suppliers of manufacturing entities are evaluated through internal formal visits, reviews, and assessments to ensure that they strictly follow the Supplier Code. Third-party assessment is used in cases where an issue cannot be verified directly with the supplier.

Conflict Minerals Compliance

A small part of Hexagon's activities is affected by the regulation of conflict minerals, including the Dodd-Frank Act. Hexagon does not source conflict minerals directly, but some divisions are indirectly affected by regulations due to sourcing products and materials from suppliers and sub-suppliers. In such cases, Hexagon works in close collaboration with the suppliers and applies a rigorous process to collect all necessary data as proof of compliance. Hexagon maintains a Conflict Minerals Policy outlining the commitment and actions taken to avoid conflict minerals in its value chain. Hexagon's divisions implement processes to ensure compliance with this policy as applicable to each division's operations. For example, the Autonomous Solutions division requests current and new suppliers to complete a Conflict Mineral Report Template (CMRT) for all parties. The CMRT has been provided by the Responsible Minerals Initiative (RMI) and has been adopted by the industry. The CMRT file is constantly being revised by RMI with updated smelter information, and whenever a supplier response is received, the file automatically identifies suspected smelters. Hexagon, to the best of its knowledge, represents and certifies that it does not source or receive any minerals, materials, or products containing cassiterite (tin), coltan (tantalum), wolframite (tungsten), or gold (known as "3TG minerals") sourced from the Democratic Republic of Congo or adjoining countries.

Management of water-related risks in operations

Hexagon does not have a water-intensive business but assesses water-related risks at its main facilities using the World Resource Institute's Aqueduct global water risk tool. The company has mapped 101 locations, with fourteen in extremely high water stress and eleven in high stress. The tool also helps Hexagon prioritise water risk management by mapping seasonal water variability. A new operational water target mandates that sites in water-stressed areas implement water management systems and define mitigation actions. The company has assessed climate-related risks, including river and coastal floods, at its facilities. Risks are categorised by likelihood (low to very high) and assessed for financial impact on Hexagon's revenues. About 7 percent of revenues come from locations at significant flood risk, and 4 percent from high-risk areas. The two locations where this risk can materialise have developed contingency plans, with other facilities covering the production of these sites in the same region. Additional operating costs could be incurred due to changes in the supply chain, but this increase in costs is not expected to exceed 10 percent of the cost of goods sold for hardware produced in these facilities. Therefore, the anticipated effect on Hexagon's financial position is expected to be minimal.

Data privacy

Data protection is one of the core pillars of Hexagon's compliance programme and a key risk topic in Hexagon's materiality analysis. Employees, customers, and partners require assurance that their personal information will be handled and managed in a safe and responsible way. Hexagon is committed to ensuring all personal information is processed in accordance with global best practices, which is reflected in its Data Protection Compliance Programme (DPC Programme). The Group Privacy and Information Security Officer is responsible for managing and overseeing the implementation of the DPC Programme across Hexagon Divisions. Changes to the DPC Programme are reported to the Chief Compliance Officer and Audit Committee on a regular basis.

The DPC Programme is implemented through teams within each division, with responsibility for delivery managed by Divisional Privacy Officers. The principles of the European Union's General Data Protection Regulation (GDPR) are used as its baseline for the protection of all personal data, regardless of locality. GDPR is widely considered the "gold standard" of privacy law and provides a robust and reliable means to ensure personal information is adequately protected. Additions have been adopted since 2018 to encompass other jurisdictional laws as these have been enacted.

Following the introduction of updated standard contractual clauses (SCCs) by the European Union in 2021, Hexagon has been working to update all existing contracts and has revised its contracting procedures to implement the new SCCs in all new contracts. Under the SCCs, data transfers from an EU entity to a third country that does not provide adequate data protection can only be made after the appropriate risk assessment has been conducted. Hexagon has implemented a standard process to conduct a suitable data transfer impact assessment (DTIA) in line with the legislation. Hexagon recognises that the protection of personal information is not a point-in-time process and requires ongoing changes to technology, processes, and people.

All Hexagon employees are required to comply with data protection principles and receive training appropriate to their roles. Employees with higher levels of responsibility for the protection of personal data are provided with advanced training and offered the opportunity to become certified professionals through programmes provided by the International Association of Privacy Professionals (IAPP).

Information security risk assessments are conducted continuously across the organisation, at a minimum on an annual basis. In the event that risks or gaps are identified during these assessments, a corrective action plan is promptly developed, followed by targeted initiatives to mitigate and address the identified risks, ensuring that vulnerabilities are closed, and any potential threats are proactively managed.

Cyber security

Hexagon's Group Cyber Council was established in 2019 to provide oversight and governance over all information security matters. The Cyber Council is chaired by the Group Privacy and Information Security Officer and includes executive members representing all major areas of the Hexagon business, including Operations, Legal, Finance, and Product. The objectives of the Cyber Council are to ensure the protection of Hexagon's intellectual property, ensure the cyber resilience of its networks, and protect Hexagon's customers through its position in the supply chain. As a global leader in digital reality solutions, Hexagon understands the imperative of security within its products and services. The autonomous revolution relies on data as fuel, and the protection and integrity of this data is central to Hexagon's Innovation Process.

Hexagon continued to build and develop its employee awareness programme throughout 2024, including training on all key topics of security. All new employees receive a set of baseline training courses and are then included in the ongoing annual programme of events. Additionally, employees are frequently targeted by phishing simulations using a wide range of phish lures to both train and test employees on how to identify email-based threats. Phishing simulations are run in multiple languages to match real-world threats as closely as possible. During 2024, Hexagon continued the delivery of its cyber security strategy as defined in 2022. The replacement of legacy technology with market-leading solutions ensures that, its ability to detect and respond to threats supports business goals and objectives.

Standardisation of technology across the security spectrum ensures that as the threat landscape develops, Hexagon is optimised to defend and respond effectively and efficiently. Hexagon's growth strategy results in a significant M&A programme. During 2024, Hexagon added further risk management in support of the security strategy related to M&A. Early-stage risk assessments, more detailed due diligence, and post-signing changes ensure that the risk of compromise following an acquisition is managed to an acceptable level. Hexagon continues to back up its cyber capabilities with a comprehensive cyber insurance programme to transfer some of the residual risk. Hexagon works with leading cyber insurance brokers and a consortium of underwriters to ensure an appropriate level of cover is provided to protect against data losses and business continuity interruptions.

Artificial Intelligence trainings and governance

In 2024, Hexagon trained more than 50 percent of its employees on AI fundamentals, Generative AI, and AI Governance & Culture. The initiatives aim to ensure that employees understand and apply AI ethically and responsibly and to support the adoption of the guiding principles for Artificial Intelligence in the Hexagon Innovation Process (HIP). To further support the AI principles in product development and ensure the principles are adhered to, dedicated training sessions are held, and an AI-enabled company steering group oversees operational implementations.

Guiding principles for Artificial Intelligence (AI)

Hexagon realises that AI-driven technology offers both opportunities and risks. To ensure AI solutions generate value and avoid negative effects, Hexagon adheres to its AI guiding principles. Additionally, Hexagon follows the General Product Safety Regulation (GPSR) and the Product Liability Directive (PLD) set by the EU. The GPSR, effective from December 13, 2024, ensures only safe products are available in the EU market. The PLD, adopted on October 10, 2024, updates product liability to include digital products like software and AI. These regulations impose increased obligations and reporting requirements for businesses. By referencing these EU regulations, Hexagon emphasises the importance of adhering to legal standards and ensuring the safety and reliability of AI-driven solutions.

To ensure the AI-driven solutions generate value for customers and society at large and to avoid unexpected negative effects from the software development, Hexagon has defined its AI guiding principles that encompass its innovation and production of artificial intelligence software. The AI guiding principles list is a set of ethical guidelines and best practices that Hexagon follows to ensure the responsible development, deployment, and use of artificial intelligence. These principles are designed to promote transparency, fairness, and accountability in AI systems while safeguarding human rights, privacy, and societal well-being.

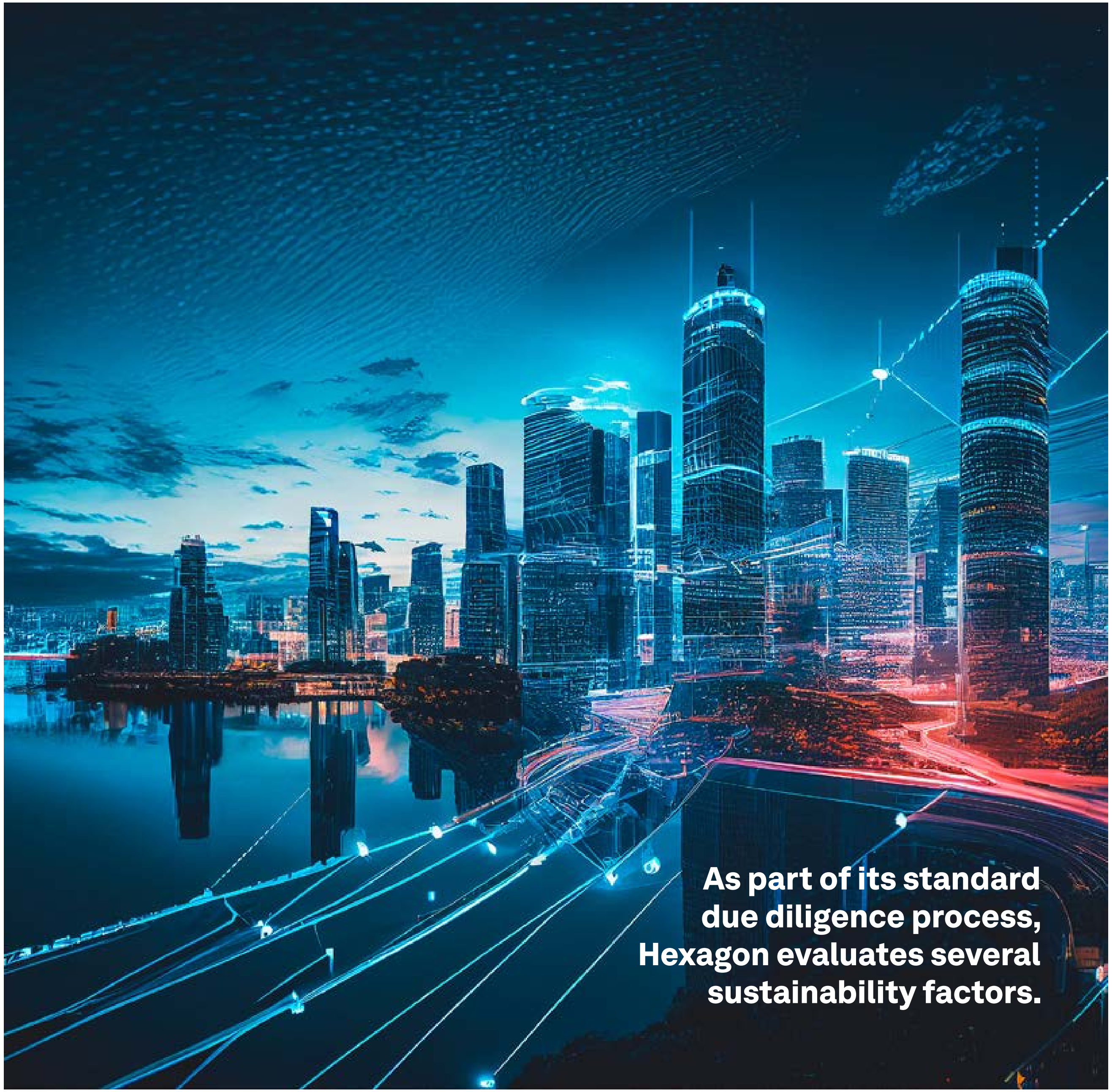
Hexagon AI guiding principles

- **Connect people to technology:** Keep humans central to decisions and technology.
- **Artificial intelligence for real-world outcomes:** Build on legacy of robust AI integration.
- **Engineer with integrity:** Uphold privacy and meet data governance standards.
- **Communicate with transparency:** Inform all parties when using AI and algorithms in development and daily practice.
- **Embed inclusivity:** Maintain diversity promotions and prevent discrimination.
- **Foster accountability:** Reinforce responsible inputs and outputs of AI integration.
- **Design mindfully:** Empower sustainable outcomes through product development.

ESG strategy in acquisitions

Ensuring sustainability as Hexagon grows
Acquisitions are a key component of Hexagon's growth strategy. In this approach, sustainability is central to the company's broader sustainability management as Hexagon acquires and integrates new businesses. For Hexagon, the decision to make or buy is a critical consideration when assessing the R&D roadmap and potential acquisition targets that align with its growth objectives. Beyond addressing gaps in the portfolio, Hexagon's acquisition strategy emphasises leveraging synergies across its various operations and preparing the company for future growth opportunities. Acquisition targets are continuously monitored and evaluated based on their market position, customer reputation, and growth and profitability potential.

Sustainability considerations in the due diligence process
Hexagon takes a comprehensive approach to sustainability during the acquisition process, helping the company make informed investment decisions, unlocking the full potential of sustainability while minimising risks from any possible limitations. This approach also establishes a solid foundation after the transaction is complete. As part of its standard due diligence process, Hexagon evaluates several sustainability factors, including a thorough review of the target company's internal controls, business practices, human rights, environmental and employee issues, as well as compliance with ISO standards, LEED guidelines, anti-corruption regulations (such as the FCPA), and export controls. Hexagon also assesses whether the target company adheres to a strong code of conduct and whether its corporate sustainability programmes are effective. The due



diligence process is tailored to each project. For instance, when considering a manufacturing company, Hexagon examines whether the company takes steps to ensure responsible production and a sustainable supply chain. Ultimately, Hexagon aims to understand the company's values, how they have shaped operations, and whether management can address any potential challenges within the appropriate framework. This helps Hexagon assess the company's sustainability profile and its compatibility with Hexagon's overall objectives. Additionally, Hexagon often enlists external specialists in areas such as intellectual property, employee benefits, anti-corruption, international trade, antitrust, labour and employment law, and real estate. By combining a cross-functional internal team with these external experts, Hexagon is able to thoroughly evaluate all aspects of the target company, including its sustainability practices and its potential for integration into Hexagon.

> Hexagon's due diligence process covers employment, ethics and compliance, legal issues, insurance, intellectual property and information technology.

Integrating companies in Hexagon
After the closing of a transaction, where a company becomes legally owned and controlled by Hexagon, the acquired company is integrated into Hexagon's processes and methods. All companies in the Group are required to adopt and implement the Hexagon Code, which is based on the UN Global Compact's ten principles on human rights, labour, environment and anti-corruption. The allocated Division or Regional Compliance Officer is responsible to implement the Hexagon Ethics and Compliance Programme in the newly acquired company, according to the Post M&A Compliance process covering, among other, topics such as antitrust, anti-corruption, business ethics and export controls.

Hexagon's due diligence process covers employment, ethics and compliance, legal issues, insurance, intellectual property and information technology. The operational integration often includes regular in-house visits to the acquired company to assist with various onboarding tasks, including compliance training and financial accounting reviews.

Employment agreements are established between the target company and the acquiring entity, which set out policies regarding sick leave, equipment usage, travel policies and record-keeping. In all cases, employees entering the Hexagon Group through acquisitions are informed about Hexagon's Code and are expected to adhere to its principles at all times.

Governance Key Performance Indicators

Governance Key Performance Indicators (KPIs)	Unit	FY 2024	FY 2023	FY 2022	YoY change
Executives certified in Ethics & Compliance System	No.	406	411	230	-1%
Share of key suppliers in high-risk countries audited in past three years	%	100	100	19.6	0%
Employees engaged in ESG trainings	No.	24,154	15,991	-	51%

Full GRI and SASB reporting table can be found on page 121–128.

Sustainability reporting standards

Hexagon's ESG reporting covers its own operations and value chain, and its goals are aligned with the company's strategic objectives to generate value and lower risks. Several reporting standards form the basis of the reporting. The climate targets are aligned with the Paris Agreement goals and are verified by the Science Based Targets initiative (SBTi). The sustainability report is prepared in accordance with the Global Reporting Initiative (GRI) Standards and the United Nations' Global Compact, and also takes into account the SASB and CSRD reporting frameworks.

Hexagon is a signatory of the United Nations Global Compact (UNGC), which means that the company supports and actively promotes its ten principles regarding the environment, labour practices, human rights, and anti-corruption in its operations and in relation to external stakeholders. This also means that Hexagon seeks to conduct business in a responsible and ethical manner and to support the UN Sustainable Development Goals (SDGs). To further increase transparency, Hexagon has also publicly submitted its climate impact data to the Carbon Disclosure Project (CDP).

CDP DISCLOSER 2024 CORPORATE

GRI Empowering Sustainable Decisions

SASB Sustainability Accounting Standards Board

SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

European Commission

UN Global Compact United Nations Global Compact

Sustainability related notes

Reporting period and standards
Hexagon's sustainability performance content and data presented in this report on page 60 - 129 cover the Scope from 1 January 2024, to 31 December 2024. This report has been prepared in accordance with the standards of the Global Reporting Initiative (GRI 2021). Furthermore, information from other standards and guidelines, such as the SASB standards for Technology, Communication, Software, and IT Services, has also been considered where appropriate.

Organisational Boundaries
Hexagon's organisational reporting boundaries cover all its divisions and subsidiaries. These are fully consolidated, following the control-based approach.

Operational Boundaries
Hexagon has completed a company-wide Scope 1 & 2 and Scope 3 emissions inventory that covers all its production sites and offices. To calculate the GHG emissions, Hexagon has followed the GHG Protocol Corporate Accounting and Reporting Standard – revised edition, the GHG Protocol Scope 2 Guidance, and GHG Protocol Scope Corporate Value Chain (Scope 3). The Scope 3 inventory covers the following categories: purchased goods, capital goods, fuel-and-energy-related activities, upstream transportation, waste generated, business travel, employee commuting, downstream transportation, use of sold products, and end-of-life treatment. The Scope 3 categories not mentioned are considered not relevant to the company based on Hexagon's business model. Hexagon is only emitting CO_2 in its Scope 1. All figures reported are based on CO_2e to account for the emissions from upstream and downstream activities.

Environmental data collection and reporting methodology
The data has been collected via Hexagon's ESG reporting system, developed and aligned with the financial reporting system during 2023 for ESG data gathering and calculation purposes.

In 2024, environmental data was collected from all manufacturing sites and all the facilities under operational control with more than 35 FTEs. In order to cover the full Scope of Hexagon's operations, values have been extrapolated for energy consumption, GHG emissions, water, and waste. The extrapolation was performed on an employee (FTE) basis for sites not covered in the reporting system.

Scope 1 and Scope 2
Scope 1 and Scope 2 emissions from energy consumption are calculated using energy data in kWh by energy source (natural gas, diesel, electricity by country, etc.). Scope 1 CO2 emissions are calculated using the emission factor for the corresponding type of fuel (source Defra 2023). Scope 2 CO2 emissions are calculated with the location-based and the market-based methodology in accordance with the GHG Protocol Scope 2 guidance. Location-based emissions are calculated using average country/region emission factor (source IEA and eGrid). Market-based emissions are calculated using residual mix electricity emission factor for European countries (source AIB) and the USA (source Green-e) and average country emission factors for all other countries (source IEA). To capture the CO_2 emissions from energy consumption for sites not covered (offices with few employees), Hexagon estimated the Scope 1 and 2 by associating CO_2 emissions per employee and extrapolating to the number of employees in the sites not covered.

Scope 1 direct CO_2 emissions include emissions from stationary combustion and vehicles of internal combustion engines in the company car fleet.

Scope 2 indirect CO_2 emissions include emissions from electricity in all facilities, purchased district heating and electric vehicles in the company car fleet. Note: Scope 2 restatements for 2023 were made for 5 sites related to amount of electricity from the grid.

Scope 3
Scope 3 emissions are calculated in line with the GHG Protocol for calculating Scope 3 emissions. All transport-related emissions from fuel use emissions are reported on a well-to-wheel basis. That includes the categories upstream & downstream transportation, business travel and employee commuting.

Purchased goods
These emissions are calculated for major purchased products using the average-data method and their associated cradle-to-gate emission factor. To capture 100% of emissions in this category we extrapolated to total spending on purchased goods.

Capital goods
These emissions are calculated using the average spend-based method for total spending on capital goods. The emissions are reported on a cradle-to-gate basis.

Fuel-and Energy-Related activities not included in Scope 1 or Scope 2
These emissions are calculated using energy consumption data in kWh by energy use (natural gas, diesel, electricity by county etc.) and the associated upstream emission factor (well-to-tank). For electricity, the CO_2 emissions are calculated using the average country upstream emission factor (source: IEA). For the fuels, the CO_2 emissions are calculated using the emission factor for the corresponding type of fuel (source: Defra). To capture the CO_2 emissions for sites not covered, we associated CO_2 emissions per employee and extrapolated to the number of employees in the sites not covered.

Upstream transportation
These emissions are calculated for major purchased products using the distance-based method. For calculating the CO_2 emissions, we applied the appropriate mass-distance emission factor for the mode of transport used (source: Defra). Air, marine, and road transport were the main modes of transport used for upstream transportation. To capture 100% of emissions in this category, we extrapolated to the total spend on purchased goods.

Waste generated in operations
These emissions are calculated using actual waste data in kg by type of waste (hazardous, non-hazardous, residual), type of treatment (landfill, recycle, incinerated) and the corresponding emission factor (source: Defra and Ecoinvent 3.8). To capture the CO_2 emissions from waste generated for sites not covered, we associated CO_2 emissions per employee and extrapolated them to the number of employees in the sites not covered.

Business Travel
Business travel emissions have been provided by the travel agency. The modes of transport that have been used for business purposes are airplanes, trains, buses, and rental cars. No hotel stay emissions have been included.

Employee commuting
Employee commuting emissions are calculated for major company sites (globally represented) that cover one third of employees using the average-data method. To capture the CO_2 emissions for sites not covered, we associated CO_2 emissions per employee and extrapolated to the number of employees at the sites not covered.

Downstream transportation
These emissions are calculated for major products sold using the distance-based method. For calculating the CO_2 emissions, the company applied the appropriate mass-distance emission factor for the mode of transport used (source: Defra). Air and road transport were the main modes of transport used for downstream transportation. To capture 100% of emissions in this category, Hexagon extrapolated to total revenues from sold products.

Use of sold products
These emissions are associated with the products sold by Hexagon during the year and aggregated over their lifetime. These emissions are related to the electricity consumption of products over their entire life. Hexagon calculated these emissions for major products using their technical characteristics (electricity consumption in kWh) and the main assumption was a 10-year lifetime (even though more of products have a lifetime more than 15 years). The emission factors applied was the average country electricity emission factor for the main markets where the products were sold as defined (source IEA). To capture the CO_2 emissions for the products that are not covered, Hexagon extrapolated based on the total revenues from sold products.

End of life treatment
Most hardware products have a lifetime longer than 15 years, so Hexagon can refurbish the products and resell them even after 10 years of use. When the products have reached the end of life, Hexagon seeks to recycle major components. The pieces that are not recycled are disposed of.

Social data collection
The methodology used for the social data includes the total headcount at the end of the reporting period 31 December 2024. By employees, Hexagon refers to everyone in an active employment relationship with the company, excluding interns.

As employee turnover, the company defines the ratio of voluntary and involuntary attrition during the year to the total number of employees at year-end. The Group Management category includes the leadership of the company. Executives include all the employees directly reporting to the leadership. Level A includes all the employees directly reporting to the Executives. Level B includes all the other employees of the company.

Restatement: In Hexagon's previous Sustainability Report, a figure regarding the share of women in leadership positions was reported. Following a review, Hexagon identified that this figure inadvertently included administrative assistants at local entities who were counted due to their reporting structure to senior executives. To ensure transparency and accuracy, Hexagon has revised the figure to reflect only those holding formal senior leadership roles.

Description of material topics

Topic	Description	Impact Materiality	Financial Materiality
Climate change (ESRS E1)	The biggest opportunity lies in the impact we can make through products. Hexagon is very well positioned to enable the shift towards a net-zero carbon economy in the industries we serve. To ensure an effective response to this opportunity, Hexagon is including ESG criteria in its innovation process.	We actively work with customers to offer efficiency gains in the processes they operate. In many cases, the gains come from energy-efficient solutions and from the reduction of materials across the processes they need to deliver. These efficiency gains, in several cases, reduce greenhouse gas emissions and support the transition to a low-carbon economy. Furthermore, to ensure Hexagon also contributes to mitigating climate change, Hexagon has joined the Business Ambition for 1.5°C. Hexagon has submitted to the SBTi (Science Based Targets initiative) near-term and long-term net-zero science-based targets for carbon emissions covering the full value chain.	Having a financially stable business that is able to continue to grow positively impacts Hexagon's long-term success, ensuring Hexagon's financial resilience as well as its reputation. This will enable us to further reinvest in operations and take advantage of opportunities. Achieving further growth in adapting to and mitigating climate change will further build customer confidence, motivate employees eager to contribute to a positive impact on the planet, and ensure a resilient growth strategy. Hexagon is incorporating climate transition risks (such as emissions trading and other regulatory developments) into its annual supplier risk management analysis.
Own workforce (ESRS S1)	Another opportunity we see is in ensuring an empowered workforce. To manage this topic, we have been promoting an inclusive workplace through the DEI (Diversity, Equity and Inclusion) Committee and divisional councils to cover all the countries where employees are located.	Hexagon believes that driving the best practices within its workforce in terms of working conditions and providing an inclusive workforce generates a positive impact in the communities where we operate. Hexagon delivers a positive impact through good hiring practices in order to eliminate any unconscious bias. In 2023, interactive sessions were held globally with external experts to address inclusivity in the workplace. Cultural awareness has also been highlighted as an opportunity for employes to thrive.	Hexagon understands that employees who feel engaged with their work are more productive, focused, and driven. More importantly, we are a company of innovation and we believe innovation happens when bright ideas come from diverse perspectives. In this regard, having the best workforce sets us in the right position to tackle society's challenges and ensures we have the best team in place to deliver sustainable business impact.
Workers in the value chain (ESRS S2)	This topic refers to Hexagon's commitment to comply with and promote internationally recognised standards and regulations that promote the fair treatment of people along the value chain. See more in the section "Operational risk management".	By ensuring that workers are treated fairly and by requiring safe and fair working conditions within suppliers, Hexagon promotes improvements in the quality of life and well-being of the workers from supply chain partners. Not respecting human rights and not providing a safe mechanism to raise concerns can potentially result in physical and economic harm to people and communities.	Respect for universal human rights and labour standards is a prerequisite for suppliers to do business with Hexagon, as described in Hexagon's Supplier Code of Conduct. By advocating high labour standards, Hexagon improves its reputation as a responsible business partner and fosters enhanced collaboration with suppliers. The impact of this topic depends on the financial impact the specific supplier could have for Hexagon. See more in the section "Responsible supply chain management".
Business conduct and Responsiveness	These topics include a wide variety of aspects such as improper use of goods, anti-corruption, business responsiveness, Industry 4.0 (with innovation and digitalisation), cyber security, data-related topics, and product quality and safety. See more in the section "Operational risk management".	Through Hexagon's compliance programme, which covers business response in the face of corruption and other inappropriate business behaviour, we can prevent negative socioeconomic and environmental impacts and raise standards in the industries we serve. Hexagon has a positive impact on data and cyber security by actively managing risks and increasing awareness. We recognise that there are risks resulting from cyber incidents that may affect users. Hexagon aims to minimise risk by raising awareness within the entire workforce and by providing safer digital solutions. Hexagon takes pride in its product quality and safety with a customer focus. Together with customers, Hexagon enables a positive impact on society and the environment with high quality and safety standards.	Failure to act with integrity and meet high ethical standards, values, and code of conduct could lead to adverse reputational impact, fines, and litigations. Reputational impacts could significantly hinder the ability to maintain revenues, as we could lose our customer base, while fines and legal proceedings may even hamper our ability to continue to operate in specific markets.

GRI and SASB reporting table

Reporting name	Unit		FY 2024	FY 2023	FY 2022	Variance 2 (+/-)	Variance (+/-)	Standard
General Disclosures								
Organisational details	Qualitative	Section: About this report						GRI: 2-1
Entities included in the organisation's sustainability reporting	Qualitative	Section: ESG Reporting Methodology						GRI: 2-2
Reporting period, frequency and contact point	Qualitative	Section: ESG Reporting Methodology						GRI: 2-3
Restatements of information	Qualitative	Section: ESG Reporting Methodology						GRI: 2-4
External assurance	Qualitative	Section: Auditor's report on the corporate governance statement						GRI: 2-5
Economic Performance								
Direct economic value generated (revenues)	Million €		5,401.1	5,435.2	5,160.5	-1%	5%	GRI: 201-1
Economic value distributed	Million €		4,721.6	4,905.2		-4%	-	
Economic value retained	Million €		679.5	530.0	5,160.5	28%	-	
Financial implications and other risks and opportunities due to climate change		Section: Operational Risk Management						GRI: 201-2
Defined benefit plan obligations and other retirement plans		Section: Financial Report / Pension provisions						GRI: 201-3
Activities and Workers								
Activities, value chain and other business relationships	Qualitative	Section: Business overview						GRI: 2-6
Total number of employees	No.		24,802	24,581	24,001	1%	2%	
Breakdown by gender								
Female	%		24	24	24	0 pp.	-1 pp.	
Male	%		76	76	76	-1 pp.	-1 pp.	
Other gender	%		0	0	-	0 pp.	0 pp.	
Breakdown by type of contract and gender						0 pp.	0 pp.	
Full-time female	%		22	22	-	-1 pp.	21 pp.	
Full-time male	%		72	74	-	-3 pp.	74 pp.	
Full-time other gender	%		0	0	-	0 pp.	0 pp.	
Part-time female	%		2	2	-	0 pp.	1 pp.	
Part-time male	%		3	2	-	1 pp.	1 pp.	
Part-time other gender	%		0	-	-	0 pp.	0 pp.	
Total number of contractors	No.		1,527	2,694	0	-43%	-	GRI: 2-8
Governance								
Governance structure and committees	Qualitative	Section: Corporate Governance Report						GRI: 2-9
Diversity and composition of governance body:								
Male	No.		5	4	6	25%	-33%	
Female	No.		4	3	4	33%	-25%	
Other gender	No.		0	0	0	-	-	
Gen Z	No.		0	0	0	-	-	
Gen Y	No.		1	1	1	0%	0%	
Gen X	No.		4	3	5	33%	-40%	
Boomers	No.		4	3	4	33%	-25%	
Executive members	No.		0	0	0	-	-	
Non-executive members	No.		9	7	10	29%	-30%	
Independence	Yes		6	3	6	100%	-50%	
Independence	No		3	4	4	-25%	0%	

1) The 2022 environmental data for energy consumption, GHG emissions, water and waste has been restated to increase accuracy and year-over-year comparability.

Reporting name	Unit		FY 2024	FY 2023	FY 2022	Variance 2 (+/-)	Variance (+/-)	Standard
Nomination and selection of the highest governance body	Qualitative	Section: Corporate Governance Report					-	GRI: 2-10
Chair of the highest governance body	Qualitative	Section: Corporate Governance Report					-	GRI: 2-11
Role of the highest governance body in overseeing the management of impacts	Qualitative	Section: ESG Governance					-	GRI: 2-12
Delegation of responsibility for managing impacts	Qualitative	Section: ESG Governance					-	GRI: 2-13
Role of the highest governance body in sustainability reporting	Qualitative	Section: ESG Governance					-	GRI: 2-14
Conflicts of interest	Qualitative	Section: Commitment to Ethics and Compliance					-	GRI: 2-15
Communication of critical concerns	Qualitative	Section: ESG Governance					-	GRI: 2-16
Collective knowledge of the highest governance body	Qualitative	Section: ESG Governance					-	GRI: 2-17
Evaluation of the performance of the highest governance body	Qualitative	Section: Corporate Governance Report					-	GRI: 2-18
Remuneration policies	Qualitative	Section: Corporate Governance Report					-	GRI: 2-19
Process to determine remuneration	Qualitative	Section: Corporate Governance Report					-	GRI: 2-20
Strategy, Policies and Practices								
Sustainable development strategy	Qualitative	Section: Sustainability strategy					-	GRI: 2-22
Policy commitments	Qualitative	Section: ESG Governance					-	GRI: 2-23
Embedding policy commitments	Qualitative	Section: ESG Governance					-	GRI: 2-24
Processes to remediate negative impacts	Qualitative	Section: Commitment to Ethics and Compliance					-	GRI: 2-25
Mechanisms for seeking advice and raising concerns	Qualitative	Section: Commitment to Ethics and Compliance					-	GRI: 2-26
Number of significant instances of non-compliance with laws and regulations for which fines were incurred	No.		0	0	0	-	-	GRI: 2-27
Number of significant instances of non-compliance with laws and regulations for which non-monetary sanctions were incurred	No.		0	0	0	-	-	
Membership associations						-	-	GRI: 2-28
Stakeholder Engagement								
Approach to stakeholder engagement	Qualitative	Section: Materiality analysis						GRI: 2-29
Employees covered by collective bargaining agreements	%		18.2	22.5	0	-5 pp.	-	GRI: 2-30
Material Topics								
Process to determine material topics	Qualitative	Section: Double materiality analysis					-	GRI: 3-1
List of material topics	Qualitative	Section: Materiality assessment results					-	GRI: 3-2
Management of material topics	Qualitative	Section: Sustainability Roadmap					-	GRI: 3-3
Environmental Indicators								
Number of manufacturing sites	No.		32	29	23	10%	26%	
Sites with Environmental Management System								
ISO 14001 certified production sites	No.		23	24	22	-4%	9%	
Share of ISO 14001 certified production sites	%		72	83	76	-11 pp.	6 pp.	
Area of manufacturing facilities	m^2		285,259	302,000	-	-6%	-	SASB: TC-HW-000.B
Percentage of facilities that are production sites	%		23	24	-	-1 pp.	-	SASB: TC-HW-000.C

Reporting name	Unit	FY 2024	FY 2023	FY 2022	Variance 2 (+/-)	Variance (+/-)	Standard
Energy							
Total stationary combustion energy consumption	MWh	22,620.0	21,041.1	18,190.9	8%	16%	GRI: 302-1 / SASB: TC-SI-130a.1
Natural gas	MWh	17,541.5	14,488.2	13,630.1	21%	6%	GRI: 302-1
Crude oil	MWh	523.1	2,301.3	483.3	-77%	376%	
Diesel	MWh	142.4	75.2	644.8	89%	-88%	
LPG	MWh	9.8	9.8	6.8	0%	44%	
Estimated stationary combustion of sites not covered	MWh	4,403.2	4,166.7	3,425.9	6%	22%	
Electricity Consumption							
Total Electricity Consumption	MWh	82,085.7	90,194.9	102,503.1	-9%	-12%	GRI: 302-1 / SASB: TC-SI-130a.1
Electricity consumption from grid	MWh	56,137.2	68,371.0	69,374.1	-18%	-1%	GRI: 302-1
of which purchased renewable electricity	MWh	14,551.1	16,672.0	10,462.1	-13%	59%	
Renewable electricity produced and consumed on-site	MWh	1,675.7	1,607.6	1,263.8	4%	27%	
Estimated electricity of sites not covered	MWh	24,272.8	20,216.3	31,865.2	20%	-37%	
Green electricity and REC consumed	MWh	16,226.8	18,279.6	11,725.9	-11%	56%	
Renewable electricity produced	MWh	32,490.1	34,833.5	25,883.8	-7%	35%	
Share of purchased or produced renewable electricity out of total electricity consumption	%	49.2	46.2	42.2	3 pp.	3 pp.	GRI: 302-1 / SASB: TC-SI-130a.1
Greenhouse Gas (GHG)							
Direct (Scope 1) GHG emissions	tCO_2	4,545.9	4,329.7	3,443.5	5%	26%	GRI: 305-1
Natural gas	tCO_2	3,506.1	2,892.0	2,523.7	21%	15%	
Crude oil	tCO_2	135.8	597.3	125.4	-77%	376%	
Diesel	tCO_2	35.9	18.9	163.3	89%	-88%	
LPG	tCO_2	2.2	2.2	1.6	0%	44%	
Estimated Scope 1 GHG emissions of sites not covered*	tCO_2	866.0	819.1	629.5	6%	30%	
Indirect (Scope 2) GHG emissions from grid electricitiy (market-based)	tCO_2	29,131.2	31,710.3	36,799.6	-8%	-14%	GRI: 305-2
Indirect (Scope 2) GHG emissions from grid electricitiy (location-based)	tCO_2	29,375.3	33,239.1	38,306.4	-12%	-13%	
Scope 1 & Scope 2							
GHG emissions from owned vehicles fleet (Scope 1)	tCO_2	9,286.4	11,063.1	10,282.9	-16%	7%	GRI: 305-1
GHG emissions from owned electric vehicles (Scope 2)	tCO_2	566.3	173.6	-	226%	100%	GRI: 305-2
Electric Vehicles share of company car fleet	%	13.4	8.5	4.6	4 pp.	3 pp.	GRI: 302-1
Total Direct (Scope 1) GHG emissions	tCO_2	13,832.3	15,392.8	13,726.4	-10%	11%	GRI: 305-1
Total Indirect (Scope 2) GHG emissions (market-based)	tCO_2	29,697.5	31,883.8	36,799.6	-7%	-15%	GRI: 305-2
Total Indirect (Scope 2) GHG emissions (location-based)	tCO_2	29,941.5	33,412.7	38,306.4	-10%	-15%	
Direct and Indirect GHG emissions (Scope 1 + 2, market-based)	tCO_2	43,529.8	47,276.6	50,526.0	-8%	-7%	GRI: 305-1
Direct and Indirect GHG emissions (Scope 1 + 2, location-based)	tCO_2	43,773.9	48,805.5	52,032.8	-10%	-7%	
Scope 3							
Other relevant indirect (Scope 3) GHG emissions	tCO_2	355,362	362,351	350,816	-2%	3%	GRI: 305-3
Upstream	tCO_2	287,127	284,825	276,910	1%	3%	
Purchased goods and services	tCO_2	177,628	177,546	170,401	0%	4%	
Capital goods	tCO_2	23,028	29,236	36,503	-21%	-20%	

Reporting name	Unit	FY 2024	FY 2023	FY 2022	Variance 2 (+/-)	Variance (+/-)	Standard
Fuel-and energy-related activities (not included in Scope 1 or Scope 2)	tCO_2	9,009	9,598	12,362	-6%	-29%	
Upstream transportation	tCO_2	14,539	14,533	14,257	0%	2%	
Waste generated in operations	tCO_2	821	566	798	45%	-29%	
Business travel	tCO_2	36,535	29,064	22,054	26%	32%	
Employee commuting	tCO_2	25,567	24,282	20,535	5%	18%	
Downstream	tCO_2	68,106	77,526	73,907	-12%	5%	
Downstream transportation	tCO_2	10,158	11,267	10,515	-10%	7%	
Use of sold products	tCO_2	57,782	66,101	63,234	-13%	5%	
End-of-life treatment of sold products	tCO_2	165	158	158	5%	0%	
Intensity Ratio's							
Revenues	MEUR	5,401.1	5,435.2	5,160.5	-1%	5%	GRI: 201-1
GHG intensity ratio Scope 1 & Scope 2 (market-based) per million EUR	tCO_2 / Mio €	8.1	8.7	9.8	-7%	-11%	GRI: 305-4
GHG intensity ratio Scope 1 per million EUR	tCO_2 / Mio €	2.6	2.8	2.7	-10%	6%	
GHG intensity ratio Scope 2 (market-based) per million EUR	tCO_2 / Mio €	5.5	5.9	7.1	-6%	-18%	
GHG intensity ratio Scope 2 (market-based) per electricity in MWh	$kgCO_2$ / MWh	361.8	353.5	359.0	2%	-2%	
GHG intensity ratio Scope 3 per million EUR	tCO_2 / Mio €	65.8	66.7	68.0	-1%	-2%	
Energy intensity ratio per million EUR	MWh / Mio €	19.4	20.5	23.4	-5%	-12%	GRI: 302-3
Waste							
Total waste generated	MT	2,817.3	2,696.3	2,505.9	0,0	8%	GRI: 306-3
Hazardous waste generated	MT	41.3	159.5	264.8	-74%	-40%	
Waste recycled	MT	1,287.9	1,690.6	1,472.5	-24%	15%	GRI: 306-4
Residual waste, recycled	MT	841.0	625.2	1,356.6	35%	-54%	GRI: 306-3, 306-4
Hazardous waste, recycled	MT	10.4	110.5	116.0	-91%	-5%	
Non-hazardous waste, recycled	MT	436.5	954.9	-	-54%	-	
Residual waste, landfill	MT	534.6	178.5	637.0	199%	-72%	GRI: 306-3, 306-5
Residual waste, incinerated	MT	423.7	235.8	247.6	80%	-5%	
Hazardous waste, landfill	MT	26.9	46.5	0.8	-42%	5,482%	
Hazardous waste, incinerated	MT	4.0	2.6	148.0	54%	-98%	
Non-hazardous waste, landfill	MT	241.1	354.4	-	-32%	-	
Non-hazardous waste, incinerated	MT	299.1	187.9	-	59%	-	
Water							
Water consumption	m^3	253,528.6	240,640.1	221,672.0	5%	9%	GRI: 303-5 / TC-SI-130a.2
Rainwater & Runoff-water harvesting system available onsite	No. of sites	1	1	-	0%	-	GRI: 303-1
Water recycling system available onsite	No. of sites	4	3	-	33%	-	
Materials							
Weight of non-renewable materials that are used to produce and package our primary products	MT	12,639.4	13,111.9	-	-4%	-	GRI: 301-1
Weight of renewable materials that are used to produce and package our primary products	MT	2,626.7	2,215.8	-	19%	-	

Reporting name	Unit		FY 2024	FY 2023	FY 2022	Variance 2 (+/-)	Variance (+/-)	Standard
Weight of materials that are used to produce and package our primary products	MT		15,266.1	15,327.7	-	0%	-	
Recycled input materials used	MT		128.0	159.6	-	-20%	-	GRI: 301-2
Share of recycled input materials used to manufacture the products	%		0.84	1.04	-	-0,19	-	
Social Indicators								
Employee engagement level	%		73	73	73	0 pp.	0 pp.	SASB: TC-SI-330a.2
Voluntary turnover, of total workforce	%		6.3	7.8	10.4	-2 pp.	-3 pp.	
Benefits provided to full- time employees		Section: Employee benefits					-	GRI: 401-2
New Employee Hires and Employee Turnover								
Newly hired by gender and generation								
Female	No.		808	928	-	-13%	-	GRI: 401-1
Male	No.		1,971	2,584	-	-24%	-	
Other gender	No.		30	13	-	131%	-	
Gen Z	No.		496	521	-	-5%	-	
Gen Y	No.		1,492	2,202	-	-32%	-	
Gen X	No.		613	672	-	-9%	-	
Boomers	No.		93	129	-	-28%	-	
Involuntary attrition breakdown by gender and generation						-		
Female	No.		302	297	150	2%	98%	
Male	No.		992	848	489	17%	73%	
Other gender	No.		4	3	-	33%	-	
Gen Z	No.		111	143	-	-22%	-	
Gen Y	No.		608	449	-	35%	-	
Gen X	No.		370	356	-	4%	-	
Boomers	No.		207	199	-	4%	-	
Voluntary attrition breakdown by gender and generation						-		
Female	No.		407	470	604	-13%	-22%	
Male	No.		1,087	1,336	1,914	-19%	-30%	
Other gender	No.		2	4	-	-50%	-	
Gen Z	No.		128	122	-	5%	-	
Gen Y	No.		862	1,077	-	-20%	-	
Gen X	No.		359	418	-	-14%	-	
Boomers	No.		147	193	-	-24%	-	
Turnover rate, of total workforce	%		12	13	13	-1 pp.	-1 pp.	
Parental Leave								
Female employees that were entitled to parental leave	No.		4,235	2,553	-	66%	-	GRI: 401-3
Male employees that were entitled to parental leave	No.		14,270	6,872	-	108%	-	
Female employees that took parental leave	No.		169	165	-	2%	-	
Male employees that took parental leave	No.		286	330	-	-13%	-	
Occupational health and safety management system								
Occupational health and safety management system	Qualitative	Section: Occupational Health and Safety					-	GRI: 403-1
Hazard identification, risk assessment and incident investigation								GRI: 403-2

Reporting name	Unit	FY 2024	FY 2023	FY 2022	Variance 2 (+/-)	Variance (+/-)	Standard
Occupational Health Services							GRI: 403-3
Worker participation, consultation and communication on occupational health and safety							GRI: 403-4
Worker training on occupational health and safety							GRI: 403-5
Promotion of work health							GRI: 403-6
Prevention and mitigation of occupational health and safety impacts directly linked by business relationships							GRI: 403-7
Employees who are covered by an occupational health and safety management system	No.	17,047.0	17,134	-	-1%	-	GRI: 403-8
ISO 45001 certified production sites	No.	2	2	2	0%	0%	
Share of ISO 45001 certified production sites	%	6.9	6.9	6.9	0 pp.	0 pp.	
For all employees:							
Proportion of senior management hired from the local community	%	51.0	79.9	-	-29 pp.	79 pp.	GRI: 202-2 / SASB: TC-SI-330a.1
Total hours worked by all employees	No.	37,854,539	36,330,702	-	4%	-	GRI: 403-9
Fatal accidents	No.	0	-	-	-	-	
High consequence work-related injuries	No.	0	-	-	-	-	
Recordable work-related injuries	No.	65	31	-	110%	-	
Fatalities accidents rate	No.	0	-	-	-	-	
Rate of high consequence work-related injuries	No.	0	-	-	-	-	
Rate of recordable work-related injuries	No.	0.34	0.17	-	101%	-	
For contractors:							
Total hours worked by all contractors	No.	2,026,301	2,278,962	-	-11%	-	
Fatal accidents	No.	0	0	-	-		
High consequence work-related injuries	No.	0	0	-	-		
Recordable work-related injuries	No.	-	1	-	-100%	-	
Fatalities accidents Rate	No.	0	0	-	-	-	
Rate of high consequence work-related injuries	No.	0	0	-	-	-	
Rate of recordable work-related injuries	No.	-	0.09	-	-100%	-	
Diversity of Employees by Category							
Employees trained in Diversity, Equity & Inclusion	No.	18,421	10,791	19,562	71%	-45%	
Share of women at top management level	%	23.7	22.7	23.1	0 pp.	1 pp.	GRI: 405-1 / SASB: TC-SI-330a.3
Share of women employed in relation to the whole organisation	%	23.9	23.6	23.7	0 pp.	0 pp.	GRI: 405-1
Group Management							
Male	%	87	92	92	-6 pp.	0 pp.	
Female	%	13	8	8	5 pp.	0 pp.	
Other gender	%	0	0	0	0 pp.	0 pp.	
Gen Z	%	0	0	0	0 pp.	0 pp.	
Gen Y	%	7	8	8	-2 pp.	0 pp.	
Gen X	%	73	69	69	4 pp.	0 pp.	
Boomers	%	20	23	23	-4 pp.	0 pp.	
Executives							
Male	%	82	80	80	1 pp.	0 pp.	
Female	%	18	20	20	-2 pp.	-1 pp.	

Reporting name	Unit		FY 2024	FY 2023	FY 2022	Variance 2 (+/-)	Variance (+/-)	Standard
Other gender	%		0	0	0	0 pp.	0 pp.	
Gen Z	%		0	0	-	0 pp.	-	
Gen Y	%		5	5	-	-1 pp.	-	
Gen X	%		66	73	-	-7 pp.	-	
Boomers	%		29	21	-	7 pp.	-	
Job level A								
Male	%		75	76	76	-2 pp.	0 pp.	
Female	%		25	23	24	1 pp.	-1 pp.	
Other gender	%		1	0	0	0 pp.	0 pp.	
Gen Z	%		0	0	-	0 pp.	-	
Gen Y	%		18	19	-	-1 pp.	-	
Gen X	%		63	63	-	0 pp.	-	
Boomers	%		19	18	-	0 pp.	-	
Job level B + Job level C								
Male	%		76	76	76	-1 pp.	-1 pp.	
Female	%		24	24	24	0 pp.	-1 pp.	
Other gender	%		0	0	0	0 pp.	0 pp.	
Gen Z	%		4	4	-	-1 pp.	-	
Gen Y	%		52	51	-	0 pp.	-	
Gen X	%		34	34	-	-1 pp.	-	
Boomers	%		10	10	-	-1 pp.	-	
Governance Indicators								
Incidents of non-compliance with regulations concerning the health and safety impacts of products	No.		0	0	-	-	-	GRI: 416-2
Incidents of non-compliance with regulations concerning product information and labeling	No.		2	0	-	-	-	GRI: 417-2
Ethics & Compliance System, executives certified	No.		406	411	230	-1%	79%	
Whistleblower reports	No.		81	66	25	23%	164%	
Solved whistleblower cases	No.		73	53	25	38%	112%	
Discrimination incidents	No.		3	0	0	-	-	GRI: 406-1
Employees trained in cyber security	No.		21,990	26,736	22,560	-18%	19%	
Policies and practices relating to targeted advertising and user privacy	Qualitative	Section: Data privacy and Cyber Security						SASB: TC-SI-220a.1
Approach to identifying and addressing data security risks	Qualitative	Section: Operational risk management						SASB: TC-SI-230a.2
Business continuity risks related to disruptions of operations	Qualitative	Section: Operational risk management						SASB: TC-SI-550a.2
Child Labour and Forced or Compulsory Labour								
Operations and suppliers at significant risk for incidents of child labour	Qualitative	Section: Responsible supply chain management						GRI: 408-1
Operations and suppliers at significant risk for incidents of forced labour	Qualitative	Section: Responsible supply chain management						GRI: 409-1
Rights of Indigenous Peoples								
Number of incidents of violations involving the rights of indigenous peoples	No.		0	0	0	-	-	GRI: 411-1

Reporting name	Unit		FY 2024	FY 2023	FY 2022	Variance 2 (+/-)	Variance (+/-)	Standard
Anti-Corruption								
Operations assessed for risks related to corruption	No.		18	4	0	350%	100%	GRI: 205-1
Employees that the company's anti-corruption policies and procedures have been communicated to	No.		23,654	22,525	0	5%	100%	GRI: 205-2
Employees trained in Code of Business Conduct	No.		24,154	24,695	23,531	-2%	5%	GRI: 205-2
Number of confirmed incidents of corruption	No.		0	3	0	-100%	100%	GRI: 205-3
Public legal cases regarding corruption brought against the organisation or its employees	No.		0	0	0	-	-	GRI: 205-3
Procurement Practices								
Key direct procurement suppliers	No.		1,085	1,053	929	3%	13%	
Key direct procurement suppliers in high risk countries	No.		80	93	51	-14%	82%	
Key direct procurement suppliers in medium risk countries	No.		-	5	5	-100%	0%	
Key direct procurement suppliers having approved or signed the Hexagon Supplier Code of Conduct	No.		231	903	802	-74%	13%	
Suppliers assessed for negative social impacts	No.		130	47	-	177%	-	GRI: 414-2
Suppliers assessed for negative environmental impacts	No.		118.00	27	-	337%	-	GRI: 308-2
Supplier Audits								
ESG audits of key direct procurement suppliers	No.		31	116	80	-73%	45%	SASB: TC-HW-430a.1
ESG audits of key direct procurement suppliers in risk countries	No.		15	45	11	-67%	309%	
ESG audits of key direct procurement suppliers that were conducted on-site	No.		17	39	84	-56%	-54%	
ESG audits of key direct procurement suppliers that were self-assessed (SAQ)	No.		2	64	90	-97%	-29%	
Third-party ESG audits of key direct procurement suppliers	No.		-	4	7	-100%	-43%	
Unannounced ESG audits of key direct procurement suppliers	No.		0	0	0	-	-	
Number of major non-conformances found in audits of key direct procurement suppliers	No.		-	3	27	-100%	-89%	SASB: TC-HW-430a.2
Number of solved major non-conformances in audits of key direct procurement suppliers	No.		0	0	26	-	-100%	SASB: TC-HW-430a.2
Conflict Minerals								
Management of risks associated with the use of critical materials	Qualitative	Section: Responsible supply chain management						SASB: TC-HW-440a.1
Suppliers possibly handling conflict minerals (3TG: tin, tantalum, tungsten, gold)	No.		478	257	149	86%	72%	
Suppliers handling conflict minerals that have submitted a CMRT	No.		282	234	177	21%	32%	
Eventual smelters or refineries reported by suppliers handling conflict minerals (3TG: tin, tantalum, tungsten, gold)	No.		955	1,324	823	-28%	61%	
Eventual smelters reported by suppliers handling conflict minerals that are conformant	No.		568	761	760	-25%	0%	
Non-compliant or non-conformant smelters reported by suppliers	No.		372	85	48	338%	77%	

Auditor's Limited Assurance Report on Hexagon AB's Green-house Gas Emissions and statement on the Statutory Sustainability Report

Unoficial translation

To the general meeting of Hexagon AB (publ), corporate identity number 556190-4771

Introduction

We have been engaged by the Board and Group Management of Hexagon AB (publ) to undertake a limited assurance of Hexagon AB (publ) greenhouse gas (GHG) emissions (scope 1 and scope 2) for the year 2024, as disclosed on page 98 in the Annual Report 2024, more specifically in the diagram "Environmental Key Performance Indicators". The statutory sustainability report is defined on page 118.

Responsibilities of the Board and Group Management

The Board of Directors and Group Management are responsible for the preparation of the GHG emissions data, including the statutory sustainability report, in accordance with the applicable criteria and the Annual Accounts Act in the older version that applied before 1 July 2024. The criteria are described on page 118 of the Sustainability Report, and consists of the Greenhouse Gas (GHG) Protocol – A Corporate Accounting and Reporting Standard which are applicable to the GHG emissions data, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control which is deemed necessary to establish reporting of GHG emissions data that does not contain material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the reported GHG emissions based on the limited assurance procedures we have performed and to provide a statement on the statutory sustainability report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3410 Assurance Engagements on Greenhouse Gas Statements issued by IAASB. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the GHG emission data and applying analytical and other limited assurance procedures. We have conducted our examination regarding the statutory sustainability report in accordance with FAR's recommendation RevR 12, the Auditor's Opinion on the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Hexagon AB (publ) according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement and an examination in accordance with RevR 12, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the GHG emission data.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the GHG emissions data (as specified above) is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

A Statutory Sustainability Report has been prepared.

Stockholm 27 March 2025

PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Auditor in charge

Helena Kaiser de Carolis
Authorised Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Financial statements

Contents

Consolidated income statement

MEUR	Note	2024	2023
Net sales	3, 5, 24	5,401.1	5,435.2
Cost of goods sold	6, 12	-1,791.4	-1,892.0
Gross earnings		**3,609.7**	**3,543.2**
Sales expenses	6, 12	-1,083.9	-1,159.3
Administration expenses	6, 12	-426.7	-481.2
Research and development expenses	6, 12	-683.7	-674.5
Other operating income	7, 12	186.7	198.1
Other operating expenses	7, 12	-169.9	-210.3
Operating earnings[1]	3, 13, 22, 29, 30, 31	**1,432.2**	**1,216.0**
Financial income and expenses			
Financial income	10, 24, 25	13.5	13.1
Financial expenses	10, 16, 24, 25	-183.6	-168.4
Earnings before tax	3	**1,262.1**	**1,060.7**
Tax on earnings for the year	11	-227.1	-188.9
Net earnings		**1,035.0**	**871.8**
Attributable to:			
Parent company shareholders		1,023.4	858.9
Non-controlling interest		11.6	12.9
1) Of which adjustments	*12*	*-170.7*	*-380.7*
Earnings include depreciation, amortisation and impairment of		**-577.5**	**-563.0**
– of which amortisation of surplus values		**-112.4**	**-115.9**
Average number of shares, thousands	21	**2,684,378**	**2,687,690**
Average number of shares after dilution, thousands	21	**2,705,478**	**2,706,141**
Earnings per share, Euro cent		**38.1**	**32.0**
Earnings per share after dilution, Euro cent		**37.8**	**31.7**

Consolidated statement of comprehensive income

MEUR	Note	2024	2023
Net earnings		**1,035.0**	**871.8**
Other comprehensive income:			
Items that will not be reclassified to income statement			
Remeasurement of pensions	22	-11.8	-10.4
Tax attributable to items that will not be reclassified to income statement	11	2.0	1.5
Total items that will not be reclassified to income statement, net of tax		**-9.8**	**-8.9**
Items that may be reclassified subsequently to income statement			
Exchange rate differences		542.0	-366.1
Tax attributable to items that may be reclassified subsequently to income statement:			
Tax attributable to effect of translation differences	11	-17.5	11.3
Total items that may be reclassified subsequently to income statement, net of tax		**524.5**	**-354.8**
Other comprehensive income, net of tax		**514.7**	**-363.7**
Total comprehensive income		**1,549.7**	**508.1**
Attributable to:			
Parent company shareholders		1,537.0	497.3
Non-controlling interest		12.7	10.8

Consolidated balance sheet

MEUR	Note	2024-12-31	2023-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	8, 14	13,767.1	12,993.7
Tangible fixed assets	15	611.3	600.2
Right-of-use assets	16	192.4	200.4
Other long-term securities holdings	17, 25	139.1	129.0
Other long-term receivables	17, 18, 25	28.2	29.1
Deferred tax assets	11	161.0	179.3
Total fixed assets		14,899.1	14,131.7
Current assets			
Inventories	19	566.4	584.7
Customer receivables	5, 18, 25	1,331.9	1,303.1
Current tax receivables	11	96.7	12.8
Other receivables – interest bearing	25	0.8	1.0
Other receivables – non-interest bearing	18, 25	96.9	103.4
Prepaid expenses and accrued income	20, 25	194.9	200.0
Short-term investments	24, 25	150.4	133.0
Cash and bank balances	24, 25	513.4	414.1
Total current assets		2,951.4	2,752.1
TOTAL ASSETS		17,850.5	16,883.8

MEUR	Note	2024-12-31	2023-12-31
SHAREHOLDERS’ EQUITY AND LIABILITIES			
Shareholders’ equity			
Share capital	21	85.8	85.8
Other capital contributions		3,378.4	3,378.4
Revaluation reserve		-4.8	-4.8
Translation reserve		907.5	383.0
Retained earnings		6,794.0	6,171.5
Shareholders’ equity attributable to Parent company shareholders		11,160.9	10,013.9
Non-controlling interest		35.2	32.2
Total shareholders’ equity		11,196.1	10,046.1
Long-term liabilities			
Provisions for pensions	22	63.9	56.9
Other provisions	23	6.1	8.1
Deferred tax liabilities	11	581.6	580.0
Long-term liabilities – interest bearing	25	2,959.6	2,831.7
Lease liabilities	16	140.5	152.0
Other long-term liabilities – non-interest bearing	25	122.5	124.4
Total long-term liabilities		3,874.2	3,753.1
Current liabilities			
Accounts payable	25	328.3	288.5
Advance payments from customers	25	77.5	83.1
Current tax liabilities	11	83.2	6.5
Current liabilities – interest bearing	25	667.5	1,040.2
Lease liabilities	16	63.4	59.5
Other liabilities – non-interest bearing	25	166.7	190.8
Other provisions	12, 23	72.9	159.4
Deferred income	20, 25	883.6	790.4
Accrued expenses	20, 25	437.1	466.2
Total current liabilities		2,780.2	3,084.6
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		17,850.5	16,883.8

Consolidated statement of changes in equity

MEUR	Share capital	Other capital contributions	Revaluation reserve	Translation reserve	Retained earnings	Shareholders' equity attributable to parent company shareholders	Non-controlling interest	Total shareholders' equity
Opening shareholders' equity, 2023-01-01	85.8	3,378.4	-4.8	737.8	5,633.0	9,830.2	34.4	9,864.6
Total comprehensive income	-	-	-	-354.8	852.1	497.3	10.8	508.1
Repurchase of treasury shares	-	-	-	-	-47.1	-47.1	-	-47.1
Dividend	-	-	-	-	-322.8	-322.8	-13.0	-335.8
Share-based programme (LTIP)	-	-	-	-	56.3	56.3	-	56.3
Closing shareholders' equity, 2023-12-31	85.8	3,378.4	-4.8	383.0	6,171.5	10,013.9	32.2	10,046.1
Total comprehensive income	-	-	-	524.5	1,012.5	1,537.0	12.7	1,549.7
Transactions with non-controlling interest	-	-	-	-	0.9	0.9	-0.9	-
Share programme	-	-	-	-	-88.8	-88.8	-	-88.8
Dividend	-	-	-	-	-349.0	-349.0	-8.8	-357.8
Share-based programme (LTIP)	-	-	-	-	46.9	46.9	-	46.9
Closing shareholders' equity, 2024-12-31	85.8	3,378.4	-4.8	907.5	6,794.0	11,160.9	35.2	11,196.1

Share capital is described in detail in Note 21.

Other contributed capital includes, among others, premium reserves and statutory reserves.

The revaluation reserve relates to fair value adjustments related to financial assets measured at fair value through other comprehensive income

The translation reserve is the net of currency translation differences related to foreign subsidiaries and the effect after tax of the currency hedging of net assets made in foreign subsidiaries.

Retained earnings include all historical net earnings after tax excluding non-controlling interest less dividends paid, including remeasurements of pensions posted in other comprehensive income.

Non-controlling interest are the shares of equity that pertain to non-controlling interest (minority) in certain subsidiaries.

Consolidated statement of cash flows

MEUR	Note	2024	2023
Cash flow from operating activities			
Operating earnings		**1,432.2**	**1,216.0**
Adjustments for items in operating earnings not affecting cash flow:			
Depreciation, amortisation and impairment		577.5	563.0
Change in provisions		-161.4	46.2
Capital gain/loss on divestments of fixed assets		1.2	-10.2
Capital gain from sale of shares in group companies		-1.7	-
Share programme expenses		46.9	56.3
Other		1.0	-
Interest received		13.8	13.3
Interest paid		-172.1	-159.8
Tax paid		-243.2	-276.2
Cash flow from operating activities before changes in working capital		**1,494.2**	**1,448.6**
Cash flow from changes in working capital			
Change in inventories		2.7	-23.2
Change in current receivables		15.7	-57.5
Change in current liabilities		75.6	2.5
Cash flow from changes in working capital		**94.0**	**-78.2**
Cash flow from operating activities[1]		**1,588.2**	**1,370.4**
Cash flow from ordinary investing activities			
Investments in intangible fixed assets	14	-516.8	-489.9
Investments in tangible fixed assets	15	-115.5	-136.7
Divestments of tangible fixed assets	15	9.9	28.3
Cash flow from ordinary investing activities		**-622.4**	**-598.3**
Operating cash flow		**965.8**	**772.1**

MEUR	Note	2024	2023
Cash flow from other investing activities			
Investments in subsidiaries	27	-112.4	-375.8
Divestments of subsidiaries		27.8	-
Investments in financial fixed assets	17	-10.0	-63.8
Divestments of financial fixed assets	17	6.9	7.4
Cash flow from other investing activities		**-87.7**	**-432.2**
Cash flow from financing activities			
Borrowings	24, 25	1,162.6	839.6
Repayment of debt	24, 25	-1,480.1	-706.0
Repurchase of treasury shares	21	-	-47.1
Share programme		-88.8	-
Dividend to parent company shareholders		-349.0	-322.8
Dividend to non-controlling interests in subsidiaries		-8.8	-13.0
Cash flow from financing activities		**-764.1**	**-249.3**
Cash flow for the year		**114.0**	**90.6**
Cash and cash equivalents, beginning of year[2]		547.1	486.3
Effect of translation differences on cash and cash equivalents		2.7	-29.8
Cash flow for the year		114.0	90.6
Cash and cash equivalents, end of year[2]		**663.8**	**547.1**
1) Of which non-recurring cash flow		*-89.5*	*-81.5*

2) Cash and cash equivalents include short-term investments and cash and bank balances

Parent company income statement

MEUR	Note	2024	2023
Net sales	4	30.3	26.3
Administration expenses	4, 6, 29, 30, 31	-50.0	-41.4
Operating earnings		**-19.7**	**-15.1**
Financial income and expense			
Earnings from shares in group companies	9	5,199.2	1,807.8
Financial income	10	254.2	161.0
Financial expenses	10	-305.5	-317.1
Earnings before tax and appropriations		**5,128.2**	**1,636.6**
Appropriations			
Group contribution, net		8.5	7.5
Change in profit equalisation reserves		-	14.7
Earnings before tax		**5,136.7**	**1,658.8**
Tax on earnings for the year	11	36.9	3.7
Net earnings		**5,173.6**	**1,662.5**

Parent company statement of comprehensive income

MEUR	2024	2023
Net earnings	5,173.6	1,662.5
Other comprehensive income	-	-
Total comprehensive income	**5,173.6**	**1,662.5**

Parent company balance sheet

MEUR	Note	2024-12-31	2023-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	14	7.9	7.0
Tangible fixed assets	15	0.4	0.4
Total intangible and tangible assets		**8.3**	**7.4**
Financial fixed assets			
Shares in group companies	17	17,323.2	13,541.7
Receivables from group companies	17	1,183.3	1,365.5
Other financial fixed assets	17	1.4	1.3
Deferred tax assets	11	40.7	3.4
Total financial fixed assets		**18,548.6**	**14,911.9**
Total fixed assets		**18,556.9**	**14,919.3**
Current assets			
Current receivables			
Receivables from group companies		2,692.6	1,530.9
Tax receivables	11	0.1	0.1
Other receivables		0.4	0.5
Prepaid expenses and accrued income	20	1.3	2.2
Total current receivables		**2,694.4**	**1,533.7**
Cash and bank balances		123.6	60.2
Total current assets		**2,818.1**	**1,593.9**
TOTAL ASSETS		21,374.9	16,513.2

MEUR	Note	2024-12-31	2023-12-31
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	21	85.8	85.8
Reserve for capitalised development expenses		7.9	7.0
Statutory reserve		314.3	314.3
Total restricted equity		**408.0**	**407.1**
Non-restricted equity			
Premium reserve		2,903.1	2,903.1
Retained earnings		7,802.3	3,023.1
Total non-restricted equity		**10,705.4**	**5,926.2**
Total shareholders' equity		**11,113.4**	**6,333.3**
Provisions			
Other provisions		1.4	1.3
Total provisions		**1.4**	**1.3**
Long-term liabilities			
Liabilities to credit institutions	25	2,957.1	2,831.6
Liabilities to group companies		6.9	2.7
Total long-term liabilities		**2,964.0**	**2,834.3**
Current liabilities			
Liabilities to credit institutions	25	662.7	1,032.4
Accounts payable		1.4	2.1
Liabilities to group companies		6,608.7	6,299.4
Other liabilities		0.7	0.2
Accrued expenses and deferred income	20	22.6	10.2
Total current liabilities		**7,296.1**	**7,344.3**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		21,374.9	16,513.2

Parent company statement of changes in equity

MEUR	Share capital	Paid-in, non-registered share capital	Reserve for capitalised development expenses	Statutory reserve	Premium reserve	Retained earnings	Total shareholders' equity
	Restricted shareholders' equity				Unrestricted shareholders' equity		
Opening balance 2023-01-01	85.8	-	6 .4	314.3	2,903.1	1,731.0	5,040.6
Total comprehensive income	-	-	-	-	-	1,662.5	1,662.5
Capitalisation of development expenses	-	-	0.6	-	-	-0.6	-
Dividend	-	-	-	-	-	-322.8	-322.8
Repurchase of treasury shares	-	-	-	-	-	-47.1	-47.1
Rounding	-	-	-	-	-	0.1	0.1
Closing balance 2023-12-31	85.8	-	7.0	314.3	2,903.1	3,023.1	6,333.3
Total comprehensive income	-	-	-	-	-	5,173.6	5,173.6
Capitalisation of development expenses	-	-	0.9	-	-	-0.9	-
Dividend	-	-	-	-	-	-349.0	-349.0
Share programme	-	-	-	-	-	-44.5	-44.5
Closing balance 2024-12-31	85.8	-	7.9	314.3	2,903.1	7,802.3	11,113.4

Parent company statement of cash flows

MEUR	Note	2024	2023
Cash flow from operating activities			
Operating earnings		-19.7	-15.1
Adjustment for operating earnings items not affecting cash flow:			
Depreciation, amortisation and impairment		1.6	1.1
Change in provisions		6.8	-
Unrealised exchange rate gains and losses		-89.2	6.8
Dividends received		503.2	766.3
Financial income received		253.5	159.7
Financial expense paid		-302.4	-304.3
Tax paid		0.0	-8.6
Cash flow from operating activities before changes in working capital		353.8	605.9
Cash flow from changes in working capital			
Change in current receivables		-1,160.0	-555.9
Change in current liabilities		1,234.7	989.9
Cash flow from changes in working capital		74.7	434.0
Cash flow from operating activities		428.5	1,039.9
Cash flow from investing activities			
Investments in intangible fixed assets	14	-2.4	-1.7
Investments in tangible fixed assets	15	-0.1	-0.4
Investments in financial fixed assets	17	-0.1	-46.3
Change in long-term receivables, group companies		254.3	-946.2
Change in long-term payables, group companies		4.2	2.7
Cash flow from investing activities		255.9	-991.9
Cash flow from financing activities			
Borrowings		1,163.5	839.4
Repayment of debt		-1,407.8	-474.7
Provisions		0.1	-14.7
Acquisition of treasury shares	21	-	-47.1
Share programme		-44.9	-
Dividend to shareholders		-349.0	-322.8
Cash flow from financing activities		-638.1	-19.9
Cash flow for the year		46.3	28.1
Cash and cash equivalents, beginning of year[1]		60.2	33.3
Effect of translation differences on cash and bank		17.1	-1.2
Cash flow for the year		46.3	28.1
Cash and cash equivalents, end of year[1]		123.6	60.2

1) Cash and cash equivalents include cash and bank balance

Notes

NOTE 1 Accounting policies

The consolidated accounts of Hexagon have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretation statements by the International IFRS Interpretation Committee (IFRIC), which have been approved by the European Commission for application within the EU.

Furthermore, the recommendation RFR 1 Supplementary accounting rules for corporate groups issued by the Swedish Financial Reporting Board have been applied.

The Parent Company applies the Annual Accounts Act and the recommendation RFR 2 Accounting for legal entities. The recommendation means that the Parent Company applies the same accounting policies as the Group, except in those cases when the Annual Accounts Act or current tax rules limits the opportunities to apply IFRS. Differences between the accounting principles applied by the Parent Company and the Group are outlined under Accounting Policies in the Parent Company on the next page.

The accounting policies and calculation methods applied by the Group are consistent with those of the previous financial year except as below.

On 27 March 2025, the Board of Directors and the President and CEO approved this annual report and consolidated accounts for publication and they will be presented to the Annual General Meeting on 5 May 2025 for adoption.

Application of new and amended standards from 2024
The Group has applied the amendment Supplier Finance Arrangements that came into force from 1 January 2024, and has therefore disclosed liabilities under supplier finance arrangements. The amendment has not had any material impact on the financial statements of Hexagon.

Other changes in standards and interpretations that entered into force from 1 January 2024 are not expected to have had any material impact on the financial statements of Hexagon.

Application of new standards from 2025
New standards, amended standards and interpretations that have not entered into force, have not been applied in advance in the financial reports of Hexagon and are not expected to have any material impact on the financial statements of Hexagon.

The Group is currently assessing the detailed implications of applying the new standard IFRS 18 Presentation and Disclosure in Financial Statements on the group's consolidated financial statements. The Group will apply the new standard from it's mandatory effective date of 1 January 2027 with comparative information for the financial year 2026 restated in accordance.

Basis of reporting for the Parent Company and the Group
The functional currency of the Parent Company is EUR as is the presentation currency for the Parent Company and the Group. The financial reports are presented in EUR. All amounts, unless indicated otherwise, are rounded off to the nearest million with one decimal.

Assets and liabilities are reported at historical cost except for certain financial instruments which are reported at fair value.

Receivables and liabilities or income and expenses are only offset if required or explicitly permitted by an accounting standard.

Preparing the financial statements in compliance with IFRS requires that Management make judgements and estimates as well as make assumptions that affect the application of accounting principles and the amounts recognised as assets, liabilities, income and expenses. The actual outcome may diverge from these estimates and assumptions. Estimates and assumptions are reviewed continuously. Changes of estimates are recognised in the period when the change is made if the change only affects current period or in that period when the change is made and coming periods if the change affects both current period and coming periods.

Judgements made by Management for the application of IFRS that have a substantial impact on the financial reports and estimates made that may lead to significant adjustments in coming years' financial reports are described in more detail in Note 2.

Classification
Fixed assets and long-term liabilities essentially consist of amounts expected to be realised or settled after twelve months from the balance sheet date. Current assets and short-term liabilities essentially consist only of amounts expected to be realised or settled within twelve months from the balance sheet date. The Group's operating cycle is assessed to be less than one year.

Consolidated financial statements
The consolidated financial statements consolidate the Parent Company and the other companies in which the Parent Company has a controlling influence, that is, is exposed or has right to variable returns from its involvement and has the ability to affect those returns through its involvement.

Companies or businesses acquired (acquisitions) are accounted for under the purchase method. The method involves a business combination to be regarded as a transaction in which the Group indirectly acquires the assets of the business and assumes its liabilities. The Group's acquisition cost is determined through a purchase price allocation in connection with the acquisition. The acquisition cost is the sum of the fair value at the acquisition date of what is paid in cash, assumed liabilities or issue of own shares.

Contingent considerations are often conditional by future goals on sales or performance. At acquisition date, an estimation of the fulfilment of the goals is made. The contingent consideration is measured at fair value and included in the acquisition cost and recognised as a financial liability in accordance with IFRS. Long-term contingent considerations are discounted to present value. The measurement to fair value is initially based on the expected outcome of the acquired company's sales or performance. Contingent considerations are subsequently measured at fair value and essential effects of remeasurements are recognised in the income statement in accordance with IFRS. If a revenue is recognised as a consequence of a change in estimation, the surplus values from the acquisition will be tested for impairment. If the impairment test results in an impairment, the expense will meet the revenue from the remeasurement of the contingent consideration. Transaction costs are expensed in the income statement when incurred.

Identifiable assets acquired and liabilities assumed are recognised initially at their fair values at the acquisition date. Exceptions are made for acquired tax assets and liabilities, employee benefits, stock-based compensation and assets held for sale, valued in accordance with the principles described for each item in in each standard.

NOT 1 Accounting policies, cont.

Goodwill recorded represents the difference between the acquisition cost of group companies' shares, the value of non-controlling interest in the acquired business and the fair value of previously owned shares and on the other hand, the purchase price allocation of the assets acquired and liabilities assumed. For goodwill disclosures, see Note 14 Intangible fixed assets. Non-controlling interests are recognised at the acquisition date, either at its fair value or at its proportionate share of the carrying value of the acquires identifiable assets and liabilities. Acquisition of non-controlling interest is reported as transactions between shareholders, i.e. within equity.

Group companies' financial statements are included in the consolidated accounts as of the date when control occurs (acquisition date) until the control ceases.

When control of the Group company ceases, but the Group retains shares in the company, remaining shares are initially reported at fair value. The gain or loss from remeasurement is recorded in the income statement.

Translation of financial reports to EUR

Assets and liabilities in operations with a functional currency other than EUR are translated at the closing day exchange rate and income statements are translated at average exchange rates for the period. The resulting translation differences are recognised directly in other comprehensive income. The amount is recognised separately as a translation reserve in equity. In case of divestment of an operation with a functional currency other than EUR the accumulated translation differences related to the divested operation are reclassified from equity to income statement at the time of recognition of capital gain or loss from the divestment.

Monetary long-term items towards businesses with a functional currency other than EUR, for which settlement is not planned or will probably not occur within the foreseeable future, are part of the company's net investment. Translation differences on such monetary items, which comprise part of the company's net investment are recognised in other comprehensive income and accumulated in the translation reserve in equity.

Transactions, assets and liabilities other currencies than EUR

Transactions in non-EUR currencies are recognised in the functional currency at the exchange rate on the transaction day. Monetary assets and liabilities are translated to the functional currency on the closing day at the exchange rate then in effect. Exchange rate differences that arise through these translations are recognised in the income statement.

Eliminated transactions

Intra-Group receivables and liabilities, revenue or expenses and gains or losses that arise from transactions between group companies are eliminated in their entirety in the preparation of the consolidated accounts. Losses are eliminated in the same way as gains, but only to the extent that there is no impairment loss.

Earnings per share

The calculation of earnings per share is based on net earnings attributable to the Parent Company shareholders and on the weighted number of shares outstanding during the year. The calculation of earnings per share after dilution takes into account the quarterly calculated dilutive effect from any potential common shares.

Accounting policies in the Parent Company

The Parent Company applies the same accounting principles as the Group with the following deviations:

- In the Parent Company, the exemption in RFR 2 for IFRS 9 Financial Instruments is applied. This means, among other things, that financial instruments are valued based on acquisition value and the principles of impairment testing of loss risk provisions in IFRS 9 are applied to the Parent Company's short-term receivables and financial fixed assets.
- In the Parent Company, the exemption in RFR 2 for IFRS 16 Leasing Agreements is applied and the costs for all leasing agreements are reported on a straight-line basis over the leasing period.
- In the Parent Company participations in group companies are reported at acquisition value less any impairment.
- Acquisition value of shares in subsidiaries includes transaction costs and contingent consideration.
- Non-monetary assets acquired in a currency other than EUR are reported at historical exchange rates. Other assets and liabilities in currencies other than EUR are reported at the exchange rate on the balance sheet date.
- The Parent Company applies the alternative rule for group contributions and reports both submitted and received group contributions and appropriations in the income statement.

Dividends

The dividend proposed by the Board of Directors reduces earnings available for distribution and is recognised as a liability when the Annual General Meeting has approved the dividend.

Approval of accounts

The Parent Company's and the consolidated financial statements will be presented to the Annual General Meeting for adoption on 5 May 2025.

NOTE 2 Critical accounting estimates and assumptions

The critical accounting estimates and assumptions that are addressed in this section are those that Company Management and the Board of Directors regard as the most important for understanding Hexagon's financial reporting. The information is limited to areas that are significant considering the degree of impact and underlying uncertainty. Hexagon's accounting estimates and assumptions are based on historical experience and assumptions that company management and the Board of Directors regard as reasonable under the current circumstances. The conclusions based on these accounting estimates constitute the foundation for the carrying amounts of assets and liabilities, in the event that they cannot be established through information from other sources. The actual outcome may differ from these accounting estimates and assumptions.

Customer contracts

Parts of Hexagon's sales derive from major and complex customer contracts. The critical estimates of customer contracts include establishing the amounts that are to be recognised as income and when the income should be recognised. For example, company management makes estimates of completed performance in relation to the contractual terms and conditions, the estimated total contractual costs and the proportion of the contract that has been completed at a certain point in time. The degree of completion is established by setting incurred cost in relation to total costs required to complete the contract. The estimations are also base for any loss provision, if any.

Hexagon also enters into revenue agreements that contain multiple elements, such as hardware, software and/or services. For these agreements, Hexagon need to assess if revenue should be allocated to each element as different accounting principles apply for these elements.

Intangible assets

Intangible assets within Hexagon concern essentially pertain to goodwill, trademarks and other assets as a result of acquisition, such as customer relationships and technology. Goodwill and other acquired intangible assets with an indefinite lifetime are not subject to annual amortisation, while other intangible assets are amortised. Insofar as the underlying operations develop negatively, an impairment requirement may arise. Impairment test is implemented if necessary, but at least once a year. Such intangible assets are subject to annual impairment testing, which is essentially based on the value in use, making assumptions about the sales trend, the Group's profit margins, on-going investments, changes in working capital and discount interest rate. Company management considers the assumptions applied to be compatible with the data received from external sources of information or from previous experience. Hexagon's goodwill on 31 December amounted to 10,159.0 MEUR (9,616.6). Other intangible assets not subject to amortisation amount to 1,110.9 MEUR (1,073.9) as of this date. Performed impairment tests demonstrate that reported values are defendable.

Tax assets and liabilities

The Board of Directors and Company Management continuously assess the carrying amount of both current and deferred tax assets and liabilities. For deferred tax assets, Hexagon has to assess the probability of whether it will be possible to utilise the deductible temporary differences that give rise to deferred tax assets to offset future taxable profits. In addition, in certain situations, the value of the deferred tax assets and liabilities may be uncertain due to ongoing tax processes, for example. Accordingly, the value of deferred tax assets and liabilities may deviate from these estimates due to a change in future earning capacity, changed tax regulations or the outcome of examinations by authorities or tax courts of issued or not yet issued tax returns. When assessing the value of deferred tax assets and liabilities, Hexagon has to form an opinion of the tax rate that will apply at the time of the reversal of the temporary differences. Hexagon recognised deferred tax liabilities, net in an amount of 420.6 MEUR (400.7), at the end of 2024. At the same date, the Group had tax-loss carry-forwards with a value of 47.5 MEUR (42.6) that were not recognised as assets. These assets could not be capitalised based on assessments of the opportunity to utilise the tax deficits. In comparison with the final outcome, the estimates made concerning both deferred tax assets and liabilities could have either a positive or a negative impact on earnings.

Pension obligations

Within Hexagon, there are defined-benefit pension schemes based on significant assumptions concerning future benefits pertaining to either the current or prior workforce. Pension obligations amounted to 59.1 MEUR (52.7) at the end of 2024. When calculating the pension liability, a number of actuarial assumptions are of major significance to the outcome of the calculation. The most critical pertain to the discount interest rate on the obligation, the rate of pay increases, employee turnover and estimated length of life. A reduced discount interest rate increases the recognised pension liability. The actual outcome could deviate from the recognised amount if the applied assumptions prove to be wrong.

Business combination

Hexagon acquire companies on a continuous basis. In connection with the acquisitions, acquired assets and assumed liabilities are valued to fair value in a purchase price allocation analysis. The valuation is to a certain extent based on management assessment of the future earnings of the acquired company. Many of the acquisition deals contain contingent consideration which is based on the outcome of the acquired company earnings for a predetermined period. The fair value of contingent considerations recognised as a liability is reviewed on a regular basis, which requires management to assess the future performance of the acquired company. An inaccurate assessment of this might result in overstated acquired assets or liabilities for contingent considerations.

NOTE 3 Segment reporting

Hexagon's Board of Directors is responsible for determining the Group's overall objectives, developing and monitoring the overall strategy, decisions on major acquisitions, divestments and investments and ongoing monitoring of operations.

The President is responsible for leading and controlling Hexagon's operations in accordance with the strategy determined by the Board. The President is therefore the Group's chief operating decision maker (CODM) and is the function that internally within the Hexagon Group allocates resources and evaluates results. The Group's chief operating decision maker assesses the performance in the operating segments based on earnings before financial items and adjustments (EBIT1). Financial items and taxes are reported for the Group as a whole.

Hexagon's operations are organised, governed and reported based on the five operating segments Manufacturing Intelligence, Asset Lifecycle Intelligence, Geosystems, Autonomous Solutions and Safety, Infrastructure & Geospatial.

Hexagon's Manufacturing Intelligence division provides advanced solutions that integrate metrology (measurement) systems, production software, and data analytics to optimise manufacturing processes.

Hexagon's Asset Lifecycle Intelligence division provides advanced enterprise asset management and asset lifecycle management solutions. These tools optimise the design, construction, operation, and maintenance of capital-intensive assets to enhance safety, reduce cost and drive operational excellence.

Hexagon's Geosystems division provides tools for capturing and visualising the physical world, creating digital twins to enhance efficiency and decision-making in construction and mapping.

Hexagon's Autonomous Solutions division develops technologies for autonomy in agriculture, mining, and transportation, using positioning systems, perception technologies, and AI tools to enhance productivity, safety, and precision.

Hexagon's SIG division offers tools for managing critical infrastructure, emergency response, and urban planning. It supports public safety, utilities, transportation, and government by transforming complex data into actionable insights, enhancing safety, efficiency, and sustainability.

The five segments have separate product offerings and customer groups and hence differentiated risk composition. There are marginal sales between the five operating segments. The segments are applying the same accounting principles as the Group. Hexagon's internal reporting, representing the base for detailed review and analysis, is designed in alignment with the described operating segments. Sales within each operating segment are additionally analysed geographically.

2024	Manu-facturing Intelligence	Asset Lifecycle Intelligence	Geosystems	Autonomous Solutions	Safety, Infra-structure & Geospatial	Total segments	Group expenses and eliminations	Group
Net sales	1,955.7	831.7	1,555.4	558.0	497.1	5,397.9	3.2	5,401.1
Operating expenses	-1,424.5	-534.8	-1,061.1	-366.0	-382.4	-3,768.8	-29.4	-3,798.2
Operating earnings (EBIT1)	**531.2**	**296.9**	**494.3**	**192.0**	**114.7**	**1,629.1**	**-26.2**	**1,602.9**
Adjustments	-48.9	-35.9	-12.6	-5.1	-11.5	-114.0	-56.7	-170.7
Operating earnings (EBIT)	**482.3**	**261.0**	**481.7**	**186.9**	**103.2**	**1,515.1**	**-82.9**	**1,432.2**
Net interest income/expenses							-170.1	-170.1
Earnings before tax							**-253.0**	**1,262.1**
Operating assets	4,767.1	5,419.7	3,455.4	1,846.5	1,264.0	16,752.7	8.8	16,761.5
Operating liabilities	-778.7	-289.8	-447.5	-130.6	-202.0	-1,848.6	-20.1	-1,868.7
Net operating assets	**3,988.4**	**5,129.9**	**3,007.9**	**1,715.9**	**1,062.0**	**14,904.1**	**-11.3**	**14,892.8**
Investments in fixed assets	148.0	73.9	293.5	111.4	53.9	680.7	14.2	694.9
Average number of employees	8,847	4,362	6,285	2,559	2,388	24,439	253	24,692
Number of employees at year-end	8,462	4,377	6,423	2,805	2,431	24,498	304	24,802
Depreciation, amortisation and impairment	-173.0	-68.7	-217.0	-68.9	-45.0	-572.6	-4.9	-577.5

2023	Manu-facturing Intelligence	Asset Lifecycle Intelligence	Geosystems	Autonomous Solutions	Safety, Infra-structure & Geospatial	Total segments	Group expenses and eliminations	Group
Net sales	2,013.0	782.0	1,603.0	571.1	463.9	5,433.0	2.2	5,435.2
Operating expenses	-1,482.2	-498.8	-1,092.7	-377.5	-359.9	-3,811.1	-27.4	-3,838.5
Operating earnings (EBIT1)	**530.8**	**283.2**	**510.3**	**193.6**	**104.0**	**1,621.9**	**-25.2**	**1,596.7**
Adjustments	-124.4	-58.6	-77.0	-13.2	-42.2	-315.4	-65.3	-380.7
Operating earnings (EBIT)	**406.4**	**224.6**	**433.3**	**180.4**	**61.8**	**1,306.5**	**-90.5**	**1,216.0**
Net interest income/expenses							-155.3	-155.3
Earnings before tax							**-245.8**	**1,060.7**
Operating assets	4,670.9	5,103.8	3,299.1	1,731.8	1,188.7	15,994.3	-8.5	15,985.8
Operating liabilities	-748.0	-307.2	-402.3	-125.0	-233.4	-1,815.9	55.3	-1,760.6
Net operating assets	**3,922.9**	**4,796.6**	**2,896.8**	**1,606.8**	**955.3**	**14,178.4**	**46.8**	**14,225.2**
Investments in fixed assets	160.9	71.6	285.1	102.3	45.5	665.4	14.8	680.2
Average number of employees	9,251	4,226	6,218	2,223	2,453	24,371	177	24,548
Number of employees at year-end	9,231	4,346	6,147	2,312	2,344	24,380	201	24,581
Depreciation, amortisation and impairment	-177.5	-76.9	-188.4	-66.5	-44.9	-554.2	-8.8	-563.0

NOTE 3 Segment reporting, cont.

Geographical markets

	Net sales by country[4]		Operating assets: Assets		Operating assets: Liabilities		Operating assets: Net		Fixed assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
EMEA[1]	1,870.0	1,878.4	6,002.9	5,567.6	-1,201.7	-819.8	4,801.2	4,747.8	4,472.1	4,125.6
Americas[2]	2,091.7	2,097.2	10,816.3	10,145.6	-1,219.7	-983.9	9,596.6	9,161.7	9,618.9	9,170.6
Asia[3]	1,439.4	1,464.4	1,307.9	1,077.1	-812.9	-761.4	495.0	315.7	479.8	498.1
Elimination of intra-group items/adjustments	-	-4.8	-1,365.6	-804.5	1,365.6	804.5	-	-	-	-
Group	5,401.1	5,435.2	16,761.5	15,985.8	-1,868.7	-1,760.6	14,892.8	14,225.2	14,570.8	13,794.3

1) Sweden is included in EMEA with net sales of 65.5 MEUR (70.1) and fixed assets of 46.3 MEUR (42.1)
2) USA is included in Americas with net sales of 1,588.6 MEUR (1,580.5)
3) China is included in Asia with net sales of 698.2 MEUR (732.5)
4) Relates to the country where the customer has its residence. No single customer represented more than 0.8 % (0.9) of net sales

NOTE 4 Parent company intra-group purchases and sales

Of the Parent Company's net sales, 100% (100) refers to sales to other group companies. Of the year's purchases in the Parent Company, 88% (81) refers to purchases from group companies.

NOTE 5 Revenue from contracts with customers

Hexagon sells information technology solutions in which hardware and software are integrated as well as services, licenses and other assignments. Revenue from agreements with customers is reported in the income statement as net sales.

Sale of goods
Revenue is recognised when control of the goods is transferred to the customer, which coincide with the goods being delivered to the customer and Hexagon has objective evidence that the customer will approve the goods. The amount of the revenue will equal the consideration stated in the contract minus rebates. There is no financing component in the contract as the expected credit do not exceed one year. The Group's obligation to offer a repayment for defected goods in accordance with standard warranty terms, is accounted for as a provision, see Note 23.

Sale of services, licenses and other assignments
Parts of contracts with customers not being sale of goods compose sale of installations, service, training, licenses and software subscriptions.

Revenue from sale of services such as installations, services and training are recognised in the period when the services are performed. Licenses are classified either as a license that gives right to use the underlying immaterial asset as it is constituted at the issuing of the license (right-to-use) or as a license that gives right to access the underlying intangible asset during the license period (right-to-access). Revenue from sale of right-to-use licenses is recognised when the license is transferred to the customer. Revenue from sale of right-to-access licenses is recognised during the license period. Revenue from sale of software subscriptions is recognised straight-line as the performance obligation is fulfilled, during the subscription period. Since the customer has access to the license or subscription throughout the term, a straight-line recognition of revenue is considered to best reflect the fulfillment of the performance obligation.

Revenue from contracts where there is no alternative use of Hexagon's performance and where Hexagon has right to cost compensation if the customer cancels the contract is recognised over time. The degree of completion is determined by comparing the expenditure that has arisen in relation to the total estimated expenditure for the assignment. If the degree of completion cannot be reliably determined, only those amounts corresponding to the expenditure that has arisen are recognised as revenue, but only to the extent that it is likely that they will be remunerated by the buyer. If it appears likely that all the expenditure for an assignment will exceed total revenue, the probable loss is accounted immediately and fully, as an expense.

Some contracts contain several performance obligations. A performance obligation that does not contain an integration service with the other obligations in the contract, does not lead to a significant modification or adaptation of the other obligations in the contract and that is not strongly dependent on or integrated with the other obligations in the contract is distinct and represents a separate performance obligation. The transaction price of the contract, including any rebates, is allocated to the separate performance obligations according to their stand-alone selling prices. The stand-alone selling prices are based on prices according to public price lists. Revenue from each performance obligation is recognised as the obligation has been fulfilled.

Estimation of revenue, cost and degree of completion is being revised if conditions change. Changes in estimations is recognised in the income statement in the period when the Executive Leadership has knowledge of the circumstances causing the change.

In fixed price contracts, the customers pay a fixed price according to an agreed payment plan. If the value of the services performed by Hexagon exceeds the payments, a contract asset will be recognised, which is recognised as accrued income. If the payments exceed the value of the performed services, a contract liability will be recognised, which is recognised as deferred income.

If the contract contains a fee per hour, revenue is recognised to the extent Hexagon has right to invoice the customer. Customers are invoiced on a monthly basis and right to consideration exists when the invoice has been generated.

Main part of recognised revenue reflects performance obligations fulfilled during current year. The performance obligations are usually fulfilled within 12 months, why disclosure about transaction price allocated to the remaining performance obligations is exempted.

Contract costs
Additional costs to obtain a contract are recognised as an asset if the Group expects to recover those costs. If time of depreciation of the asset that would have been recognised is below one year, the additional costs are recognised as cost when they occur.

Financing component
The Group does not expect any material contracts with customers where the period between transferring of goods and services to the customer and payment from the customer exceeds one year. As a consequence of this, the Group does not adjust transaction prices for time value of money.

NOTE 5 Revenue from contracts with customers, cont.

Disaggregation of revenue from contracts with customers
No other revenue than revenue from contracts with customers is recognised in Net sales, in the income statement. The Group derives revenue from the transfer of goods and services in operating segments and customer segments.

Net sales in 2024 of 5,401.1 MEUR (5,435.2) were distributed according to the following customer segments per operating segments:

Manufacturing Intelligence	2024	2023
General manufacturing	34%	32%
Automotive	23%	24%
Aerospace & defence	19%	14%
Electronics	9%	10%
Power & energy	3%	4%
Health & science	3%	3%
Other	9%	13%
Total	100%	100%

Asset Lifecycle Intelligence	2024	2023
Oil & gas	25%	27%
Chemicals	19%	18%
Construction – Industrial facilities	18%	17%
Power & energy	10%	9%
Mining	5%	5%
Other	23%	24%
Total	100%	100%

Geosystems	2024	2023
Infrastructure & construction	28%	29%
Building	28%	27%
Surveying	18%	19%
Mining	8%	11%
Mapping	6%	6%
Other	12%	8%
Total	100%	100%

Autonomous solutions	2024	2023
Mining	53%	52%
Aerospace & defence	17%	17%
Agriculture	17%	17%
Marine	6%	5%
Other	7%	9%
Total	100%	100%

Safety, Infrastructure & Geospatial	2024	2023
Public Safety	49%	44%
Aerospace & defence	19%	22%
Utilities	12%	12%
Transportation	10%	10%
Consumer goods	5%	5%
Other	5%	7%
Total	100%	100%

Contract balances

Group	2024-12-31	2023-12-31
Customer receivables	1,331.9	1,303.1
Contract assets	61.2	72.9
Contract liabilities	961.1	873.5

For information on impairment of receivables and contract assets, see Note 18.

Contract assets include accrued income from fulfilling performance obligations over time. Contract liabilities include advance payments and deferred income. Deferred income relates to revenue from service, installation and training. Main portion of contract liabilities at the beginning of the year has been recognised as revenue during 2024.

NOTE 6 Operating expenses

	Group		Parent company	
	2024	2023	2024	2023
Cost of goods sold				
Cost of goods	852.2	891.9	-	-
Personnel cost	572.6	565.8	-	-
Depreciation, amortisation and impaiment	90.4	82.0	-	-
Other	276.2	352.3	-	-
Total	1,791.4	1,892.0	-	-
Sales expenses				
Personnel cost	797.7	801.0	-	-
Depreciation, amortisation and impaiment	80.4	52.6	-	-
Other	205.8	305.7	-	-
Total	1,083.9	1,159.3	-	-
General and administrative cost				
Personnel cost	303.1	304.0	13.3	7.3
Depreciation, amortisation and impaiment	48.6	74.2	1.6	1.1
Other	75.0	103.0	35.1	33.0
Total	426.7	481.2	50.0	41.4
Research and development cost				
Personnel cost	305.5	318.1	-	-
Depreciation, amortisation and impaiment	319.8	299.7	-	-
Other	58.4	56.7	-	-
Total	683.7	674.5	-	-

NOTE 7 Other operating income/ expenses

Other operating income and operating expenses consist of exchange rate gains and exchange rate losses of an operating nature. In addition, items that do not belong to the primary business are reported in this function, such as impairments and fair value changes.

Group	2024	2023
Other operating income		
Capital gain on divestment of fixed assets	0.5	11.2
Exchange rate gains	109.7	119.5
Government grants	13.4	9.9
Fair value change from contingent consideration	61.4	41.6
Rental income	0.0	0.8
Other	1.7	15.1
Total	186.7	198.1
Other operating expenses		
Capital loss on divestment of fixed assets	-0.5	-1.0
Exchange rate losses	-109.1	-143.4
Impairment	-42.9	-54.5
Acquisition related expenses	-10.8	-8.2
Other	-6.6	-3.2
Total	-169.9	-210.3

NOTE 8 Impairment

Cash-generating units

Goodwill and other intangible assets with indefinite useful lifetime acquired through business combinations has been allocated to the five (five) cash generating units (CGU) below, which complies with the Group's organisation: Geosystems, Manufacturing Intelligence, Autonomous Solutions, Asset Lifecycle Intelligence and Safety, Infrastructure & Geospatial.

Carrying amount of goodwill and other intangible assets allocated to each of the CGUs:

	Geosystems		Manufacturing Intelligence		Autonomous Solutions		Asset Lifecycle Intelligence		Safety, Infrastructure & Geospatial		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Goodwill	1,523.7	1,472.0[3]	2,714.6	2,583.7	1,103.3	1,057.5[3]	4,067.7	3,807.8	749.7	695.6	10,159.0	9,616.6
Other intangible assets with indefinite useful lifetime[1]	441.8	438.8	166.2	159.3	46.6	45.7	347.9	327.5	108.4	102.6	1,110.9	1,073.9
Intangible assets subject to amortisation[2]	646.4	569.9	742.2	730.5	250.6	202.2	672.0	627.5	186.0	173.1	2,497.2	2,303.2
Total	2,611.9	2,480.7	3,623.0	3,473.5	1,400.5	1,305.4	5,087.6	4,762.8	1,044.1	971.3	13,767.1	12,993.7

1) Comprises brands
2) Comprises capitalised development costs, patents, technology and other intangible assets, which are amortised linearly based on estimated useful lifetime
3) Numbers for 2023 have been restated since the Mining business have been moved from Geosystems to Autonomous Solutions

Hexagon performed its annual impairment test for goodwill and other intangible assets with indefinite useful lifetime during the fourth quarter 2024 and tested if the carrying value of the CGU's exceed their recoverable value. The recoverable value is the higher of the units net realisable value and value in use, which is the discounted present value of future cash flows.

Calculation of recoverable value

The recoverable values of the cash-generating units consist of its value in use. The utilisation values are calculated using cash flow forecasts based on budgets approved by the management that extend over a period of five years. The after-tax discount rates applied to cash flow forecasts are shown in the table below. The annual growth rate for extrapolating cash flows beyond the five-year period was 2.0 % (2.0) for all cash-generating units. Annual growth is a conservative assessment and is set equal to expected inflation. The result of a write-down test has resulted in the management not identifying any write-down need for any cash-generating unit.

NOTE 8 Impairment, cont.

	Discount rate after tax	
	2024	2023
Geosystems	7.2%	8.4%
Manufacturing Intelligence	9.0%	9.9%
Autonomous Solutions	9.3%	9.7%
Asset Lifecycle Intelligence	8.6%	10.1%
Safety, Infrastructure & Geospatial	8.3%	10.1%

Key assumptions
The calculation of value in use for all CGU is most sensitive to the following assumptions:

- Forecasts, including operating margins and sales growth
- Discount rates
- Growth rates used to extrapolate cash flow beyond the forecast period

Forecasts
Projected cash flows, approved by management, is based on an analysis of historic performance as well as a best estimation regarding the future. Hexagon has since 2001 mainly shown rising operating margins and virtually continuous good organic growth.

The operating margins are based on average values achieved historically. The margins are increased over the period to reflect anticipated efficiency improvements. The organic growth is based on an analysis of how the competition situation is judged to develop over time.

Discount rates
Discount rates represent the current market assessment of the risks specific to respective CGU, taking into consideration the time value of money as well as individual risks. The discount rate calculation is based on the specific circumstances of respective CGU and is derived from its weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the Group investors. The cost of debt is based on the interest bearing borrowings. Specific risks are incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Discount rate before tax is approximately 10–13%.

Growth rates used to extrapolate cash flow
To extrapolate cash flows over the forecast period, growth figures start based on published research of each respective industry. The long-term rate is conservatively estimated as equal to the expected long-term inflation rate.

Sensitivity to changes in assumptions
A sensitivity analysis including all key assumptions is performed and management believe that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed the recoverable value. For all cash generating units except Asset Lifecycle Intelligence there is a significant headroom before any changes in key assumptions would cause a valuation adjustment, since the recoverable value totally is nearly double the book value. The performed sensitivity analysis demonstrates that the value of goodwill and other intangible assets with indefinite useful lifetime is more than defendable even if the discount rate is increased with one percentage point or if the growth rate after the forecast period is decreased with one percentage point for all cash generating units except Asset Lifecycle Intelligence. For Asset Lifecycle Intelligence the recoverable amount would equal the carrying value if the discount rate would be increased by 0.4 percentage point or the terminal growth rate would be decreased by 0.6 percentage point. Even forecasts for sales growth and operating margin are included in the sensitivity analysis and no reasonable changes in these would cause a need of impairment.

NOTE 9 Earnings from shares in group companies

	Group		Parent company	
	2024	2023	2024	2023
Earnings from shares in group companies				
Dividend from subsidiaries	-	-	1,417.7	1,807.8
Capital gains from divestment of subsidiaries	-	-	3,781.5	-
Total	-	-	5,199.2	1,807.8

NOTE 10 Financial income and expenses

	Group		Parent company	
	2024	2023	2024	2023
Financial income				
Interest income	12.7	12.4	2.7	2.3
Interest income, intercompany receivables	-	-	136.0	82.0
Other financial income	0.8	0.7	115.5	76.7
Total	13.5	13.1	254.2	161.0
Financial expenses				
Interest expenses	-160.9	-144.5	-154.7	-138.5
Interest expenses, lease liabilities	-9.1	-8.3	-	-
Interest expenses, intercompany liabilities	-	-	-95.8	-84.6
Net interest on pensions	-1.5	-1.3	-	-
Other financial expenses	-12.1[1]	-14.3[1]	-55.0	-94.0
Total	-183.6	-168.4	-305.5	-317.1

1) Mainly bank costs

NOTE 11 Income taxes

Income taxes comprise of:

- Current tax, meaning the tax calculated on taxable earnings for the period and adjustments regarding prior periods and;
- Deferred tax, meaning the tax attributable to taxable temporary differences to be paid in the future and the tax that represents a reduction of future tax attributable to deductible temporary differences, deductible loss carry-forwards and other tax deductions.

The income tax expenses for the year consist of current and deferred tax. Transactions recognised in other comprehensive income are including tax effects, i.e. tax related to these transactions are also posted in other comprehensive income. Tax related to transactions directly recognised in equity, is posted in equity.

GROUP

Tax on earnings for the year

	2024	2023
Current tax	-239.0	-206.7
Deferred tax	11.9	17.8
Total tax on earnings for the year	**-227.1**	**-188.9**

Specification of deferred tax

	2024-12-31	2023-12-31
Deferred tax assets (liabilities) comprise:		
Fixed assets	-714.2	-636.2
Inventories	66.1	56.8
Receivables	13.2	12.3
Provisions	14.8	13.9
Other	125.5	116.1
Unutilised loss carry-forwards and similar deductions	121.5	79.0
Less items not satisfying criteria for being recognised as assets	-47.5	-42.6
Total	**-420.6**	**-400.7**
According to the balance sheet:		
Deferred tax assets	161.0	179.3
Deferred tax liabilities	-581.6	-580.0
Total, net	**-420.6**	**-400.7**

Unutilised loss carry-forwards and similar deductions not satisfying criteria for being recognised as assets have not been recognised. Deferred tax assets that depend on future taxable surpluses have been valued on the basis of both historical and forecast future taxable earnings. Hexagon is striving for a corporate structure that enables tax exemption when companies are divested and favourable taxation of dividends within the Group. Certain potential tax on dividends and divestments remains within the Group.

Reconciliation of the year's change in current and deferred tax assets/liabilities

Deferred tax	2024	2023
Opening balance, net	-400.7	-459.5
Change via income statement		
Deferred tax on earnings	-36.1	-13.6
Change in reserve for deductions not satisfying criteria for being recognised as assets	2.0	53.8
Change in tax rates and tax reforms	1.6	-12.4
Items pertaining to prior years	44.4	-10.0
Total	**11.9**	**17.8**
Change via other comprehensive income		
Deferred tax on other comprehensive income	-15.5	12.8
Total	**-15.5**	**12.8**
Change via equity		
Change via acquisitions and divestments	-2.7	-23.2
Reclassification	-0.6	52.4
Translation difference	-13.0	-1.0
Closing balance, net	-420.6	-400.7

Current tax	2024	2023
Opening balance, net	6.3	-63.8
Change via income statement		
Current tax on earnings	-248.8	-218.7
Items pertaining to prior years	9.8	12.0
Total	**-239.0**	**-206.7**
Change via acquisitions and divestments	-1.1	0.6
Payments, net	243.2	276.2
Reclassification	2.2	-
Translation difference	1.9	0.0
Closing balance, net	13.5	6.3

The Group's unutilised loss carry-forwards and similar deductions mature as follows:

	2024-12-31
2025	1.6
2026	3.3
2027	1.1
2028	0.3
2029 and later	167.1
Indefinitely	223.4
Total	**396.8**

The difference between nominal Swedish tax rate and effective tax rate arises as follows:

	2024	2023
Earnings before tax	1,262.1	1,060.7
Tax pursuant to Swedish nominal tax rate 20.6%	-260.0	-218.5
Difference in tax rates between Swedish and foreign tax rate	10.3	-7.8
Revaluation of loss carry-forwards, etc.	18.2	86.3
Income not subject for tax	41.7	43.4
Expenses not tax-deductible	-30.0	-62.5
Change in tax rates and tax reforms	1.6	-12.4
Items not included in the booked result	-32.1	-2.9
Items pertaining to prior years	23.2	-14.5
Tax, income statement	**-227.1**	**-188.9**

Pillar Two

The Group is covered by the OECD's model rules for Pillar Two, and applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group will incur top-up taxes due to the Pillar Two legislation that became effective 1 January 2024. Under the legislation, the group is required to pay an additional tax for the difference between the effective tax rate calculated according to the GloBE rules for each jurisdiction and the minimum tax rate of 15%.

Hexagon has estimated that the effective tax rate exceeds 15% in all jurisdictions in which it operates, except certain jurisdictions where Hexagon has very limited operations. Hexagon's assessment is that the estimated additional tax has a minimal impact on the tax expense for the year.

NOTE 11 Income taxes, cont.

PARENT COMPANY

Tax on earnings for the year

	2024	2023
Current tax	-0.4	0.3
Deferred tax	37.3	3.4
Total tax on earnings for the year	36.9	3.7

Reconciliation of the year's change in current and deferred tax assets/liabilities

	2024	2023
Deferred tax		
Opening balance, net	3.4	-
Change via income statement		
Deferred tax on earnings	11.1	3.4
Items pertaining from prior years	26.8	-
Translation difference	-0.6	-
Total	37.3	3.4
Closing balance, net	40.7	3.4
Current tax		
Opening balance, net	-	-8.9
Change via income statement		
Current tax on earnings	-0.4	0.3
Total	-0.4	0.3
Payments, net	0.0	8.6
Translation difference	0.5	0.0
Closing balance, net	0.1	-

The Parent Company has unutilised loss carry-forwards and future tax deductions of 197.5 MEUR (148.1).

NOTE 12 Adjustments

Adjustments consists of expenses related to the share programme (LTIP), amortisation of surplus values (PPA) and items affecting comparability which refers to income and expenses that are not expected to appear on a regular basis and impact comparability between periods. In 2024 adjustments consist of share-based programme expenses (LTIP), amortisation of surplus values (PPA), transactions costs and severance costs for former CEO. Adjustments in 2023 included costs related to the implementation of a rationalisation programme.

Group	2024	2023
Acquired deferred revenue	-	-4.8
Cost nature		
Personnel costs	-6.4	-142.2
Transaction costs	-3.0	-2.5
Impairments	-	-17.2
Reduction offices/facilities	-	-24.3
Amortisation of surplus values	-112.4	-115.9
Share-based programme	-48.9	-61.4
Other	-	-12.4
Total cost nature	-170.7	-375.9
Total adjustments	-170.7	-380.7
Function		
Net sales	-	-4.8
Cost of goods sold	-4.1	-45.4
Sales expenses	-71.8	-142.4
Administration expenses	-25.7	-63.0
Research and development expenses	-68.7	-106.5
Other operating expenses	-0.4	-18.6
Total adjustments	-170.7	-380.7

NOTE 13 Government grants

During the year some of the subsidiaries within the Group have received government grants in their country. Government grants have been recognised in accordance with IAS 20. Receivables and revenues are recognised when there is a reasonable assurance that the terms and conditions will be met, and it is reasonable certain that the grant will be received. The government grants received was primarily related to education of employees and R&D funding. The table below shows how the grants are allocated to functions.

Group	2024	2023
Function		
Research and development expenses	0.7	0.1
Other operating income	13.4	9.9
Total	14.1	10.0

NOTE 14 Intangible fixed assets

Intangible fixed assets could be acquired separately, as part of a business combination or internally generated. The Group's intangible fixed assets include mainly capitalised development expenses, trademarks and goodwill. Trademarks, goodwill, technology and customer relations are often acquired as part of a business combination, while capitalised development expenses are internally generated. Any impairments are reported as other operating expenses in the income statement.

The impairment for the year relates to impairment of releases of earn-out provisions. See Note 8 for further disclosures about impairment.

Capitalised development expenses
An internally generated intangible asset that are expected to generate a future economic benefit and whose cost could be determined reliably must, according to IAS 38, be recognised as an asset in the balance sheet. To assess if those criterias are fulfilled, the generation of the asset is classified into a research phase and a development phase. The research phase includes activities such as obtaining new knowledge, new products, systems, methods or materials. At a certain point in time, the activities change and includes design, construction and testing of chosen alternatives. This point in time differs between different projects and constitutes the inflection point between research phase and development phase. Hexagon expenses expenditure on research in the income statement and expenditures arising in the development phase must be recognised as an intangible asset in the balance sheet. If the research phase cannot be distinguished from the development phase, all expenditures will be reported as expenses in the income statement.

Capitalised development expenses are measured at cost less accumulated amortisations and impairment. Amortisation is accounted for linearly based on estimated useful lifetime and expensed as a research and development expense. Useful lifetime for capitalised development expenses is 2-10 years. The average amortisation period is less than six years. The assets' residual value and useful lifetime are tested on each closing date and are adjusted if necessary.

Trademarks
Separately acquired trademarks are measured at cost. Trademarks acquired as part of a business combination are measured at fair value at acquisition date. In cases where the assets have a limited useful lifetime, amortisation is estimated to 5 years. The asset's residual value and useful lifetime are tested on each closing date and are adjusted if necessary. If the trademark can be used without any time limitations, it is not subject to amortisation according to plan. A new assessment is done yearly. The right to use the name Leica derives from a contractual useful lifetime under an agreement that expires in 79 years' time. The agreement contains clauses stipulating extension opportunities. Since Hexagon is of the opinion that there is reason to believe that it will be possible to extend the agreement without considerable expenditure, the value of the right to use the name Leica is not subject to amortisation.

Goodwill
Goodwill comprises the difference between the acquisition cost and fair value of the Group's share of acquired business' identifiable net assets on the date of acquisition. Goodwill is not amortised, but an impairment test is performed annually or more often if events or changes in circumstances indicate a possible need for impairment. Goodwill is recognised at acquisition value less accumulated impairment losses.

Other intangible assets
Both acquisition-related and separately acquired intangible assets are reported at acquisition value less accumulated amortisation and impairment losses, if any. Other intangible assets consist of patents, customer relations and technology identified upon acquisitions. Amortisation is linear and is calculated on the original acquisition value and based on the asset's estimated useful lifetime. For other intangible assets, the estimated useful lifetime varies between 2 and 20 years. Both the residual value of the assets and the useful lifetime are tested each closing date and adjusted if necessary.

Group 2024	Capitalised development expenses	Trademarks	Goodwill	Other intangible fixed assets	Total
Acquisition value, opening balance	3,281.4	1,096.6	9,625.2	2,101.8	16,105.0
Investments	491.8	-	-	25.0	516.8
Investments/divestments of business	-8.5	0.8	99.6	21.5	113.4
Sales/disposals	-80.3	-	-	-1.6	-81.9
Reclassification	-2.4	-1.0	-	7.2	3.8
Translation differences	41.6	37.0	443.3	87.9	609.8
Acquisition value, closing balance	**3,723.6**	**1,133.4**	**10,168.1**	**2,241.8**	**17,266.9**
Amortisation, opening balance	-1,748.3	-	-	-845.4	-2,593.7
Amortisation for the year	-242.3	-	-	-129.2	-371.5
Investments/divestments of business	5.1	-	-	-0.8	4.3
Sales/disposals	78.1	-	-	1.6	79.7
Reclassification	1.0	-	-	-10.0	-9.0
Translation differences	-20.8	-	-	-32.0	-52.8
Amortisation, closing balance	**-1,927.2**	**-**	**-**	**-1,015.8**	**-2,943.0**
Impairments, opening balance	-406.2	-22.7	-8.6	-80.1	-517.6
Impairment for the year	-33.1	-0.3	-	-1.1	-34.5
Sales/disposals	2.1	-	-	-	2.1
Reclassification	1.5	1.0	-	2.2	4.7
Translation differences	-7.8	-0.5	-0.5	-2.7	-11.5
Impairments, closing balance	**-443.5**	**-22.5**	**-9.1**	**-81.7**	**-556.8**
Carrying value	**1,352.9**	**1,110.9**	**10,159.0**	**1,144.3**	**13,767.1**

NOTE 14 Intangible fixed assets, cont.

Group 2023	Capitalised development expenses	Trademarks	Goodwill	Other intangible fixed assets	Total
Acquisition value, opening balance	2,858.1	1,082.5	9,608.3	2,031.9	15,580.8
Investments	461.5	0.1	-	28.3	489.9
Investments/divestments of business	-1.0	34.0	331.2	96.7	460.9
Sales/disposals	-4.3	-	-	-10.0	-14.3
Reclassification	-7.0	-	-52.4	0.9	-58.5
Translation differences	-25.9	-20.0	-261.9	-46.0	-353.8
Acquisition value, closing balance	3,281.4	1,096.6	9,625.2	2,101.8	16,105.0
Amortisation, opening balance	-1,524.3	-	-	-734.3	-2,258.6
Amortisation for the year	-205.3	-	-	-134.3	-339.6
Investments/divestments of business	1.0	-	-	-3.0	-2.0
Sales/disposals	-37.0	-	-	10.0	-27.0
Reclassification	3.7	-	-	2.3	6.0
Translation differences	13.6	-	-	13.9	27.5
Amortisation, closing balance	-1,748.3	-	-	-845.4	-2,593.7
Impairments, opening balance	-414.7	-22.1	-8.8	-71.0	-516.6
Impairment for the year	-37.0	-1.0	-	-11.4	-49.4
Sales/disposals	41.3	-	-	-	41.3
Translation differences	4.2	0.4	0.2	2.3	7.1
Impairments, closing balance	-406.2	-22.7	-8.6	-80.1	-517.6
Carrying value	1,126.9	1,073.9	9,616.6	1,176.3	12,993.7

Amortisation of intangible fixed assets allocated by function:

Group	2024	2023
Cost of goods sold	-9.1	-8.6
Sales expenses	-55.6	-24.8
Administration expenses	-2.4	-20.9
Research and development expenses	-304.4	-285.3
Total	-371.5	-339.6

Other intangible fixed assets

Parent company	2024	2023
Acquisition value, opening balance	8.8	8.2
Investments	2.4	1.7
Investments/divestments of business	-	-1.1
Acquisition value, closing balance	11.2	8.8
Amortisation, opening balance	-1.8	-1.8
Amortisation for the year	-1.5	-1.1
Investments/divestments of business	-	1.1
Amortisation, closing balance	-3.3	-1.8
Carrying value	7.9	7.0

NOTE 15 Tangible fixed assets

Tangible fixed assets are recognised at acquisition value less accumulated depreciation and impairment losses. Acquisition value includes expenditure that is directly attributable to acquisition of the asset.

Gains and losses on the divestment of a tangible fixed asset are recognised in the income statement as other operating income or expenses and comprise the difference between the sales revenue and the carrying amount. Amounts that can be depreciated comprise acquisition value less estimated residual value. The assets' carrying value and useful lifetime are impairment tested on every balance sheet date and adjusted if necessary.

Depreciation and amortisation

Depreciation and amortisation is calculated on the original acquisition value and based on the asset's estimated useful lifetime. The depreciation terms for various asset classes are:

- Computers 3–8 years
- Machinery and equipment 3–15 years
- Office buildings 20–50 years
- Industrial buildings 20–50 years
- Land improvements 5–25 years

NOTE 15 Tangible fixed assets, cont.

Group 2024	Buildings	Land and other real estate	Machinery and other technical plants	Equipment, tools and installation	Construction in progress and advances to suppliers	Total
Acquisition value, opening balance	431.7	33.2	438.8	474.1	11.5	1,389.3
Investments	8.5	-	35.8	68.2	3.0	115.5
Investments/divestments of business	-3.7	-	-20.9	-0.1	-0.4	-25.1
Sales/disposals	-4.8	-	-12.4	-51.5	-	-68.7
Reclassification	-1.4	-	-0.1	-9.1	-3.5	-14.1
Translation differences	4.8	0.6	4.1	8.7	0.1	18.3
Acquisition value, closing balance	**435.1**	**33.8**	**445.3**	**490.3**	**10.7**	**1,415.2**
Depreciation, opening balance	-171.4	-1.1	-310.2	-298.9	-2.4	-784.0
Depreciation for the year	-16.3	-0.1	-27.0	-53.4	-	-96.8
Investments/divestments of business	2.7	-	18.9	-	0.1	21.7
Sales/disposals	4.2	-	11.9	41.4	-	57.5
Reclassification	0.2	-	5.2	8.2	2.4	16.0
Translation differences	0.1	-0.2	-2.8	-6.4	-	-9.3
Depreciation, closing balance	**-180.5**	**-1.4**	**-304.0**	**-309.1**	**0.1**	**-794.9**
Impairment, opening balance	-1.0	-0.1	-3.8	-0.2	-	-5.1
Impairments of the year	-0.1	-	-3.7	-	-	-3.8
Sales/disposals	-	-	-	-	-	-
Translation differences	-	-	-	-0.1	-	-0.1
Impairments, closing balance	**-1.1**	**-0.1**	**-7.5**	**-0.3**	**-**	**-9.0**
Carrying value	**253.5**	**32.3**	**133.8**	**180.9**	**10.8**	**611.3**

Group 2023	Buildings	Land and other real estate	Machinery and other technical plants	Equipment, tools and installation	Construction in progress and advances to suppliers	Total
Acquisition value, opening balance	437.7	37.4	414.1	443.9	7.1	1,340.2
Investments	11.4	-	42.0	78.1	5.2	136.7
Investments/divestments of business	0.5	-	5.2	9.0	-	14.7
Sales/disposals	-11.6	-1.4	-12.8	-50.0	-	-75.8
Reclassification	3.3	-1.9	-5.4	2.4	-0.6	-2.2
Translation differences	-9.6	-0.9	-4.3	-9.3	-0.2	-24.3
Acquisition value, closing balance	**431.7**	**33.2**	**438.8**	**474.1**	**11.5**	**1,389.3**
Depreciation, opening balance	-163.2	-2.6	-297.4	-283.6	-0.1	-746.9
Depreciation for the year	-15.9	-0.2	-26.4	-49.4	-2.4	-94.3
Investments/divestments of business	-0.3	-	-4.7	-8.3	-	-13.3
Sales/disposals	7.8	0.4	12.6	36.6	-	57.4
Reclassification	-2.0	1.2	2.9	-0.2	-	1.9
Translation differences	2.2	0.1	2.8	6.0	0.1	11.2
Depreciation, closing balance	**-171.4**	**-1.1**	**-310.2**	**-298.9**	**-2.4**	**-784.0**
Impairment, opening balance	-0.2	-0.1	-0.1	-	-	-0.4
Impairments of the year	-1.0	-	-3.7	-0.4	-	-5.1
Sales/disposals	0.2	-	-	0.2	-	0.4
Impairments, closing balance	**-1.0**	**-0.1**	**-3.8**	**-0.2**	**-**	**-5.1**
Carrying value	**259.3**	**32.0**	**124.8**	**175.0**	**9.1**	**600.2**

Depreciation of tangible fixed assets allocated by function:

Group	2024	2023
Cost of goods sold	-63.4	-58.7
Sales expenses	-7.7	-7.8
Administration expenses	-17.6	-19.9
Research and development expenses	-8.1	-7.9
Total	-96.8	-94.3

Equipment

Parent company	2024	2023
Acquisition value, opening balance	0.5	0.1
Investments	0.1	0.4
Disposals	-0.1	-
Acquisition value, closing balance	0.5	0.5
Depreciation, opening balance	-0.1	-0.1
Depreciation for the year	-0.1	0.0
Disposals	0.1	-
Depreciation, closing balance	-0.1	-0.1
Carrying value	0.4	0.4

NOTE 16 Leasing

Hexagon as lessee

Hexagon has the role of lessee mainly in contracts regarding real estate, vehicles and office equipment. The leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use. Lease payments are allocated to interest payments and repayment of debt. The interest part is presented as paid interest in the cash flow analysis. The right-of-use asset is depreciated on a linear basis over the shorter of the asset's useful lifetime and the lease period.

Assets and liabilities arising from lease contracts are measured on a present value basis. Lease liabilities include the net present value of fixed payments, variable payments based on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of purchase options that will reasonably certainly be exercised and payments of penalties for terminating the lease, if such option will be exercised.

The future payments are discounted using the implicit interest rate in the contract. If that rate could not be determined, the group's incremental borrowing rate could be used. The discount rate is updated semi-annually.

The right-of-use asset is measured and cost and comprises, besides the amount of the initial measurement of the lease liability, of payments (less incentives received) made before the date of commencement, initial indirect costs and restoration costs.

Payments of lease contracts with a lease period below 12 months and lease contracts of low value assets are expensed straight-line in the income statement. Low value assets are mainly IT-equipment, office furniture and other office equipment.

Group 2024	Real estate	Vehicles	Machinery	Office equipment	Total
At the beginning of the year	347.3	54.0	1.6	3.7	406.6
New contracts	43.1	19.3	0.1	0.1	62.6
Termination of contracts	-55.1	-12.6	-0.9	-1.1	-69.7
Remeasurements	10.4	-1.4	0.0	0.0	9.0
Reclassification	-1.6	-0.4	-0.3	0.0	-2.3
Translation differences	6.0	0.1	0.0	-0.1	6.0
Acquisition value, closing balance	**350.1**	**59.0**	**0.5**	**2.6**	**412.2**
Depreciation, opening balance	-178.2	-24.7	-1.1	-2.1	-206.2
Depreciation for the year	-53.9	-16.0	-0.2	-0.8	-70.9
Termination of contracts	44.1	12.5	0.9	1.1	58.6
Remeasurements	-0.5	0.2	0.0	0.0	-0.3
Reclassification	2.0	0.1	0.1	0.0	2.2
Translation differences	-3.2	-0.1	0.0	0.0	-3.3
Amortisation, closing balance	**-189.7**	**-28.0**	**-0.3**	**-1.8**	**-219.8**
Carrying value	**160.4**	**31.0**	**0.2**	**0.8**	**192.4**

Group 2023	Real estate	Vehicles	Machinery	Office equipment	Total
At the beginning of the year	327.6	48.0	1.6	3.5	380.7
New contracts	32.3	20.4	0.4	0.5	53.6
Termination of contracts	-36.4	-15.7	-0.3	-0.7	-53.1
Remeasurements	31.1	1.0	0.0	0.3	32.4
Reclassification	-0.5	0.3	0.0	0.0	-0.2
Translation differences	-6.8	0.0	-0.1	0.1	-6.8
Acquisition value, closing balance	**347.3**	**54.0**	**1.6**	**3.7**	**406.6**
Depreciation, opening balance	-154.6	-25.0	-1.0	-2.0	-182.7
Depreciation for the year	-58.3	-15.0	-0.4	-0.9	-74.6
Termination of contracts	30.8	15.5	0.3	0.8	47.4
Remeasurements	-0.9	0.1	-	-	-0.8
Reclassification	1.3	-0.2	0.0	0.0	1.1
Translation differences	3.5	-0.1	0.0	0.0	3.4
Amortisation, closing balance	**-178.2**	**-24.7**	**-1.1**	**-2.1**	**-206.2**
Carrying value	**169.1**	**29.3**	**0.5**	**1.6**	**200.4**

Depreciation of right-of-use assets allocated by function:

Group	2024	2023
Cost of goods sold	-17.9	-14.7
Sales expenses	-17.1	-20.0
Administration expenses	-28.6	-33.4
Research and development expenses	-7.3	-6.5
Total	**-70.9**	**-74.6**

NOTE 16 Leasing, cont.

Set out below are the carrying amounts of the lease liabilities and the movements during the period.

Group	2024	2023
At the beginning of the year	211.5	207.9
Additions	62.6	53.6
Remeasurement	-2.5	26.8
Interest	9.1	8.3
Payments	-78.6	-80.1
Translation difference	1.8	-4.9
Closing balance	**203.9**	**211.5**
Of which current liabilities	63.4	59.5
Of which non-current liabilities	140.5	152.0

The maturity structure of the lease liabilities is presented in the table Group's maturity structure of interest bearing financial liabilities – undiscounted cashflows in Note 24.

The Group had total cash outflows for leasing of -78.6 MEUR (-80.1) in 2024.

Expenses regarding short-term leases and leases of low value are insignificant in relation to the Group as a whole.

Hexagon as lessor

There are a few contracts in which Hexagon is the lessor and which are classified as finance lease contracts. The revenue of such contracts is allocated to sale of hard- and software and service. Revenue from sale is recognised at the commencement date. Revenue from service is recognised during the lease term.

Agreements where a group entity is lessor

Group 2024-12-31	Machinery, equipment, etc.
Lease payments due in	
2025	2.5
2026–2029	1.1
Total	3.6

Group 2023-12-31	Machinery, equipment, etc.
Lease payments due in	
2024	2.4
2025–2028	3.4
Total	5.8

NOTE 17 Financial fixed assets

	Other long-term securities holdings		Other long-term receivables	
Group	2024	2023	2024	2023
Opening balance	129.0	78.1	29.1	36.4
Investments[1]	3.5	55.0	7.5	8.8
Sales[1]	-0.1	-	-7.3	-9.2
Impairments	-1.0	-	-	-
Reclassification	-	-	-4.1	-6.5
Translation differences	7.7	-4.1	3.0	-0.4
Closing balance	**139.1**	**129.0**	**28.2**	**29.1**

1) Includes changes in pension assets

	Shares in group companies		Receivables from group companies		Other financial fixed assets	
Parent company	2024	2023	2024	2023	2024	2023
Opening balance	13,541.7	13,488.9	1,365.5	424.7	1.3	1.2
Shareholder's contribution	7,000.0	46.2	-	-	-	-
Redemption of shares	-	-	-	-	-	-
Investments	-	6.6	-	-	-	-
Divestments	-3,218.5	-	-	-	-	-
Increase/decrease in receivables	-	-	-182.2	940.8	0.1	0.1
Closing balance	**17,323.2**	**13,541.7**	**1,183.3**	**1,365.5**	**1.4**	**1.3**

Other long-term securities holdings

Group	2024-12-31	2023-12-31
Baukunst LLC	2.0	1.2
CICV Co Ltd	13.2	12.7
Clothing Tech LLC	12.1	9.5
Divergent Technologies Inc	96.3	90.5
Euclideon PTY	0.0	1.0
Hangzhou Unitree Technology Co	2.6	2.4
Huixin Quanzhi Gongye Hulian Keji Co Ltd	1.0	1.0
Martlet Capital	4.8	4.6
Paperless Parts Inc	4.8	4.5
Shenzhen Shengchao Intelligent Information Technology Co., Ltd.	1.0	1.0
Other	1.3	0.6
Total	139.1	129.0

NOTE 17 Financial fixed assets, cont.

Subsidiaries of Hexagon AB

	Corp ID. No.	Reg. Office/ Country	No. of shares	Portion of share capital and voting rights, %	Carrying amount 2024-12-31	Carrying amount 2023-12-31
Clever Together AB	556070-5138	Stockholm, Sweden	2,500	100	0.0	0.0
Hexagon Capability Center India Pvt Ltd[1]	-	Hyderabad, India	50,000	12.4	6.6	6.6
Hexagon Intergraph AB	556370-6828	Stockholm, Sweden	1,000	100	226.5	226.5
Hexagon Position Intelligence Ltd	-	Cobham, UK	3	100	261.0	261.0
Hexagon Smart Solutions AB	556394-3678	Stockholm, Sweden	1,439,200	100	3,888.1	3,888.1
Hexagon Solutions AB	556083-1124	Stockholm, Sweden	100,000	100	1.6	1.6
Hexagon Technology Center GmbH[1]	-	Heerbrugg, Switzerland	583	79.8	1,859.6	1,859.6
Intergraph Corporation Inc.	-	Madison, USA	1,000	100	4,047.5	4,047.5
Leica Geosystems AG	-	Heerbrugg, Switzerland	633,546	100	-	3,218.5
R-evolution AB	556016-3049	Stockholm, Sweden	200,000	100	21.0	21.0
Tecla AB	556068-1602	Stockholm, Sweden	160,000	100	7,001.6	1.6
Östgötaeken AB	556197-2380	Stockholm, Sweden	2,000	100	9.7	9.7
Total					17,323.2	13,541.7

1) The remaining part of share capital and voting rights in the company are owned by wholly owned subsidiaries in the Group

NOTE 18 Receivables

Group	Not due	Due less than 30 days	Due between 30–60 days	Due between 61–90 days	Due between 91–120 days	Older than 120 days	Total
Aging analysis of receivables, 31 December 2024, net of impairment losses							
Other non-current receivables	20.5	6.3	-	-	-	1.4	28.2
Accounts receivable	915.8	202.1	51.9	25.6	24.6	111.9	1,331.9
Other current receivables – non-interest bearing	86.1	5.7	1.6	0.2	-	3.3	96.9
Total	1,022.4	214.1	53.5	25.8	24.6	116.6	1,457.0
Aging analysis of receivables, 31 December 2023, net of impairment losses							
Other non-current receivables	23.2	0.2	0.0	-	0.0	5.7	29.1
Accounts receivable	919.6	144.4	74.1	43.7	29.3	92.0	1,303.1
Other current receivables – non-interest bearing	92.3	3.6	1.1	0.3	-	6.1	103.4
Total	1,035.1	148.2	75.2	44.0	29.3	103.8	1,435.6

The Group applies the simplified approach to measuring expected credit losses. The method uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets too, as the contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The expected loss rates are based on the payments profiles of sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the consumers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses are presented within operating profit. Any recoveries of amounts previously written off are credited against the same line item.

The closing loss allowances for trade receivables reconcile to the opening loss allowances as follows:

Reserve for expected credit loss

Group	2024-12-31	2023-12-31
Opening balance	41.1	49.3
Reserve for anticipated losses	11.2	12.5
Adjustment for actual losses	-9.8	-6.1
Reclaimed expected losses	-7.1	-11.3
Increase through acquisition	-0.2	-1.2
Translation differences	0.9	-2.1
Closing balance	36.1	41.1

NOTE 19 Inventories

Inventories are accounted according to the FIFO (first-in first-out) principle. Raw materials and purchased finished and semifinished goods are recognised at the lower of cost and net realisable value. Manufactured finished and semi-finished goods are recognised at the lower of manufacturing cost (including a reasonable portion of indirect manufacturing costs) and fair value. Market terms are applied for intra-group transactions. The necessary provisions and eliminations are made for obsolescence and intra-group gains respectively.

Group	2024-12-31	2023-12-31
Raw materials and supplies	253.8	279.0
Work in progress	41.3	42.8
Finished goods and goods for sale	271.3	262.9
Total	566.4	584.7
Value adjustment reserve includes provisions for obsolescence of	-60.3	-78.1

NOTE 20 Prepaid expenses and accrued income/ accrued expenses and deferred income

Prepaid expenses and accrued income

	Group		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Accrued invoicing	24.6	29.9	-	-
Accrued interest income	0.3	0.6	-	-
Work in progress	33.0	43.0	-	-
Prepaid maintenance costs	17.8	18.1	-	-
Prepaid license costs	33.0	29.7	-	-
Prepaid products and services	50.7	40.3	-	-
Prepaid rent	6.9	6.6	0.1	0.1
Prepaid insurance	8.1	4.7	-	-
Other items	20.5	27.1	1.2	2.1
Total	194.9	200.0	1.3	2.2

Accrued expenses and deferred income

	Group		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Accrued personnel-related expenses	277.0	296.1	8.8	3.6
Accrued sales commission	27.3	30.6	-	-
Accrued installation and training expenses	0.6	0.5	-	-
Accrued R&D expenses	7.2	6.9	-	-
Accrued fees	13.3	16.8	0.0	0.1
Accrued royalties	4.7	4.9	-	-
Accrued interest expenses	13.3	6.0	13.1	5.8
Work in progress	16.7	17.7	-	-
Prepaid revenue	883.6	790.4	-	-
Other items	77.0	86.7	0.7	0.7
Total	1,320.7	1,256.6	22.6	10.2

NOTE 21 Share capital and number of shares

Parent company

		Number of shares							
		Outstanding			Repurchased	Total issued			
	Quota value per share, EUR	Class A	Class B	Total	Class B	Class A	Class B	Total	Share capital, MEUR
Opening balance 2023	0.03	110,250,000	2,579,427,888	2,689,677,888	15,800,000	110,250,000	2,595,227,888	2,705,477,888	85.8
Acquisition of treasury shares	0.03	-	-5,300,000	-5,300,000	5,300,000	-	-	-	-
Closing balance 2023	0.03	110,250,000	2,574,127,888	2,684,377,888	21,100,000	110,250,000	2,595,227,888	2,705,477,888	85.8
Closing balance 2024	0.03	110,250,000	2,574,127,888	2,684,377,888	21,100,000	110,250,000	2,595,227,888	2,705,477,888	85.8

Each series A share entitles the holder to ten votes and each series B share to one vote. All shares entail the same right to share of profits in Hexagon. Dividend per share paid in 2024 regarding the financial year of 2023 amounted to 0.13 EUR (0.12).

Average number of shares before and after dilution, thousands

	2024	2023
Average number of shares before dilution	2,684,378	2,687,690
Estimated average number of potential shares pertaining to warrants plans	21,100	18,451
Average number of shares after dilution	2,705,478	2,706,141

NOTE 22 Pension provisions

Within the Group there are defined contribution plans as well as defined benefit plans.

For the defined contribution plans, Hexagon pays a fixed amount. Expenditure for defined contribution plans is expensed as incurred.

Expected expenditure under defined benefit plans are recognised as a liability calculated in accordance with actuarial models, consisting of an estimate of future benefits that employees have earned through their employment during the current and prior periods. This benefit is discounted to its present value. The discount rate is the yield on high-quality corporate bonds or if there is no deep market for such bonds, government bonds – that have maturity dates approximating the terms of the Group's obligations.

Changes of the defined benefit obligation related to changed actuarial assumptions including currency revaluation on defined benefit obligation in another currency than functional currency and experience-based adjustment are reported in other comprehensive income. Pension expense for the year consists of pensions earned in the current period and pensions earned from prior periods resulting from any changes in the plan. Pension liabilities, -assets net is multiplied with discount rate and accounted for as a financial expense. Obligations related to defined benefit plans are recognised net in the balance sheet as a provision, meaning after a deduction of the value of any plan assets.

Defined benefit plans for which the insurer (Alecta) cannot specify Hexagon's share of the total plan assets and pension obligations, pending this information becoming available, are recognised as defined contribution plans. This only exist in limited extent in Sweden.

GROUP
Provisions – defined-benefit plans

	2024-12-31	2023-12-31
Pension obligations	804.3	746.5
Fair value of plan assets	-811.1	-779.6
Pension obligations less plan assets	**-6.8**	**-33.1**
Unrecognised assets	65.9	85.8
Pension obligations, net	**59.1**	**52.7**

Pension expenses - defined-benefit plans

	2024	2023
Current service cost	17.5	31.5
Interest expense	16.4	16.8
Calculated interest income	-17.0	-17.5
Change in terms and conditions	1.2	0.1
Total	**18.1**	**30.9**

Total pension expenses impact on the income statement

	2024	2023
Operating expenses – defined benefit plans	17.5	31.5
Operating expenses – defined contribution plans	61.1	63.4
Operating earnings impact	**78.6**	**94.9**
Net interest expenses – defined benefit plans	-0.6	-0.7
Earnings before tax impact	**78.0**	**94.2**

Defined-benefit obligations

2024-12-31	Plan assets	Pension obligations	Net
Switzerland	764.7	-721.8	42.9
Other countries	46.4	-82.5	-36.1
Total (fair/present value)	**811.1**	**-804.3**	**6.8**
Unrecognised assets	-65.9	-	-65.9
Pension provisions, net	**745.2**	**-804.3**	**-59.1**
Of which:			
Reported as asset (other non-current receivables)			4.7
Reported as liability			-63.9

2023-12-31	Plan assets	Pension obligations	Net
Switzerland	734.1	-667.9	66.2
Other countries	45.5	-78.6	-33.1
Total (fair/present value)	**779.6**	**-746.5**	**33.1**
Unrecognised assets	-85.8	-	-85.8
Pension provisions, net	**693.8**	**-746.5**	**-52.7**
Of which:			
Reported as asset (other non-current receivables)			4.2
Reported as liability			-56.9

Three-year summary

	2024-12-31	2023-12-31	2022-12-31
Fair value of plan assets	811.1	779.6	715.5
Pension obligations	-804.3	-746.5	-668.9
Net	**6.8**	**33.1**	**46.6**
Unrecognised assets	-65.9	-85.8	-94.8
Recognised value	**-59.1**	**-52.7**	**-48.2**

Pension obligations

	2024-12-31	2023-12-31
Opening balance	746.5	668.9
Change in terms and conditions	0.4	0.2
Current service cost	17.5	31.5
Interest expense	16.4	16.8
Benefits paid	-28.8	-34.9
Acquired/divested subsidiaries	-12.0	0.3
Settlement of pension obligations	0.0	0.1
Actuarial gains/losses – Financial assumptions	61.2	24.3
Actuarial gains/losses – Demographic assumptions	-0.3	-2.6
Actuarial gains/losses – Experience adjustments	12.1	3.8
Currency translation differences	-8.7	38.1
Closing balance	**804.3**	**746.5**

Plan assets

	2024-12-31	2023-12-31
Opening balance	779.6	715.5
Change in terms and conditions	-1.6	-3.0
Calculated interest income	17.0	17.5
Contributions – employer	23.9	22.3
Contributions – employee	19.3	18.4
Benefits paid	-46.5	-34.5
Acquired/divested subsidiaries	-12.6	0.2
Return on plan assets excluding calculated interest income as above	41.5	6.1
Currency translation differences	-9.5	37.1
Closing balance	**811.1**	**779.6**

Fair value of plan assets

	2024-12-31	2023-12-31
Equities and similar financial instruments	216.8	223.5
Interest bearing securities, etc.	323.9	279.3
Real estate	270.4	276.8
Total	**811.1**	**779.6**

NOTE 22 Pension provisions, cont.

For 2025, the contributions to defined benefit plans are estimated at 42.6 MEUR, of which employer's contribution 23.3 MEUR.

Characteristics of the pension obligations

The following applies for the Swiss plans which represent 90% of the total pension obligations. The Swiss plans include the following sub-plans: retirement pension (main plan), disability pension, management plan, early retirement plan and jubilee plan. The main plan, retirement pension, is financed through an individual savings account. The plan defines a retirement credit in per cent of insured salary depending on the age of the plan member and it guarantees an interest rate, which is annually determined by the Pension Fund. The minimum legal rate as fixed by the Swiss government has to be credited to the minimum savings account. The interest is not allowed to negative, even if the actual return on assets is negative (capital protection). The other kind of plans in Switzerland are of similar nature.

Shortfall in the schemes in Switzerland must be covered by the employer, while surpluses can only become due to the beneficiaries. The value of plan assets has been reduced accordingly.

Remaining duration is in average 20 year.

Actuarial assumptions for the defined-benefit pension schemes

(weighted average, where applicable)	2024	2023
Discount interest rate, %	2.2	2.5
Inflation, %	0.7	0.8
Future salary increase, %	1.0	2.2

For 90 % of the defined benefit obligation, the Swiss BVG 2020 tables have been used for the actuarial assumptions regarding employee turnover and life expectancy.

Sensitivity analysis

The table below describes the effect on the value of the defined benefit obligations of an isolated change in assumptions as described.

	Change in assumption, %	Effect, MEUR	Change in assumption, %	Effect, MEUR
Discount rate	-0.3	+24.8	+0.3	-24.3
Salary increase	-0.5	-2.9	+0.5	+3.1
Employee turnover	-1.0	-6.6	+1.0	+6.1

	Change in assumption, no. of years	Effect, MEUR	Change in assumption, no. of years	Effect, MEUR
Life expectancy	-1.0	-22.6	+1,0	22.6

NOTE 23 Other provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

If the effect is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of all possible outcomes with their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been publicly announced. No provision is posted for future operating losses.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group are lower than the unavoidable cost of meeting its obligations under the contract.

Group

	Restructuring provisions	Warranty provisions	Other provisions	Total
Opening balance 2023-01-01	43.4	17.3	8.0	68.7
Provision for the year	178.0	17.9	4.3	200.2
Utilisation	-82.2	-17.4	-1.5	-101.1
Reversal of unutilised amounts	-4.1	-0.6	-	-4.7
Reclassification	5.6	-	0.2	5.8
Translation difference	-0.6	-0.5	-0.3	-1.4
Closing balance 2023-12-31	**140.1**	**16.7**	**10.7**	**167.5**
Provision for the year	0.0	12.8	2.7	15.5
Increase through acquisition of businesses	0.0	0.1	1.9	2.0
Utilisation	-88.4	-13.5	-4.2	-106.1
Reversal of unutilised amounts	0.0	-1.1	0.0	-1.1
Reclassification	2.3	0.0	-2.0	0.3
Translation difference	0.8	0.2	-0.1	0.9
Closing balance 2024-12-31	**54.8**	**15.2**	**9.0**	**79.0**

Restructuring provisions

Restructuring provisions primarily relates to a rationalisation programme that was introduced in the third quarter of 2023 and to transaction costs and cost in connection with the decision to freeze operations in Russia in the first quarter of 2022. The remaining part of restructuring provisions are mainly related to personnel and are expected to become due within 12 months.

Warranty provisions

Warranty provisions are estimated based on previous years statistical data and are evaluated on a regular basis. Since the warranty provisions are based on historical statistical data, the provided amount has a low uncertainty regarding the amount and timing of outflow. The majority of warranty provisions run over a period of 1 - 3 years. Estimated costs for product warranties are recognised when the products are sold.

Other provisions

Other provisions primarily consist of provisions for buildings, tax and legal disputes and also legally required personnel-related provisions. The personnel-related provisions are considered as long-term.

NOTE 24 Financial risk management

Risk management

Hexagon is a net borrower and has extensive international operations and is therefore exposed to various financial risks. The Group Treasury Policy, approved by the Board, stipulates the rules and limitations for the management of the different financial risks within the Group. Hexagon's treasury operations are centralised to the Group's internal bank, which is in charge of coordinating the financial risk management. The internal bank is also responsible for the Group's external borrowing and its internal financing. Centralisation entails substantial economies of scale, lower financing cost and better control and management of the Group's financial risks. The internal bank has no mandate to conduct independent trading in currencies and interest rate instruments. All relevant exposures are monitored continuously and are reported to the Executive Leadership and the Board of Directors on a regular basis.

Currency risk

Currency risk is the risk that exchange rate fluctuations will have an adverse effect on income statement, balance sheet and cash flow. Furthermore, the comparability of Hexagon's earnings between periods will be affected by changes in currency exchange rates. Hexagon's operations are mainly conducted internationally and sales, costs and net assets are therefore denominated in a number of currencies. As of 1 January 2011 the presentation currency is EUR for the Group. The change decreases the currency exposure in both the income statement and balance sheet as well as in other comprehensive income. It also allows the Hexagon Group to better match debt to net assets. Currency exposure originates both from transactions in non-domestic currencies in the individual operating entities, i.e. transaction exposure and from translation of earnings and net assets into EUR upon consolidation of the Group, translation exposure.

Transaction exposure

Sales and purchase of goods and services in currencies other than respective subsidiary's functional currency give rise to transaction exposure. Transaction exposure is, as far as possible, concentrated to the countries where manufacturing entities are located. This is achieved by invoicing the sales entities in their respective functional currency.

In accordance with the Group Treasury Policy the transaction exposure should not be hedged.

Translation exposure – Balance sheet

Translation exposure arises when the net assets are translated into EUR upon consolidation. Translation differences from net assets in other currencies than EUR reported in other comprehensive income during 2024 were 542.0 MEUR (-366.1).

Net exposure per currency

	2024-12-31	Hedging rate
USD	8,744.0	0%
GBP	507.9	-
CAD	490.2	0%
CNY	469.8	-
AUD	286.6	-
BRL	137.0	0%
SEK	130.9	33%
Other	440.9	2%
Total	11,207.3	0%

Translation exposure – Income statement

The consolidated operating income and expense is mainly generated in subsidiaries outside the Euro-area. Changes in exchange rates therefore have a significant impact on the Group's earnings when the income statements are translated into EUR. Translation exposure related to actual and forecasted earnings is not hedged.

Net sales per currency

	2024	2023
USD	2,169.0	2,168.6
EUR	1,148.6	1,157.5
CNY	633.5	666.0
GBP	210.2	194.0
JPY	168.1	175.1
CAD	138.8	129.0
Other	932.9	945.0
Total	5,401.1	5,435.2

Interest rate risk

The interest rate risk is the risk that changes in interest rates will adversely affect the Group's net interest expense and/or cash flow negatively. Interest rate exposure arises primarily from the external interest bearing debt. In accordance with the Group Treasury Policy the average interest rate duration for the external debt should be in a range from 6 months to 3 years.

During 2024 interest rate derivatives were used in order to manage the interest rate risk.

Financial income and expenses

	2024	2023
Interest income	12.7	12.4
Interest expense	-171.5	-154.1
Other financial income and expense	-11.3	-13.6
Net	-170.1	-155.3

Credit risk

Credit risk is the risk that counterparts may be unable to fulfil their payment obligations. Financial credit risk arises when investing cash and cash equivalents and when trading in financial instruments. To reduce the Group's financial credit risk, surplus cash is only invested with a limited number by the company approved banks and derivative transactions are only conducted with counterparts where an ISDA netting agreement has been established.

As the Group is a net borrower, excess liquidity is primarily used to amortise external debt and therefore the average surplus cash invested with banks is kept as low as possible.

Credit risk also includes the risk that customers will not pay receivables that the company has invoiced or intends to invoice. Through a combination of geographical and business segmental diversification of the customers the risk for significant customer credit losses is reduced. An aging analysis of the receivables can be found in Note 18.

Liquidity risk

Liquidity risk is the risk of not being able to meet the Group's payment obligations in full as they fall due or can only do so at materially disadvantageous terms due to lack of cash resources. To minimise the liquidity risk, the Group Treasury Policy states that total liquidity reserves should at all times be at least 10 % of the Group's forecasted annual net sales.

On 31 December 2024, cash and unutilised credit limits totalled 1,835.2 MEUR (1,268.6).

NOTE 24 Financial risk management, cont.

The Group's maturity structure of interest bearing financial liabilities - undiscounted cash flows

The table below presents the undiscounted cash flows of the Group's interest bearing liabilities related to financial instruments based on the remaining period at the balance sheet to the contractual maturity date. Floating interest cash flows with future fixing dates are based on the actual interest rates at year-end. Any cash flow in foreign currency is translated to EUR using the exchange rate at year-end.

	2025		2026 – 2027		2028 and later		Total	
	Capital	Interest	Capital	Interest	Capital	Interest	Capital	Interest
Liabilities to credit institutions								
Revolving Credit	-	-	-	-	0.0	-	0.0	-
Term loan	350.0	48.9	1,250.0	17.7	-	-	1,600.0	66.6
Lease liability	63.4	7.8	79.8	8.6	60.7	7.1	203.9	23.5
Bond loans	268.8	40.1	541.8	62.0	547.7	29.0	1,358.3	131.1
Commercial paper[1]	-	20.8	-	40.8	617.6	19.4	617.6	81.0
Other lenders	47.6	0.8	0.1	0.0	-	-	47.7	0.8
Total liabilities to credit institutions	**729.8**	**118.4**	**1,871.7**	**129.1**	**1,226.0**	**55.5**	**3,827.5**	**303.0**
Other interest bearing liabilities	1.1	0.0	2.3	0.0	0.1	0.0	3.5	0.0
Total interest bearing liabilities	**730.9**	**118.4**	**1,874.0**	**129.1**	**1,226.1**	**55.5**	**3,831.0[2]**	**303.0**

1) The Commercial Paper Programme is supported by the long-term revolving credit facilities as back-up and therefore classified as long-term
2) Interest bearing liabilities in the Parent Company, 3,619.8 MEUR

There were interest rate derivatives pertaining to borrowing on 31 December 2024. The agreement governing the Revolving Credit Facility include a financial covenant for Net debt/EBITDA to be fulfilled to avoid additional financing costs.

Currency composition pertaining to interest bearing liabilities

	2024-12-31	2023-12-31
EUR	99%	100%
SEK	1%	0%
INR	0%	0%
CHF	0%	0%
Other	0%	0%
Total	**100%**	**100%**

Refinancing risk

Refinancing risk refers to the risk that Hexagon does not have sufficient financing available when needed to refinance maturing debt, due to existing lenders do not extend or Hexagon has difficulties in procuring new lines of credit at a given point in time. Securing these requirements demands a strong financial position in the Group, combined with active measures to ensure access to credit.

In order to ensure that appropriate financing is in place and to decrease the refinancing risk, no more than 20 % of the Group's gross debt, including unutilised credit facilities, is allowed to mature within the next 12 months without replacing facilities agreed.

Following a refinancing in 2021, Hexagon's main sources of financing consist of:

1) A multicurrency revolving credit facility (RCF) established during Q4 2021. The RCF amounts to 1,500 MEUR with a tenor of 5+1+1 years.

2) A Swedish Medium Term Note Programme (MTN) established during Q2 2014. The MTN programme enables Hexagon to issue bonds up to a total amount of 20,000 MSEK. On 31 December 2024, Hexagon had issued bonds of a total amount of 13,150 MSEK (11,650).

3) A Swedish Commercial Paper Programme (CP) established during 2012. The CP programme enables Hexagon to issue commercial paper up to a total amount of 15,000 MSEK. Commercial paper with tenor up to 12 months can be issued under the programme. On 31 December 2024, Hexagon had issued commercial paper of a total amount of 6,020 MSEK (10,827) and 96.5 MEUR (63.0). The 1,500 MEUR multicurrency revolving facility support the commercial paper programme.

During Q2 2022 Hexagon issued a private placement bond to SEK (Swedish Export Credit Corporation) of 2,000 MSEK with a tenor of 7 years.

A term loan of 200 MEUR with a tenor of 2+1+1+1 years was established during Q3 2021, of which 200 MEUR was utilised as per 31 December 2024.

Three term loans of 250 MEUR each with a tenor of 2+1+1 years was established during Q1 2022, of which 750 MEUR was utilised as per 31 December 2024.

A term loan of 350 MEUR with a tenor 15 months+1 year was establised during Q1 2024, of which 350 MEUR was utilised as per 31 December 2024.

A term loan of 300 MEUR with a tenor 2+1 years was establised during Q3 2024, of which 300 MEUR was utilised as per 31 December 2024.

Group's capital structure

	2024-12-31	2023-12-31
Interest bearing liabilities and provisions	3,894.9	4,140.3
Cash, bank and short-term investments	-663.8	-547.1
Net debt	3,231.1	3,593.2
Shareholders' equity	11,196.1	10,046.1

Sensitivity analysis

The Group's earnings are affected by changes in certain key factors, as described below. The calculations proceed from the conditions prevailing in 2024 and the effects are expressed on an annualised basis. Earnings in non-EUR subsidiaries are converted into EUR based on average exchange rates for the period when the earnings arise.

During the year there have been significant changes to the exchange rates of currencies that have the biggest impact on Hexagon's earnings and net assets, CHF, CNY and USD. Compared to last year the EUR has weakened against CHF and strengthened against CNY and USD. Since Hexagon has a majority of the operating earnings denominated in CNY and USD, this had a negative impact on operating earnings. The strengthening of the CHF had a negative impact since a considerable part of the costs are denominated in CHF. An isolated strengthening in the exchange rate for EUR by 5 % for all assets and liabilities denominated in non-EUR currencies would have had an immaterial effect on net income but a negative effect on equity of 558.0 MEUR (547.8) net, and vice versa, after the impact of hedging.

During 2024, total operating earnings, excluding adjustments, from operations in other currencies than EUR amounted to an equivalent of 1,278.8 MEUR (1,271.5). An isolated change in the exchange rate for EUR by 5 % against all other currencies would have a net effect on operating earnings of approximately 63.8 MEUR (63.6).

NOTE 24 Financial risk management, cont.

The average interest fixing period in the Group's total loan portfolio as of year-end 2024 was less than one year. A simultaneous 1 percentage point change in interest rates in all of Hexagon's funding currencies would entail a pre-tax impact of about 22.1 MEUR (25.0) in the coming 12 months earnings.

NOTE 25 Financial instruments

Financial instruments mainly comprise customer accounts receivable, loans, cash and cash equivalents and accounts payable.

Classification

The Group classifies financial assets in the following categories:

- Financial assets measured at fair value (through other comprehensive income or profit or loss)
- Financial assets measured at amortised cost

Classification depends on the Group's business model and on the contractual cash flows the Group will obtain from the financial asset.

Gains and losses from assets measured at fair value will be recognised either through comprehensive income or through profit or loss. For debt instruments, this depends on the Group's business model. For equity instruments not available for sale, recognition depends on if the Group initially has chosen to measure the equity instrument at fair value through other comprehensive income. Reclassification does only occur if the business model is changed.

Measurement

Financial assets are initially measured at fair value plus, if financial assets not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition of the financial assets. Transaction cost for financial assets measured at fair value through profit or loss is recognised in the income statement. Purchases and sales of financial assets are recognised on settlement date.

Subsequent measurement of debt instruments depends on the Group's business model and the cash flows generated by the financial asset. Financial instruments are classified in three different measurement categories:

- Amortised cost: assets held for obtaining contractual cash flows and those cash flows consist of compensation for capital and interest, are measured at amortised cost. Gains or losses when debt instruments are derecognised or impaired are recognised in profit or loss. Interest income is classified as financial income according to the effective rate method.
- Fair value through other comprehensive income: assets held for obtaining contractual cash flows and for sale and where the contractual cash flows exclusively are compensation for capital and interest on outstanding capital is measured at fair value through other comprehensive income. Changes in recognised value is recognised in other comprehensive income except from impairments, interest income and currency effects recognised in profit or loss. When the financial asset is derecognised the accumulated profit or loss is reclassified from other comprehensive income in equity to the income statement. Interest income is recognised as financial income according to the effective rate method. Currency effects are recognised as other operating income or other operating cost and any impairment is recognised as other operating cost.
- Fair value through profit or loss: assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income is measured at fair value through profit or loss. Assets measured at fair value through profit or loss consist of other long-term security holdings. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial instruments held for trading consist of short term and long-term swap contracts. Gain or loss from a debt instrument measured at fair value through profit or loss is recognised in the income statement at net value, together with other profits and losses in the period they arise.

Derivatives are initially measured at fair value at the day of entering the contract and are subsequently measured at fair value at the end of every reporting period.

Impairment

The Group estimates on a forward-looking basis expected loss from debt instruments measured at amortised cost and fair value through other comprehensive income. The applied methodology for impairment depends on if there is a significant increase in credit risk.

For customer receivables, the Group applies the simplified methodology according to IFRS 9, which requires an initial provision for expected losses.

Financial instruments - Fair value

Assets	2024-12-31		2023-12-31	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at fair value through profit or loss				
Other long-term securities holdings	139.1	139.1	129.0	129.0
Assets measured at amortised cost				
Long-term receivables	28.2	28.2	29.1	29.1
Accounts receivable	1,331.9	1,331.9	1,303.1	1,303.1
Other current receivables	97.7	97.7	104.4	104.4
Accrued income	57.6	57.6	37.5	37.5
Accrued interest	0.3	0.3	0.6	0.6
Short-term investments	150.4	150.4	133.0	133.0
Cash and cash equivalents	513.4	513.4	414.1	414.1
Total	2,318.6	2,318.6	2,150.8	2,150.8

NOTE 25 Financial instruments, cont.

Liabilities	**2024-12-31**		**2023-12-31**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities measured at fair value through profit or loss				
Estimated supplementary payments for acquired companies	133.5	133.5	175.8	175.8
Currency forward and swap contracts – short term	22.1	22.1	24.7	24.7
Currency forward and swap contracts – long-term	21.9	21.9	-13.4	-13.4
Financial liabilities measured at *amortised* cost				
Long-term liabilities – interest bearing[1]	3,100.1	3,088.9	2,983.7	2,978.8
Other long-term liabilities – non-interest bearing	122.5	122.5	124.4	124.4
Current liabilities – interest bearing[1]	730.9	730.5	1,099.7	1,100.8
Accounts payable	328.3	328.3	288.5	288.5
Other current non-interest bearing liabilities	244.2	244.2	273.9	273.9
Accrued expenses	423.8	423.8	466.2	466.2
Accrued interest	13.3	13.3	6.0	6.0
Total	5,140.6	5,129.0	5,429.5	5,425.7

1) Commercial papers and bonds have with currency forward and swap contract being swapped from SEK to EUR. The fair value of the derivatives is in the balance sheet included in current and long-term interest bearing liabilities

Supplier Finance Arrangements

One of the divisions within the Group has a Suppler finance arrangement where the extended credit period is up to 180 days. The value of liabilities covered by supplier invocing included in accounts payable amounts to 49.0 MEUR (35.2) per 31 December 2024. There were no material business combinations or foreign exchange differences that would affect the liabilities under the supplier finance arrangement in the period, and the carrying amount of the liability is considered to be a reasonable estimate of its fair value, as they are short-term in nature.

Financial instruments valued at fair value

	2024-12-31			**2023-12-31**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
– Currency forward and swap contracts	-	-44.0	-	-	-11.3	-
– Estimated supplementary payments for acquired companies	-	-	133.5	-	-	175.8
– Other long-term securities holdings	-	139.1	-	-	129.0	-
Total	-	95.1	133.5	-	117.7	175.8

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For further information about estimated supplementary payments for acquired companies see below.

During the reporting period ending 31 December 2024, there were no transfers between levels.

Estimated supplementary payments for acquired companies

	2024	**2023**
Opening balance	175.8	162.1
Present value adjustment	3.1	3.2
Increase through acquisition of businesses	35.9	88.4
Payment of supplementary acquisition considerations	-23.1	-33.7
Fair value change from contingent consideration	-61.4	-41.6
Translation difference	3.2	-2.6
Closing balance	133.5	175.8

The fair value of the estimated supplementary payments for acquisitions are evaluated regularly and includes management's assessment of future financial performance of the acquired companies. Estimated supplementary payments for acquired companies have been discounted to present value using an interest rate that is judged to be in line with the market rate at the time of acquisition. Adjustments for changes in market interest rates are not made on a regular basis, as this effect is considered to be immaterial.

The valuation method is unchanged compared to the previous period. 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.

Changes in liabilities arising from financing activities

	Group	**Parent company**
Opening balance 2023-01-01	3,874.1	3,499.1
Cash flow	133.6	364.7
Lease liabilities	79.7	-
Acquisitions	0.6	-
Translation differences	-4.6	0.2
Closing balance 2023-12-31	4,083.4	3,864.0
Cash flow	-317.5	-244.3
Lease liabilities	56.5	-
Acquisitions	6.0	-
Translation differences	2.6	0.1
Closing balance 2024-12-31	3,831.0	3,619.8

NOTE 26 Assets pledged and contingent liabilities

Pledged assets to credit institutions for loans, bank overdrafts and guarantees

	Group		Parent company	
December 31	**2024**	**2023**	**2024**	**2023**
Pledged assets	3.0	3.2	-	-
Total	3.0	3.2	-	-

Contingent liabilities

	Group		Parent company	
December 31	**2024**	**2023**	**2024**	**2023**
Guarantees in favour of group companies	-	-	17.0	15.4
Other contingent liabilities	8.5	8.1	0.1	0.2
Total	8.5	8.1	17.1	15.6

NOTE 27 Net assets in acquired and divested businesses

The fair values of assets and liabilities in businesses acquired and total cash flow from acquisitions is divided as follows:

	2024	**2023**
Intangible fixed assets	22.1	127.7
Tangible fixed assets	3.9	1.9
Other fixed assets	0.1	1.5
Total fixed assets	26.1	131.1
Current receivables, inventories, etc.	18.4	20.5
Cash and cash equivalents	7.5	3.5
Total current assets	25.9	24.0
Total assets	52.0	155.1
Provisions	4.3	24.7
Long-term liabilities	5.5	2.3
Total long-term liabilities	9.8	27.0
Current liabilities, etc.	9.9	25.3
Total liabilities	19.7	52.3
Identifiable net assets at fair value	32.3	102.8
Goodwill	102.9	331.2
Total purchase consideration transferred	135.2	434.0
Less cash and cash equivalents in acquired group companies	-7.5	-3.5
Less unpaid acquisition price	-38.7	-88.4
Payment of unpaid portion of acquisition price from prior acquisitions	23.4	33.7
Cash flow from acquisitions of group companies, net	112.4	375.8

During 2024, Hexagon acquired the following companies:

- Edge Technology, a reseller of Hexagon Production Software
- X Watch, a provider of machine control hardware and software technologies
- Itus Digital, a provider of asset performance management (APM) software
- Helmee, a provider of metrology inspection solutions
- Voyansi, a provider of BIM (Building Information Modelling) and VDC (Virtual Design and Construction) solutions
- Schleupen, a reseller of Hexagon's geospatial and network asset management software solutions
- Indurad, a provider of Real-Time Location Systems (RTLS) technologies

Acquisitions and divestments has during the year contributed to net sales of -11 MEUR and to operating earnings of 3 MEUR.

During the full year 2024, Hexagon divested the following companies:

- Tesa PMI business, which generated revenues of 47.3 MEUR (50.2) in 2023. The disposal value amounted to 35.1 MEUR and the net book value of intangible assets, tangible asset and net working capital amounted to 33.4 MEUR, of which cash was 7.3 MEUR. The net loss on disposal after deduction of transaction costs is -0.7 MEUR and is reported in other income and expense.

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 133.5 MEUR (175.8) as of 31 December, whereof the fair value adjustment in 2024 amounted to 61.4 MEUR (41.6). 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.

NOTE 27 Net assets in acquired and divested businesses, cont.

Acquisitions analysis 2023

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.

NOTE 28 Average number of employees

	2024			2023		
	Men	Women	Total	Men	Women	Total
Parent company	8	12	20	7	11	18
Subsidiaries	18,785	5,887	24,672	18,836	5,694	24,530
Total, Group	**18,793**	**5,899**	**24,692**	**18,843**	**5,705**	**24,548**
Average number of employees by country						
Nordic region	510	141	651	529	150	679
Rest of Europe	6,494	1,890	8,384	6,479	1,792	8,271
Total, Europe	**7,004**	**2,031**	**9,035**	**7,008**	**1,942**	**8,950**
North America	4,433	1,658	6,091	4,679	1,530	6,209
South America	1,066	342	1,408	942	247	1,189
Africa	142	49	191	136	55	191
Australia and New Zealand	348	110	458	334	93	427
Asia	5,800	1,709	7,509	5,744	1,838	7,582
Total, Group	**18,793**	**5,899**	**24,692**	**18,843**	**5,705**	**24,548**

NOTE 29 Employee benefits

Salaries and remuneration	2024	2023
Parent company	7.9	6.1
(of which performance related pay and bonus)	(0.5)	(1.5)
Subsidiaries	1,785.3	1,772.2
(of which performance related pay and bonus)	(205.5)	(190.4)
Total, Group	**1,793.2**	**1,778.3**

Social security expenses	2024	2023
Parent company	3.2	2.7
(of which pension expenses)	(1.3)	(1.0)
Subsidiaries	393.9	338.2
(of which pension expenses)	(76.7)	(93.2)
Total, Group	**397.1**	**340.9**
(of which pension expenses)	(78.0)	(94.2)

At year-end, the board of directors in Hexagon AB consists of five men and four women. The President and Chief Executive Officer and other senior executives consists of 12 men and two women.

NOTE 30 Remuneration to senior executives

Pursuant to resolutions by the Annual General Meeting, the Chair of the Board and Board members were paid remuneration totalling 843.1 KEUR (636.8). The Chair of the Board received 205.6 KEUR and other Board members 64.7 KEUR each. The President and Chief Executive Officer of Hexagon AB did not receive any director fees. In addition to ordinary director fees, remuneration is paid for work on committees. The Chair of the Remuneration Committee received 8.7 KEUR and each member received 6.5 KEUR. The Chair of the Audit Committee received 32.4 KEUR and each member received 24.1 KEUR. No board member received any remuneration in addition to director fees or remuneration for committee work. Remuneration to the President and Chief Executive Officer, as well as the Other senior executives, comprises basic salary, variable remuneration, other benefits and pension. Former President of the Parent Company and Chief Executive Officer of the Group Paolo Guglielmini has received remuneration according to a separate employment contract with a group company. Interim President of the Parent Company and Chief Executive Officer of the Group Norbert Hanke has received remuneration according to current employment contract as Executive Vice President.

Other senior executives are Burkhard Böckem, Chief Technology Officer, Steven Cost, President Safety, Infrastructure & Geospatial division, Gordon Dale, Co-President Autonomous Solutions division, Thomas Harring, President Geosystems division, Li Hongquan, President of China Region, Maria Luthström, Co-President Autonomous Solutions division, Ben Maslen, Chief Strategy Officer, David Mills, Chief Financial Officer, Madlen Nicolaus, Chief Marketing Officer, Mattias Stenberg, President Asset Lifecycle Intelligence division, Josh Weiss, President Manufacturing Intelligence division and Tony Zana, General Counsel.

Variable remuneration is based on operational performance. Pensions and other benefits received by the president and other senior executives are paid as part of their total remuneration.

Pension

Pension expense comprises defined-contribution pension schemes and is the expense affecting earnings for the year. The President's and CEO's pension premiums are payable at 20 % of pensionable salary. Pension premiums for the Other senior executives are not higher than 25 % of pensionable salary. Pensionable salary means basic salary.

NOTE 30 Remuneration to senior executives, cont.

Severance pay
The notice period for the president and CEO is six months. Upon termination by the Company or in case of change of principal ownership the President and CEO is entitled to severance pay equal to 18 months of salary. The period of notice for senior executives is a maximum of 24 months. During the notice period, basic salary is the only severance pay.

Advisory and resolution model
Remuneration and other benefits to the Group's senior executives is regulated by the Remuneration Committee, which is appointed by the Board of Directors, comprising the Chair of the Board and one additional Board member.

Remuneration and other benefits

	Basic salary/ Director fees		Variable remuneration		Other benefits[1]		Pension expenses		Total	
KEUR	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Ola Rollén, Chair of the Board	214.3	199.1	-	-	-	-	-	-	214.3	199.1
John Brandon	64.7	60.1	-	-	-	-	-	-	64.7	60.1
Annika Falkengren	97.1	-	-	-	-	-	-	-	97.1	-
Ralph Haupter	64.7	-	-	-	-	-	-	-	64.7	-
Erik Huggers	88.8	81.9	-	-	-	-	-	-	88.8	81.9
Gun Nilsson	88.8	88.4	-	-	-	-	-	-	88.8	88.4
Märta Schörling Andreen	64.7	60.1	-	-	-	-	-	-	64.7	60.1
Sofia Schörling Högberg	95.3	87.1	-	-	-	-	-	-	95.3	87.1
Brett Watson	64.7	60.1	-	-	-	-	-	-	64.7	60.1
Paolo Guglielmini, former President and Chief Executive Officer[2]	1,947.7	2,000.0	1009.4	693.4	4,249.5	-	377.7	400.0	7,584.2	3,093.4
Other senior executives (14 people)[3]	10,409.7	10,170.8	4,871.2	5,088.4	2,261.8	1,701.1	1,076.4	1,064.4	18,619.1	18,024.6
Total	13,200.6	12,807.7	5,880.6	5,781.8	6,511.2	1,701.1	1,454.1	1,464.4	27,046.5	21,754.9

1) Other benefits comprices company car and insurance (excluding pension insurance). Expenses during 2024 for all share programmes amounts to 1.4 MEUR for the former President and CEO and to 0.5 MEUR for the Interim President and CEO and to 6.0 MEUR for Other senior executives (current and former)
2) Resigned in November 2024, basic salary refers to 11 months until resignation, other benefits includes 6 months salary during the notice period and 18 months of severance payment
3) Including costs for senior executives who acceded and resigned their positions during the year including Interim President and Chief Executive Officer. More detailed information on remuneration can be found in the Remuneration Report 2024

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. At the Annual General Meeting on 29 April 2021 it was decided to implement the Share Programme 2021/2024, on the Annual General Meeting on 29 April 2022 it was decided to implement the Share Programme 2022/2025, on the Annual General Meeting on 2 May 2023 it was decided to implement the Share Programme 2023/2026 and at the Annal General Meeting on 29 April 2024 it was decided to implement the Share Programme 2024/2027 for key employees in the company. Participants in the share programmes are offered to be granted, free of charge, performance awards which may entitle to shares of Class B if performance conditions are met during the measurement periods 1 January 2021 to 31 December 2024, 1 January 2022 to 31 December 2025, 1 January 2023 to 31 December 2026 and 1 January 2024 to 31 December 2027. The purpose of the share programme is to strengthen Hexagon's ability to retain and recruit competent employees, provide competitive renumeration and to align the interest of the shareholders with the interest of the employees concerned. The total cost of the share-based incentive programmes is estimated at 60 MEUR each and is recognised as a personnel expense in profit or loss during the vesting period.

The measurement period for the performance-based condition of Share Programme 2021/2024 was 1 January 2021 until 31 December 2024. The performance-based condition for the Share Programme 2021/2024 related to the development of Hexagon's earnings per share compared to a level set by the Board for target fulfillment during the measurement period, where the last financial year during the measurement period (2024) is compared with the financial year immediately preceding the measurement period (2020). The Board has confirmed fulfillment of the performance-based condition, an increase in the company's profit per share during the financial year 2024 compared to the financial year 2020, which pursuant to the duly adopted terms and conditions of Share Programme 2021/2024 entitles eligible participants to receive shares of Class B in the company.

Allocated performance awards in Share Programme 2021/2024[1]

	Number of awards[1]	Market value, EUR
President and Chief Executive Officer	40,242	371,031
Other senior executives (12 people)	254,944	2,350,584
Other employees	3,710,145	34,207,537
Total	4,005,331	36,929,152

1) Relates to allocated performance awards, restated after share split 7:1, which may entitle to shares of Class B to be received during year 2025

Allocated performance awards in Share Programme 2022/2025[1]

	Number of awards[1]	Market value, EUR
President and Chief Executive Officer	48,227	444,653
Other senior executives (12 people)	334,948	3,088,221
Other employees	4,469,784	41,211,408
Total	4,852,959	44,744,282

1) Relates to allocated performance awards which may entitle to shares of Class B to be received during year 2026 if the performance conditions are met

NOTE 30 Remuneration to senior executives, cont.

Allocated performance awards in Share Programme 2023/2026[1]

	Number of awards[1]	Market value, EUR
President and Chief Executive Officer	45,985	423,982
Other senior executives (12 people)	365,553	3,370,399
Other employees	4,597,456	42,388,544
Total	5,008,994	46,182,925

1) Relates to allocated performance awards which may entitle to shares of Class B to be received during year 2027 if the performance conditions are met

Allocated performance awards in Share Programme 2024/2027[1]

	Number of awards[1]	Market value, EUR
President and Chief Executive Officer	56,464	520,598
Other senior executives (12 people)	463,368	4,272,253
Other employees	5,431,538	50,078,780
Total	5,951,370	54,871,631

1) Relates to allocated performance awards which may entitle to shares of Class B to be received during year 2028 if the performance conditions are met

NOTE 31 Remuneration of the Group's auditors

	Group		Parent company	
	2024	2023	2024	2023
PwC				
Audit	5.0	5.1	0.6	0.6
Tax assignments[1]	1.7	0.4	-	-
Other fees	0.2	0.1	-	-
Total, PwC	6.9	5.6	0.6	0.6
Audit, others	1.3	0.7	-	-
Total	8.2	6.3	0.6	0.6

1) Tax assignments mainly relates to tax return compliance, transfer pricing and questions relating to tax legislation and compliance

NOTE 32 Related-party disclosures

Remuneration of senior executives, meaning both the Board of Directors and Executive Leadership, is presented in Note 30. The Group's holdings in associated companies and receivables from and liabilities to associated companies are immaterial. There were no significant transactions between Hexagon and its associated companies. Similarly, there were no significant transactions between Hexagon Group and Schörling Group.

NOTE 33 Subsequent events after the financial year's end

On 7 January 2025, Hexagon announced an agreement to acquire Septentrio NV, a leading OEM provider of Global Navigation Satellite System (GNSS) technologies, with revenues of over 50 MEUR for 2024 and margins in line with Hexagon group.

On 20 January 2025, The Hexagon Board of Directors appointed Anders Svensson as new President and CEO of Hexagon. Anders Svensson will take office on 20 July 2025 at the latest, succeeding Norbert Hanke, who will continue as interim President and CEO until then.

On 21 January 2025, Hexagon announced the acquisition of CAD Service, a developer of advanced visualisation tools used to integrate computer-aided design (CAD) drawings, BIM models, and Reality Capture data into HxGN EAM.

On 4 March 2025, Hexagon announced that the Board of Directors, after a comprehensive assessment, has directed management to prepare for the separation of its Asset Lifecycle Intelligence (ALI) division and related businesses, which now also includes the complete Safety, Infrastructure & Geospatial division, by way of a Lex Asea distribution (or "spin-off") to its shareholders, as previously announced on 25 October 2024. The Board intends to propose the distribution and listing of NewCo's shares at a shareholder's meeting in early 2026, provided that the circumstances are deemed right at the time.

On 17 March 2025, Hexagon appointed Gordon Dale as President of the division Autonomous Solutions.

NOTE 34 Appropriation of earnings

The following earnings in the Parent Company are at the disposal of the annual general meeting (KEUR):

Premium reserve	2,903,123
Retained earnings	2,628,733
Net earnings	5,173,566
Total	10,705,422

The board of the directors proposes that these funds are allocated as follows:

Cash dividend to shareholders of 0.14 EUR per share	375,813
Balance remaining in the premium reserve	2,903,123
Balance remaining in retained earnings	7,426,486
Total	10,705,422

Signing of the annual report

The undersigned certify that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and generally accepted accounting principles, respectively and give a true and fair view of the financial position and earnings of the Group and the Company and that the Board of Directors' Report for the Group and the Company give a fair review of the development of the operations, financial position and earnings of the Group and the Company and describes substantial risks and uncertainties that the Group companies face.

Stockholm, Sweden 27 March 2025

Ola Rollén
Chair of the Board

John Brandon
Member of the Board

Annika Falkengren
Member of the Board

Ralph Haupter
Member of the Board

Erik Huggers
Member of the Board

Gun Nilsson
Member of the Board

Märta Schörling Andreen
Member of the Board

Sofia Schörling Högberg
Member of the Board

Brett Watson
Member of the Board

Norbert Hanke
Interim President and CEO

Our Audit Report was submitted on 27 March 2025

PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Auditor in charge

Helena Kaiser de Carolis
Authorised Public Accountant

Auditor's report

Unofficial translation

To the general meeting of the shareholders of Hexagon AB (publ), corporate identity number 556190-4771.

Report on the annual accounts and consolidated accounts
Opinions
We have audited the annual accounts and consolidated accounts of Hexagon AB (publ) for the year 2024 except for the corporate governance statement and the sustainability report on pages 31–44 and 60–129. The annual accounts and consolidated accounts of the company are included on pages 22–30, 46–55 and 130–165 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the sustainability report on pages 31–44 and 60–129. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis of opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach
Audit scope
We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

The Hexagon Group comprises a large number of subsidiaries. None of these subsidiaries have, individually, been deemed to be significant for the audit of the Group. For the Group audit, we have selected the Parent company and a large number of entities allocated across the Group's five business areas for Group reporting. The majority of the subsidiaries in the Group are also subject to statutory audits according to local requirements. For other reporting units, analytical audit procedures are performed as a part of the audit of the consolidation. The Group audit team has performed audit work in a selected number of legal entities as well as performed work on the finance and accounting consolidation processes, treasury operations among other.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue recognition
Key audit matter
Hexagon customer offerings contain solutions in which hardware and software are integrated as well as services and licenses. The critical management estimates of customer contracts include establishing the amounts that are to be recognised as income and when the income should be recognised.

For integrated customer contracts management needs to assess if revenue should be allocated to each revenue type as different accounting principles apply for these revenue types. Management makes estimates of completed performance in relation to the contractual terms and conditions as these performance obligations are or can be fulfilled at different points in time.

Part of Hexagons business comes from major long term, complex and fixed-price customer contracts. Management makes estimates of completed performance in relation to the contractual terms as a base for recognizing revenue on every reporting date, these estimations are also the base for any potential loss provision.

Due to the degree of management judgment in arrangements containing multiple performance obligations, these types of arrangements have been a key audit matter in our audit.

Accounting principles for revenue recognition are included in Note 5 and key estimates and assumptions used for customer arrangements are included in Note 2.

How our audit addressed the Key audit matter
Our audit included, amongst others, a combination of testing of internal controls over financial reporting including procedures to test key application configurations, analytical procedures including analyzing complete transactional data sets with software tools to identify large transactions, anomalies, unexpected trends or variation. We have, in order to validate revenue for existence and accuracy performed detailed tests of new major contracts in the Hexagon subsidiaries. We have also assessed that disclosures are appropriate.

Business combinations
Key audit matter
Acquisition of new businesses and the consolidation of new businesses (business combinations) include purchase price allocations of the fair values of acquired assets and liabilities including identification of goodwill and other intangible assets. The valuation is partly based on management assumptions of the future earnings of the acquired business and valuation of intangible assets at fair value.

The acquisitions contracts includes contingent earn-out payments which are included in the acquisition cost as a contingent consideration and remeasured at every reporting date and thus subject to management estimates and assumptions.

Business combinations and contingent earn-out payments have been a key audit matter in our audit due to the degree of management judgment in identifying and accounting of various acquired intangible assets.

Accounting principles for business combinations are included in Note 1 and key estimates and assumptions used for fair values of acquired assets and assumed liabilities as well as identification of intangible assets and contingent consideration are included in Note 2.

How our audit addressed the Key audit matter
Our audit procedures included, amongst others assessment of significant purchase agreements, test of the purchase price allocations including calculation and accounting for contingent considerations. We have also assessed that disclosures are appropriate.

Goodwill and other intangible assets with indefinite useful lives
Key audit matter
The carrying value of goodwill, and other intangible assets with indefinite useful lives represent some 65 percent of reported total assets. IFRS require annual impairment tests or when there is an indication that values could be impaired.given that the carrying value of these assets are not amortized.

Market data, Hexagon's business plans and forecasts on future development forms the expectations on sales, earnings and cash flows that are central in the model to calculate a recoverable value to be compared to the booked carrying value.

We have focused on the valuation of goodwill and intangible assets with indefinite useful lives as these items involve a large degree of judgment on behalf of management in assessing future cash flows.

The key assumptions used and management's sensitivity analysis for how changes in key assumptions would affect the value in use are presented in Note 8. As stated in Note 2 the impairment test require management estimates and assumptions such as projected cash flows, future market conditions and discount rates.

How our audit addressed the Key audit matter
Our audit procedures included amongst others a review of management impairment tests of goodwill and intangible assets with indefinite lives. We have examined whether Hexagon's impairment test is based on the divisions' (cash generating units) financial forecasts approved by management. We also evaluated the sensitivity analysis for changes in significant parameters, which, individually or on a collective basis, could imply the existence of an impairment requirement. Valuation experts have been involved to challenge the assumptions and estimates made by management. We have also assessed that disclosures are appropriate.

Other information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–21, 31–44, 56–129 and 170–179. The other information also contains the Remuneration report which we except to receive after the release of the Auditor's Report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

The auditor's examination of the administration of the company and the proposed appropiations of the company's profit or loss
Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Hexagon AB (publ) for the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report
Opinion
In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Hexagon AB (publ) for the financial year 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions
We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Hexagon AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility
Our Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, tthe procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Hexagon AB (publ) by the general meeting of the shareholders on 29 April 2024 and has been the company's auditor since 29 April 2021.

Stockholm 27 March 2025

PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Auditor in charge

Helena Kaiser de Carolis
Authorised Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Other information

The share

Share price development and trading

In 2024, the Hexagon share price declined by 6.7 % to 105.60 SEK as of 31 December. The share price reached the 52-week high of 128.05 SEK on 26 March and the 52-week low on 27 November at 91.04 SEK. Hexagon's total market capitalisation as of 31 December 2024 was 274,056.1 MSEK.

Ownership structure

At year-end 2024, Hexagon had 64,906 registered shareholders (66,198). Shareholders in the USA accounted for the largest foreign holding, representing 21.0 % (26.1) of total shares followed by the UK, representing 4.8 % (4.9). The ten largest owners held 55.7 % (58.3) of the share capital and 67.6 % (69.5) of the votes.

Share capital

At year-end 2024, Hexagon's share capital amounted to 85,761,451 EUR, represented by 2,705,477,888 shares, of which 110,250,000 are of Class A with ten votes each and 2,595,227,888 are of Class B with one vote each. Each share has a quota value of 0.03 EUR. Hexagon AB holds 21,100,000 of the company's own shares of Class B. No shares were repurchased during 2024. The purpose of repurchased shares is to ensure Hexagon's undertakings in respect of the long-term incentive programmes (other than delivery of shares to participants in the incentive programmes), including social security costs.

Incentive programmes

At the Annual General Meeting on 29 April 2024, it was decided to implement the Share Programme 2024/2027. Participants in the share programme are offered to be granted, free of charge, performance awards that may entitle them to receive shares, provided that the performance conditions are fulfilled. The performance condition is related to the development of Hexagon's earnings per share compared with the target level set by the Board during the measurement period 1 January 2024 to 31 December 2027, where the last financial year during the measurement period is compared with the financial year preceding the measurement period. The fulfilment of the performance-based condition will be presented in the annual report for the financial year 2027.

Shares allotted are acquired by a third party, in its own name, and transferred to the participants in accordance with the Share Programme 2024/2027. The total costs for the share programme upon full fulfilment of the performance condition are estimated to amount to a maximum of approximately 60 MEUR allocated over the vesting period.

Dividend and share split

The dividend policy of Hexagon provides that, over the long-term, dividends should comprise between 25 and 35 % of earnings per share after tax, assuming that Hexagon satisfies its equity ratio objective. Dividends are resolved upon by the Annual General Meeting and payment is administered by Euroclear Sweden.

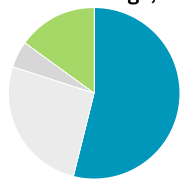
The Board of Directors proposes a dividend of 0.14 EUR (0.13) per share for 2024. The proposed dividend amounts to 37 % of the year's earnings per share after tax.

-7%

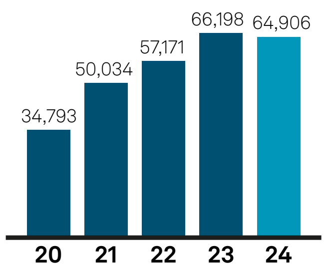
Share price decrease 2024

ISIN **SE0000103699**
Nasdaq **OMX Stockholm HEXA B**
Reuters **HEXAb.ST**
Bloomberg **HEXAB SS**
Sector **Technology**
Segment **Large Cap**

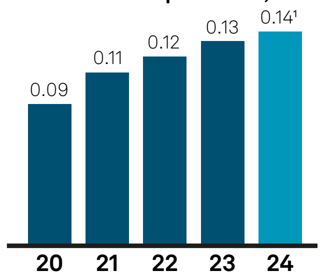
Geographic distribution of shareholdings, %



Number of shareholders



Cash dividend per share, EUR



1) *According to the Board of Directors' proposal*

Class of shares	Number of shares	Number of votes	% of capital	% of votes
A shares	110,250,000	1,102,500,000	4.1	29.9
B shares	2,574,127,888	2,574,127,888	95.1	70.1
Holding of treasury B shares	21,100,000	-	0.8	-
Total	2,705,477,888	3,676,627,888	100.0	100.0

Largest shareholders

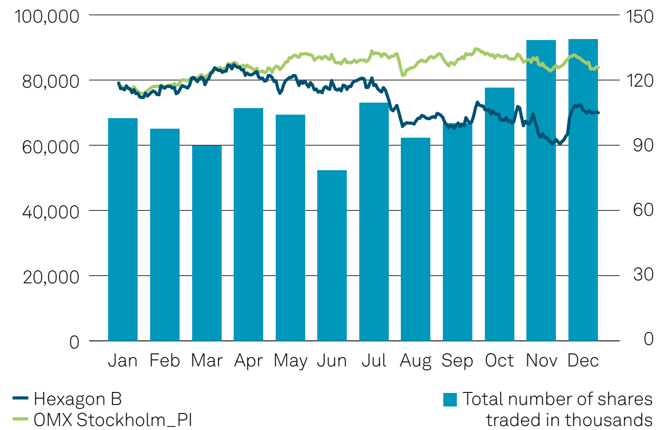
Owner/manager/deposit bank	A shares	B shares	% of capital	% of votes
Melker Schörling AB	110,250,000	471,081,440	21.49	42.56
State Street Bank and Trust CO, W9		222,478,537	8.22	6.02
Swedbank Robur Fonder AB		180,787,278	6.68	4.89
JP Morgan Chase Bank NA, W9		101,512, 507	3.75	2.75
Alecta Tjänstepension Ömsesidigt		92,570,000	3.42	2.50
AMF Fonder & Pension		76,787,430	2.84	2.08
Handelsbanken Fonder AB		73,166,162	2.70	1.98
JP Morgan Securities LLC, W9		64,247,453	2.37	1.74
SEB Investment Management AB		58,072,257	2.15	1.57
The Bank of New York Mellon, W9		57,170,392	2.11	1.55
Northern Trust Company, London branch		44,358,940	1.64	1.20
The Bank of New York Mellon SA/NV, W8IMY		40,664,952	1.50	1.10
Ramsbury Invest AB		40,000,000	1.48	1.08
Norges Bank		37,881,288	1.40	1.02
Nordea Funds AB		36,416,711	1.35	0.98
Spiltan Fonder AB		35,834,025	1.32	0.97
Folksam		33,330,058	1.23	0.90
Carnegie Fonder AB		30,031, 116	1.11	0.81
Goldman Sachs & Co. LLC, W9		28,785,967	1.06	0.78
Länsförsäkringar Fondförvaltning AB		27,024,866	1.00	0.73
Subtotal, 20 largest shareholders[1]	110,250,000	1,752,201,379	68.84	77.20
Summary, others		821,926,509	30.38	22.80
Total number of outstanding shares	110,250,000	2,574,127,888	99.22	100.00
Holding of treasury B shares		21,100,000	0.78	-
Total number of issued shares	110,250,000	2,595,227,888	100.00	100.00

1) The concentration corresponds to the 20 largest shareholders presented in the list
Source: Euroclear Sweden AB as of 30 December 2024

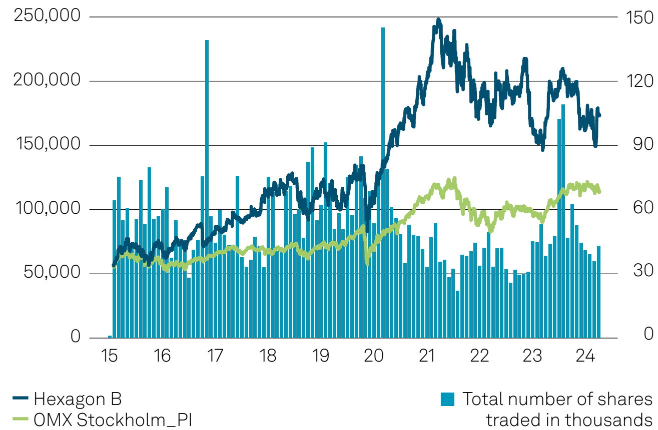
Key data per share

	2024	2023	2022	2021	2020
Shareholder's equity, EUR	4.16	3.73	3.65	3.24	2.31
Net earnings, Euro cent	38.1	32.0	37.4	30.8	24.0
Cash flow, Euro cent	62.5	54.0	51.0	52.0	53.4
Cash dividend, EUR	0.14[1]	0.13	0.12	0.11	0.09
Pay-out ratio, %	37.0	41.0	32.1	35.7	38.7
Share price, EUR	9.22	10.90	9.80	14.02[2]	74.72
P/E ratio[3]	24	34	26	46	45

1) According to the Board of Directors' proposal
2) Share split 7:1 2021, historical data has not been restated
3) Based on the share price on 31 December and calendar year earnings



Source: Nasdaq



Source: Nasdaq

The Hexagon share

Year Transaction	Nominal value, SEK/EUR	A shares, change	B shares, change	A shares, total	B shares, total	Share capital, SEK/EUR
2000	10			840,000	13,953,182	147,931,820
2002 Rights issue	10	210,000	3,488,295	1,050,000	17,441,477	184,914,770
2004 New issue, warrants exercised	10		10,170	1,050,000	17,451,647	185,016,470
2005 New issue, warrants exercised	10		722,635	1,050,000	18,174,282	192,242,820
2005 Bonus issue	12			1,050,000	18,174,282	230,691,384
2005 Split 3:1	4	2,100,000	36,348,564	3,150,000	54,522,846	230,691,384
2005 New issue, warrants exercised	4		154,500	3,150,000	54,677,346	231,309,384
2005 Issue in kind of consideration shares[1]	4		11,990,765	3,150,000	66,668,111	279,272,444
2005 Issue in kind of consideration shares[1]	4		82,000	3,150,000	66,750,111	279,600,444
2006 Rights issue	4	787,500	16,687,527	3,937,500	83,437,638	349,500,552
2006 New issue, warrants exercised	4		508,933	3,937,500	83,946,571	351,536,284
2006 Compulsory redemption, Leica Geosystems	4		198,635	3,937,500	84,145,206	352,330,824
2006 New issue, warrants exercised	4		309,119	3,937,500	84,454,325	353,567,300
2007 New issue, warrants exercised[2]	4		58,170	3,937,500	84,512,495	353,625,470
2007 Bonus issue	6			3,937,500	84,512,495	530,699,970
2007 Split 3:1	2	7,875,000	169,024,990	11,812,500	253,537,485	530,699,970
2008 New issue, warrants exercised[2]	2		169,785	11,812,500	253,707,270	531,039,540
2008 Repurchase of shares	2		-1,311,442	11,812,500	252,395,828	531,039,540
2009 Sale of repurchased shares, warrants exercised	2		138,825	11,812,500	252,534,653	531,039,540
2010 Sale of repurchased shares, warrants exercised	2		20,070	11,812,500	252,554,723	531,039,540
2010 Rights issue	2	3,937,500	83,845,572	15,750,000	336,400,295	707,284,354
2011 Rights issue	2		339,335	15,750,000	336,739,630	707,284,354
2011 Change of functional currency to EUR	0.22			15,750,000	336,739,630	78,471,187
2012 Sale of repurchased shares, warrants exercised	0.22		185,207	15,750,000	336,924,837	78,471,187
2013 Sale of repurchased shares, warrants exercised	0.22		967,340	15,750,000	337,892,177	78,471,187
2013 New issue, warrants exercised	0.22		1,354,800	15,750,000	339,246,977	78,771,810
2014 New issue, warrants exercised	0.22		2,392,236	15,750,000	341,639,213	79,302,633
2015 New issue, warrants exercised	0.22		2,947,929	15,750,000	344,587,142	79,956,762
2016 New issue, warrants exercised	0.22		106,000	15,750,000	344,693,142	79,980,283
2018 New issue, warrants exercised	0.22		2,481,550	15,750,000	347,174,692	80,530,925
2019 New issue, warrants exercised	0.22		4,614,810	15,750,000	351,789,302	81,554,881
2020 New issue, warrants exercised	0.22		11,500	15,750,000	351,800,802	81,557,432
2020 Repurchase of treasury shares	0.22		-646,000	15,750,000	351,154,802	81,557,432
2021 Split 7:1	0.03	94,500,000	2,105,704,812	110,250,000	2,456,655,614	81,557,432
2021 Issue in kind of consideration shares[3]	0.03		132,622,274	110,250,000	2,587,877,888	85,761,451
2021 Repurchase of shares	0.03		-4,828,000	110,250,000	2,595,227,888	85,761,451
2022 Repurchase of shares	0.03		-6,450,000	110,250,000	2,579,427,888	85,761,451
2023 Repurchase of shares	0.03		-5,300,000	110,250,000	2,574,127,888	85,761,451
Total number of outstanding shares	0.03			110,250,000	2,574,127,888	85,761,451

1) Issues in kind in connection with the acquisition of Leica Geosystems whereby shares in Leica Geosystems were contributed in exchange for B shares in Hexagon
2) Issue in kind in connection with annual block exercise in Leica Geosystems' warrant programme whereby shares in Leica Geosystems received by the programme participants based on the exercise of warrants were contributed in exchange for B shares in Hexagon
3) Issue in kind in connection with the acquisition of Infor's EAM business

Ownership structure

Holding per shareholder	Number of shareholders	No. of A shares	No. of B shares
1–500	43,063	-	4,962,273
501–1,000	6,570	-	5,074,040
1,001–2,000	5,048	-	7,532,334
2,001–5,000	4,913	-	15,918,031
5,001–10,000	2,293	-	16,762,868
10,001–20,000	1,255	-	17,820,309
20,001–50,000	867	-	26,534,703
50,001–100,000	338	-	23,982,980
100,001–500,000	301	-	64,651,503
500,001–1,000,000	58	-	40,996,490
1,000,001–5,000,000	122	-	274,994,166
5,000,001–10,000,000	34	-	237,544,176
10,000,001-	44	110,250,000	1,858,454,015
Total	64,906	110,250,000	2,595,227,888

Source: Euroclear Sweden AB as of 30 December 2024 (issued)

Analysts following Hexagon AB

Organisation	Name
ABG Sundal Collier	Simon Granath
Bank of America	Alexander Virgo
Barclays	Sven Merkt
Berenberg	Nay Soe Naing
Bernstein	Nicholas Green
BNP Paribas	Ben Castillo-Bernaus
Bryan Garnier	Antoine Lebourgeois
Carnegie	Mikael Laséen
Citi	Balajee Tirupati
Danske Bank	Viktor Trollsten
Deutsche Bank	Johannes Schaller
DNB	Joachim Gunell
Goldman Sachs	Mohammed Moawalla
Handelsbanken	Daniel Djurberg
HSBC	Puneet Garg
JP Morgan	Joe George
Kepler Cheuvreux	Johan Eliason
Morgan Stanley	Adam Wood
Nordea	Magnus Kruber
Pareto Securities	Niclas Wahlström
SEB Equities	Erik Golrang
UBS Investment Research	Andre Kukhnin

Quarterly income statements

	2024					2023				
MEUR	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Net sales	1,299.9	1,353.4	1,299.8	1,448.0	5,401.1	1,285.1	1,365.0	1,349.8	1,435.3	5,435.2
Gross earnings	863.5	910.0	870.9	965.3	3,609.7	853.3	893.7	842.1	954.1	3,543.2
Sales expenses	-264.6	-273.4	-262.4	-283.5	-1,083.9	-259.6	-276.8	-333.3	-289.6	-1,159.3
Administration expenses	-104.3	-104.8	-103.3	-114.2	-426.7	-108.1	-110.5	-153.2	-109.4	-481.2
Research and development expenses	-165.4	-171.5	-171.0	-175.8	-683.7	-157.9	-155.2	-198.1	-163.3	-674.5
Other income and expenses, net	6.7	0.2	0.2	9.6	16.8	0.7	-1.0	-10.7	-1.2	-12.2
Operating earnings[1]	335.9	360.5	334.4	401.4	1,432.2	328.4	350.2	146.8	390.6	1,216.0
Financial income/expenses net	-42.7	-42.1	-44.2	-41.1	-170.1	-26.8	-36.2	-43.0	-49.3	-155.3
Earnings before tax	293.2	318.4	290.2	360.3	1,262.1	301.6	314.0	103.8	341.3	1,060.7
Tax	-52.8	-57.3	-52.2	-64.8	-227.1	-54.3	-56.6	-16.6	-61.4	-188.9
Net earnings[2]	240.4	261.1	238.0	295.5	1,035.0	247.3	257.4	87.2	279.9	871.8
1) of which adjustments	-40.6	-39.0	-42.2	-48.9	-170.7	-42.8	-43.9	-246.2	-47.8	-380.7
2) of which non-controlling interest	2.6	3.1	2.8	3.1	11.6	2.9	3.7	3.6	2.7	12.9
Earnings include depreciation/ amortisation and impairments of	-134.8	-136.6	-140.5	-165.6	-577.5	-119.0	-124.6	-144.7	-174.7	-563.0
Earnings per share, Euro cent	8.9	9.6	8.8	10.9	38.1	9.1	9.4	3.1	10.3	32.0
Earnings per share after dilution, Euro cent	8.8	9.5	8.7	10.8	37.8	9.0	9.4	3.1	10.2	31.7
Earnings per share excl. adjustments, Euro cent	10.1	10.8	10.1	12.4	43.3	10.4	10.8	10.6	11.8	43.5
Average number of shares (thousands)	2,684,378	2,684,378	2,684,378	2,684,378	2,684,378	2,689,678	2,689,678	2,687,028	2,684,378	2,687,690
Average number of shares after dilution (thousands)	2,705,478	2,705,478	2,705,478	2,705,478	2,705,478	2,705,478	2,705,478	2,708,128	2,705,478	2,706,141

10-year summary

MEUR	2015	2016	2017	2017[2]	2018	2019[3]	2020	2021	2022	2023	2024
Income statement											
Net sales	3,043.8	3,149.2	3,448.4	3,448.1	3,760.7	3,907.7	3,764.4	4,341.1	5,160.5	5,435.2	5,401.1
Operating earnings (EBITDA)	912.3	970.0	1,109.5	1,107.0	1,197.7	1,339.1	1,411.6	1,654.1	1,877.1	2,026.6	2,068.0
Adjusted operating earnings (EBIT1)[4]	725.0	771.3	880.2	877.7	978.0	1,023.6	1,009.5	1,269.6	1,517.8	1,596.7	1,602.9
Operating earnings	656.1	736.1	762.1	759.6	925.1	892.2	787.0	1,009.8	1,286.7	1,216.0	1,432.2
Earnings before tax	629.6	714.3	739.4	736.9	902.3	865.3	759.6	983.6	1,248.0	1,060.7	1,262.1
- of which adjustments	-68.9	-35.2	-118.1	-118.1	-52.9	-131.4	-222.5	-259.8	-231.1	-380.7	-170.7
Net earnings	505.1	578.6	673.8	671.2	738.1	708.6	624.7	810.0	1,019.1	871.8	1,035.0
- of which non-controlling interest	5.2	5.3	7.1	7.1	8.1	6.2	6.6	8.4	11.5	12.9	11.6
Balance sheet											
Current assets	1,492.7	1,672.4	1,815.4	1,799.8	2,061.6	2,118.4	1,894.1	2,271.7	2,643.7	2,752.1	2,951.4
Fixed assets	5,939.4	6,241.7	6,813.8	6,813.8	7,622.5	8,482.2	8,809.5	11,823.3	13,833.3	14,131.7	14,899.1
Non-interest bearing liabilities and provisions	1,360.7	1,474.5	1,666.8	1,664.7	1,901.0	1,939.7	1,981.1	2,317.4	2,684.4	2,697.4	2,759.5
Interest bearing liabilities and provisions	1,969.1	1,848.8	2,344.3	2,344.6	2,463.9	2,584.0	2,773.3	3,012.9	3,928.0	4,140.3	3,894.9
Shareholders' equity	4,102.3	4,590.8	4,618.1	4,604.4	5,319.2	6,076.9	5,949.2	8,764.7	9,864.6	10,046.1	11,196.1
Total assets	7,432.1	7,914.1	8,629.2	8,613.4	9,684.1	10,600.6	10,703.6	14,095.0	16,477.0	16,883.8	17,850.5
Key ratios											
Adjusted operating margin, %	24	24	26	25	26	26	27	29	29	29	30
Return on capital employed, %	12	13	13	13	14	13	12	13	12	11	11
Return on equity, %	13	14	15	15	15	12	10	12	11	9	10
Investments	230.3	257.6	275.6	275.6	389.1	399.1	383.3	419.4	552.7	598.3	622.4
Equity ratio, %	55	58	54	54	55	57	56	62	60	60	63
Share of risk-bearing capital, %	61	64	59	59	60	62	60	66	63	63	66
Interest coverage ratio (times)	20.3	27.9	27.1	27.0	31.9	26.8	23.5	32.4	27.3	7.3	7.9
Net debt/equity ratio (times)	0.38	0.30	0.40	0.40	0.35	0.31	0.37	0.27	0.33	0.33	0.26
Cash flow before changes in working capital and excluding items affecting comparability	749.9	832.1	882.3	879.7	1,004.8	1,125,5	1,153.2	1,372.8	1,546.5	1,530.1	1,583.7
Cash flow after changes in working capital and excluding items affecting comparability	722.6	782.1	907.2	907.2	944.1	1,103.6	1,374.5	1,351.4	1,372.7	1,451.9	1,677.7
Earnings per share, Euro cent	19.9	22.7	26.4	26.3	28.9	27.4	24.0	30.8	37.4	32.0	38.1
Earnings per share after dilution, Euro cent	19.9	22.7	26.3	26.3	28.7	27.4	24.0	30.8	37.2	31.7	37.8
Cash flow per share before changes in working capital and excluding items affecting comparability, Euro cent	29.9	33.0	35.0	34.9	39.7	44.0	44.9	52.8	57.4	56.9	59.0
Cash flow per share after changes in working capital and excluding items affecting comparability, Euro cent	28.7	31.0	36.0	36.0	37.4	43.1	53.4	52.0	51.0	54.0	62.5
Equity per share, EUR	1.62	1.81	1.83	1.82	2.09	2.36	2.31	3.24	3.65	3.73	4.16
Closing share price, SEK	315	326	411	411	408	525	750	144	109	121	105.60
Cash dividend per share, EUR	0.06	0.07	0.08	0.08	0.08	0.09	0.09	0.11	0.12	0.13	0.14[1]
Average number of shares (thousands)	2,515,709	2,523,031	2,523,101	2,523,101	2,526,594	2,554,286	2,572,780	2,599,293	2,693,019	2,687,690	2,684,378
Average number of shares after dilution (thousands)	2,518,719	2,526,153	2,531,123	2,531,123	2,536,107	2,556,694	2,573,914	2,606,291	2,706,294	2,706,141	2,705,478
Number of shares, closing balance (thousands)	2,522,359	2,523,101	2,523,101	2,523,101	2,540,475	2,572,773	2,568,335	2,696,128	2,689,678	2,684,378	2,684,378
Average number of employees	15,891	16,460	17,543	17,543	19,249	20,250	20,343	21,291	23,196	24,548	24,692

1) As proposed by the Board of Directors
2) Restated – IFRS 15
3) IFRS 16 is applied from 2019, comparison numbers have not been restated
4) From 2021 adjusted operating earnings (EBIT1) is excluded from amortisation of surplus values in the purchase price allocation (PPA), comparison numbers have been restated

The share-related key financial ratios have been calculated considering all historical share issues and splits.

Alternative performance measures

Operating net sales and gross earnings

	2024	2023
Net sales	5,401.1	5,435.2
Acquired deferred revenue	-	4.8
Operating net sales	**5,401.1**	**5,440.0**
Cost of goods sold	-1,791.4	-1,892.0
Adjustments related to cost of goods sold	4.1	45.4
Adjusted gross earnings	**3,613.8**	**3,593.4**

Adjusted operating earnings (EBITDA, EBIT and EBT)

	2024	2023
EBIT	**1,432.2**	**1,216.0**
Depreciations, amortisations and impairments	577.5	563.0
EBITDA	**2,009.7**	**1,779.0**
Share-based programme (LTIP)	48.9	61.4
Acquired deferred revenue	-	4.8
Items affecting comparability	9.4	181.4
Adjusted EBITDA	**2,068.0**	**2,026.6**
Depreciations, amortisations and impairments	-577.5	-563.0
Amortisation of surplus values	112.4	115.9
Items affecting comparability	-	17.2
Adjusted EBIT (EBIT1)	**1,602.9**	**1,596.7**
Financial income	13.5	13.1
Financial expenses	-183.6	-168.4
Adjusted Earnings before tax (EBT)	**1,432.8**	**1,441.4**
Adjustments related to tax	-257.8	-259.4
Adjusted net earnings	**1,175.0**	**1,182.0**
Attributable to non-controlling interest	11.6	12.9
Adjusted net earnings excluding non-controlling interests	1,163.4	1,169.1

Adjusted Earnings per share, Euro cent

	2024	2023
Adjusted net earnings excluding non-controlling interests	1,163.4	1,169.1
Average number of shares, thousands	2,684,378	2,687,690
Adjusted Earnings per share, Euro cent	**43.3**	**43.5**

Cash flow per share excluding items affecting comparability, Euro cent

	2024	2023
Cash flow from operating activities	1,588.2	1,370.4
Items affecting comparability	89.5	81.5
Cash flow from operating activities excluding items affecting comparability	**1,677.7**	**1,451.9**
Average number of shares, thousands	2,684,378	2,687,690
Cash flow per share, Euro cent	**62.5**	**54.0**
Cash flow from operations before changes in working capital	1,494.2	1,448.6
Non-recurring cash flow	89.5	81.5
Cash flow from operations before changes in working capital excluding items affecting comparability	1,583.7	1,530.1
Cash flow per share before changes in working capital , Euro cent	**59.0**	**56.9**

Cash conversion

	2024	2023
Operating cash flow	965.8	772.1
Items affecting comparability	89.5	81.5
Tax paid	243.2	276.2
Interest received and paid, net	158.3	146.5
Operating cash flow excluding interest, tax and adjustments	**1,456.8**	**1,276.3**
Adjusted EBIT/EBIT1	1,602.9	1,596.7
Cash conversion	**91%**	**80%**

Capital employed

	2024	2023
Total assets	17,850.5	16,883.8
Non-interest bearing liabilities	2,759.5	2,697.4
Capital employed	**15,091.0**	**14,186.4**

Capital turnover

	2024	2023
Operating net sales	5,401.1	5,440.0
Average capital employed	14,502.5	14,179.7
Capital turnover	**0.4**	**0.4**

Equity ratio

	2024	2023
Shareholders' equity including non-controlling interest	11,196.1	10,046.1
Total assets	17,850.5	16,883.8
Equity ratio	**62.7%**	**59.5%**

Net indebtedness

	2024	2023
Interest bearing liabilities	3,831.0	4,083.4
Pensions	63.9	56.9
Interest bearing current assets	-304.5	-276.0
Cash and cash equivalents	-663.8	-547.1
Interest bearing liabilities minus interest bearing current assets and cash	**2,926.6**	**3,317.2**
Shareholders' equity including non-controlling interest	11,196.1	10,046.1
Net indebtedness	**0.26**	**0.33**

Interst coverage ratio

	2024	2023
Earnings before tax	1,262.1	1,060.7
Financial expenses	183.6	168.4
Earnings before tax and financial expenses	**1,445.7**	**1,229.1**
Interest coverage ratio	**7.9**	**7.3**

Return on capital employed, 12-month average, %

	2024	2023
Adjusted earnings before tax	1,432.8	1,441.4
Financial expenses	183.6	168.4
Adjusted earnings before tax, plus financial expenses	**1,616.4**	**1,609.8**
Average capital employed over 12 months	14,502.5	14,179.7
Return on capital employed, 12-month average, %	**11.1%**	**11.4%**

Return on shareholders' equity, 12-month average, %

	2024	2023
Net earnings excluding non-controlling interest	1,023.4	858.9
Average shareholders' equity over 12 months	10,397.4	9,939.7
Return on shareholders' equity, 12-month average, %	**9.8%**	**8.6%**

Financial 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, analyse and manage the business. These measures also provide Hexagon stakeholders with useful financial information on the Group's position, performance and development in a consistent way. Below is a list of definitions of measures and indicators used in this report.

Amortisation of surplus values (PPA)
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.

Adjustments
Adjustments consists of expenses related to the share programme (LTIP), amortisation of surplus values (PPA) and items affecting comparability which refers to income and expenses that are not expected to appear on a regular basis and impact comparability between periods.

Adjusted earnings per share
Net earnings excluding adjustments and non-controlling interest divided by average number of shares.

Adjusted operating earnings (EBIT1)
Operating earnings excluding 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 (EBIT1) 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 net sales for the year.¨

Capital employed
Total assets less non-interest bearing liabilities.

Capital turnover rate
Net sales for the year 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
Cash flow from operations before change in working capital and excluding items affecting comparability .

Cash flow per share
Cash flow from operations, after change in working capital, excluding items affecting comparability divided by average number of shares.

Commercial paper
An unsecured promissory note with a fixed maturity of 1 to 365 days.

Earnings per share (EPS)
Net earnings excluding non-controlling interests divided by average number of shares.

Equity ratio
Shareholders' equity including non-controlling interests as a percentage of total assets.

Gross margin
Gross earnings divided by operating net sales.

Interest coverage ratio
Earnings after financial items 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.

LTIP Long Term Insentive Programme

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 including non-controlling interests.

Operating net sales
Net sales adjusted by the difference between fair value and book-value of deferred revenue regarding acquired businesses.

Organic growth
Net sales compared to prior period excluding acquisitions and divestments and adjusted for currency exchange movements.

Pay-out ratio
Dividend per share as a percentage of earnings per share.

P/E ratio
Share price divided by earnings per share.

Profit margin before tax
Earnings after financial items 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 equity is based on quarterly average equity.

Revolving credit facility
A loan facility where the borrower may increase and reduce the size of outstanding debt up to the available limit during the term of the loan.

Shareholders' equity per share
Shareholders' equity excluding non-controlling interests divided by the number of shares at year-end.

Share of risk-bearing capital
Shareholders' equity including non-controlling interests and provision for taxes as a percentage of total assets.

Share price
Last settled transaction on Nasdaq OMX Stockholm on the last business day for the year.

Term loan
A fixed amount loan with a maturity date of more than one year and with a specified repayment schedule where the borrower is not entitled to re-borrow any amount which it has repaid.

Business definitions

AI Artificial intelligence

AIM Asset Information Management

ALI Hexagon's operating segment Asset Lifecycle Intelligence

Americas North America, South America and Central America

Asia Asia (excluding Middle East), Australia and New Zealand

BIM Building Information Modelling

CAD Computer-Aided Design, software for creating technical drawings

CAE Computer-Aided Engineering, simulation software

CAM Computer-Aided Manufacturing, software for controlling machine tools

CMM Coordinate Measuring Machine

CPEC Certified Pre-Owned Equipment Center, refurbished second hand product sales

Digital Reality Workflow-driven feedback that fuse the physical and digital worlds into one reality

EAM Enterprise Asset Management

EHS Environment, Health and Safety

EMEA Europe, Middle East and Africa

EEMEA Eastern Europe, Middle East and Africa

Emerging markets Eastern Europe, Middle East, South America, Africa and Asia excluding Australia, New Zealand, Japan and Korea

ESG Environmental, Social and Governance

EV Electric vehicles

GDPR General Data Protection Regulation

GNSS Global Navigation Satellite Systems

IMU Inertial Measurement Unit

ISDA International Swaps and Derivatives Association

M.App Enterprise A cloud platform for creating geospatial apps for organisations

OECD Organisation of Economic Cooperation and Development

OEM provider An original equipment manufacturer

QMS Quality Management System

R&D Research and development

SaaS Software as a service

SIG Hexagon's operating segment Safety, Infrastructure & Geospatial

UAV An unmanned aerial vehicle

Sustainability definitions

CAGR Compound annual growth rate

CSRD Corporate Sustainability Reporting Directive, an European Union directive

DEI Diversity, equity and inclusion, an American framework

EAC Energy Attribute Certificates, instruments used to track renewable energy consumption.

ESRS European Sustainability Reporting Standards, an European Union directive

GHG Greenhous Gas Protocol, a global standard for measuring and reporting greenhouse gas emissions

GRI Global Reporting Initiative, a standard to understand ones impact on climate change, human rights and corruption

HDS High Definition Scanning

H&S Health and safety

IRO The Impacts, Risks, and Opportunities framework, a key part of sustainability reporting under the Corporate Sustainability Reporting Directive (CSRD)

LCA Life cycle assessment, a methodology for assessing the environmental impacts associated with the life cycle of a commercial product, process or service

LTIFR Lost Time Injury Frequency Rate, a proxy measurement of an organisation's safety performance

NADE Nomenclature of Economic Activities, a standardised European Union framework to categorise economic activities across its member states

SASB The Sustainability Accounting Standards Board, a non profit organisation to develop sustainability accoutning standards

SBTi The Science Based Targets initiative, guiding companies to set emission reduction targets in line with climate science and the Paris Agreement

SDG United Nations Sustainability Development Goals, a plan for peace and prosperity for the planet and its people

TCFD Task Force on Climate-related Financial Disclosures, a framework for organisations to communicate climate-related risks and opportunities

WBCSD The World Business Council for Sustainable Development, a global organisation of 200 leading businesses working together to accelerate the transition to a sustainable world

Currency codes

AUD	Australian Dollar
BRL	Brazilian Real
CAD	Canadian Dollar
CHF	Swiss Franc
CNY	Chinese Yuan
EUR	Euro
GBP	British Pound
INR	Indian Rupee
JPY	Japanese Yen
SEK	Swedish Kronor
USD	US Dollar

Shareholder information

Annual General Meeting 2025
The Annual General Meeting (AGM) will be held on Monday 5 May 2025 at 17:00 CET at IVA Konferenscenter, Grev Turegatan 16 in Stockholm, Sweden. Shareholders who wish to attend the AGM in person, by proxy or by postal voting must

- be registered in the share register maintained by Euroclear Sweden AB on Thursday 24 April 2025. Shareholders with nominee-registered holdings should temporarily have their shares registered in their own names through the agency of their nominees so that they are recorded in the share register well before 24 April 2025.
- give notice to the Company of their intention to participate no later than Monday 28 April 2025 in accordance with the instructions below.

Participation in person or by proxy
Notification of participation in the AGM can be made via Hexagon's website hexagon.com, by post to Hexagon AB, "Annual General Meeting", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden, or by telephone +46 8 402 92 21 no later than 28 April 2025.

Upon notification, the shareholder shall state name, personal or corporate identity number, address, telephone number (daytime) and shareholding. Proxies and representatives of legal entities must submit relevant authorisation documents before the meeting. Proxy forms are available on the Company's website and will be sent by post to shareholders who contact the Company and state their address.

Participation by postal voting
A special form must be used for postal voting. The form is available on the Company's website. Notification to the meeting does not need to be made separately as the postal voting form is also valid as notification.

The completed and signed postal voting form can be sent by post to Hexagon AB, "Annual General Meeting", c/o Euroclear Sweden, P.O. Box 191, SE-101 23 Stockholm, Sweden or by e-mail to GeneralMeetingService@euroclear.com. The completed and signed form must be received by Euroclear Sweden AB no later than 28 April 2025. Shareholders may also, no later than 28 April 2025, cast a postal vote electronically by verifying with BankID via Euroclear Sweden AB's website https://anmalan.vpc.se/EuroclearProxy. The shareholder may not provide the postal vote with special instructions or conditions. If so, the entire postal vote is invalid. Further instructions and conditions can be found in the postal voting form and on https://anmalan.vpc.se/EuroclearProxy.

Dividend
The Board of Directors proposes that a dividend of 0.14 EUR per share be declared for the financial year 2024. As record day for right to receive dividend, the Board of Directors proposes Wednesday 7 May 2025. If the AGM resolves in accordance with the proposal, the dividend is expected to be paid through Euroclear Sweden AB starting on Wednesday 14 May 2025. Payment is made in EUR, provided that EUR can be received on the shareholder's yield account; if not, payment will be distributed in SEK, whereby currency exchange is made in accordance with Euroclear Sweden AB's applicable procedures.

Financial information 2025
Hexagon will issue financial information concerning the business year 2025 on the following dates:

Q1 Interim Report	30 April 2025
Q2 Interim Report	25 July 2025
Q3 Interim Report	24 October 2025
Year-End Report	30 January 2026

Distribution policy
The Hexagon Annual Report is distributed digitally. The annual report can be downloaded at the website where Hexagon's Annual Reports from 1997 and onwards are available. For a printed copy please contact Hexagon AB.

Produced by Hexagon in cooperation with AVA Corporate Communications. Print: Åtta.45. Photo: Hexagon, Shutterstock and Adobe Stock.

Hexagon AB
P. O. Box 3692
SE-103 59 Stockholm, Sweden

Visiting address
Lilla Bantorget 15, Stockholm

Telephone: +46 8 601 26 20
E-mail: info@hexagon.com
Website: hexagon.com