

# HMS Networks

Interim report 2023  
January - March



## First quarter

- Net sales for the first quarter reached SEK 773 m (517), corresponding to an increase of 49%. Currency translations had a positive effect of SEK 41 m on net sales
- Order intake was SEK 682 m (857), corresponding to a decrease of 20%
- Operating profit reached SEK 211 m (139, adjusted operating profit previous year 112), equal to a 27.4% (26.9, adjusted 21.7) operating margin
- Profit after tax totalled SEK 172 m (112, adjusted profit after tax previous year 86). Earnings per share was SEK 3.70 (2.41, adjusted 1.84)
- Cash flow from operating activities amounted to SEK 155 m (80)
- Acquisition of additional 20% of the shares in Owasys Advanced Wireless Devices S.L.

## Last twelve months

- Net sales for the last twelve months reached SEK 2,762 m (2,034), corresponding to a 36% increase. Currency translations had a positive effect of SEK 177 m on net sales
- Order intake was SEK 2,889 m (2,830), corresponding to an increase of 2%
- Operating profit reached SEK 725 m (471, adjusted operating profit previous year 444), equal to a 26.2% (23.1, adjusted 21.8) operating margin
- Profit after tax totalled SEK 568 m (381, adjusted profit after tax previous year 354). Earnings per share was SEK 12.17 (8.09, adjusted 7.52)
- Cash flow from operating activities amounted to SEK 506 m (456)

# CEO comments

## STRONG START TO THE YEAR WITH NEW RECORD SALES

During the quarter, we have seen an improved delivery situation for critical components and semiconductors which enabled us to increase our delivery capacity. With better access to components and our increased production capacity, we once again succeeded in breaking a new sales record in the quarter with a turnover of SEK 773 million (517). This corresponds to an organic growth of 40% compared to the corresponding period last year.

The improved availability of components also means that our customers no longer see the same need to build up their buffer stocks. The quarter began with a strong order intake with several long-term orders, to be followed by a slightly weaker development in line with some customers starting to reduce their buffer stocks. This means, as expected, a slowdown in new orders compared to last year's unusually strong first quarter that contained early orders to cater for long delivery lead times. Overall, we assess that the reported order intake, which amounts to SEK 682 million (857), is in on par with our customers' underlying demand.

Overall, the quarter's somewhat slower order intake and strong invoicing gives a "book-to-bill" of 0.88, which we think is a healthy pace to reduce our historically large order book.

## SLIGHT SLOWDOWN IN EUROPE AND ASIA - STABILIZATION IN THE US

During the first quarter of 2022, we had a large amount of early orders, and in that comparison, we see a lower order intake on all markets. In Europe, we see a cautious slowdown in industrial automation generally driven by lower demand from the automotive industry and warehouse logistics, but a strong development in building automation.

In Asia, we are starting to see inventory adjustments at some of our major customers in Japan and China.

In the US, where we saw a slight slowdown in late 2022, we now see demand stabilizing with growth in both order intake and sales.

## NEW RECORD RESULT AND GROSS MARGIN

The work with price adjustments in our product portfolio together with investments in our production systems continues to have a positive impact on our profitability. In the quarter, our gross margin amounted to 64.8% (61.8) driven by a combination of a favorable currency situation, increasing production volumes and price adjustments towards customers.

Our operating expenses increased to SEK 290 million (207), corresponding to an organic increase of 33%. The large OPEX increase is partly driven by high wage inflation, partly by a continued expansion of our sales and marketing organization while we are also in an intensive phase of changing our ERP (Enterprise Resource Planning) system.

Overall, we reached a new record result for the quarter with an operating profit of SEK 211 million (112, adjusted operating profit) corresponding to an operating margin of 27.4% (21.7).

The quarter's cash flow amounted to SEK 155 million (80), which is almost double compared to the previous year. With that, our cash

exceeds our interest-bearing net debt, which makes us well equipped for continued expansion.

## PROCENTEC INTEGRATED INTO HMS

In 2022, we acquired the remaining 30% of the shares in Procentec. During the past year, we have worked on integrating Procentec into the HMS organization including changing the brand to Anybus. This re-branding was recently launched at the Hannover Fair and charges our well-established Anybus brand even further.

## MARKETING AFTER THE PANDEMIC

Our marketing activities were largely digital even before Covid, but with the pandemic it really took a leap forward. Nowadays, webinars, video, web, search engines and social media are our main channels for finding new customers and have proven to be excellent tools for generating high quality leads. Despite that, the personal meeting is still important to us and our customers as many of our business relationships span over a long time. We therefore prioritize being present at fairs, events and meetings in our most important markets.

## OUTLOOK

With a continued strong order book of SEK 1.3 billion, we are in a continued good position for growth in 2023. We expect to gradually reduce our order book in the coming quarters in connection with parts of the customers' pre-purchase orders being normalized as an effect of improved component availability and shorter lead times.

Customers' willingness to invest in digitization, productivity improvements and sustainability is high and the underlying demand is still considered to be good, even if there are some concerns linked to how the industry will be affected by weaker consumer purchasing power, increasing energy costs and the complicated macro political situation.

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



*"We are in an exciting and intense period with changes to business systems and improvements to our internal processes to meet the expected expansion in the coming years" say Erika Malmberg, Accounting and Sandra Johansson, Tax & Compliance Manager to Staffan Dahlström*

**-20%**

Order intake  
Q1

**+49%**

Net sales  
Q1

**27%**

Operating margin  
Q1

# Order intake, net sales and earnings

## FIRST QUARTER

Order intake decreased during the first quarter by 20% to SEK 682 m (857), of which currency translations amounted to SEK -4 m (37). The organic decrease in order intake was 20%.

Net sales increased by 49% to SEK 773 m (517), of which currency translation effects were SEK 41 m (22). The organic increase in net sales was 40%.

Gross profit reached SEK 501 m (319), corresponding to a gross margin of 64.8% (61.8). Operating expenses amounted to SEK 290 m (208). The organic increase in operating expenses was 33%, corresponding to SEK 69 m, mostly related to increased sales and marketing initiatives and costs related to IT and change of business system.

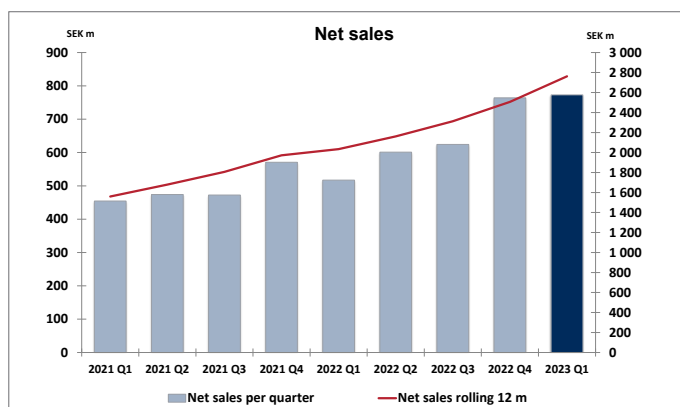
Operating profit before depreciation/amortization and write-downs amounted to SEK 241 m (165), corresponding to a margin of 31.2% (31.9). Depreciations/amortizations and write-downs amounted to

SEK 30 m (26). Operating profit amounted to SEK 211 m (139), corresponding to a margin of 27.4% (26.9). Currency translations affected the Group's operating profit by SEK 8 m (6).

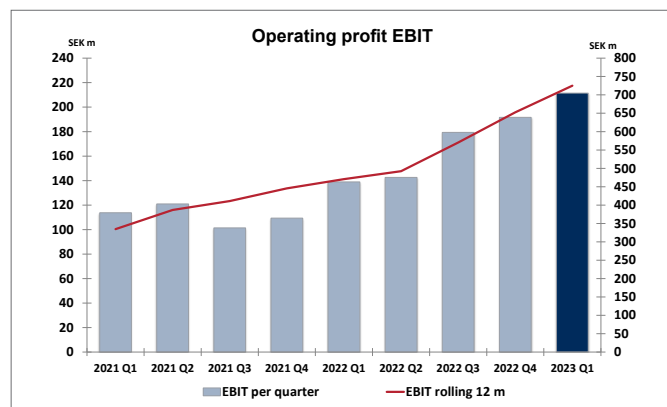
Included in the operating profit, in the previous year, was a positive effect of SEK 27 m, related to the revaluation of option debt for Procentec. Adjusted operating profit for the previous year amounted to SEK 112 m, corresponding to a margin of 21.7%.

Net financials were SEK 2 m (-4), which resulted in a profit before tax of SEK 213 m (135).

Profit after tax amounted to SEK 172 m (112) and earnings per share before and after dilution was SEK 3.70 (2.41) and SEK 3.69 (2.40) respectively. Adjusted profit after tax for the previous year amounted to SEK 86 m and adjusted earnings per share was SEK 1.84.



The graph shows net sales per quarter on the bars referring to the scale on the left axis. The line shows net sales 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 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Order intake (SEK m)	682	718	675	815	857	699	669	606
Net sales (SEK m)	773	764	624	601	517	571	472	474
Gross margin (%)	64.8	63.6	63.6	62.2	61.8	60.8	61.4	63.7
EBITDA (SEK m)	241	225	204	167	165	133	126	147
EBITDA (%)	31.2	29.4	32.7	27.7	31.9	23.4	26.6	31.1
EBIT (SEK m)	211	192	179	143	139	109	101	121
EBIT (%)	27.4	25.1	28.7	23.7	26.9	19.2	21.5	25.5
Cash flow from operating activities per share (SEK)	3.32	3.80	2.52	1.21	1.71	2.22	3.16	2.69
Earnings per share before dilution (SEK) <sup>1</sup>	3.70	3.25	2.90	2.33	2.41	1.85	1.81	2.02
Earnings per share after dilution (SEK) <sup>1</sup>	3.69	3.24	2.89	2.33	2.40	1.84	1.80	2.01
Equity per share (SEK)	35.64	32.54	28.91	27.27	26.27	24.32	25.67	27.98

<sup>1</sup> Attributed to parent company shareholders.

# Cash flow, investments and financial position

## FIRST QUARTER

Cash flow from operating activities before changes in working capital amounted to SEK 225 m (130) for the first quarter of the year. Changes in working capital were SEK-70 m (-50) which mainly corresponds to increased inventory to ensure a good delivery capacity and increased accounts receivable. Cash flow from operating activities was thereby SEK 155 m (80).

Cash flow from investing activities was SEK-77 m (-11) which mainly corresponds to acquisition of subsidiaries of SEK-49 m (-) and investments in intangible and tangible assets of SEK-25 m (-11). Changes of financial fixed assets was SEK-3 m (-).

Cash flow from financing activities was SEK-67 m (-44) which is mainly explained by changes in external loans of SEK-41 m (-) and amortizations of lease liabilities by SEK-13 m (-9). Repurchase of own shares has been made by SEK-13 m (-34). This means that cash flow for the quarter was SEK 10 m (25).

## Cash and cash equivalents and net debt

Cash and cash equivalents amounted to SEK 157 m (197) and unused credit facilities to SEK 436 m (495). Net debt amounted to SEK 383 m (299) and mainly consists of lease liabilities of SEK 274 m (80). Net debt also consists of external loans of SEK 105 m (-) and a debt corresponding to expected exercise price on option, in total SEK 127 m (365).

Net debt to EBITDA ratio for the last twelve months was 0.46 (0.52). Net debt/Equity ratio was 22% (23) and Equity/Assets ratio was 59% (57).

## The HMS Networks AB share

HMS Networks AB (publ) is listed on the Nasdaq OMX Stockholm Large Cap list, in the sector Telecommunications. By the end of the period the total number of shares amounted to 46,818,868 of which 162,880 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](http://www.hms-networks.com)).

## Annual General Meeting and dividend

The Annual General Meeting will be held at the Company's premises on Tuesday, April 25, 2023 at 10.30 CET. The Board proposes to the Annual General Meeting 2023 that an ordinary dividend of SEK 4.00 (3.00) per share will be paid for the 2022 fiscal year. Excluding shares held by the Company, this corresponds to a total of SEK 187 m (140). The dividend is proposed to be paid on one occasion with record date April 27, 2023.

## Share savings program

The company has four ongoing share savings programs. Based on a decision by the Annual General Meetings, permanent employees are offered to save in HMS shares in an annual share savings program. Between 41% and 56% of the employees opted to participate in the respective program. If certain criteria are met the company is

committed to distribute a maximum of two HMS performance shares for every share saved by the employee, to the participant. As of March 31, 2023, the total number of saved shares amounted to 57,839 (65,456) within ongoing programs.

On December 31, 2022 the share savings program from 2019 was finalized. During the first quarter of 2023, 46,440 performance shares, were distributed free of charge to the participants. Shares used for the allocation were 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 quarter amounted to SEK 1 m (0). The profit after tax for the quarter was SEK 1 m (0). Cash and cash equivalents amounted to SEK 2 m (3) and 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 93 in Note 37 of the Annual Report for 2022.

## Significant events

### ADDITIONAL ACQUISITION OF OWASYS

January 4 2023, HMS acquired an additional 20% of all shares in Owasys Advanced Wireless Devices S.L., by exercising the existing option. The acquisition was financed through use of the existing credit facility. Ownership after the acquisition is 80% of all the shares in Owasys.

HMS has a put option related to the remaining 20% of the shares in Owasys, which is likely to be exercised. As a result of the option, HMS recognize the acquisition of the shares in Owasys as if the company were wholly owned without minority and a liability corresponding to the discounted expected exercise price for the option. The liability for the remaining shares is valued at SEK 127 m.

## 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

With a continued strong order book HMS has a continued good position to deliver further growth in 2023. The Group expect to gradually reduce the order book in the coming quarters in connection with parts of the customers' pre-purchase orders being normalized as an effect of improved component availability and shorter lead times.

Customers' willingness to invest in digitization, productivity improvements and sustainability is high and the underlying demand is still considered to be good, even if there are some concerns linked to how the industry will be affected by weaker consumer purchasing power, increasing energy costs and the complicated micro political situation.

HMS continue to work with a focus on long-term growth based on a



balanced view of the Group's costs. In the long term, the company believe that the market for Industrial ICT (Information & Communication Technology) will be an interesting area, both in terms of organic growth and acquisitions.

## 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 2022. In addition, no significant risks are considered to have arisen.

## 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 2022 Annual Report, with exception of the below addendum.

HMS holds option liabilities for acquisitions which have previously been assessed as financial instruments reported at fair value through profit and loss. As of January 1, 2023, such put options are reported at the present value of expected future cash outflow to settle the put option. Changes in this valuation are reported directly in equity.

Put options issued to owners with a minority interest are related to agreements that give the minority owner the right to sell the holding in the company to HMS at a future time when the option can be redeemed. The amount to be paid if the option expires is recorded at the present value of future settlement as a financial liability. Thus, HMS reports no minority interest within the framework of equity. Instead, the debt is revalued on an ongoing basis using the group's best assessment of the expected outcome and changes are reported directly against equity.

Other new or revised IFRS standards or other IFRIC-interpretations that came into effect after January 1, 2023 have not had any significant impact on the Group's financial reports as of March 31, 2023.

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

## HMS in short

### STRATEGIES

**GROWTH STRATEGY** – HMS' growth strategy is a combination of organic growth and acquisitions. Expansion in existing markets is done through a continuously improved and expanded product offering. 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** – HMS' 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 centres within HMS are using core HMS technology.

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

- Anybus – connecting automation products and machines to industrial networks and IIoT applications, through embedded network cards, gateways and wireless solutions. Also industrial network diagnostics
- 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 solutions for wireless communication in mobile industrial applications through Owasys.

**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 segment 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 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 17 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 integrated into the customer's application, ensuring long-term revenue. 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 25, 2023
- Half-year report will be published on July 14, 2023
- Third quarter report will be published on October 18, 2023
- Year-end report 2023 will be published on January 26, 2024

## Conference call

**APRIL 18, 2023 (09.00 CET)**

President and CEO Staffan Dahlström and CFO Joakim Nideborn present the first quarter report 2023.

For link to the webcast, go to:

<https://www.hms-networks.com/sv/aktieagare>

Halmstad April 18, 2023

Staffan Dahlström

Chief Executive Officer

Further information can be obtained by:

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This information is such that HMS Networks AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the contact persons set out above, at 07.30 CET on April 18, 2023.

## Consolidated income statement in summary

SEK millions	Q1 2023	Q1 2022	R12 2023	Q1-Q4 2022
Net sales	773	517	2,762	2,506
Cost of goods and services sold	-272	-198	-1,004	-930
<b>GROSS PROFIT</b>	<b>501</b>	<b>319</b>	<b>1,758</b>	<b>1,577</b>
Selling expenses	-136	-97	-496	-457
Administrative expenses	-72	-41	-243	-212
Research and development expenses	-79	-61	-279	-261
Other operating income <sup>1</sup>	-	27	7	34
Other operating expenses	-3	-8	-22	-27
<b>OPERATING PROFIT</b>	<b>211</b>	<b>139</b>	<b>725</b>	<b>653</b>
Financial income and expenses	2	-4	-23	-28
Results from associated companies	0	0	-1	-1
<b>Profit before tax</b>	<b>213</b>	<b>135</b>	<b>701</b>	<b>623</b>
Tax	-40	-23	-133	-116
<b>PROFIT FOR THE PERIOD</b>	<b>172</b>	<b>112</b>	<b>568</b>	<b>508</b>
Earnings per share regarding profit attributed to parent company shareholders:				
Before dilution (SEK)	3.70	2.41	12.17	10.89
After dilution (SEK)	3.69	2.40	12.14	10.85

<sup>1</sup> During the first quarter 2022, the Group reports non-taxable operating income of SEK 27 m, regarding revaluation of option debt related to Procentec.

## Consolidated statement of comprehensive income in summary

SEK millions	Q1 2023	Q1 2022	R12 2023	Q1-Q4 2022
Profit for the period	172	112	568	508
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to income statement:</b>				
Cash flow hedges	6	3	-5	-8
Hedging of net investments	-1	-	-18	-16
Translation differences	17	13	112	108
Income tax relating to components of other comprehensive income	-1	0	5	5
<b>Other comprehensive income for the period, net of tax</b>	<b>21</b>	<b>15</b>	<b>94</b>	<b>89</b>
<b>Total comprehensive income for the period attributed to parent company shareholders</b>	<b>194</b>	<b>128</b>	<b>662</b>	<b>597</b>

# Consolidated balance sheet in summary

SEK millions	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
<b>ASSETS</b>			
Goodwill	1,131	1,043	1,120
Other intangible assets	290	278	290
Property, plant and equipment	82	43	69
Right-of-use assets <sup>2</sup>	276	84	164
Deferred tax assets	24	20	22
Shares in associated companies	14	15	14
Other long-term receivables	18	14	15
<b>Total fixed assets</b>	<b>1,835</b>	<b>1,496</b>	<b>1,693</b>
Inventories	389	223	362
Accounts receivable - trade	433	269	412
Other current receivables	118	67	119
Cash and cash equivalents	157	197	114
<b>Total current assets</b>	<b>1,096</b>	<b>757</b>	<b>1,037</b>
<b>TOTAL ASSETS</b>	<b>2,931</b>	<b>2,253</b>	<b>2,730</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributed to parent company shareholders	1,716	1,273	1,610
<b>Total Equity</b>	<b>1,716</b>	<b>1,273</b>	<b>1,610</b>
<b>Liabilities</b>			
Interest-bearing liabilities	117	13	114
Non interest-bearing liabilities <sup>1</sup>	130	119	113
Lease liabilities <sup>2</sup>	217	47	118
Deferred income tax liabilities	83	83	89
<b>Total non-current liabilities</b>	<b>547</b>	<b>263</b>	<b>434</b>
Interest-bearing liabilities	1	1	36
Non interest-bearing liabilities	16	282	21
Lease liabilities <sup>2</sup>	58	33	42
Accounts payable - trade	248	152	243
Other current liabilities	345	248	343
<b>Total current liabilities</b>	<b>667</b>	<b>717</b>	<b>686</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,931</b>	<b>2,253</b>	<b>2,730</b>

<sup>1</sup>December 31, 2022, SEK 98 m is referred to the expected exercise price of options related to the remaining shares in Owasy S.L. On December 31, 2023, the item refers to exercise price of a new option for Owasy of SEK 127 m.

<sup>2</sup>Increased Right-of-use assets and lease liabilities during 2023 refers to renegotiated rental agreement in Germany and Belgium. Increased Right-of-use assets during 2022 refers to renegotiated rental agreement in Sweden.



## Consolidated cash flow statement in summary

SEK millions	Q1 2023	Q1 2022	R12 2023	Q1-Q4 2022
Cash flow from operating activities before changes in working capital	225	130	743	647
Cash flow from changes in working capital	-70	-50	-237	-216
<b>Cash flow from operating activities</b>	<b>155</b>	<b>80</b>	<b>506</b>	<b>431</b>
Cash flow from investing activities <sup>1</sup>	-77	-11	-432	-366
Cash flow from financing activities	-67	-44	-122	-99
<b>Cash flow for the period</b>	<b>10</b>	<b>25</b>	<b>-48</b>	<b>-34</b>
Cash and cash equivalents at beginning of the period	144	172	197	172
Translation differences in cash and cash equivalents	2	0	8	6
<b>Cash and cash equivalents at end of period</b>	<b>157</b>	<b>197</b>	<b>157</b>	<b>144</b>
Interest-bearing and Non-interest-bearing liabilities <sup>2</sup>	539	496	539	444
<b>Net debt</b>	<b>383</b>	<b>299</b>	<b>383</b>	<b>300</b>

<sup>1</sup> The acquisition of the remaining shares in Procentec's impact on the Group's cash and cash equivalents was SEK -266 m in Q2, 2022.

<sup>2</sup> Non-interest-bearing liabilities refers to additional purchase price and option debt related to Owasy.

## Consolidated changes of Equity in summary

Change in Group Equity, SEK millions	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Opening balance at January 1	1,610	1,177	1,177
Total comprehensive income for the period	194	128	597
Share-related payment	3	2	10
Repurchase of own shares	-13	-34	-34
Put option <sup>1</sup>	-77	-	-
Dividend	-	-	-140
<b>Closing balance attributed to parent company shareholders</b>	<b>1,716</b>	<b>1,273</b>	<b>1,610</b>

<sup>1</sup> HMS holds an option liability for acquisitions which have previously been measured as financial instruments reported at fair value through profit or loss. As of January 1, 2023, such put options are reported at the present value of expected future cash outflow to settle the put option. Changes in this valuation are reported directly in the equity.

# Key ratios

	Q1 2023	Q1 2022	R12 2023	Q1-Q4 2022
Net increase in net sales (%)	49.5	13.8	35.8	27.1
Gross margin (%)	64.8	61.8	63.7	62.9
EBITDA (SEK m)	241	165	836	760
EBITDA (%)	31.2	31.9	30.3	30.3
EBIT excl acquisition-related costs (SEK m)	216	144	747	675
EBIT excl acquisition-related costs (%)	27.9	27.9	27.0	26.9
EBIT (SEK m)	211	139	725	653
EBIT (%)	27.4	26.9	26.2	26.0
Return on capital employed (%)	-	-	37.6	35.7
Return on shareholder's equity (%)	-	-	38.9	37.6
Working capital in relation to sales (%)	-	-	9.5	8.7
Capital turnover rate	-	-	1.08	1.04
Net debt/equity ratio	0.22	0.23	0.22	0.19
Equity/assets ratio (%)	58.6	56.5	58.6	59.0
Investments in tangible fixed assets (SEK m)	15	1	47	34
Investments in right-of-use assets (SEK m) <sup>1</sup>	72	3	177	108
Investments in intangible fixed assets (SEK m)	10	10	50	49
Depreciation of tangible fixed assets (SEK m)	-5	-3	-14	-13
Depreciation of right-of-use assets (SEK m)	-12	-8	-44	-41
Amortization of intangible fixed assets (SEK m)	-13	-12	-48	-47
<i>of which amortization of overvalues acquired</i>	-4	-5	-21	-22
<i>of which amortization of capitalized development costs</i>	-8	-6	-27	-25
Impairment of intangible fixed assets (SEK m)	0	-2	-5	-7
Number of employees (average)	789	716	745	726
Net sales per employees (SEK m)	0.98	0.72	3.7	3.5
Equity per share (SEK)	35.64	26.27	31.27	28.97
Cash flow from operations per share (SEK)	3.32	1.71	10.85	9.24
Total number of share average (thousands)	46,819	46,819	46,819	46,819
Holding of own shares average (thousands)	170	170	174	174
Total outstanding shares average (thousands)	46,649	46,649	46,645	46,645

<sup>1</sup> Increased Right-of-use assets during 2023 refers to renegotiated rental agreement in Germany and Belgium. Increased Right-of-use assets during 2022 refers to renegotiated rental agreement in Sweden.

## Quarterly data

Division of net sales per brand SEK millions	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Anybus	440	431	364	326	305	332	279	285
Ixxat	62	60	61	67	46	51	53	41
Ewon	157	143	114	134	103	121	78	100
Intesis	56	49	39	49	41	34	34	34
Other <sup>1</sup>	59	81	45	25	22	33	29	13
<b>Total</b>	<b>773</b>	<b>764</b>	<b>624</b>	<b>601</b>	<b>517</b>	<b>571</b>	<b>472</b>	<b>474</b>

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.

<sup>1</sup>Net sales in "Other" includes Owasy from Q3 2021. Previously, net sales regarding Proctentec has also been included in "Other" but due to the integration of Proctentec into the Anybus brand from 2023, earlier quarters has been updated for comparability.

Net sales per region SEK millions	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
EMEA	463	486	378	372	320	349	296	285
Americas	165	148	127	117	100	136	96	107
APAC	145	130	119	111	97	86	80	82
<b>Total</b>	<b>773</b>	<b>764</b>	<b>624</b>	<b>601</b>	<b>517</b>	<b>571</b>	<b>472</b>	<b>474</b>

Income statement SEK millions	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
<b>Net sales</b>	<b>773</b>	<b>764</b>	<b>624</b>	<b>601</b>	<b>517</b>	<b>571</b>	<b>472</b>	<b>474</b>
<b>Gross profit</b>	<b>501</b>	<b>486</b>	<b>397</b>	<b>374</b>	<b>319</b>	<b>347</b>	<b>290</b>	<b>302</b>
<i>Gross margin (%)</i>	<i>64.8</i>	<i>63.6</i>	<i>63.6</i>	<i>62.2</i>	<i>61.8</i>	<i>60.8</i>	<i>61.4</i>	<i>63.7</i>
<b>Operating profit</b>	<b>211</b>	<b>192</b>	<b>179</b>	<b>143</b>	<b>139</b>	<b>109</b>	<b>101</b>	<b>121</b>
<i>Operating margin (%)</i>	<i>27.4</i>	<i>25.1</i>	<i>28.7</i>	<i>23.7</i>	<i>26.9</i>	<i>19.2</i>	<i>21.5</i>	<i>25.5</i>
<b>Profit before tax</b>	<b>213</b>	<b>180</b>	<b>168</b>	<b>140</b>	<b>135</b>	<b>114</b>	<b>102</b>	<b>117</b>

## Parent company's income statement in summary

SEK millions	Q1 2023	Q1 2022	R12 2023	Q1-Q4 2022
Net sales	7	4	22	19
<b>Gross profit</b>	<b>7</b>	<b>4</b>	<b>22</b>	<b>19</b>
Administrative expenses	-6	-4	-22	-19
<b>Operating profit</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>
Profit from participations in subsidiaries	-	-	229	229
Interest income/ expenses and similar items	0	0	9	9
<b>Profit before tax</b>	<b>1</b>	<b>0</b>	<b>239</b>	<b>238</b>
Tax	-	-	-2	-2
<b>Profit for the period</b>	<b>1</b>	<b>0</b>	<b>237</b>	<b>236</b>

## Parent company's balance sheet in summary

SEK millions	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
<b>ASSETS</b>			
Financial assets	337	337	337
<b>Total financial assets</b>	<b>337</b>	<b>337</b>	<b>337</b>
Receivables from Group companies	353	268	371
Other receivables	2	2	0
Cash and cash equivalents	2	3	3
<b>Total current assets</b>	<b>357</b>	<b>273</b>	<b>374</b>
<b>TOTAL ASSETS</b>	<b>695</b>	<b>610</b>	<b>711</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>685</b>	<b>601</b>	<b>698</b>
<b>Current liabilities</b>			
Accounts payable - trade	1	0	0
Other current liabilities	8	9	12
<b>Total current liabilities</b>	<b>9</b>	<b>9</b>	<b>13</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>695</b>	<b>610</b>	<b>711</b>

# Economic Definitions

## ADJUSTED EARNINGS PER SHARE

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

## ADJUSTED OPERATING MARGIN

Adjusted operating profit in relation to net sales.

## ADJUSTED OPERATING PROFIT

Operating profit excluding significant non-recurring items such as revaluation of option debt.

## ADJUSTED PROFIT AFTER TAX

Profit excluding significant non-recurring items such as revaluation of option debt and tax effects on these items.

## 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- and short-term interest-bearing financial liabilities, additional purchase price and option liability, reduced with financial interest-bearing assets and cash and cash equivalents.

## 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 2023	Q1 2022	R12 2023	Q1-Q4 2022
Operating profit	211	139	725	653
Depreciation of tangible fixed assets (incl right-of-use assets)	17	12	58	53
Amortization of intangible fixed assets	13	12	48	47
Impairment of intangible fixed assets	0	2	5	7
<b>EBITDA</b>	<b>241</b>	<b>165</b>	<b>836</b>	<b>760</b>
Net sales	773	517	2,762	2,506
EBITDA (%)	31.2	31.9	30.3	30.3

### 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 2023	Q1 2022	R12 2023	Q1-Q4 2022
Operating profit	211	139	725	653
Amortization of acquired overvalues	4	5	21	22
Acquisition-related transaction costs	0	-	1	1
<b>EBIT excl acquisition-related costs</b>	<b>216</b>	<b>144</b>	<b>747</b>	<b>675</b>
Net sales	773	517	2,762	2,506
EBIT excl acquisition-related costs (%)	27.9	27.9	27.0	26.9

**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®, Ixat®, Ewon® and Intesis® brands. Development takes place at the headquarter in Halmstad and also in Ravensburg, Nivelles, Igualada, Wetzlar, Buchen, Delft, Sibiu, Rotterdam and Bilbao. 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, Australia and UAE, as well as through a worldwide network of distributors and partners. HMS employs over 780 people and reported sales of SEK 2,506 million in 2022. HMS is listed on the NASDAQ OMX in Stockholm, category Large Cap, Telecommunications.





**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.

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