

Press Release

Stockholm, Sweden, 1 April 2022

Hexagon announces financial adjustments related to business operations in Russia and the acquisition of ETQ

Hexagon AB, a global leader in digital reality solutions combining sensor, software and autonomous technologies, today announced financial adjustments related to a decision to freeze business operations in Russia and the completion of the acquisition of ETQ. Hexagon will take a one-off charge of approximately 63 MEUR which will impact the first quarter 2022. The majority relates to the freezing of operations in Russia, which includes both a write-off of assets in the balance sheet and personnel costs.

Freezing business operations in Russia

Due to circumstances following Russia's invasion of Ukraine, Hexagon has taken the decision to freeze all business activities in Russia. As previously communicated, Hexagon has already suspended all exports of hardware and software licenses to Russia and is now taking further steps to adapt to the current business situation. Given the uncertainty of the outlook, these steps are constantly under review and will be adjusted if the situation changes. About 2 per cent of Hexagon's annual turnover can be attributed to business in Russia, with approximately 200 people employed in the country.

Hexagon completes the acquisition of ETQ

ETQ is a leading provider of SaaS-based QMS (quality management system), EHS (environment, health and safety) and compliance management software. ETQ is expected to generate revenues of around 75 MUSD in 2022 with an adjusted operating margin of over 35 per cent (cash EBITDA margins of around 45 per cent). SaaS is expected to account for half of bookings in 2022 and has been growing at a trailing 3-year Compound Annual Growth Rate (CAGR) of 60 per cent. The transaction is expected to generate sales synergies of over 40 MUSD, with very strong incremental margins, by 2026. Completion of the transaction was subject to regulatory approvals and other customary closing conditions, which have now been obtained. ETQ will be consolidated as of 1 April 2022 and will operate within Hexagon's Manufacturing Intelligence division.

Transaction details

- Total purchase price of 1,200 MUSD on a cash and debt free basis
- The cash consideration is fully financed via existing and new debt facilities and the proforma net debt to EBITDA ratio based on the fourth quarter 2021, including the transaction, amounts to approximately 2.0

- Surplus values in the purchase price allocation (PPA) are estimated to be 250 MEUR and will be amortised over 13 years, beginning in the second quarter 2022
- A deferred revenue adjustment of 5 MEUR will impact the income statement over the next three quarters, beginning in the second quarter 2022

For further information, please contact:

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This is information that Hexagon AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 1 April 2022.

Hexagon is a global leader in digital reality solutions, combining sensor, software and autonomous technologies. We are putting data to work to boost efficiency, productivity, quality and safety across industrial, manufacturing, infrastructure, public sector, and mobility applications.

Our technologies are shaping production and people related ecosystems to become increasingly connected and autonomous – ensuring a scalable, sustainable future.

Hexagon (Nasdaq Stockholm: HEXA B) has approximately 22,000 employees in 50 countries and net sales of approximately 4.3bn EUR. Learn more at hexagon.com and follow us [@HexagonAB](https://twitter.com/HexagonAB).