

Press Release

Stockholm, Sweden, 25 October 2024

Hexagon evaluating potential separation of its Asset Lifecycle Intelligence business

Hexagon AB (Nasdaq Stockholm: HEXA B) announces that the Board of Directors has authorised management to evaluate a potential separation of its Asset Lifecycle Intelligence (ALI) business (“NewCo”) by way of a Lex Asea distribution (or “spin-off”) to its shareholders. Hexagon is evaluating listing options for NewCo in the U.S. and Sweden.

NewCo is also expected to include the ETQ business (currently operating under the Manufacturing Intelligence division), the Bricsys business (currently operating under the Geosystems division) and the Utilities & Infrastructure business that is currently transitioning to ALI from the Safety, Infrastructure & Geospatial division, due to the high level of synergies between these businesses and ALI.

A separation of NewCo would be intended to create two scaled public companies with distinctive operational strategies and financial profiles that establish differentiated positioning for investors to fully leverage the capabilities and potential of each platform.

Hexagon

- Market leading portfolio of industrial and geospatial solutions
- Strong innovation capabilities tailored to serve large global customer base
- Solutions that leverage 3D data through AI-infused cloud platforms
- Creates best-in-class digital twins through automation and sensors

Excluding NewCo, Hexagon had approximately 19,600 employees as of September 30, 2024, and revenues of approximately EUR 4,408 million with an adjusted operating margin (EBIT1) of approximately 28% for the 12 months ended September 30, 2024.

NewCo

- Leading software provider to Fortune 500 companies
- World class portfolio of solutions to manage digital projects and assets
- Leverages the digital twin to improve project and operational efficiency

- Creates actionable intelligence from large data sets
- Poised to capitalise on structural trends towards asset optimisation

NewCo had approximately 5,000 employees as of September 30, 2024, and revenues of approximately EUR 980 million with an adjusted operating margin (EBIT1), before consideration of standalone costs, of approximately 35% for the 12 months ended September 30, 2024.¹

NewCo would be led by Mattias Stenberg who is currently President of Hexagon's ALI division. Since joining Hexagon in 2009, Mattias has held various key leadership roles including Chief Strategy Officer and has played a vital role in strengthening Hexagon's strategic direction.

"Hexagon has established itself as a leader in the technology sector, grounded in the understanding that its business is anchored in two distinct worlds: the physical and the digital. Hexagon's expertise lies in the precise capture and measurement of real-world data, utilising advanced AI technology to enhance and optimise the physical and digital environment. Meanwhile, NewCo focuses on the digital realm, initiating the world's most complex projects in the design phase with a data-centric digital twin approach.

We believe Hexagon and NewCo will increasingly move in different directions so operating both as standalone companies with a laser focus on each of their respective target markets and technologies will significantly strengthen competitive advantages and add value for both organisations." says Ola Rollén, Chairman of the Board for Hexagon.

"The potential separation of NewCo offers a unique opportunity to create two global leaders, each poised to thrive. For Hexagon, this means sharpening our focus on capturing and integrating real-time reality data into upstream software and AI-enabled autonomous platforms. This strategic shift will allow us to deliver more specialised solutions, improve capital efficiency, and unlock new growth opportunities. It positions Hexagon to accelerate innovation, empower employees, and create greater value for our customers and shareholders," said Paolo Guglielmini, President and CEO Hexagon.

"ALI has grown strategically from a design & engineering technology player into an industry-leading, internationally recognised digital solution provider to asset-centric industries. We have, in the last 7 years, more than doubled our revenue and established a compelling business with an acclaimed product portfolio. I believe additional focus and targeted investment would help further accelerate innovation and revenue growth." says Mattias Stenberg.

Process Details

Hexagon will provide additional information regarding the separation, spin-off and listing process, as well as future management team and board of directors for NewCo, at an appropriate time. It is the board's current expectation that the separation process will take 12 to 18 months to complete.

¹ As the exact scope of NewCo has not yet been finally determined, the actual results of NewCo, and Hexagon excluding NewCo, may vary from the preliminary unaudited figures reflected herein.

The separation, spin-off and listing would be subject to the approval of the board and shareholders, as well as being subject to other conditions and regulatory approvals. There can be no assurances a separation, spin-off or listing will occur.

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About Hexagon

Hexagon is the global leader in digital reality solutions, combining sensor, software and autonomous technologies. We are putting data to work to boost efficiency, productivity, quality and safety across industrial, manufacturing, infrastructure, public sector, and mobility applications. Our technologies are shaping production and people related ecosystems to become increasingly connected and autonomous – ensuring a scalable, sustainable future.

Hexagon's Asset Lifecycle Intelligence division is a significant software provider to Fortune 500 companies that helps clients design, construct, operate, maintain and secure more profitable, safe, and sustainable industrial facilities around the world. The division's core technologies help produce actionable insights that enable better decision-making and intelligence across the asset lifecycle of capital-intensive projects, leading to improvements in safety, quality, efficiency, and productivity, which contribute to Economic and Environmental Sustainability. Key solution areas include Design and Engineering (conceptual design and detailed engineering tools), Project Planning & Execution (construction, fabrication and supply chain management) and Operations & Maintenance (enterprise asset management, predictive maintenance and OT cyber security software).

Learn more at hexagon.com and follow us [@HexagonAB](https://twitter.com/HexagonAB).

Important information:

This is information that Hexagon AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:01 CET on 25 October 2024.

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This communication contains forward-looking statements. When used in this communication, words such as "anticipate", "believe", "estimate", "expect", "intend", "plan" and "project" are intended to identify forward-looking statements. They may involve risks and uncertainties, including technological advances in the measurement field, product demand and market acceptance, the effect of economic conditions, the impact of competitive products and pricing, foreign currency exchange rates and other risks. These forward-looking statements reflect the views of Hexagon's management as of the date made with respect to future events and are subject to risks and uncertainties. All of these forward-looking statements are based on estimates and assumptions made by Hexagon's management and are believed to be reasonable, though are inherently uncertain and difficult to predict. Actual results or experience could

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