

hms networks

Interim report 2021
January - March

First quarter

- Net sales for the first quarter reached SEK 455 m (361), corresponding to an increase of 26%. Currency translations had a negative effect of SEK 29 m on net sales
- Order intake was SEK 565 m (401), corresponding to an increase of 41%
- Operating profit reached SEK 114 m (67) equal to a 25.0% (18.5) operating margin
- Profit after taxes totalled SEK 94 m (48) and earnings per share was SEK 1.93 (1.01)
- Cash flow from operating activities amounted to SEK 132 m (55)

Last twelve months

- Net sales for the last twelve months reached SEK 1,560 m (1,500), corresponding to a 4% increase. Currency translations had a negative effect of SEK 51 m on net sales
- Order intake was SEK 1,611 m (1,484), corresponding to an increase of 9%
- Operating profit was SEK 335 m (250), equal to a 21.4% (16.7) operating margin
- Profit after taxes totalled SEK 266 m (212) and earnings per share was SEK 5.70 (4.56)
- Cash flow from operating activities amounted to SEK 447 m (257)

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

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When we close the first quarter of the year, we can report record results in all lines. The market has recovered faster than we previously expected, and we believe that 2021 has a good outlook.



Staffan Dahlström, CEO,
HMS Networks AB



Comment from the CEO

Full speed ahead!

At the end of last year, we saw a more positive market climate and an increased demand for HMS products. The increased demand has continued in the first quarter of 2021, even stronger than expected. We released preliminary figures on order intake, sales and profitability as early as April 8, and can now confirm and elaborate on this positive situation.

The quarter's order intake was very strong and amounted to SEK 565 m, an increase of 41% compared to the same period last year. This corresponds to an organic growth in order intake of 38%. It is particularly satisfying to see that order intake from all our brands is growing by at least 35%.

The significant increase in order intake is driven by a substantially stronger end market where business has returned after 18 months of lower investment climate and pandemic effects. In addition to the general market recovery, we see temporary effects as our customers rebuild inventories after a weak 2020. There is also an effect of increasing inventories to prepare for longer delivery times for electronic components, due to the semiconductor shortage situation. In total, these effects are estimated to have had a positive effect on orders of approximately SEK 60-70 m during the quarter, which we believe is non-recurring.

Sales in the first quarter also increased considerably and amounted to SEK 455 m, an increase of 26% (organic growth is 19%) compared to the corresponding period last year.

Despite continued currency headwinds and challenges in sourcing of components, increasing our purchasing costs, we can continue to show a positive development in our gross margin, which amounts to 64.0% (62.4%) for the quarter. The biggest effect behind the strong gross margin is the program that was implemented in 2020 with increased efficiency in operations and selective price increases.

The quarter's operating profit amounts to a record level of SEK 114 m, a significant improvement of 70% compared to the first quarter last year. The positive result is driven by sales growth in combination with good gross margins and continued low operational expenses, partly due to reduced travelling for our staff and reduced external activities due to the pandemic.

Cash flow continues to be strong at SEK 132 m (55) in the quarter, which has contributed to reducing our debt. At the end of the quarter, we had a net debt in relation to EBITDA, of 0.21 (1.13).

Strong recovery in our main markets

The biggest contributing factor to the strong quarter has been a continued recovery in our main markets – largely driven by Continental Europe, but China and Japan have also continued to develop well, and on the order side, USA has also shown record levels. Machine builders and device manufacturers in all segments have shown a strong demand for our product offerings.

Within Anybus, the German automotive industry, which is an important target group for Anybus sales, has accounted for a large part of the growth through its investments in conversion to electric car production.

Also, in Asia growth has been driven by Anybus, largely through the robotics and wind power industry, which takes Asia to new record levels both in terms of sales and order intake.

Procentec, which was acquired in the previous quarter, has continued to develop very well, with organic growth of 75% and sales of SEK 52 m, driven by a number of new key customers in Logistics.

Roll-out of the HMS 2025 strategy

During the quarter, we continued the work of implementing the HMS 2025 strategy, presented during the latter part of 2020. Among other things, we strengthened our resources within the important functions M&A and sustainability, two of the main areas in our new strategy.

After setting the wheels in motion last year, we have now begun further expansion in China and investments in other interesting markets in Southeast Asia.

In the near future, we will also make further investments in building our team for long-term organic growth in Industrial ICT (Information & Communication Technology), towards our goals in 2025: Revenue of more than SEK "π" (3.14) billion, to be CO2 net positive, and to reach our high ambitions for customer and employee satisfaction.

Positive outlook for 2021

The recovery has been somewhat faster than we previously expected, and although the first quarter has some positive non-recurring effects, we expect to see continued strong demand in 2021. Of course, there are still uncertainties about what happens with the pandemic, but we assess the risks as lower for each month that passes with more and more people vaccinated. Despite strong demand, we are able to deliver as usual, but we see that the strong order intake in combination with increasing lead times for sourcing semiconductor components means that we can expect certain delivery time increases for customers. The price situation for semiconductors is also expected to increase in the future. As previously communicated, we see increased interest in our offering within Remote Access, which we believe will continue to have a strong market even after the pandemic. We also estimate that our operational expenses will increase during the year with new investments and gradually better conditions for travelling and customer meetings.

We continue to work with a focus on long-term growth with a balanced cost level. In the long term, we continue to believe that the market for Industrial ICT (Information & Communication Technology) will be an interesting area, both in terms of organic growth and acquisitions.

+41%

Order intake

Q1

+26%

Net sales

Q1

25%

Operating margin

Q1

Order intake, net sales and earnings

First quarter

Order intake increased during the first quarter by 41% to SEK 565 m (401), of which currency translations affected by SEK -51 m (19). Procentec B.V., acquired in the fourth quarter of 2020, has contributed to order intake with SEK 61 m. The organic increase in order intake was 38%.

Net sales increased by 26% to SEK 455 m (361), of which currency translation effects were SEK -29 m (3). Procentec B.V. has contributed to net sales by SEK 52 m. The organic increase in net sales were 19%.

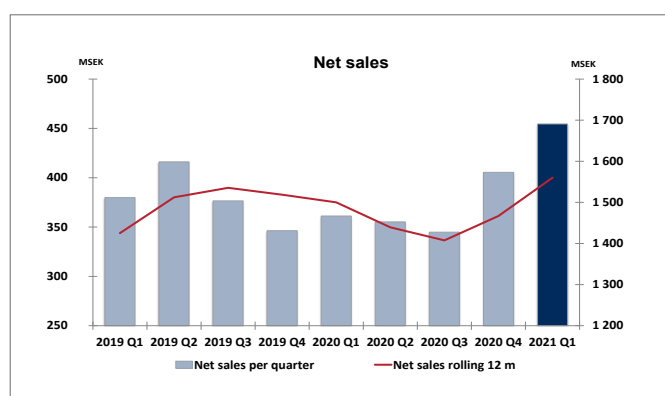
Gross profit reached SEK 291 m (225), corresponding to a gross margin of 64.0% (62.4). Operating expenses amounted to SEK 177 m (159), where of SEK 15 m corresponds to Procentec B.V. The organic change in operating expenses was 7%, corresponding to SEK 11 m.

Operating profit before depreciation/amortization and write-downs amounted to SEK 141 m (90), corresponding to a margin of 31.0%

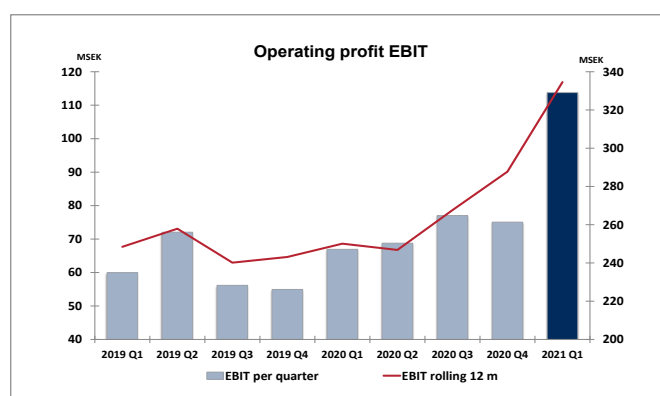
(25.0). Depreciations/amortizations and write-downs amounted to SEK 27 m (23). Operating profit amounted to SEK 114 m (67), corresponding to a margin of 25.0% (18.5). Currency translations affected the Group's operating profit by SEK -12 m (4). The acquired company Procentec B.V. has contributed to the operating profit for the quarter by SEK 16 m, including amortization of overvalue.

Net financials was SEK 1 m (-4), which gave a profit before tax of SEK 115 m (63).

Profit after tax amounted to SEK 94 m (48) and earnings per share before and after dilution was SEK 1.93 (1.01) and SEK 1.92 (1.01) respectively.



The graph shows turnover per quarter on the bars referring to the scale on the left axis. The line shows turnover for the latest 12 month period referring to the scale on the axis to the right.



The graph shows operating result EBIT per quarter. The bars refer to the scale on the left axis. The line shows operating result for the last 12 month period referring to the scale on the axis to the right.

Quarterly data	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Order intake (SEK m)	565	408	336	302	401	337	372	375
Net sales (SEK m)	455	405	345	355	361	346	377	416
Gross margin (%)	64.0	61.6	61.9	62.0	62.4	61.2	62.8	61.2
EBITDA (SEK m)	141	99	102	111	90	78	82	94
EBITDA (%)	31.0	24.3	29.4	31.2	25.0	22.6	21.7	22.6
EBIT (SEK m)	114	75	77	69	67	55	56	72
EBIT (%)	25.0	18.5	22.3	19.4	18.5	15.9	14.9	17.3
Cash flow from operating activities per share (SEK)	2.83	1.79	2.49	2.47	1.18	1.30	1.93	1.10
Earnings per share before dilution (SEK) ¹	1.93	1.21	1.33	1.24	1.01	1.46	0.98	1.10
Earnings per share after dilution (SEK) ¹	1.92	1.20	1.32	1.24	1.01	1.46	0.98	1.09
Equity per share (SEK)	27.08	25.75	24.62	23.60	22.49	21.06	19.88	19.42

¹ Attributed to parent company shareholders.

Cash flow, investments and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 151 m (84) for the first quarter of the year. Changes in working capital were SEK -19 m (-29), mainly explained by a combination of increased accounts receivable and decreased current assets. Cash flow from operating activities was thereby SEK 132 m (55).

Cash flow from investing activities was SEK -9 m (-14) which corresponds to investments in intangible and tangible assets of SEK -6 m (-14) and investments in financial assets of SEK -3 m (0).

Cash flow from financing activities was SEK -126 m (-29), which is mainly explained by a decrease in external loans of SEK -102 m (-15) and re-purchase of own shares by SEK -15 m (-6). Moreover, amortizations of lease liabilities claimed SEK -9 m (-9). This means that cash flow for the quarter was SEK -3 m (12).

Cash and cash equivalents and net debt

Cash and cash equivalents amounted to SEK 80 m (67) and unused credit facilities to SEK 419 m (203). Net debt amounted to SEK 96 m (390), whereof SEK 96 m (111) corresponds to lease liabilities. Net debt to EBITDA ratio for the last twelve months was 0.21 (1.13). Net debt/Equity ratio was 7% (36) and Equity/Assets ratio was 71% (59).

The HMS Networks AB share

HMS Networks AB (publ) is listed on the Nasdaq OMX Stockholm Mid Cap list, in the Information Technology sector. By the end of the period the total number of shares amounted to 46,818,868 of which 157,571 shares are held by the Company.

A list of the company's ownership structure can be found on the company's website (www.hms-networks.com).

Annual General Meeting and dividend

The shareholders of HMS Networks AB (publ), have been invited to the Annual General Meeting, which will be held on Friday, 23 April 2021. The Board of Directors has decided that the Annual General Meeting should be conducted by way of postal vote pursuant to temporary legislation being in effect in 2021. This means that the Annual General Meeting will be held without the physical presence of shareholders, representatives or third parties.

The Board proposes to the Annual General Meeting 2021 that an ordinary dividend of SEK 2.00 (-) per share will be paid for the 2020 fiscal year. Excluding shares held by the Company, this corresponds to a total of SEK 93 m (-). The dividend is proposed to be paid on one occasion with record date April 27, 2021.



Share savings program

The Company has four ongoing share saving programs today. Based on a decision by the Annual General Meetings permanent employees are offered to save in HMS shares in an annual share saving program. Between 41% and 52% of the employees opted to participate in the respective program. If certain criterias are met the Company is committed to give the participant a maximum of two HMS shares for every share saved by the employee. As of March 31, 2021, the total number of saved shares amounted to 87,770 (109,165) within ongoing programs.

On December 31, 2020 the share saving program from 2017 was finalized. During the first quarter of 2021, 47,345 shares, of which 17,973 performance shares, were distributed free of charge to the participants. Shares used for the allocation was own shares held by the Company.

The Parent Company

The Parent Company's operations are primarily focused on Group wide management and financing. Apart from the Group's CEO, the Parent Company has no employees. The operating profit for the first quarter amounted to SEK 0 m (0). The profit for the period amounted to SEK 0 m (6) after tax. Cash and cash equivalents amounted to SEK 2 m (1), external borrowing does not exist.

Related party transactions

No material transactions with related parties have occurred during the period.

Contingent liabilities

There have been no changes in the Group's contingent liabilities, described on page 101 in Note 39 of the Annual Report for 2020.

Significant events

Even though the corona pandemic is still ongoing, the negative effects for the HMS Group have been significantly reduced to a marginal impact on the business.

Subsequent events

There are no events that are to be considered significant after the end of the period until the signing of this interim report.

Outlook

The global economic development has continued to recover and the market situation for the company's products has improved. The company can no longer see that the effects of the corona pandemic have any significant impact on order intake and sales. Our delivery ability is good but may be affected by future shortages in semiconductors and other critical components in our products.

The HMS Group's long-term growth is supported by a continued inflow of Design-Wins, a broader product offering especially within the Industrial ICT, supplementary technology platforms from earlier acquisitions, and expansion of the HMS sales channels according to the existing strategy.

Risk management

The HMS Group is exposed to business and financial risks through its operations. These risks have been described at length in the Company's Annual Report 2020.

The corona pandemic is still ongoing and HMS monitors the development closely and is prepared to take further actions where necessary to reduce the negative effects on the business. The Group acts in accordance with decisions and recommendations from governments and authorities in each market and with the employees' health and well-being as the highest priority.

Audit review

This interim report has not been reviewed by the Company's auditors.

Accounting policies

HMS Group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), adopted by the EU. The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities, and the Swedish Annual Accounts Act.

The accounting principles applied conform to those described in the 2020 Annual Report (except the following description of cash flow hedging).

The Group hedges part of the forecasted inflow in foreign currency and reports the realized cash flow hedges (currency futures) as net sales in the income statement. In 2020, these were reported separately as net sales (inflow), cost of goods sold (outflow) and selling expenses (outflow) in the income statement.

Other new or revised IFRS standards or other IFRIC-interpretations that came into effect after January 1, 2021 have not had any significant impact on the Group's financial reports as of March 31, 2021.

HMS applies the European Securities and Market Authority's (ESMA) guidelines on alternative key indicators (measures that are not defined in accordance with IFRS).

Short about the company

Strategies

GROWTH STRATEGY – HMS Networks growth strategies include a combination of organic growth and acquisitions. Expansion in existing markets is done through a continuously improved and expanded product offering, often including new technology. This is combined with a high level of service and active investments in new sales channels globally. New markets are addressed with innovative and targeted solutions.

DEVELOPMENT STRATEGY – The Company's core competence is the broad and deep knowledge of industrial communication and IIoT, Industrial Internet of Things. A clear platform strategy ensures that all development centers within HMS are using core HMS technology.

PRODUCT STRATEGY – HMS offers solutions for industrial ICT (Information and Communication Technology) under the trademarks Anybus®, Ewon®, Ixxat® and Intesis®.

- Anybus – connection of automation products and machines to industrial networks and IIoT applications, through embedded network cards, gateways and wireless solutions
- Ewon – remote access, data collection, monitoring and control of machines as well as other industrial applications
- Ixxat – communication within machines and smart grids, solutions for functional safety as well as automotive testing
- Intesis – communication solutions for building automation, primarily within HVAC (heating, ventilation and air conditioning)

HMS also offers products and services for diagnostics, monitoring and troubleshooting of industrial networks via Procentec, as well as software solutions for intuitive visualization of data from industrial applications through WEBfactory.

PRODUCTION STRATEGY – Flexible low volume production in own factories in Halmstad, Nivelles and Igualada is combined with high volume production in Europe and Asia in close collaboration with carefully selected subcontractors.

MARKETING STRATEGY – HMS markets its solutions to several customer segments in the industrial value chain. Device manufacturers and machine builders are offered solutions that are tightly integrated into the customer's application. System integrators and end users are offered flexible infrastructure products that solve all kinds of communication problems in industrial systems and IIoT applications. HMS' most important market is still factory automation, but other important markets are energy and infrastructure, transport and logistics, and building automation.

SALES STRATEGY – HMS combines direct sales from own sales offices with sales through distribution. HMS has sales offices in key markets in 16 countries, complemented by a network of distributors and solution partners in more than 50 countries.

Business model

HMS has developed its business models by packaging technology into targeted solutions for each targeted customer group. With device manufacturers and machine builders, HMS signs long-term

framework agreements, so-called Design-Wins. This model is characterized by a relatively long sales cycle and design phase during which HMS' solutions are specified into the customer's application, after which long-term revenues are secured. The close collaboration gives HMS clear insight into the customer's future needs.

The business model towards system integrators is more traditional with a short sales cycle and manufacturing against customer orders or short-term forecasts. This sale is often handled by local distributors who are supported by HMS' sales and marketing organization.

Financial calendar

- Annual General Meeting will be held on April 23, 2021
- Half-year report will be published on July 14, 2021
- Third quarter report will be published on October 22, 2021
- Year-end report 2021 will be published on February 2, 2022

Halmstad April 23, 2021

Staffan Dahlström
Chief Executive Officer

Further information can be obtained by:
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Joakim Nideborn, CFO, +46 (0)35 710 6983

This information is such that HMS Networks AB (publ) is obliged to make public pursuant to the Securities Markets Act. The information was submitted for publication, through the contact persons set out above, at 08.00 CET on April 23, 2021.

Income statements

SEK millions	Q1 2021	Q1 2020	R12 2021	Q1-Q4 2020
Net sales	455	361	1,560	1,467
Cost of goods and services sold	-163	-136	-586	-558
GROSS PROFIT	291	225	974	909
Selling expenses	-81	-86	-307	-312
Administrative expenses	-36	-31	-128	-123
Research and development expenses	-60	-43	-197	-180
Other operating income ¹	-	1	11	12
Other operating expenses ²	0	-	-18	-18
OPERATING PROFIT	114	67	335	288
Financial income and expenses	1	-4	-8	-14
Profit before tax	115	63	326	274
Tax	-21	-15	-60	-54
PROFIT FOR THE PERIOD	94	48	266	220
Attributed to:				
Parent company shareholders	90	47	266	223
Non-controlling interests	4	0	0	-3
Earnings per share regarding profit attributed to parent company shareholders				
Before dilution. SEK	1.93	1.01	5.70	4.79
After dilution. SEK	1.92	1.01	5.68	4.77

¹ Of other operating income for the full year 2020, SEK 10 m corresponds to reversal of additional purchase price related to WEBfactory GmbH.

² Of other operating expenses for the full year 2020, SEK 14 m corresponds to a write-down of goodwill attributable to WEBfactory GmbH.

Statement of comprehensive income

SEK millions	Q1 2021	Q1 2020	R12 2021	Q1-Q4 2020
Profit for the period	94	48	266	220
Other comprehensive income:				
Items that may be reclassified subsequently to income statement				
Cash flow hedges	-15	-16	19	18
Hedging of net investments	-3	-18	26	12
Translation differences	20	62	-78	-37
Income tax relating to components of other comprehensive income	4	7	-9	-6
Other comprehensive income for the period, net of tax	6	35	-42	-13
Total comprehensive income for the period	99	82	224	207
Attributed to:				
Parent company shareholders	95	82	224	210
Non-controlling interests	4	0	1	-3

Balance sheets

SEK millions	Mar 31 2021	Mar 31 2020	Dec 31 2020
ASSETS			
Goodwill	915	916	902
Other intangible assets	271	302	278
Property, plant and equipment	40	45	42
Right-of-use assets	97	110	102
Deferred tax assets	4	4	4
Other long-term receivables	13	9	11
Total fixed assets	1,342	1,386	1,339
Inventories	150	153	158
Accounts receivable - trade	221	184	175
Other current receivables	40	67	73
Cash and cash equivalents	80	67	82
Total current assets	491	471	487
TOTAL ASSETS	1,833	1,856	1,826
EQUITY AND LIABILITIES			
Equity attributed to parent company shareholders	1,286	1,075	1,204
Non-controlling interests	21	13	17
Total Equity	1,307	1,088	1,220
Liabilities			
Non-current interest-bearing liabilities	78	334	177
Non-current lease liabilities	64	80	68
Deferred income tax liabilities	79	71	80
Total non-current liabilities	221	484	326
Current interest-bearing liabilities	2	12	1
Current lease liabilities	33	31	34
Accounts payable - trade	97	49	91
Other current liabilities	173	162	154
Total current liabilities	305	284	280
TOTAL EQUITY AND LIABILITIES	1,833	1,856	1,826

Cash flow statements

SEK millions	Q1 2021	Q1 2020	R12 2021	Q1-Q4 2020
Cash flow from operating activities before changes in working capital	151	84	424	357
Cash flow from changes in working capital	-19	-29	23	13
Cash flow from operating activities	132	55	447	370
Cash flow from investing activities ¹	-9	-14	-82	-88
Cash flow from financing activities	-126	-29	-345	-247
Cash flow for the period	-3	12	20	36
Cash and cash equivalents at beginning of the period	82	51	67	51
Translation differences in cash and cash equivalents	2	4	-7	-5
Cash and cash equivalents at end of period	80	67	80	82
Interest-bearing liabilities	176	457	176	278
Net debt	96	390	96	198

¹The acquisition of Procentec's impact on the Group's cash and cash equivalents, after deduction of Procentec's cash and cash equivalents, amounted to SEK -27 m in Q4 2020.

The acquisition of the remaining 25.1% of WEBfactory had an impact on the Group's cash and cash equivalents by SEK -13 m in Q4 2020.

Equity

Change in Group Equity, SEK millions	Mar 31 2021	Mar 31 2020	Dec 31 2020
Opening balance at January 1	1,204	998	998
Total comprehensive income for the period	95	82	210
Share-related payment	3	1	6
Repurchase of own shares	-15	-6	-6
Transactions with non-controlling interests	-	-	-6
Closing balance attributed to parent company shareholders	1,286	1,075	1,204
Opening non-controlling interest at January 1	17	12	12
Total comprehensive income for the period	4	0	-3
Non-controlling interest arising from acquisition of subsidiaries	-	-	16
Transactions with non-controlling interests	-	-	-8
Closing non-controlling interests	21	13	17
Closing balance	1,307	1,088	1,220

Financial accounts

	Q1 2021	Q1 2020	R12 2021	Q1-Q4 2020
Net increase in net sales (%)	25.8	-4.9	4.0	-3.4
Gross margin (%)	64.0	62.4	62.5	62.0
EBITDA (SEK m)	141	90	452	401
EBITDA (%)	31.0	25.0	29.0	27.4
EBIT excl acquisition-related costs (SEK m)	118	72	368	321
EBIT excl acquisition-related costs (%)	26.0	19.8	23.6	21.9
EBIT (SEK m)	114	67	335	288
EBIT (%)	25.0	18.5	21.4	19.6
Return on capital employed (%)	-	-	22.5	19.3
Return on Shareholder's equity (%)	-	-	22.5	19.9
Working capital in relation to sales (%)	-	-	9.5	10.5
Capital turnover rate	-	-	0.85	0.81
Net debt/equity ratio	0.07	0.36	0.07	0.16
Equity/assets ratio (%)	71.3	58.6	71.3	66.8
Investments in tangible fixed assets (SEK m)	1	2	5	6
Investments in right-of-use assets (SEK m)	3	2	24	24
Investments in intangible fixed assets (SEK m)	5	13	34	41
Depreciation of tangible fixed assets (SEK m)	-3	-3	-13	-13
Depreciation of right-of-use assets (SEK m)	-9	-8	-34	-34
Amortization of intangible fixed assets (SEK m)	-11	-12	-47	-48
<i>of which amortization of overvalues acquired</i>	-5	-5	-18	-18
<i>of which amortization of capitalized development costs</i>	-7	-7	-29	-29
Impairment of intangible fixed assets (SEK m)	-4	0	-23	-19
Number of employees (average)	661	612	626	614
Net sales per employees (SEK m)	0.69	0.59	2.5	2.4
Equity per share (SEK)	27.08	22.49	25.35	24.07
Cash flow from operations per share (SEK)	2.83	1.18	9.58	7.93
Total number of share average (thousands)	46,819	46,819	46,819	46,819
Holding of own shares average (thousands)	156	179	155	165
Total outstanding shares average (thousands)	46,663	46,640	46,663	46,654

Quarterly data

Division of net sales per brand SEK millions	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Anybus	214	191	184	212	211	184	213	251
Ixxat	47	42	43	40	43	42	42	44
Ewon	93	84	74	67	76	75	70	74
Intesis	31	33	33	27	21	34	29	28
Other ¹	69	55	11	9	10	11	22	19
Total	455	405	345	355	361	346	377	416

All brands are based on a common technology platform and are marketed and sold in common sales channels. Therefore, no complete segment follow-up is reported.

¹Net sales from Procentec are included in "Other" from Q4 2020.

Net sales per region SEK millions	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
EMEA	280	250	208	198	214	218	236	256
Americas	96	82	80	84	87	76	80	81
Asia	79	73	57	73	60	52	61	79
Total	455	405	345	355	361	346	377	416

Income statement SEK millions	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net sales	455	405	345	355	361	346	377	416
Gross profit	291	250	213	220	225	212	236	254
<i>Gross margin (%)</i>	<i>64.0</i>	<i>61.6</i>	<i>61.9</i>	<i>62.0</i>	<i>62.4</i>	<i>61.2</i>	<i>62.8</i>	<i>61.2</i>
Operating profit	114	75	77	69	67	55	56	72
<i>Operating margin (%)</i>	<i>25.0</i>	<i>18.5</i>	<i>22.3</i>	<i>19.4</i>	<i>18.5</i>	<i>15.9</i>	<i>14.9</i>	<i>17.3</i>
Profit before tax	115	70	73	69	63	47	55	70

Parent company's income statement

SEK millions	Q1 2021	Q1 2020	R12 2021	Q1-Q4 2020
Net sales	3	4	16	16
Gross profit	3	4	16	16
Administrative expenses	-3	-4	-16	-16
Operating profit	-	-	0	0
Profit from participations in subsidiaries	-	-	29	29
Interest income/ expenses and similar items	-	6	-2	4
Profit before tax	-	6	27	33
Tax	0	-	-1	-1
Profit for the period	0	6	26	32

Parent company's balance sheet

SEK millions	Mar 31 2021	Mar 31 2020	Dec 31 2020
ASSETS			
Financial assets	337	337	337
Total financial assets	337	337	337
Receivables from Group companies	-	102	-
Other receivables	1	1	1
Cash and cash equivalents	2	1	2
Total current assets	3	103	3
TOTAL ASSETS	340	441	340
EQUITY AND LIABILITIES			
Equity	310	229	325
Current liabilities			
Accounts payable - trade	0	0	1
Liabilities to Group companies	25	136	6
Other current liabilities	6	5	8
Total current liabilities	31	142	15
TOTAL EQUITY AND LIABILITIES	340	441	340

Definitions

AVERAGE NUMBER OF OUTSTANDING SHARES

The average number of registered shares less repurchased own shares that are held as treasury shares.

CAPITAL EMPLOYED

Total assets less non-interest-bearing current liabilities, provisions, and total deferred tax liabilities.

CAPITAL TURNOVER

Net sales in relation to average balance sheet total.

CASH FLOW FROM OPERATING ACTIVITIES PER SHARE

Cash flow from operating activities in relation to the average number of outstanding shares.

EARNINGS PER SHARE, UNDILUTED

Share of the profit after tax attributable to the parent company shareholders in relation to the average number of outstanding shares.

EARNINGS PER SHARE, DILUTED

Share of the profit after tax attributable to the parent company shareholders in relation to the average number of outstanding shares plus an adjustment for the average number of shares that are added when converting the outstanding number of convertibles and options.

EBIT

Operating income according to income statement.

EBIT EXCL ACQUISITION-RELATED COSTS

Operating income excluding amortization and impairment of acquired overvalues and goodwill as well as acquisition-related transaction costs.

EBITDA

Operating profit excluding depreciation, amortization and impairment of tangible and intangible assets.

EQUITY PER SHARE

Average equity attributable to the Parent Company's shareholders divided by the number of outstanding shares at the end of the period.

EQUITY/ASSETS RATIO

Shareholders' equity in relation to total assets.

FINANCIAL ASSETS

Long-term and short-term financial receivables plus cash and cash equivalents.

NET DEBT

Long-term and current interest-bearing financial liabilities less financial assets.

NET DEBT/EQUITY RATIO

Net debt in relation to Shareholders' equity.

NUMBER OF OUTSTANDING SHARES

The number of registered shares, less repurchased own shares that are held as treasury shares.

OPERATING MARGIN

Operating profit in relation to net sales.

ORGANIC CHANGE

Change in order intake, net sales and operating expenses excluding increase attributable to acquisitions, converted to the previous year's exchange rates and calculated as a percentage of the previous year's figures. Amounts from acquired companies are included in the calculation of organic change from the first turn of the month, which falls 12 months after the acquisition date.

RETURN ON CAPITAL EMPLOYED

Profit after financial income in relation to the average capital employed.

RETURN ON SHAREHOLDER'S EQUITY

Share of the profit after tax attributable to the parent company shareholders in relation to the average of Shareholder's equity.

WORKING CAPITAL

Current assets less cash and cash equivalents and current liabilities calculated on average values.

Alternative key ratios

HMS presents certain financial measures in the interim report that has not been defined in accordance with IFRS. The company considers that these measures provide valuable additional information for investors and the company's management, as they enable the evaluation of relevant trends and the company's performance.

As not all companies calculate financial measures in the same way, these are not always comparable with the measures used by other companies. These financial measures should therefore not be viewed as substitutes for IFRS-defined measures, unless otherwise stated.

EBITDA

EBITDA is a measure of the underlying operational activities and an indicator of cash flow.

SEK millions	Q1 2021	Q1 2020	R12 2021	Q1-Q4 2020
Operating profit	114	67	335	288
Depreciation of tangible fixed assets (incl right-of-use assets)	12	11	47	46
Amortization of intangible fixed assets	11	12	47	48
Impairment of intangible fixed assets	4	-	23	19
EBITDA	141	90	452	401
Net sales	455	361	1,560	1,467
EBITDA (%)	31.0	25.0	28.9	27.4

EBIT excl acquisition-related costs

EBIT before amortization and impairment of acquired overvalues and goodwill and transaction costs is a value that the company uses to describe how the operating activities develop and perform without the impact of acquisition-related costs.

SEK millions	Q1 2021	Q1 2020	R12 2021	Q1-Q4 2020
Operating profit	114	67	335	288
Amortization of acquired overvalues	5	5	19	19
Impairment of acquired goodwill	-	-	14	14
Acquisition-related transaction costs	-	-	1	1
EBIT excl acquisition-related costs	118	72	368	321
Net sales	455	361	1,560	1,467
EBIT excl acquisition-related costs (%)	26.0	19.8	23.6	21.9

HMS Networks AB (publ) is a market-leading provider of solutions in industrial information and communication technology (Industrial ICT). HMS develops and manufactures products under the Anybus®, Ixxat®, Ewon® and Intesis® brands. Development takes place at the headquarter in Halmstad and also in Ravensburg, Nivelles, Igualada, Wetzlar Buchen and Delft. Local sales and support are handled by branch offices in Germany, USA, Japan, China, Singapore, Italy, France, Spain, the Netherlands, India, UK, Sweden, South Korea and UAE, as well as through a worldwide network of distributors and partners. HMS employs over 700 people and reported sales of SEK 1,467 million in 2020. HMS is listed on the NASDAQ OMX in Stockholm, category Mid Cap, Information Technology.

The HMS logo is centered in the image. It consists of the letters 'Hms' in a bold, dark blue, sans-serif font. Above and below the letters are two parallel red diagonal bars. A stream of orange binary code (0s and 1s) flows from the top right, passing through the logo, and continues downwards.

Hms

Our vision

To become the World's greatest industrial ICT company.
(ICT = Information & Communication Technology.)

Our mission

We enable valuable data and insights from industrial equipment allowing our customers to increase productivity and sustainability.